



**Rules**  
**Procedure governing**  
**transactions with Related Parties**

Latest update: January 2017

## DOCUMENT CONTENTS

<b>DOCUMENT CONTENTS</b> .....	<b>2</b>
<b>1 Preamble</b> .....	<b>3</b>
<b>1.1 Subject</b> .....	<b>3</b>
<b>1.2 Scope of Application and Adoption Arrangements</b> .....	<b>3</b>
<b>1.3 Summary of Updates</b> .....	<b>3</b>
<b>1.4 Glossary</b> .....	<b>3</b>
<b>2 General Principles</b> .....	<b>7</b>
<b>2.1 Roles and Responsibilities</b> .....	<b>7</b>
2.1.1 Banco BPM.....	7
2.1.2 Other Companies Belonging to the Group.....	7
2.1.3 Company Departments.....	8
<b>2.2 Process Model</b> .....	<b>9</b>
<b>3 Processes</b> .....	<b>10</b>
<b>3.1 Identification, Appointment and Duties of the Related Parties Committee</b> .....	<b>10</b>
3.1.1 Principles.....	10
3.1.2 Roles and Responsibilities.....	10
<b>3.2 Drafting and Approval of the Procedures</b> .....	<b>10</b>
3.2.1 Principles.....	10
3.2.2 Roles and Responsibilities.....	10
<b>3.3 Identification and Registration of Parties</b> .....	<b>11</b>
3.3.1 Principles.....	11
3.3.2 Roles and Responsibilities.....	11
<b>3.4 Management of <i>Transactions</i></b> .....	<b>13</b>
3.4.1 <i>Exclusions</i> .....	13
3.4.2 Types of <i>Transactions</i> .....	14
3.4.3 Exemptions and Derogations.....	17
3.4.4 Roles and Responsibilities.....	18
<b>3.5 Information Concerning <i>Transactions</i></b> .....	<b>29</b>
3.5.1 Internal Information Flows.....	29
3.5.2 Public Reports Concerning <i>Transactions</i> with <i>Related Parties</i> .....	30
<b>Annex 1: <i>Related Parties</i></b> .....	<b>34</b>
<b>Annex 2: Parties Other Than Related Parties Subject to the <i>Regulations</i></b> .....	<b>36</b>
<b>Annex 3: Facsimile of the Self-Certification Form</b> .....	<b>37</b>
<b>Annex 4: Concept of ‘significant interests’</b> .....	<b>39</b>
<b>Annex 5: Process for sending documentation to the Related Parties Committee</b> .....	<b>41</b>
<b>Annex 6: Drafting the ‘Information Document’</b> .....	<b>42</b>
<b>Annex 7: Information Flows to Internal Bodies</b> .....	<b>44</b>

# 1 Preamble

## 1.1 Subject

These *Regulations* define the principles, roles and responsibilities aimed at ensuring the transparency and substantial and procedural fairness of the *Transactions* conducted by the company Banco BPM Società per Azioni (“**Banco BPM**”) directly or through *Subsidiaries*.

The *Regulations* and any subsequent modifications are published on the website of Banco BPM and the *Subsidiaries*, with no prejudice to the obligation to publicise them, through reference to the said site, in the annual director's report.

## 1.2 Scope of Application and Adoption Arrangements

These *Regulations* are decided upon by the Board of Directors of Banco BPM in implementation of and in compliance with the provisions of article 2391-bis of the Italian Civil Code and the *Consob Guidelines* and apply to *Transactions* conducted by Banco BPM, directly or through *Subsidiaries*, according to the procedures and specifics laid down in the *Regulations*.

These *Regulations* are subsequently transposed through a resolution from the Board of Directors of each *Subsidiary*.

Subsequent variations are adopted and transposed using the same procedures.

## 1.3 Summary of Updates

New *Regulations*.

## 1.4 Glossary

With reference to the areas and aspects covered by the *Regulations*, all the 'Terms of Reference' described below are included, along with all the other terms defined and described in the rest of these *Regulations* and the relevant Annex 1:

*Independent Directors*: directors vested with the independence requirements stipulated in the Articles of Association of Banco BPM, which take into account the relevant combined provisions in articles 147-ter, paragraphs 4 and 148, paragraph 3 of the TUF (Italian Consolidated Law on Finance) and the recommendations contained in the Code of Self-Regulation of Borsa Italiana.

*Related Parties Committee*: this is the Committee, for transactions with related parties, appointed internally by the Board of Directors of Banco BPM in accordance with the Articles of Association, comprising Directors in possession of the independence requirements stipulated by the said Articles of Association.

*Decision-maker(s)*: each of the following Bodies, Roles and Functions in the *Regulations*:

- a) the Shareholders' Meeting of Banco BPM;
- b) the Board of Directors of Banco BPM;

*'Procedures governing transactions with Related Parties'*

Latest update 01/01/2017

- c) the Executive Committee of Banco BPM;
- d) the Managing Director of Banco BPM;
- e) the Directors of Banco BPM other than the Managing Director who have been vested with management powers by the Board of Directors;
- f) the Organisational Structures of Banco BPM, which, solely or jointly, have the powers to decide on *Transactions* in accordance with the company's internal regulations.

Executives with strategic responsibilities: parties who have the power and responsibility, directly or indirectly, for planning, managing and overseeing the activities of Banco BPM, including the Directors. The *Executives with strategic responsibilities* of Banco BPM are defined in Annex 1 to the *Regulations*.

Consob Guidelines: Consob *Regulation* no. 17221 of 12 March 2010 and Consob Communication no. DEM/10078683 of 24 September 2010 (as subsequently modified and amended).

Experts: parties outside of Banco BPM and the *Subsidiaries*, who may be classed as independent, vested with recognised professionalism and skills in the areas of interest, chosen by the Related Parties Committee and tasked with assisting it during the pre-decision phase of the *Transaction*. All of these activities are subject to the provisions in the *Consob Guidelines*, these *Regulations* and the operating regulation of the *Related Parties Committee*.

Banco BPM Group or Group: comprises Banco BPM and all the companies directly or indirectly controlled by it in accordance with article 2359 of the Italian Civil Code.

Significant interests: any interest of a financial nature (assessed as such by Banco BPM, taking into account the indications in Consob Communication no. DEM/10078683 of 24 September 2010) concerning a *Transaction* that may generate a financial benefit for a *Related Party* of Banco BPM by virtue of a *Transaction* entered into with, or between, the *Subsidiaries* or *Associated Companies* and that, without such a benefit, would not have been entered into or would have been entered into under different conditions and which, as such (the benefit), is likely to prevent the application of the relevant exemption provided for by the *Regulations* with regard to intra-group *Transactions*.

Joint Venture: a contractual agreement by virtue of which two or more parties undertake an economic activity subject to joint control.

Transaction: any transfer of resources, services or obligations between *Related Parties*, irrespective of whether or not a consideration is agreed, conducted by Banco BPM with *Related Parties*, directly or through *Subsidiaries*. In any event, this term is considered to include:

- mergers, demergers by incorporation or demergers in a strict, non-proportional sense, or carried out with *Related Parties*;
- all decisions concerning the allocation of remuneration and economic benefits, in any form, to Members of the administration and supervisory bodies and any other *Executives with strategic responsibilities*.

Related Parties: the *Related Parties* of Banco BPM, identified as such according to Annex 1 to these *Regulations*.

Shareholders' Agreements: agreements, pursuant to art. 122 of the TUF entered into in any form, the subject of which is exercising voting rights in companies with listed shares and the companies that control them.

*'Procedures governing transactions with Related Parties'*

Latest update 01/01/2017

Should the agreement make no provision for a duration, each contracting party shall be entitled to withdraw, subject to a notice period of one hundred and eighty days.

The provisions in this article do not apply to arrangements instrumental to agreements for cooperation in the production or exchanging of products or services and concerning companies controlled entirely by parties to the agreement.

Register: the register (including in electronic format) which contains a list of the *Related Parties* and associated Banco BPM *Transactions*.

Regulations: this document, drafted in implementation of the *Consob Guidelines*.

Person in Charge of the Procedure: the Head of the *Company* department to which a *Transaction* with *Related Parties* is attributable, in terms of subject and value.

Unrelated Shareholders: persons entitled to voting rights in the Shareholders' Meeting of Banco BPM other than the counterparty of a specific *Transaction* or the parties related both to the counterparty of a specific *Transaction* and to Banco BPM.

Subsidiaries: companies (Italian or foreign) controlled, including jointly, by Banco BPM, as defined in the *Consob Guidelines*.

Control is the power to determine the financial and management policies of an entity in order to obtain benefits from its activities.

