



**EXPLANATORY REPORT
OF THE BOARD OF DIRECTORS OF BANCO BPM S.P.A.
ON ITEM 1) ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING**

(Pursuant to Article 125-ter of Legislative Decree No. 58 of February 24, 1998, as amended, and pursuant to Article 84-ter of the Regulations adopted by Consob Resolution No. 11971 of May 14, 1999, as amended and supplemented)

Ordinary Shareholders' Meeting of February 28th, 2025

Explanatory Report of the Board of Directors of Banco BPM S.p.A. on item 1) on the agenda of the ordinary Shareholders' Meeting convened on February 28th, 2025, in a single call, to resolve upon "Authorizations, pursuant to Article 104, paragraph 1, of Legislative Decree 58/1998, as subsequently amended and/or supplemented, to the Board of Directors of the Company to ensure that, in the context of the voluntary tender offer launched by the subsidiary Banco BPM Vita (the "Offer") on all the ordinary shares of Anima Holding, Banco BPM Vita may: (i) increase from Euro 6.20 (cum dividend) to Euro 7.00 (cum dividend) the consideration offered; (ii) exercise the right, if deemed appropriate, to waive in whole or in part one or more of the conditions of effectiveness of the Offer. Related and/or Consequential Resolutions"

Dear Members,

with reference to item 1 on the agenda, you have been called to the Shareholders' Meeting to resolve, pursuant to and for the purposes of Article 104 of Legislative Decree No. 58 of February 24, 1998, ("TUF"), to authorize (i) the increase to Euro 7.00 (cum dividend) (the "**New Consideration**") of the consideration offered in the voluntary tender offer launched by Banco BPM Vita S.p.A. (the "**Offeror**" or "**Banco BPM Vita**") pursuant to and for the purposes of Articles 102, paragraph 1 and 106, paragraph 4, of the TUF and its implementing provisions (the "**Offer**") on all of the ordinary shares of Anima Holding S.p.A. ("**Anima Holding**") and (ii) the right to waive one or more of the voluntary conditions of effectiveness of the Offer not yet fulfilled.

The reasons behind the proposed resolutions to be submitted to the Shareholders' Meeting can be primarily found in the interest of Banco BPM S.p.A. ("**Banco BPM**", the "**Bank**" or the "**Company**") and its shareholders in fostering the success of the Offer launched on November 6th 2024, a transaction of strategic importance for the Banco BPM Group, through the re-appropriation by the Group itself of its normal operational flexibility, characteristic in this kind of transactions, in relation to the terms, conditions and modalities of the Offer itself.

Such operational flexibility is, at present in facts limited, following the promotion – after the launch of the Offer – of a voluntary public exchange offer by UniCredit S.p.A. ("**UniCredit**") concerning all the ordinary shares of Banco BPM (the "**Exchange Offer**"), listed on Euronext Milan. Given that, among the conditions of effectiveness of the Exchange Offer, UniCredit included that no changes to the terms and conditions of the Offer shall be made, due to the effect of the so-called *passivity rule*, the performance of acts or transactions that may conflict with the objectives of the Exchange Offer are subject to the prior authorization of the Shareholders' Meeting and it is thus deemed appropriate to submit to the Bank's Shareholders - also as entity exercising direction and coordination over the Offeror – the possibility to amend the terms and conditions of the Offer within the timeframe and in the manner described below.

As already disclosed to the market upon announcement of the Offer on November 6th, 2024, the successful completion of the Offer has a fundamental industrial and strategic relevance and value creation potential for Banco BPM's present and future shareholders. The Offer represents an important pillar of the Group's growth and achievement of the objectives of the updated strategic plan presented to the market on February 12th, 2025 (the "**Business Plan**"), in continuity with the strategic vision that Banco BPM has always presented to the market itself.

