



REPORT
OF THE BOARD OF DIRECTORS OF BANCO BPM S.P.A.
ON POINT 8 OF THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING

(Drawn up pursuant to Article 125 *ter* of Italian Legislative Decree No. 58 dated 24 February 1998, as subsequently amended and supplemented, and pursuant to Article 84 *ter* of the Regulation adopted by means of Consob Resolution No. 11971 dated 14 May 1999, as subsequently amended and supplemented)

Ordinary and Extraordinary Shareholders' Meeting held on 4 April 2020



Report of the Board of Directors of Banco BPM S.p.A. on point 8) of the agenda of the ordinary Shareholders' Meeting called for 4 April 2020, in sole session, with regard to: "Appointment of the Statutory Auditors and the Chairman of the Board of Statutory Auditors for the years 2020-2021-2022"

1. Introduction

Dear Shareholders,

The Board of Directors of Banco BPM S.p.A. (hereinafter "**Banco BPM**" or the "**Bank**") has called you to the Shareholders' Meeting to be held on **4 April 2020 at 9.00 a.m. at MiCo – Milano Congressi**, Gate 4, Via B. Colleoni, Milan, in sole calling, in order to discuss and resolve, among other aspects, on: "Appointment of the Statutory Auditors and the related Chairman for the years 2020-2021-2022".

This report is drawn up pursuant to Article 125 *ter* of Italian Legislative Decree No. 58 dated 24 February 1998, as subsequently amended and supplemented (the "**TUF**"), and Article 84 *ter* of the Regulation adopted by means of Consob Resolution No. 11971 dated 14 May 1999, as subsequently amended and supplemented (the "**Issuers' Regulations**").

2. Appointment of the Board of Statutory Auditors

On occasion of this Shareholders' Meeting, called for the approval of the Financial Statements for the year ended as at 31 December 2019, the mandate of the current Statutory Auditors will expire, auditors elected by the Shareholders' meeting of the former Banco Popolare Società Cooperativa ("**BP**") and the former Banca Popolare di Milano S.c.a r.l. ("**BPM**") within the sphere of the merger between BP and BPM which led to the establishment of Banco BPM as from 1 January 2017.

In this connection, we hereby remind you that, in accordance Article 35 of the Company Bylaws, the Ordinary Shareholders' Meeting is required to appoint 5 (five) effective Statutory Auditors, including a Chairman, and 3 (three) alternate Statutory Auditors. The appointed Statutory Auditors shall remain in office for three years and shall expire as of the date of the Shareholders' Meeting called to approve the Financial Statements relating to the last year of their office. They can be re-elected on expiry of their mandate.

You are also hereby reminded that the appointment of the Board of Statutory Auditors will take place on the basis of lists submitted by one or more Shareholders with the right to vote in Ordinary Shareholders' Meetings who emerge as individually or jointly holders of interest holdings equal to at least 1% (one percent) of the share capital. Each entitled party may submit or contribute to the submission for just one list and each candidate may be present in just one list, on penalty of ineligibility.

The lists must be divided into two sections, respectively containing up to 5 (five) candidates for the office of effective Statutory Auditor and up to 3 (three) candidates for the office of alternate Statutory Auditor, listed in consecutive order. All the candidates must be in possession of the eligibility and independence requirements as well as the other suitability requirements (i.e. professionalism, competence, good standing and correctness) envisaged by the *pro tempore* legislation in force.

The lists which, considering both the sections, present more than 3 (three) candidates must include candidates of mixed gender, so that the composition of the Board of Statutory Auditors complies with current regulations on gender balance. Pursuant to Article 148.1 *bis* of the Consolidated Finance Law (TUF), as emended by paragraph 303 of Italian Law No. 160 dated 27 December 2019, it is envisaged that the least represented gender is reserved - for six consecutive mandates - a quote at least equal to two fifths of the elected effective Statutory Auditors, corresponding, as things stand, to at least 2 (two) effective members of the Board of Statutory Auditors.

Together with each list, by the deadline for the filing of the same, all the declarations, statements or documents required by current legislation or by the Bylaws must be filed, and thus:

- the information relating to the identity of the Shareholders who have submitted the lists, with indication of the total interest holding held;
- in-depth disclosure on the personal and professional characteristics of the candidates indicated (by way of example but not limited to: curriculum vitae, copy of an identity document, certificate of residence or equivalent document and any certificate of enrolment in the Register of Accounting Auditors), with indication of the management and audit positions covered in other companies (also for the purposes of the disclosure pursuant to Article 2400.4 of the Italian Civil Code, and taking into account the limit on the accumulation of positions envisaged by current legislation - Issuers' Regulations);

- the declarations with which the individual candidates accept their candidacy and, under their own responsibility, declare that no causes of ineligibility or incompatibility exist (also pursuant to Article 36 of Italian Law No. 214/2011, so-called "interlocking restriction"), as well as the existence of the requisites laid down by the law or the Bylaws for the office (professionalism, competence, time commitment, accumulation of the offices, good standing, correctness and independence);
- copy of the communication pursuant to Article 43 of the Single measure on post-trading of Consob and the Bank of Italy dated 13 August 2018 and Article 83 *sexies* of the Consolidated Finance Law (TUF) and the related implementing standards (the "**Communication**") or declaration to undertake to forward the Communication in question by the publication deadline for said lists;
- a declaration of the Shareholders who have submitted the list - and other than those who hold, individually or jointly, a controlling or relative majority interest - bearing witness to the absence with the latter of any associations as envisaged by Article 144 *quinquies*, first paragraph, of the Issuers' Regulations and by the *pro tempore* legislation in force.