It is assumed that control exists when a party possesses, directly or indirectly through its subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it may be clearly proven that such possession does not constitute control. Control also exists when a party possesses half, or a minor share, of the voting rights that may be exercised in the meeting if these have:

- (a) control over more than half of the voting rights by virtue of an agreement with other investors;
- (b) the power to determine the financial and management policies of the entity by virtue of articles of association or an agreement;
- (c) the power to nominate or dismiss the majority of the members of the board of directors or the equivalent corporate governance body, and control over the entity is held by that board or body;
- (d) the power to exercise the majority of the voting rights in meetings of the board of directors or the equivalent corporate governance body, and control over the entity is held by that board or body.

Joint control is the contractually agreed sharing of control over an economic activity.

Associated Companies: entities, including without a legal personality, in which Banco BPM exercises a considerable influence, but not control or joint control as defined in the *Consob Guidelines*. Considerable influence is the power to participate in determining the financial and management policies of an entity without having control over it. Considerable influence may be obtained through the possession of shares, through the articles of association or through agreements. If a party possesses, directly or indirectly (e.g. through subsidiaries), 20% or a majority share of the votes that may be cast in the shareholders' meeting of the investee company, it is assumed that the said party exercises considerable influence, unless the opposite can be clearly proven. Conversely, if the party possesses, directly or indirectly (e.g. through subsidiaries), a minority stake of less than 20% of the votes that may be cast in the shareholders' meeting of the investee company, it is assumed that the said party does not

exercise considerable influence, unless such influence can be clearly proven. The presence of a party in possession of an absolute or relative majority of the voting rights does not necessarily preclude another party from exercising considerable influence. The existence of considerable influence is usually linked to the occurrence of one or more of the following cases: (a) representation on the board of directors, or equivalent body, of the investee company; (b) participation in the decision-making process, including participation in decisions concerning dividends or other types of distribution of assets; (c) the presence of major transactions between the participant and the investee company; (d) the exchange of managerial staff; (e) the provision of essential technical information.

TUB: Italian Legislative Decree no. 385 of 01 September 1993: 'Testo unico delle leggi in materia bancaria e creditizia' (Consolidated law on banking and credit).

TUF: Italian Legislative Decree no. 58 of 24 February 1998: 'Testo unico delle disposizioni in materia di intermediazione finanziaria' (Consolidated law on financial intermediation), pursuant to articles 8 and 21 of Italian Law no. 52 of 06 February 1996.

## 2 General Principles

The *Regulations*:

- (a) identify the more relevant *Transactions*;
- (b) identify cases of exemption that may be employed by Banco BPM;
- (c) identify, for the purposes of the *Regulations*, the independence requirements of the directors;
- (d) establish the procedures according to which *Transactions* are established and approved and identify rules regarding hypotheses where Banco BPM examines or approves *Transactions* by *Subsidiaries*, whether Italian or foreign;
- (e) establish the procedures and time frames according to which the *Related Parties Committee* and the administration and supervisory bodies are provided with information concerning the *Transactions* in order to give their opinions;
- (f) define the procedures and time frames according to which the Administration and Supervisory Bodies are provided with information concerning the *Transactions*, along with the associated documentation, before making a decision, during the process and after execution;
- (g) indicate the choices made by Banco BPM with regard to the options, other than those indicated in the previous letters, entrusted to Banco BPM by the *Consob Guidelines*.

### 2.1 Roles and Responsibilities

#### 2.1.1 Banco BPM

The Board of Directors of Banco BPM decides on the adoption of these *Regulations* and the associated modifications, subject to the approval of the *Related Parties Committee*.

Banco BPM, in exercising its management and coordination activities, also sends the *Regulations* to the *Subsidiaries*, as approved and potentially modified, for adoption.

The Board of Directors of Banco BPM assesses, at least every three years, the need or opportunity of revising the *Regulations*, taking into account, among other things, any modifications to the ownership structure and effectiveness of the said *Regulations* in practice. Decisions concerning any modifications to the *Regulations* are approved subject to a favourable opinion from the *Related Parties Committee*. The opinion of the *Related Parties Committee* is also sought where the Board of Directors of Banco BPM, following the relevant assessments, decides not to make any modification to the *Regulations* in force.

The Board of Statutory Auditors monitors compliance of the *Regulations* with the principles indicated in the *Consob Guidelines*, as well as adherence to them and reports to the Shareholders' Meeting of Banco BPM, in accordance with article 153 of the TUF.

#### 2.1.2 Other Companies belonging to the Group

In accordance with these *Regulations*, the Administrative Bodies of all the *Subsidiaries* issue suitable instructions to the Bodies and other competent departments to ensure they comply with the stipulations incumbent upon the Companies themselves and their Bodies and departments. The *Subsidiaries* ensure that all the *Transactions* they conduct are kept in a suitably complete and updated archive.

The *Subsidiaries* familiarise themselves with the provisions in the *Regulations* and, along with any suitable or necessary legal adjustments according to their own specific organisational requirements, adopt the respective procedures concerning *Transactions* with *Related Parties*.

## 2.1.3 Company departments

The Corporate Affairs Secretariat department is responsible for:

- a) liaising with the *Executives with strategic responsibilities* of Banco BPM to acquire information concerning the *Related Parties*;
- b) carrying out, within its remit (see paragraph 3.3), the registration of the *Related Parties*;
- c) supporting, where requested, the departments that propose the *Transactions* in the correct implementation of the *Register* and amending it with aspects that directly involve it (opinions and decisions of the Committee, Board of Directors and Executive Committee);
- d) checking, where requested, the so-called 'less relevant' *Transactions* for the purposes of calculating the sum of the *Transactions* that may be classed as uniform or conducted to implement a single strategy;
- e) supporting, where requested, the company structures tasked with conducting the evaluation and the proposal for the *Transactions* with regard to issues of interpretation or application;
- f) contributing to ensuring the correct application of the contents of the *Regulations*, including through periodic reports produced by the Administration and Supervisory Bodies.

The Corporate Affairs Secretariat department, for clarifications regarding the application of the *Regulations*, may, from time to time, call on other Banco BPM departments, in particular the Compliance department and Legal department.

The following Banco BPM departments are also involved in the process model for these *Regulations*:

- a) the Administration and Budget department: the Banco BPM structure that assists the Manager responsible for preparing the company's financial reports. In particular, the department in question is tasked with providing the Subsidiary Corporate Affairs department with the relevant materials (see para. 3.3) for the registration of the *Related Parties*, as well as preparing, in cooperation with other company departments, reports for the company Bodies of Banco BPM and information documents, pursuant to the *Consob Guidelines*, regarding the more relevant *Transactions*;
- b) the Supervisory department of Banco BPM is tasked with issuing the Corporate Affairs Secretariat department and the *Persons in Charge of the Procedures* with the following information:
  - consolidated regulatory capital
  - total consolidated assets
  - total consolidated liabilities

for the purposes of determining a threshold for identifying the more or less relevant *Transactions*;

- c) the Subsidiary Corporate Affairs department: the Banco BPM structure that ensures fulfilment of the administrative requirements connected with the management of the holdings and manages the information flows with other company Bodies of the Subsidiaries and investee companies. In particular, the department in question is tasked with:

*'Procedures governing transactions with Related Parties'*

Latest update 01/01/2017

- registering the *Related Parties* and, jointly with the other company departments, preparing reports for the company Bodies of Banco BPM;
- supporting the company functions tasked with investigating the *Transactions* with *Subsidiaries* and/or *Associated Companies* or *Transactions* to be conducted between *Subsidiaries* in order to check the presence/absence of *Significant Interests* of other *Related Parties*. For this activity, the Subsidiary Corporate Affairs department may call upon the Human Resources department should it need to check whether there are any *Executives with strategic responsibilities* at the other *Related Parties*.

The roles and responsibilities of the various company departments of Banco BPM concerning transactions with *Related Parties*, if not covered in these *Regulations*, are determined in accordance with external and internal regulations.

## 2.2 Process Model

The process model in terms of 'procedures for *Transactions* with *Related Parties*' is structured as follows:

- (1) identification, appointment and duties of the *Related Parties Committee*;
- (2) drafting and approval of the procedures;
- (3) identification and registration of the *Related Parties* and parties indicated in Annex 1;
- (4) management of *Transactions*;
- (5) disclosure of *Transactions*.

For each process, these *Regulations* define the roles, responsibilities and principles on the basis of which the responsibilities must be exercised.

The rules which govern, from time to time, the activities to be carried out by the individual organisational units, the procedures to use and anything else requested for exercising activities according to criteria of adequacy and functionality, are listed by process, in accordance with the model described.