For several years now, the Group has been on a revenue growth path, strongly focused on product factories. In this context, the Offer is a key element in the further strengthening of the business model of Banco BPM's Financial Conglomerate (the "**Conglomerate**"), which will be able to gain major advantages from the achievement of an organizational set-up pursuant to which the Bank's distribution network, strongly rooted in one of the most dynamic territories in Europe, will be flanked by the new integrated Life Insurance and Asset Management product factory resulting from the Offer; moreover, the strategic nature of the Offer is also demonstrated by the market's positive reaction, which on the day following the dissemination by the Offeror of the notice on the announcement of the Offer pursuant to art. 102 TUF (the "**102 Notice**") on 6 November 2024, experienced an appreciation in the value of the stock of 9%.

The Bank has already disclosed its preliminary assessments on the Exchange Offer in the press releases disseminated from time to time and will express its full opinion on the same within the terms and in the manner provided by the law. Without prejudice to the above, and regardless of the evaluations that will still have to be carried out in compliance with the regulations in force, the Board of Directors still firmly believes that the pursuit of the Group's strategic objectives, as set out in the 2023-26 Business Plan approved by the Board of Directors on December 11th, 2023 and updated on February 11th, 2025 also to take into account the benefits for the Group arising from the successful completion of the Offer, is of utmost importance in order to continue along the path of value creation followed thus far. Therefore, the Board of Directors deems necessary, in the interest of the Bank and its shareholders, to request to the Shareholders' Meeting the authorization in order to regain the operational flexibility it is incidentally stripped off, which is needed to successfully complete the Offer, which since its announcement has been, and still remains, a key enabling factor of the Business Plan.

THE NEW INTEGRATED LIFE INSURANCE AND ASSET MANAGEMENT PRODUCT FACTORY

The acquisition of Anima – the parent company of the largest independent asset management group in Italy, partner of Banco BPM for over 15 years, and significantly engaged in the delegated insurance reserves management, which currently represent 45% of total assets under management and 84% of those attributable to the *institutional* segment – will allow BBPM Vita to:

- internalize share of the value chain related to the management of reserves and funds underlying unit-linked products;
- leverage investment capabilities (ranging from traditional assets to alternatives) and Anima's track record to expand the underlying fund offerings of unit-linked products;
- realize significant economies of scale and scope, thanks to the complementarity between the business model of Anima and BBPM Vita;
- increase efficiency and effectiveness in the decision-making chain of both investment processes (strategic asset allocation on insurance reserves) and product oversight through full coordination between Banco BPM Vita's product development teams and Anima's specialists in market analysis, investment strategy definition and portfolio management;
- develop offering synergies in the area of retirement savings – both individual (PIP) and group (FPA) – as well as combining selected investment solutions with hedges related to demographic risk;

- better manage and address future regulatory developments (e.g., impact of the European Commission's proposed Retail Investment Strategy Directive) by leveraging full integration with Asset Management.

The Offer will also allow to generate additional benefits by i) leveraging the opportunity to increase the penetration of Anima's products within its client base, ii) leveraging Banco BPM's network of institutional relationships to promote the establishment of new partnerships by Anima in the *retail* and *institutional* segments, and iii) enhancing the respective best practices in the management of Banca Aletti's and Kairos's private customers as well as in the enhancement of alternative investments.

The integration of Anima into the Conglomerate will result in the creation of a new national champion, second among Italian banking groups, with total assets from Life Insurance and Asset Management of approximately Euro 220 billion, within total customer financial assets of approximately Euro 390 billion.

STRATEGIC RATIONALE: A SOUNDER BUSINESS MODEL AT THE HEART OF THE BUSINESS PLAN

The Offer, as underlined above, has fit from its launch into the broader context of the Business Plan which leverages a revenue growth model strongly focused on product factories. As disseminated to the market, the Offer entails a further strengthening of the business model of Banco BPM Vita and, in a wider perspective, of the entire Conglomerate, which will be able to benefit from the achievement of an organizational set-up in which the proven potential of the distribution network will be flanked by the new integrated Life Insurance and Asset Management product factory resulting from the completion of the transaction.