It is hereby recalled that Consob, by means of communication DEM/9017893 dated 26 February 2009, recommended the shareholders which submit a "minority list" to provide additional information with regard to the relationships possibly existing, if significant, with the shareholders which hold, also jointly, a controlling or relative majority interest, indicating the reasons why these relationships have not been considered decisive for the existence of any associations as per Article 148.2 of the Consolidated Finance Law (TUF) and Article 144 *quinquies* of the Issuers' Regulations.

The lists of candidates, together with the related documentation envisaged by current legislation and by the Company Bylaws, must be signed by the Shareholders and filed, on pain of forfeiture, **by 5.00 p.m. on 10 March 2020** (25th day prior to that fixed for the Shareholders' Meeting) with the following formalities (alternatively):

- filed care of the registered offices of Banco BPM (Group Corporate Affairs function), Piazza Filippo Meda, 4, Milan on business days between 8.15 a.m. and 5.00 p.m.; or
- forwarding via certified e-mail, to the following e-mail address soci@pec.bancobpm.it, attaching the documents in PDF format.

No publication liability to the charge of the Shareholder is envisaged, while the Bank is responsible for the obligation to provide the general public with the information relating to the lists duly presented. In particular, the lists of candidates which have been duly presented will be made available to the general public **by 13 March 2020** (21st day prior to that fixed for the Shareholders' meeting), by the Bank care of the registered offices of Banco BPM, on the website of the Bank www.bancobpm.it - Corporate governance > Shareholders' Meeting and on the website of the authorised storage mechanism, "eMarket Storage" www.emarketstorage.com and by means of the other formalities indicated in the notice of calling of the Meeting.

In detail, the Board of Statutory Auditors shall be elected adopting the following formalities, in the event that 3 (three) lists are presented:

- 2 (two) effective Statutory Auditors and 1 (one) alternate Statutory Auditor are taken from the list that has obtained the highest number of votes, in the progressive order with which they are listed in the sections of the list;
- 2 (two) effective Statutory Auditors and 1 (one) alternate Statutory Auditor are taken from the list which comes second in terms of number of votes and which is not associated, even indirectly, with the Shareholders who have submitted or voted for the list in first place in terms of number of votes, in the progressive order with which they have been listed in the sections of the list;
- 1 (one) effective Statutory Auditor, who will be assigned the office of Chairman of the Board of Statutory Auditors, and 1 (one) alternate Statutory Auditor are taken from the list which comes third in terms of number of votes and which is not associated, even indirectly, with the Shareholders who have submitted or voted for the lists in first and second place in terms of number of votes, in the progressive order with which they have been listed in the sections of the list.

In the event that just one list is presented and this obtains the majority envisaged by the law for Ordinary Shareholders' Meeting, all the Statutory Auditors, both effective and alternate, shall be taken from the same, and the chair of the Board of Statutory Auditors will be assigned to the individual indicated in first place in the section of candidates to the office of effective Statutory Auditor in the list presented.

If, by contrast, just two lists are presented: (a) 3 (three) effective Statutory Auditors and 2 (two) alternate Statutory Auditors are taken from the list which has obtained the greatest number of votes, on the basis of the consecutive orders by means of which they are listed in the sections of the list; and (b) 2 (two) effective Statutory Auditors and 1 (one) alternate Statutory Auditor will be taken from the remaining list which is not associated, even indirectly, with the Shareholders who have submitted or voted for the list in first place in terms of number of votes, in the progressive order with which they have been listed in the sections of the list. In this event, the chair of the Board of Statutory Auditors is due to the individual indicated in first place in the section of candidates to the office of effective Statutory Auditor in the list as per this letter (b).

In conclusion, if no list is presented, steps are taken to elect the Board of Statutory Auditors with the relative majority of the Shareholders' Meeting, in observance of the matters envisaged by current legislation concerning gender balance and eligibility, independence, professionalism and good standing requirements for the statutory auditors.

For any other information regarding the presentation of the lists and the appointment of the Board of Statutory Auditors, reference is made to the applicable legislation and the provisions of the Bylaws, which can be consulted on the website of the Bank www.bancobpm.it - Corporate governance> Corporate Documents.

For the purpose of furthering the best identification of the candidatures to propose to the Shareholders' Meeting, we hereby invite you to take into account the document "*Qualitative-quantitative composition of the Board of Statutory Auditors*", which contains indications and suggestions which the Board of Statutory Auditors of Banco BPM makes available to the Shareholders, with the intention of helping the same to formulate proposals for the composition of the Bank's Board of Statutory Auditors. The document is available on the website of the Bank www.bancobpm.it - *Corporate governance*> Shareholders' Meeting.

In conclusion, the Bank's website, in the section dedicated to Shareholders' Meetings also contains the publication of a disclosure document relating to the "*Operating methods for the submission of the lists for the appointment of the corporate bodies of Banco BPM S.p.A.*", containing some indications on the procedure for appointing the



Statutory Auditors and on the methods for submitting the lists for the appointment of Banco BPM's Board of Statutory Auditors.

In light of the above, it is proposed to the Shareholders' Meeting that a resolution be adopted with regard to the appointment of the Statutory Auditors and the Chairman of the Board of Statutory Auditors for the years 2020-2021-2022.

18 February 2020

The Board of Directors