## 3 Processes

### 3.1 Identification, Appointment and Duties of the Related Parties Committee

#### 3.1.1 Principles

The *Consob Guidelines* state that the Board of Directors of Banco BPM shall identify the independence requirements of the Directors in accordance with the provisions in the said *Consob Guidelines*<sup>1</sup>.

Banco BPM has regulated the independence requirements of the aforementioned Directors in its Articles of Association that take into account the relevant provisions in paragraph 3 of article 148 of the TUF and the recommendations contained within the Code of Self-regulation of Borsa Italiana S.p.A.

The independence requirements for the Directors on the Board of Directors at Banco BPM are defined in the Banco BPM Articles of Association.

#### 3.1.2 Roles and Responsibilities

The Board of Directors of Banco BPM allocates the duties referred to in article 2391-bis of the Italian Civil Code and the relevant executive provisions, both regulatory (*Consob Guidelines*), and company (*Regulations*), to the *Related Parties Committee*.

With no prejudice to the specific points stipulated in these *Regulations*, the duties, functions, functioning and organisation of the *Related Parties Committee* are governed by the specific regulations approved by the Board of Directors of Banco BPM.

### 3.2 Drafting and Approval of the Procedures

#### 3.2.1 Principles

The Board of Directors of Banco BPM adopts, according to the principles laid down in the *Consob Guidelines*, procedures that ensure the transparency and substantial fairness of *Transactions with Related Parties*.

#### 3.2.2 Roles and Responsibilities

The Board of Directors of Banco BPM adopts the procedures contained in these *Regulations*, which provide for:

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<sup>1</sup> Article 3h) of Consob Regulation no. 17221 of 12 March 2010.

- a) identification of the more relevant *Transactions* in order to include at least those that exceed the thresholds provided in the *Consob Guidelines*;
- b) identification of the cases of exemption stipulated by the *Consob Guidelines* upon which Banco BPM intends to rely;
- c) identification of the independence requirements of the Directors on the Board of Directors of Banco BPM;
- d) the procedures according to which *Transactions* with *Related Parties* are established and approved, and identification of the rules regarding hypotheses where Banco BPM examines or approves *Transactions* by *Subsidiaries*, whether Italian or foreign;
- e) setting the procedures and time frames according to which the *Related Parties Committee* and the Administration and Supervisory Bodies are provided with information concerning the *Transactions*, along with the associated documentation, before making decisions, during the process and after execution;
- f) indication of the choices made by Banco BPM with regard to the options, other than those indicated in the previous letters, entrusted to Banco BPM by the *Consob Guidelines*.

Banco BPM, by virtue of the option provided for in *Consob Guidelines*, ensures that the *Regulations* also apply to *Transactions* with *Related Parties* to be conducted (directly or through *Subsidiaries*) with the parties referred to in Annex 2, with no prejudice to the fact that such parties do not constitute *Related Parties* pursuant to these *Regulations*.

### 3.3 Identification and Registration of Parties

#### 3.3.1 Principles

Banco BPM registers its *Related Parties* (Annex 1) and the parties different from the *Related Parties* to which the *Regulations* apply (Annex 2).

The *Related Parties* and, in particular, the *Executives with strategic responsibilities*, cooperate with the departments established by Banco BPM to enable correct and complete registration. They are also responsible for making swift notification of any circumstances of which they become aware that may cause modifications to the scope of the *Related Parties*.

#### 3.3.2 Roles and Responsibilities

The collection of the data and information concerning the *Related Parties* and 'persons other than *Related Parties*' are carried out in implementation of the definitions contained in Annex 1 and Annex 2, that constitute the perimeter determined by Banco BPM.

These activities fall within the broader registration that Banco BPM has already conducted in order to detect parties in situations of conflict of interest.

The departments responsible for the registration process are:

- a) the Corporate Affairs Secretariat department: tasked with liaising with the *Executives with strategic responsibilities* of Banco BPM to acquire information concerning the parties referred to in Annex 1;
- b) the Subsidiaries Corporate Affairs department: tasked with registering the *Related Parties* referred to in Annex 1, along with information concerning *Subsidiaries* (including joint),

Companies subject to joint control and the Banco BPM *Associated Companies*. The Administration and Budget department cooperates with the registration;

- c) the Administration and Budget department: tasked with periodically issuing the Subsidiaries Corporate Affairs department with an updated list of the *Subsidiaries* (including joint) and the *Associated Companies* for which registration is necessary.

The Corporate Affairs Secretariat department:

- a) identifies, for the purposes of registration, the *Executives with strategic responsibilities* who constitute *Related Parties*;
- b) asks the aforementioned *Executives with strategic responsibilities* to provide a 'self-declaration', attesting to their status as *Related Parties* and declaring:
- their 'close family members';
  - the entities in which the Executive with strategic responsibilities and/or his/her close family members exercises control, joint control or considerable influence or holds, directly or indirectly, a significant share, in any event no smaller than 20%, of the voting rights that may be exercised in the shareholders' meeting, or not less than 10% for companies with shares listed on regulated markets;

For the self-declaration, the *Executives with strategic responsibilities* use the form submitted to them by the Corporate Affairs Secretariat department, along with the instructions necessary for its correct completion, a facsimile of which is contained in Annex 3, and provide all the information/declarations requested in the said form;

- c) request a swift reply and draw the attention, in particular:
- to the duty to provide prompt notification of any circumstances that occur of which they become aware and which may cause modifications to the information provided;
  - regarding the requirements of accuracy and completeness of the information provided;
- d) check the formal accuracy of the 'self-declarations' received, conducting systematic checks, including through access to the information services of the Business and Trade Registers and the CCIAA (Chambers of Commerce). The original copies of the 'self-declarations' are archived at their offices;
- e) complete the *Register* with the data and information acquired from the 'self-certifications' issued by the *Executives with strategic responsibilities*.

With no prejudice to the obligation applicable to the Director with strategic responsibilities for providing prompt notification of any variation/amendment to previously provided information, the Corporate Affairs Secretariat department, in addition to requesting, for matters within its remit, *Directors with strategic responsibilities* to issue 'self-declarations' when first appointed or confirmed in their position/role, must also, on an annual basis:

- request updates of the 'self-declarations';
- conduct, including when notified by other structures, checks of the consistency and completeness of the information received.

Collection requires the sending of a specific sheet pre-completed with the information obtained from the latest 'self-declaration' submitted. The Director with strategic responsibilities concerned must check the content, supplement it with any missing information, modify any discrepancies or errors in

content and, therefore, sign it and return it to the aforementioned department to check its formal correctness.

Upon receipt of the declarations, the Corporate Affairs Secretariat department also checks that the information declared by the aforementioned party corresponds to any that may already be in its possession (e.g. which may be deduced from any existing censuses). Should there be any discrepancies, it shall act promptly to provide formal notification of its findings, requesting the signing of an updated 'self-declaration' or a statement refusing/accepting the exceptions.

The Corporate Affairs Secretariat department prepares, for the first Board meeting after receipt of the 'self-declarations', a suitable briefing to provide an illustration of the sheets received.

The Subsidiaries Corporate Affairs department of Banco BPM,

a) identifies, for the purposes of registration:

- the Parent Company;
- the Subsidiaries;
- the *Associated Companies*;
- the *Joint Ventures*,

as defined by the Consob Guidelines and in annex 1 to these Regulations.

To this end, the Administration and Budget department of Banco BPM issues the Subsidiaries Corporate Affairs department periodically with an updated list of Subsidiaries and Associated Companies.

b) Lists the data and information concerning the aforementioned cases in the *Register*.

Every six months, the Corporate Affairs Secretariat department and the Subsidiaries Corporate Affairs department check, for matters within their remit, that the *Register* has been fully and correctly completed and, in the case of any anomalies, immediately takes steps to correct them.

The *Register* is available to the competent departments of Banco BPM and the *Subsidiaries* and is used by them according to the provisions in the *Regulations*.

## **3.4 Management of *Transactions***

This Chapter governs the activities, under the responsibility of Banco BPM in *Transactions* with *Related Parties* and the parties indicated in Annex 2, including cases where Banco BPM examines or approves the *Transactions* of individual members of the Group (so-called '*Transactions through*').

### **3.4.1 Exclusions**

The provisions in the *Regulations* do not apply for *Transactions* of minor value, i.e. *Transactions* whose value does not exceed €250,000 (two hundred and fifty thousand Euro).