From this structure, positive premises are derived for stable and lasting growth in profitability, also in terms of revenue diversification in the present scenario of reduction in the interest rate levels: thanks to completion of the Offer, at the end of the Business Plan, the incidence of commissions on the total net interest income and income from services will be brought from the current 40% to 50% run-rate and the total contribution to Group revenues of the product factories - which in the previous Business Plan was expected to reach Euro 1.2 billion as of 2026 - will increase to Euro 1.7 billion as of 2027. It will thus increase the share of profit attributable to the less capital-intensive business areas - which analysts and investors normally associate with a higher P/E multiple - with particular reference to "Wealth, Asset Management & Protection," which, thanks to Anima's contribution, will increase its contribution to profit to about 35%, up from the current 23%.

CLEAR VALUE CREATION FOR ALL PRESENT AND FUTURE SHAREHOLDERS OF BANCO BPM

On the basis of the above, the Board of Directors has always believed that the positive completion of the Offer will bring important benefits for all current and future shareholders of Banco BPM, with an expected increase in earnings per share compared to the Business Plan target of about 10%.

The economic benefits will be complemented by those arising from maintaining a high degree of strategic flexibility, in light of the possibility to preserve a significant buffer over the minimum capital requirements set by ECB. Specifically, as described in the Business Plan, assuming the achievement of a 100% stake in Anima, Banco BPM will be able to distribute a cumulative cash dividend amount of more than Euro 6 billion over the period 2024-2027 while maintaining a CET1 ratio above 13% throughout the period and regardless of the regulatory treatment of Anima. In addition, in the event of obtaining the ECB's positive feedback of the so-called Danish Compromise regarding the equity interest in Anima, the Bank will be able to allocate to remuneration of its Shareholders an additional Euro 1 billion,

reaching a CET1 ratio above 14%¹ in 2027. Finally, regardless the application of the so called Danish Compromise, Banco BPM Vita's minimum solvency requirements at the individual and consolidated levels would be largely met, given that the same would receive from Banco BPM the capital resources necessary to preserve adequate buffers from a Solvency II perspective.

Therefore, considering the relevant strategic and industrial rationale that the Offer has had and is still believed to have, the Board of Directors of the Bank considers not only appropriate, but also its duty, in the interest of all shareholders, to be able to freely examine and evaluate every possible option that may prove useful for maximizing the chances of success of the Offer.

THE OFFER PRICE INCREASE IS THE RIGHT CHOICE FROM A STRATEGIC POINT OF VIEW

From the date of announcement of the Offer, the price of the Anima stock has had a positive performance, exceeding the offered price of Euro 6.20 (*cum dividend*) for most of the trading sessions. Specifically, from the date of the announcement of the Offer, Anima shares were traded on the market for a total amount representing 32% of the company's shares outstanding, or 59% of the so-called free float². Of these trades, 63% were carried out at prices higher than Euro 6.20, which means that 25% of the shares subject to the Offer were purchased at prices higher than the offered consideration.

The average volume-weighted price recorded by the Anima stock from the Offer announcement date to the date of this Explanatory Report was equal to Euro 6.36, and for 6 trading sessions the price has been steadily above Euro 6.70.

Given this trend in the price of Anima stock, it is reasonable to assume that Anima's shareholders expect an increase in the consideration and that, if this increase were not confirmed, the amount of acceptances, and therefore the probability of success of the Offer, would be significantly reduced.

In this context, on the date hereof the Boards of Directors of the Offeror and Banco BPM received undertakings from Poste Italiane and FSI to tender their shares in Anima to the Offer for a consideration in line with the New Consideration. These undertakings concern shares of Anima representing c. 21% (on a fully diluted basis) of Anima's capital, which together with the stake already held by Banco BPM in Anima, representing c. 22% (on a fully diluted basis) of Anima's capital, represent in aggregate c. 43% (on a fully diluted basis) of Anima's capital. Furthermore, the undertakings are subject to conditions used for such kind of undertakings when entered into by institutional entities, including the authorization of Banco BPM Shareholders' Meeting to increase the Offer consideration.