Nor do the provisions of the *Regulations* apply in relation to:

a) decisions of the Shareholders' Meeting of Banco BPM pursuant to:

*'Procedures governing transactions with Related Parties'*

*Latest update 01/01/2017*

- paragraph 1 of article 2389 of the Italian Civil Code, concerning remuneration due to Members of the Board of Directors and the Executive Committee;
  - article 2402 of the Italian Civil Code, concerning remuneration due to the Members of the Board of Statutory Auditors;
- b) decisions concerning the remuneration of Directors with particular duties falling within the overall scope determined by the Shareholders' Meeting pursuant to paragraph 3 of article 2389 of the Italian Civil Code or stipulated by the Articles of Association of Banco BPM;
- c) remuneration plans based on financial instruments approved by the Shareholders' Meeting of Banco BPM in accordance with article 114-bis of the TUF and the associated executive *Transactions* (with no prejudice to the provisions of paragraph 8 of art. 5 of Consob Regulation no. 17221 of 12 March 2010, where applicable);
- d) decisions, other than those referred to in the previous two letters, concerning the remuneration of Directors with particular duties, as well as other *Executives with strategic responsibilities*, in accordance with the conditions laid down by the *Consob Guidelines* (with no prejudice to the provisions of paragraph 8 of art. 5 of Consob Regulation no. 17221 of 12 March 2010, where applicable) <sup>2</sup>.

The provisions of the *Regulations*, with no prejudice to the reporting requirements laid down in the *Consob Guidelines*, shall not also apply to *Transactions* conducted based on:

- instructions aimed at stability issued by Supervisory Authorities;
- provisions issued by Banco BPM for the implementation of instructions issued by Supervisory Authorities in the interests of the Group's stability. This exemption does not apply to *Transactions* planned by Banco BPM and subject to prior disclosure or a request for authorisation from the Supervisory Authorities.

Pursuant to and in accordance with the *Regulations*, the category of transactions with *Related Parties* does not cover those aimed equally at all Shareholders under the same conditions, including but not limited to capital increases offered as an option to shareholders and demergers in a strict, proportional sense.

### 3.4.2 Types of *Transactions*

For the purposes of the *Regulations*, *Transactions* (other than those of 'minor value') are classified as:

- a) More relevant *Transactions*
- b) Less relevant *Transactions*

The aforementioned *Transactions* may be further classed as:

- Ordinary *Transactions*
- Intra-group *Transactions*
- *Subsidiaries Transactions*

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<sup>2</sup> Article 13 of Consob Regulation no. 17221 of 12 March 2010.

- *Transactions* pursuant to article 136
- *Transactions* subject to framework resolutions
- *Transactions* within the remit of the Shareholders' Meeting
- *Urgent Transactions*

The aforementioned types of *Transactions* are subject to differentiated evaluation and decision-making processes.

**More relevant Transactions:** refers to *Transactions* where at least one of the relevance indices stipulated by the *Consob Guidelines*<sup>3</sup>, applicable according to the specific *Transaction*, exceeds the threshold of 5% (five per cent).

More relevant *Transactions* also covers *Transactions* concluded during the course of the financial year with the same *Related Party* or parties related both to the latter and to Banco BPM, which are uniform or conducted to implement a single strategy, and which, although they may be classed individually as less relevant *Transactions*, exceed the aforementioned relevance indices, when taken as a whole in consideration of the *Consob Guidelines*.

Banco BPM does not make any provision for lower relevance thresholds since, in principle, Banco BPM is not involved in *Transactions* that may affect its management autonomy and where the relevance indices are lower than those mentioned above.

**Less relevant Transactions:** *Transactions* other than more relevant *Transactions* and those of minor value, as identified by Banco BPM.

*Transactions* may also be related to one of the following cases:

**Ordinary Transactions:** only less relevant *Transactions* may be considered ordinary *Transactions*. These are *Transactions* that fall within the ordinary operations<sup>4</sup> of Banco BPM and are concluded under ordinary or market conditions. The following *Transactions* are considered concluded under market or standard conditions: those concluded under conditions similar to those usually applied to parties that do not constitute *Related Parties* for operations similar in nature, size and risk or based on regulated tariffs or imposed prices or conducted with parties with which Banco BPM is required by law to contract at a certain price.

In order to class a *Transaction* as ordinary, the specifications and clarifications contained in the *Consob Guidelines*<sup>5</sup> are also applied.

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<sup>3</sup> Annex 3 to Consob Regulation no. 17221 of 12 March 2010.

<sup>4</sup> The ordinary operations of a *company* are deemed to include *Transactions* that fall within the ordinary performance of the operating activities of the company that carries out the *Transaction* or are linked to the operating activities or fall within the financial activities associated with such activities.

<sup>5</sup> Consob Communication no. DEM/10078683 of 24 September 2010, paragraph 3.

In any event, ordinary *Transactions* include those (of less relevance) that the company or Group regulations refer to the peripheral structures of Banco BPM and/or the *Subsidiaries* exercising banking activities, and that are conducted through the drafting and signing of forms or, in any case, by reproducing the standard outlines and templates established by the regulations of the Group or Banco BPM. For these *Transactions*, the 'justification requirements' are considered satisfied by the provisions in this paragraph.

Ordinary *Transactions*, with regard to the procedure to observe for less relevant *Transactions*, are subject to the derogations and exemptions provided for in the *Regulations*.

**Intra-group Transactions:** these are *Transactions* that Banco BPM conducts with its *Subsidiaries* or *Associated Companies* or *Transactions* conducted 'between *Subsidiaries*' of Banco BPM in which (*Transactions*) there are no *Significant Interests* of other *Related Parties* (for more details see a long extract of the *Consob Guidelines* in this regard, in Annex 4).

These kinds of *Transactions*, with regard to the procedure to observe for less or more relevant *Transactions*, are subject to the derogations and exemptions provided for in the *Regulations*.

Consequently, it is worth repeating that the presence of *Significant Interests* does not make the *Transactions* intra-group and, therefore, the associated derogations and exemptions are not applicable.

**Subsidiary Transactions:** these are *Transactions* conducted by *Subsidiaries* and subject to examination or approval by Banco BPM (so-called *Transactions* 'through').

Conducted 'through' *Subsidiaries* refers to *Transactions* subject, through legislation or internal regulations or due to the very nature of the same, to prior examination or approval by the Decision Makers of Banco BPM, in particular:

- a) the Board of Directors;
- b) the Executive Committee;
- c) the Managing Director;
- d) other Bodies or figures other than the Managing Director (individually or acting as a committee) or Company Structures by virtue of a delegation awarded by the Board of Directors.

**Transactions pursuant to article 136 of the TUB:** *Transactions* that also fall within the scope of application of the guidelines for banking pursuant to article 136 of the TUB.

**Transactions subject to framework resolutions:** this includes framework resolutions that provide for the conducting, by Banco BPM, of *Transactions*, including through *Subsidiaries*, with the following *Related Parties*:

- a) parties controlled by Banco BPM, including jointly with others, or over which the Bank exercises considerable influence;
- b) *Associated Companies* of Banco BPM;
- c) *Joint Ventures* in which Banco BPM or a *Subsidiary* is a participant;
- d) entities in which one of the *Executives with strategic responsibilities* of Banco BPM or a close family member exercises control, joint control or considerable influence or holds at least 20% of the voting rights, or at least 10% in a company with shares listed on regulated markets;
- e) supplementary pension funds established for Employees of Banco BPM or any other entity associated with it.

*'Procedures governing transactions with Related Parties'*

Latest update 01/01/2017

The following *Transactions*, residual by virtue of their frequency of occurrence, are nonetheless also subject to the *Regulations*, provided the relevant premises apply:

**Transactions within the remit of the Shareholders' Meeting**: these are *Transactions*, which must be decided upon by the Shareholders' Meeting based on (legislative and regulatory) provisions or the Articles of Association of Banco BPM.

**Urgent Transactions**: *Transactions* to be carried out in the event of an emergency not linked to a company crisis. Urgent *Transactions*, with regard to the procedure to observe for less or more relevant *Transactions*, are subject to the derogations and exemptions provided for in the *Regulations*, insofar as permitted by the Articles of Association.

They are also subject to the provisions of the *Regulations* concerning this category of *Transactions*, except in the cases of derogation and exemption provided for in the *Regulations* themselves.

### 3.4.3 Exemptions and Derogations

The *Regulations* shall not apply, in full or in part, in the event of the cases set out below:

**Ordinary Transactions**: the only provisions that will apply are those:

1. that concern the decision, where elements proving the ordinary nature of the *Transaction* must be provided. This obligation does not cover (less relevant) *Transactions* that the company or *Group* regulations refer to the peripheral structures of Banco BPM and/or the *Subsidiaries* exercising banking activities and that are conducted through the drafting and signing of forms or, in any case, by reproducing the standard outlines and templates established by the regulations of the *Group* or Banco BPM where the 'justification obligations' are considered satisfied by the provisions in paragraph 3.4.2 (Ordinary *Transactions*);
2. of the *Consob Guidelines*<sup>6</sup> (where applicable), in the part that calls for the provision of information, in the interim directors' report and the annual directors' report:
  - for individual *Transactions* with *Related Parties* concluded during the reference period, which have had a major influence on the assets or results of Banco BPM;
  - for any modification or development of the *Transactions* with *Related Parties* described in the final annual report, which have had a major influence on the assets or results of Banco BPM during the reference period.

The *Related Parties Committee* is not required to give any opinion.

**Intra-group Transactions**, the only provisions that apply are those stipulated by the *Consob Guidelines*<sup>7</sup> (where applicable), in the part where they require the provision of specific information in the interim directors' report and the annual directors' report.

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<sup>6</sup> Paragraph 8 of Article 5 of Consob Regulation no. 17221 of 12 March 2010.

<sup>7</sup> Paragraph 8 of Article 5 of Consob Regulation no. 17221 of 12 March 2010.

In this specific case, the *Transaction* shall follow the evaluation and decision-making process normally stipulated for the specific transaction in question, excluding the sending of the documentation to the *Related Parties Committee* even if only to provide information.

The *Related Parties Committee* is not required to give any opinion.

**Transactions** that also fall within the scope of application of the guidelines for banking pursuant to art. 136 of the TUB: only the following provisions apply, insofar as compatible:

1. **Less relevant Transactions**<sup>8</sup>:
  - the competent Body/Department is responsible for ruling on the *Transaction* and the *Related Parties Committee* is provided with complete and adequate advance information. Should the conditions for the *Transaction* be defined as equivalent to market or standard conditions, the documentation prepared will contain objective elements for comparison. The *Related Parties Committee* is not required to give an opinion;
  - the minutes of the approval decisions (where applicable) shall contain adequate justifications with regard to the interests of Banco BPM in the conducting of the *Transaction* as well as the applicability and substantial correctness of the relevant conditions;
  - complete information concerning the execution of the *Transactions* is sent at least once a quarter to the Board of Directors and the Board of Statutory Auditors.
2. **More relevant Transactions**<sup>9</sup>. By way of addition to point 1), the *Related Parties Committee*, or one or more of its Members appointed for the purpose, participates in the negotiations and evaluation phase through the adoption of a complete and timely information flow and with the option of requesting information and providing observations to the delegated bodies and parties tasked with guiding the negotiations or evaluation.

For more relevant *Transactions*, an Information Document must be prepared, pursuant to paragraph 5 of art. 13 of Consob Regulation no. 17221 of 12 March 2010.

### 3.4.4 Roles and Responsibilities

The completion of the *Transactions* involves various roles/departments and Company Bodies, namely:

- a) the Evaluator: the figure tasked by the *Person in Charge of the Procedure* with activating the preparatory procedures for the decision-making stage. Checks the characteristics and type of *Transaction* and the counterparty and activates the procedure to prepare for the drafting of a briefing for the roles/departments and Bodies that intervene in the decision-making process. The drafting of the briefing is made concrete through the completion of the *Register* with the relevant details;
- b) the Person in Charge of the Procedure: organises and coordinates the evaluation activities and sends, sufficiently in advance, the proposal concerning the *Transaction*, along with any reports

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<sup>8</sup> Paragraph 5 of Article 13 and paragraph 1 of Article 7 of Consob Regulation no. 17221 of 12 March 2010, letters c), e) and f).

<sup>9</sup> Paragraph 5 of Article 13 and paragraph 1 of Article 8 of Consob Regulation no. 17221 of 12 March 2010, letter b).

issued during the negotiations to the members of the *Related Parties Committee*, as well as to the *Decision Maker*. The drafting of the proposal is made concrete, among other things, through the completion of the *Register* with the relevant details. Should the Executive Committee or Board of Directors of Banco BPM be called upon to rule on a *Transaction*, or should the latter be required to approve the proposal to submit to the Shareholders' Meeting of Banco BPM, the proposal must be submitted sufficiently in advance and, in any event, in accordance with the time frames stipulated for complying contractually with the provisions contained in the regulations in force from time to time concerning information flows and the functioning of the aforementioned Bodies;

- c) the Corporate Affairs Secretariat Department: provides, where requested, support to the proposing departments for the correct and complete recording of the *Transactions* in the *Register* and amends it with any aspects that directly involve it (opinions and decisions of the *Related Parties Committee*, the Board of Directors of Banco BPM and the Executive Committee);
- d) the Related Parties Committee which, with reference:

- d.1) to the more relevant *Transactions* (that are neither intra-group nor subject to the special provisions in article 136 of the *TUB*), must give a reasoned opinion to the Board of Directors. With regard to the *Transactions* pursuant to article 136 of the *TUB*, it is worth repeating that, for more relevant *Transactions*, the *Related Parties Committee* must be involved in the negotiations and evaluation phase through the adoption of a complete and timely information flow and with the option of requesting information and providing observations to the delegated bodies and parties tasked with guiding the negotiations or evaluation;

Should the *Related Parties Committee* express a negative opinion, the Board of Directors may not approve the *Transaction*. In order to be considered favourable, the opinion must show the full (and not conditional) sharing of the *Transaction*;

- d.2) to the less relevant *Transactions* (that are neither ordinary nor subject to the special provisions in article 136 of the *TUB*), must give a reasoned, non-binding opinion to the *Decision Maker*;
    - d.3) to *Transactions* subject to the special provisions concerning the obligations of corporate officers pursuant to article 136 del *TUB*, receives, sufficiently in advance, complete and adequate information about the various profiles of the *Transaction* subject to a decision (counterparty, type of *Transaction*, conditions, suitability for Banco BPM, impact on the interests of the parties involved etc.).

In accordance with the *Consob Guidelines*, the *Related Parties Committee* may be assisted by *Experts*. In more relevant *Transactions*, the *Related Parties Committee* is involved in the negotiations phase and the evaluation phase according to the procedures laid down by the *Consob Guidelines*.

- e) the Decision Makers:

- e.1) the Board of Directors of Banco BPM decides:

- a) on the *Transactions* which, irrespective of their relevance, are reserved for it by law, the Articles of Association or the *Regulations*;
    - b) on the more relevant *Transactions* other than those under point a);

- c) on the proposals to submit to the Shareholders' Meeting concerning the *Transactions* reserved for it.

The minutes of the decisions must formalise, analytically, clearly and exhaustively, the reasons upon which the decision is based, with regard to the interest in the completion of the *Transaction*, as well as the suitability and substantial correctness of its conditions.

- e.2) Other *Decision Makers*. Less relevant *Transactions* are decided upon, in accordance with the articles of association of Banco BPM and the provisions and company decisions implementing the latter, by the Executive Committee, the Managing Director, Directors other than the Managing Director vested with management powers by the Board of Directors and parties who, individually or jointly, are responsible for deciding on transactions with counterparties other than *Related Parties* in accordance with the company's internal rules.

### 3.4.4.a) Evaluation Phase and Negotiations

The *Transactions* require a supplementary evaluation procedure in parallel to that conducted ordinarily to identify the decision-making process that corresponds to the provisions of the *Regulations*.

The *Transactions* that fall within the process developed in this Chapter are those whose value exceeds €250,000 (two hundred and fifty thousand Euro).

The Evaluator:

1. conducts a prior check, as soon as possible, of the concrete characteristics and type of the *Transaction*:
  - if it falls within the cases of total exclusion from the *Regulations*. If this is the case, the *Transaction* will adhere to the evaluation and decision-making process established for transactions conducted by parties other than the *Related Parties*;
  - whether the counterparty is classed as a *Related Party*. This may be determined by accessing the company's information system. Should it be discovered that the counterparty to the *Transaction* is not a *Related Party*, the decision-making process normally used for such an operation will apply. Should it be found that the counterparty is classed as a *Related Party*, an investigation will be conducted, including, among other things, the acquisition of the information shown below which must be immediately recorded in the *Register*;
2. fills in the *Register* with the details of the counterparty of Banco BPM in the *Transaction* (or the *Subsidiaries* and *Associated Companies* through which it is conducting the *Transaction*);
3. identifies which of the following types applies to the *Transaction*: More relevant *Transactions* or less relevant *Transactions*. In the case of more relevant *Transactions*, should it be impossible to complete the evaluation because of negotiations, the Evaluator sends the *Person in Charge of the Procedure*, for forwarding to the Members of the *Related Parties Committee*, a written notification containing at least the results of the checks carried out, indicating that the notification only constitutes the start of the information flow stipulated in the *Regulations* for the negotiations phase.

The more and less relevant *Transactions*, as already stated, may be further classified into sub-types. For some *Transactions*, there may be multiple sub-types (e.g. a *Transaction* subject to framework resolutions may also be a *Transaction* pursuant to article 136 of the *TUB* etc.).