The New Consideration is consistent with the analyses carried out so far from Banco BPM and the Offeror with the support of its advisors, and represents an implicit valuation of Anima fully in line with that of other companies operating in asset management segment and is consistent with the fundamental valuation of the company deriving from the discounting of the financial flows that it is expected to generate in the future. As a result of the increase from the consideration to the New Consideration, the total maximum outlay by the Offeror

¹ Figure based on annual projections referring to the period from Dec. 31st, 2024 to Dec. 31st, 2027. The impact of the acquisition of the Anima stake under a treatment scenario inconsistent with the Danish Compromise regime, quantified before potential optimization interventions, is -268 bps compared to the *status quo* based on the New Consideration.

² Source: FactSet as of 10 February 2025

for the purchase of all of the shares covered by the Offer indicated in the 102 Notice would be increased by Euro 193,236,210 (*cum dividend*).

The financial resources necessary for the increase from the consideration to the New Consideration will be fully guaranteed by the funds that Banco BPM will make available to the Offeror.

THE CONDITIONS OF EFFECTIVENESS OF THE ANIMA OFER AND THE NECESSARY FLEXIBILITY IN THE MANAGEMENT

As of the date of this Explanatory Report, the Antitrust Authorisation, the Golden Power Authorization and the By-laws Amendment Authorization have already been obtained, as defined in the 102 Notice. The following Conditions of Effectiveness, as summarized below and that will be better detailed in the Offer Document still need to be fulfilled:

- (i) the achievement of a threshold of acceptances to the Offer such as to allow the Offeror to hold, upon the outcome of the Offer - taking into account the Banco BPM Stake (as defined in the 102 Notice) and any Anima shares purchased outside the Offer - a participation equal to at least 66.67% of the Issuer's share capital in circulation at the closing date of the acceptance period (the "**Threshold Condition**");
- (ii) obtaining the Prior Authorizations (as defined in the 102 Notice) without prescriptions, conditions or limitations, including those possibly concerning the applicability of the so-called "Danish Compromise" (the "**Prior Authorizations Condition**");
- (iii) obtaining unconditional approval, within the terms specified in the 102 Notice, from the European Commission of the acquisition of control of Anima, pursuant to the European legislation regarding market – distorting foreign subsidies (so-called FSR) (the "**FSR Authorization**");
- (iv) obtaining, within the terms specified in the 102 Notice, of any authorization or similar provision that may be required by any competent authority under applicable laws, in addition to the Prior Authorizations, the Articles of Association Amendment Authorization, the Golden Power Authorization, the Antitrust Authorization and the FSR Authorization, for the completion of the Offer, without the imposition of any conditions;
- (v) obtaining, within the terms specified in the 102 Notice, positive feedback from the ECB regarding the fact that Banco BPM can: (i) continue to apply the so-called. "Danish Compromise" to the participation in BBPM Vita following the acquisition of control of Anima; as well as (ii) not deduct from own funds, individual and consolidated, the participation in Anima and/or in the companies controlled by it, together with the related goodwill and other intangible assets generated by the acquisition of control of Anima;
- (vi) the event that, within the terms specified in the 102 Notice, no competent Authority issues resolutions or provisions such as to preclude, limit or make more onerous the possibility for the Offeror and/or Banco BPM to carry out the Offer;
- (vii) that the corporate bodies of Anima (and/or one of its directly or indirectly controlled or associated companies) do not carry out or undertake to carry out, among other things. acts or operations: (x) which may result in a significant change, even prospective, in the capital, assets, economic and financial situation and/or activity of Anima or (y) which are in any case inconsistent with the Offer and the underlying industrial and commercial reasons;

- (viii) that Anima and/or its directly or indirectly controlled companies and/or associated companies do not decide and in any case do not carry out (nor undertake to carry out) acts or operations that may hinder the achievement of the objectives of the Offer pursuant to Article 104 TUF;
- (ix) that, within the terms specified in the 102 Notice, no circumstances or events have occurred which lead to or may lead to significant negative changes in the political, financial, economic, currency, regulatory or market situation and/or which have, or could reasonably have, substantially prejudicial effects on the Offer and/or on the financial, equity, economic or income situation of Anima.