This classification determines the procedural process, which must be followed for a correct decision concerning the *Transaction*. The Evaluator also checks whether the *Transaction* may fall into the category of cases for exemption or derogation from the procedures stipulated by the *Regulations* and in that case, adopt the consequent processes.

**(a) Ordinary *Transaction*:** for the purposes of classifying a *Transaction* as ordinary, the following elements, that must be contained in the decision approving the *Transaction*, must be taken into consideration:

- the subject of the *Transaction*: the difference between the subject of the *Transaction* and the activities typically carried out by Banco BPM constitutes an anomaly index which may indicate how 'abnormal' it is;
- recurrence of the type of *Transaction* within the context of the activities of Banco BPM: the regular repetition of a *Transaction* by Banco BPM represents a significant index with regard to whether or not this is an ordinary activity;
- size of the *Transaction*: with no prejudice to the provision that a more relevant *Transaction* may not be considered ordinary, it must be stated that a *Transaction* that falls within operating activities may not fall within the exercising of ordinary activities if of particularly significant size. What matters is that the *Transaction* is not significantly larger than those *Transactions* usually conducted by Banco BPM with counterparties other than *Related Parties*;
- the contractual terms and conditions, including with regard to the characteristics of the remuneration: in particular, *Transactions* with contractual clauses different from the usual negotiating practices of Banco BPM;
- nature of the counterparty: the *Transaction* must be instrumental to the counterparty. Purely by way of example, this might be financing for the acquisition of an asset granted to a *Related Party* that does not carry out activities in the sector in which that asset is used or which clearly lacks an organisation suitable for using that asset.

The aforementioned justification obligations are not required for *Transactions* conducted by peripheral structures (e.g. Branches) of Banco BPM.

**(b) Intra-group *Transactions*:** in order to class a *Transaction* as intra-group, the Evaluator must determine and document the fact that there are no *Significant Interests* of other *Related Parties* involved in the *Transaction*. To carry out this check, s/he may cooperate with the Subsidiaries Corporate Affairs department.

In this specific case, the *Transaction* shall follow the simplified evaluation and decision-making process, which also excludes the sending of the documentation to the *Related Parties Committee* even if only to provide information.

**(c) *Transactions* pursuant to article 136 of the *TUB*:** these are *Transactions* conducted with parties that carry out administration, management and control duties at Banco BPM which, as such, may not assume obligations of any kind or carry out sales or purchases,

directly or indirectly with the same company, unless a prior unanimous decision has been made by the competent Administrative Body and all the members of the Board of Statutory Auditors have voted in favour, excluding the party concerned.

**(d) Transactions** subject to **Framework Resolutions**: Framework Resolutions with *Related Parties* may be assumed for uniform *Transactions* attributable to the following categories:

- *Transactions* granting credit that are not attributable to (i) agricultural loans, public works, land improvement, fishing vessels and loans against securities as well (ii) as *Transactions* connected with bankruptcy proceedings<sup>10</sup>;
- *Transactions* involving direct collection in one of the following forms: savings deposits, current accounts (including giro accounts), interest-bearing bonds, deposit certificates, repos and bonds;
- *Transactions* concerning the provision of investment services and ancillary services<sup>11</sup>.

Framework Resolutions may also apply to (by way of example) *Transactions* that involve the acquisition of goods and the provision of services and, more specifically:

- contracts for the acquisition/sale/part-exchange/lease of movable assets to assist the activities of the *Subsidiaries*;
- contracts for the provision of items intended to assist *Subsidiaries*;
- contracts for the execution of works or services to assist the *Subsidiaries*;
- contracts for the rent, use, lease or gratuitous lease of immovable or movable assets to assist the *Subsidiaries* or the Employees, Associates or Partners/Shareholders thereof;
- contracts covering the transfer or acquisition of access rights to a software product or the execution or distribution thereof;
- publicity contracts;
- sponsorship contracts;
- agreements for the donation of movable assets, including in official form, excluding indirect donations.

The Framework Resolutions may not cover a period of time greater than one year and must indicate sufficiently clearly:

- the *Transactions* in question;
- the expected maximum amount of the *Transactions* to be conducted during the reference period;
- justification of the conditions laid down in relation to such *Transactions*.

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<sup>10</sup> For example: *Transactions* connected with plans pursuant to paragraph 3d) of article 67 of the Italian Bankruptcy Law; an Agreement pursuant to articles 124 et seq. of the Italian Bankruptcy Law; an Agreement with Creditors pursuant to articles 160 et seq. of the Italian Bankruptcy Law; Debt Restructuring Agreements pursuant to article 182-bis of the Italian Bankruptcy Law.

<sup>11</sup> Paragraphs 5 et seq. of article 1 of the TUF.

Where a *Transaction*, although attributable in abstract terms to one of the types considered, does not fully satisfy the other conditions aimed at identifying, according to criteria of specificity, uniformity and certainty, the categories of *Transactions* authorised by the Framework Resolution, the *Transaction* may not be carried out in execution thereof. Therefore, the said *Transaction* will be subject the general rules established for each *Transaction* with *Related Parties*.

In order to distinguish between the procedures applicable (more or less relevant *Transactions*) to the Framework Resolutions, account is taken of the expected maximum amount of the *Transactions* subject to the decision, considered cumulatively. The individual *Transactions* conducted based on such Framework Resolutions are not subject to the rules laid down in the previous paragraphs;

4. completes the documentation with the information concerning the specific details of the *Transaction*. In particular, in addition to the subject and value, a summary, yet exhaustive, indication must be provided of:
  - the characteristics of the *Transaction*;
  - the procedures for its execution;
  - the time and financial conditions envisaged for the execution of the *Transaction* (for *Transactions* conducted continually and periodically, should the overall value not have been determined, the Evaluator shall conduct an estimate based on the unit value of the services according to the duration of the contract or, when it is open ended, on an annual basis).

As a complement to the above, the evaluation must highlight (with reference to *Transactions* other than those conducted intra-group) the reasons for the company's interest in conducting the *Transaction* as well as concerning the suitability and substantial fairness of the relative conditions.

With reference to the latter, the Evaluator must illustrate the procedures for determining and assessing consistency with regard to market values. If the conditions are defined as equivalent to market or standard conditions, the Evaluator must provide:

- objective elements of comparison;
- the evaluation procedure followed;
- the underlying interests and justifications.

The following *Transactions* are considered concluded at market or standard conditions (with no prejudice to the fulfilment of the conditions described in paragraph 3.4.2. above):

- those concluded under conditions similar to those usually practised with regard to parties other than *Related Parties* for *Transactions* equivalent in terms of nature, size and risk; or
- based on regulated tariffs or imposed prices; or
- practised on parties with which the Company is bound by law to contract at a certain price.

In the presence of *Transactions* for which the drafting of an 'Information Document' is required, i.e.:

- a) during more relevant *Transactions*;
- b) when *Transactions* are concluded during the course of the financial year with the same *Related Party* or parties related both to the latter and to Banco BPM, which are uniform or

conducted to implement a single strategy, and which, although they may be classed individually as less relevant *Transactions*, exceed the thresholds for more relevant *Transactions*, when taken as a whole.

the investigation must be supplemented with the information referred to in points 1.6) and 1.7) of Annex 6.

### **3.4.4.b) Decision-making Process for *Transactions***

Once the paperwork has been completed, the decision-making process begins, which calls for its sending:

- a) to the *Related Parties Committee* (if required);
- b) to the *Decision Maker*.

For more or less relevant *Transactions* (except for provisions concerning intra-group and ordinary *Transactions*), the *Related Parties Committee*, before approving the *Transaction*, expresses a justified opinion concerning the interest of Banco BPM in carrying it out, as well as on the suitability and substantial fairness of the relative conditions.

The opinion of the *Related Parties Committee* is not required for intra-group *Transactions* or for ordinary *Transactions*.

For *Transactions* pursuant to article 136 of the *TUB*, the *Related Parties Committee* is not required to express opinions, but the Members are issued, sufficiently in advance of the decision, with complete and adequate information concerning the said *Transaction*.

There is no prejudice here to the exclusions laid down in Paragraph 3.4.1 above.

As a result of the foregoing, the Evaluator, having concluded his/her activities, must specify the process for the documentation, which calls for:

- its sending to the *Related Parties Committee* for the issuing of an opinion, with clarification, in the case of more relevant *Transactions* subject to negotiations, of the time frames envisaged for the conclusion thereof;
- its sending to the Members of the *Related Parties Committee*, in the case of a *Transaction* pursuant to article 136 of the *TUB*, as a briefing prior to the decision;
- no sending to the *Related Parties Committee*. In this case, justification must be provided.

As already mentioned, the procedure to follow differs depending on the type of *Transaction*. With no prejudice to the provisions of the *Regulations*, the table in Annex 5 summarises the most frequent *Transaction* cases and their processes.

When sending is required, the signature of the *Person in Charge of the Procedure* is necessary. It follows that the Evaluator, once s/he has concluded the activities within his/her remit, sends the documentation to his/her Line Manager who, having checked the completeness thereof, transfers it to the aforementioned *Person in Charge of the Procedure*.

The *Person in Charge of the Procedure*, where necessary, sends the briefing concerning the *Transaction* drafted during the evaluation procedure, along with any reports issued during the

negotiations, with sufficient advance notice, to the Members of the *Related Parties Committee*, through the Corporate Affairs Secretariat department, as well as the *Decision Maker*. Similarly, s/he is responsible for sending any supplementary information.

The members of the *Related Parties Committee*, having received, from the *Person in Charge of the Procedure*, where appropriate, a suitable written briefing, along with the necessary supporting documentation, implement the provisions of the *Regulations* and, where applicable, the operating rules of the *Related Parties Committee*. Where appropriate, the *Related Parties Committee* issues the *Decision Maker* with an opinion concerning the *Transaction*, ensuring sufficient time for a suitable analysis.

The *Decision Maker*, who has already received a suitable written briefing from the *Person in Charge of the Procedure*, accompanied with the necessary supporting documentation, receives from the *Related Parties Committee*, where appropriate (more and less relevant *Transactions* other than ordinary and intra-group *Transactions* and those pursuant to article 136 of the *TUB*), an opinion concerning the *Transaction*, along with any opinions issued by *Experts*.

### **1. More Relevant *Transactions***

The Board of Directors receives, through its President:

- a suitable written briefing from the *Person in Charge of the Procedure*, concerning the completion of the *Transaction*, accompanied by the necessary supporting documentation;
- an opinion concerning the *Transaction* from the *Related Parties Committee*, accompanied by any opinion issued by *Experts*. The aforementioned opinions must be sent, without delay, by the President of the *Related Parties Committee* to the President of the Board of Directors, then forwarded to the Members thereof.

The aforementioned documentation must arrive, unless there is a specific and justified emergency, in accordance with the time limits stipulated by the document that governs the functioning of the Board of Directors and the Executive Committee of Banco BPM.

With no prejudice to matters within the remit of the Shareholders' Meeting of Banco BPM and any exemption procedures, the Board of Directors approves the *Transaction*, subject to a favourable opinion from the *Related Parties Committee* concerning the interest of Banco BPM in the execution of the *Transaction*, as well as the suitability and substantial fairness of the relative conditions. In order to be considered favourable, the opinion must show the full sharing of the *Transaction*.

Should the *Related Parties Committee* express a negative opinion regarding the *Transaction*, the Board of Directors may not approve the *Transaction*.

Should the *Related Parties Committee* issue an opinion conditional on compliance with one or more instructions, the Board of Directors may approve the *Transaction* provided that it complies with those instructions, with it being understood that, for the purposes of the Procedure, it will not be necessary for the *Related Parties Committee* to issue a new opinion. In the briefing concerning the execution of the *Transaction*, to be issued to the Board of Directors and the Board of Statutory Auditors, evidence is provided of compliance with any conditions applicable to the issuing of the relevant opinion.

The minutes of the decisions must formalise, analytically, clearly and exhaustively, the reasons upon which the decision is based, with regard to the interest in the completion of the *Transaction*, as well as the suitability and substantial correctness of its conditions.

The outcome of the decision and the justification for it are recorded in the *Register*, under the responsibility of the Secretariat department of the *Decision Maker*.

In the presence of *Transactions* which require, pursuant to the *Consob Guidelines* and these *Regulations*, the drafting of an 'Information Document' (more relevant *Transactions* or those concluded during the course of the financial year with the same *Related Party* or parties related both to the latter and to Banco BPM, which are uniform or conducted to implement a single strategy, and which, although they may be classed individually as less relevant *Transactions*, exceed the thresholds for more relevant *Transactions*, when taken as a whole), the decision must be supplemented with the information referred to in point 1.8) of Annex 6 to the *Regulations*. The task of coordinating the drafting of the document is the responsibility of the said *Person in Charge of the Procedure*.

## **2. Less Relevant *Transactions***

The *Decision Maker* (Board of Directors, Executive Committee, Managing Director, other Directors vested with management powers or parties who, individually or jointly, are authorised to decide on the relevant type of *Transactions* in accordance with internal company regulations) receives:

- from the *Person in Charge of the Procedure* a suitable written briefing concerning the completion of the *Transaction*, accompanied by the necessary supporting documentation;
- from the *Related Parties Committee*, an opinion concerning the *Transaction* (where appropriate), accompanied by any opinion issued by *Experts*. The aforementioned opinions must be provided without delay.

The aforementioned documentation must arrive at the *Decision Maker* sufficiently in advance, unless in the event of a specific and justified emergency.

The *Decision Marker* approves the less relevant *Transactions* subject (where appropriate) to a justified, non-binding opinion of the Committee concerning the interest of Banco BPM in executing the *Transaction* as well as concerning the suitability and substantial fairness of the relative conditions.

The less relevant *Transactions* decided upon in the presence of a negative opinion from the *Related Parties Committee* must be recorded in an information document which must be drafted within 15 days from the end of each quarter of the financial year, pursuant to paragraph 1g) of art. 7 of Consob Regulation no. 17221 of 12 March 2010 (see paragraph 3.5.2.d) below).

The decisions must formalise, analytically, clearly and exhaustively, the reasons upon which the decision is based, with regard to the interest in the completion of the *Transaction*, as well as the suitability and substantial correctness of its conditions.

The outcome of the decision and the justification for it are recorded in the *Register*, under the responsibility of the secretariat department of the *Decision Maker*.

### **3. Ordinary Transactions**

Ordinary *Transactions* are approved by the competent *Decision Maker* based on the general legislative, regulatory, statutory and company provisions.

The decision to approve an ordinary *Transaction* must contain elements that prove:

- the ordinary nature of the *Transaction*, in terms of how far it is attributable to the ordinary activities of Banco BPM (recurrence)
- the objectivity of the conditions
- the simplicity of the contractual financial arrangement
- the size
- the nature of the counterparty
- the time frame

and, in any event, must contain considerations about all the elements addressed in the *Consob Guidelines*<sup>12</sup>.

The decisions must formalise, analytically, clearly and exhaustively, the reasons upon which the decision is based, with regard to the interest in the completion of the *Transaction*, as well as the suitability and substantial correctness of its conditions. For (less relevant) *Transactions* which company or Group rules issue to Peripheral Structures (e.g. Branches) of Banco BPM and *Subsidiaries* exercising banking activities, it is not necessary to specify the justification requirements (see para. 3.4.2 – Ordinary *Transactions*).

### **4. Intra-group Transactions**

Intra-group *Transactions* must, in any event, be approved by the *Decision Makers* of Banco BPM.

That said, in any case it is necessary for:

- the Organisational Unit of Banco BPM or the *Subsidiaries*, tasked with the evaluation phase, to check whether the *Transaction* belongs to the intra-group category;
- the *Decision Makers* of Banco BPM include, in their respective decisions, elements that prove there are no *Significant Interests* of other *Related Parties* with reference to each specific *Transaction*;
- the decisions formalise, analytically, clearly and exhaustively, the reasons upon which the decision is based, with regard to the interest in the completion of the *Transaction*, as well as its substantial correctness.

### **5. Transactions of Subsidiaries with Related Parties**

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<sup>12</sup> Paragraph 3.4 of Consob Communication no. DEM/10078683 of 24 September 2010.

*Transactions of Subsidiaries*, in addition to being decided upon by the *Subsidiary*, based on the general provisions of the company regulations, will be examined or subsequently approved by the Decision Makers of Banco BPM by applying the provisions in the previous paragraphs.

The competent Organisational Unit carries out the evaluation based on the company and/or *Group* regulations. With regard to the decisions within the remit of Banco BPM (prior examination and subsequent approval), the aforementioned Organisational Unit sends the outcome of the evaluation to the *Person in Charge of the Procedure*.

## **6. Transactions Subject to Framework Resolutions**

The Framework Resolutions must not remain in effect for more than one year and must indicate sufficiently clearly:

- the *Transactions* in question;
- the expected maximum amount of the *Transactions* to be conducted during the reference period;
- justification of the conditions laid down in relation to such *Transactions*.

With reference to the Framework Regulations, the relevant provisions in the previous paragraph will apply, depending on the expected maximum amount of the *Transactions* subject to specific framework regulations, taken as a whole.