The imposition of voluntary conditions of effectiveness, to protect bidders and their stakeholders, is market standard in transactions similar to the Anima tender offer. However, these conditions can usually be waived by the bidders who, in the context of an offer, must necessarily balance interests from time to time between an ideal scenario, represented by the full satisfaction of all the conditions of effectiveness, and the possibility or necessity of completing the operation even if not all the conditions are satisfied. Precisely in this light, the Offeror itself, in the 102 Notice, had explicitly reserved the right to waive one or more of the conditions of effectiveness attached to the Offer. The activity relating to the assessment of the balance of interests is, however, prohibited at this time by the Board of Directors of the Bank (and thus, of the Offeror) due to the fact that among the conditions of effectiveness of the Exchange Offer, UniCredit included the one that no changes to the terms and conditions of the Offer, as provided under the 102 Notice, shall be made.

The typical dynamics of voluntary tender offers obviously require a quick reaction to the events and the discussions with the involved authorities: this makes incredibly hard for a specific ordinary meeting of shareholders to be called in the future to waive one or more conditions of effectiveness. Therefore, in the best interests of the Bank and the Offeror, also considering the relevance that the acquisition of Anima has for the Conglomerate, as mentioned above, the Board of Directors deems necessary to call the Shareholders' Meeting in order to once again grant to the Board of Directors of the Bank, in the exercise of its direction and coordination prerogatives over the Offeror, and to the Board of Directors of the Offeror, the power to pursue in the best corporate interest the usual balancing of interests that inspires any management activity, and thus increase the consideration in cash and possibly renounce in whole or in part one or more of the Conditions of Effectiveness not yet satisfied at the date of the Shareholders' Meeting.

In light of the above, you are requested to resolve in favor the following proposed resolutions:

"The Ordinary Shareholders' Meeting of Banco BPM S.p.A.,

- *having seen and agreed with the reasons expressed in the Board of Directors' Explanatory Report;*
- *recalled the provisions of Article 104 of the TUF, which allows the shareholders' meeting to issue authorizations to the Board of Directors in derogation of the requirements set forth in that provision;*
- *in connection with the voluntary tender offer launched on all the shares of Anima Holding S.p.A., and also given that the Offeror Banco BPM Vita S.p.A. is subject to the management and coordination of Banco BPM S.p.A.,*

RESOLVES

1. *to authorize, pursuant to art. 104, paragraph 1, TUF, the Company and, on its behalf, the Board of Directors to ensure that, in accordance with the directives issued by Banco BPM in the exercise of its management and coordination activities, the subsidiary Banco BPM Vita S.p.A., as part of the Offer, may: (i) increase from Euro 6.20 (cum dividend) to Euro 7,00(cum dividend) the consideration offered; (ii) exercise the right, if deemed appropriate, to waive in whole or in part one or more of the conditions of effectiveness attached to the Offer by Banco BPM Vita S.p.A., as described within the Explanatory Report, and not yet fulfilled as of today's date;*
2. *to empower the Board of Directors and, on its behalf, the Chairman and the Chief Executive Officer, severally, in order to properly and promptly execute this resolution and the formalities and acts connected with it and/or consequent thereto, attributing to them for this purpose the broadest powers, including the power to fulfill any obligation (including market disclosure) pursuant to applicable regulations or required by the Supervisory Authorities or by the stock market management company".*

Milan, February 11th, 2025

The Board of Directors