In any event, with no prejudice to the specific reporting requirements laid down by the (legislative and regulatory) provisions, the *Person in Charge of the Procedure* with regard to the execution of the *Transaction* issues the Board of Directors and the Board of Statutory Auditors of Banco BPM on a quarterly basis and also on an aggregate basis, a complete briefing on the implementation of the *Transactions* subject to Framework Resolutions.

## **7. Transactions Within the Remit of the Shareholders' Meeting**

For *Transactions* within the remit of the Shareholders' Meeting of Banco BPM, the relevant decision proposals to be submitted to the Shareholders are approved by the Board of Directors.

The decision of the Shareholders' Meeting of Banco BPM is adopted within the time limits, according to the procedures and with the quorums necessary for constituting a meeting and passing resolutions stipulated by the (legislative and regulatory) provisions and the articles of association in force from time to time, including those concerning resolving conflicts of interest of shareholders, with no prejudice to the following.

The more relevant *Transactions*, in the presence of a negative opinion issued by the *Related Parties Committee*, are considered rejected by the Shareholders' Meeting of Banco BPM when the majority of the capital represented in the Meeting and with voting rights of *Unrelated Shareholders* votes against the *Transaction*, provided that the capital of the *Unrelated Shareholders* in the Meeting represents at least ten per cent.

The minutes of the decisions must formalise, analytically, clearly and exhaustively, the reasons upon which the decision is based, with regard to the interest in the completion of the *Transaction*, as well as the suitability and substantial correctness of its conditions.

## 8. Urgent *Transactions*

In cases where the *Transaction* does not fall within the remit of the Shareholders' Meeting of Banco BPM, in cases of emergencies not connected with company crises and where permitted by the Articles of Association of Banco BPM, the *Transactions* may be concluded in derogation from the stipulations of the *Regulations* with reference to the more relevant *Transactions* and less relevant *Transactions*, provided that:

- The President of the Board of Directors of Banco BPM, in the event that the *Transaction* to be carried out falls within the remit of a Delegated Body (Executive Committee or Managing Director), is informed of the grounds of urgency prior to the execution of the *Transaction*;
- the *Transaction* is subsequently subject, with no prejudice to its effectiveness, to a non-binding decision taken at the first possible ordinary Shareholders' Meeting of Banco BPM;
- the decisions concerning urgent *Transactions* formalise, analytically, clearly and exhaustively, the reasons upon which the decision is based, with regard to the interest in the completion of the *Transaction*, as well as the suitability and substantial correctness of its conditions;
- the Body that calls the Shareholders' Meeting of Banco BPM drafts a report containing adequate grounds of urgency;
- the Board of Statutory Auditors reports its assessments concerning the grounds of urgency to the Shareholders' Meeting of Banco BPM;
- the report and assessments referred to in the two previous paragraphs are made available to the public at least 21 days before the date set for the Shareholders' Meeting of Banco BPM at the registered office and according to the procedures indicated in the Issuers Regulations<sup>13</sup>. These documents may be contained in the 'Information Document' pursuant to Annex 6 of the *Regulations*;
- by the day following that on which the Shareholders' Meeting is held, Banco BPM provides the public, according to the procedures indicated in the aforementioned Issuers Regulations, with the information concerning the outcome of the vote, with particular reference to the overall number of votes cast by the *Unrelated Shareholders*.

In addition, the 'public disclosure' requirements stipulated by the *Regulations* with regard to the *Transactions* will apply.

## 3.5 Information concerning *Transactions*

### 3.5.1. Internal information flows

#### 3.5.1.a) Information About Relevant *Transactions* in the Interim and Annual Directors' Reports

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<sup>13</sup> Title II, Chapter I of the Issuers Regulations adopted by Consob through decision no. 17221 of 14 May 1999 as subsequently modified

The Manager responsible for preparing the Company's financial reports, including in coordination with the *Persons in Charge of the Procedures*, must provide information in the interim and annual directors' reports:

- concerning the more relevant Transactions concluded during the reference period (also including intra-group Transactions and Transactions pursuant to art. 136 of the TUB);
- concerning Transactions not classed as more relevant, concluded during the reference period, which have had a considerable influence on the assets and results of Banco BPM (also including intra-group Transactions, Transactions pursuant to art. 136 of the TUB and ordinary Transactions);
- for any modification or development of the Transactions described in the final annual report which have had a major influence over the assets or results of Banco BPM during the reference period.

Information about more relevant Transactions may be included through reference to the 'Information Documents' published.

In order to identify the Transactions that must be subject to reporting, the *Person in Charge of the Procedure* must refer to the *Register* completed during the evaluation, proposal and decision phases.

### **3.5.1.b) Periodic Reports to the Administrative and Supervisory Bodies**

The *Person in Charge of the Procedure* also provides, through the Corporate Affairs Secretariat department of the Administrative Bodies, a complete quarterly report to the Board of Directors and Board of Statutory Auditors concerning the execution of the less relevant Transactions and more relevant Transactions, as well as regarding the implementation of the framework resolutions. More specifically, intra-group and ordinary Transactions are excluded from the report.

In order to identify the Transactions that must be subject to reporting, the *Person in Charge of the Procedure* must refer to the *Register* completed during the evaluation, proposal and decision phases.

In particular, this information must contain:

- the nature of the link;
- the executive procedures actually observed or yet to be implemented;
- the temporal and economic conditions of execution;
- the evaluation procedure followed for determining the aforementioned conditions;
- the underlying interests and justifications;
- any risks for Banco BPM and/or its *Subsidiaries*.

## **3.5.2 Public Reports Concerning *Transactions* with *Related Parties***

### **3.5.2.a) More Relevant *Transactions***

With no prejudice to the provisions in the accounting and administrative procedures laid down by article 154-ter of the *TUF* or the exemptions and derogations stipulated from time to time by the *Consob Guidelines* and these *Regulations*, when a more relevant Transaction conducted by Banco

*'Procedures governing transactions with Related Parties'*

Latest update 01/01/2017

BPM or its *Subsidiaries* (which, as already stated, may not be ordinary in nature), or when *Transactions* are concluded with a *Related Party* which are uniform or conducted to implement a single strategy<sup>14</sup>, and which, although they may be classed individually as less relevant Transactions, exceed the thresholds for more relevant Transactions when taken as a whole, the Evaluator, as stated above (see paragraph 3.4.4.b.1), acquires the information necessary for the drafting of the 'Information Document', which, in its final form, will include, as soon as available, the annexes concerning opinions on the *Transaction* expressed by the *Related Parties Committee* and, possibly, by the *Experts*.

This document must be sent to the *Related Parties Committee* and the Board of Directors of Banco BPM along with the results of the evaluation.

The information and data contained in the document must be validated, by initialling each relevant page, by the *Person in Charge of the Procedure*, as well as by the Manager who oversees the organisational units that contributed to the preparation of the information necessary for the drafting of the 'Information Document'.

The information used for drafting the 'Information Document', where necessary, may also be collected through the Administration and Budget department or through the Manager responsible for preparing the Company's financial reports, who shall, in any event, receive the 'Information Document' prior to its finalisation.

The Corporate Affairs Secretariat department checks that the structure of the document respects the template established by the *Consob Guidelines* before it is examined, along with the outcome of the evaluation, by the Board of Directors, and that there are no omissions which may prejudice its prompt publication.

The Board of Directors also examines and approves the text of the 'Information Document' concerning the *Transaction* or contractual proposal.

The Corporate Affairs Secretariat department: publishes the document approved by the Board of Directors, provided that the said document bears the signature of the Manager responsible for preparing the Company's financial reports, at the registered office and according to the procedures indicated in the Issuers Regulation within seven days:

- from the approval of the *Transaction* by the Board of Directors of Banco BPM, or
- from the moment when the contract, even if preliminary, is concluded based on the applicable guidelines, should the Board of Directors of Banco BPM decide to submit a contractual proposal, or
- from the approval of the proposal to submit to the Shareholders' Meeting in cases within its remit or requiring its authorisation.

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<sup>14</sup> In order to check whether the size thresholds have been exceeded, the only *Transactions* considered are those executed since the start of the financial year that do not fall among the excluded *Transactions* according to the Procedure.

### **3.5.2.b) Mergers, Demergers, Capital Increases, Significant Purchases or Sales, that Exceed the Higher Relevance Thresholds**

Should the more relevant *Transaction* submitted to the decision-making process stipulated by the *Regulations* be a merger, demerger, capital increase with contribution in kind or a major purchase or sale and the intention it to employ the option provided for in paragraph 6 of art. 7 of Consob Regulation no. 17221 of 12 March 2010<sup>15</sup>, the Evaluator shall acquire the information necessary for the drafting of 'Information Documents' both with reference to the provisions laid down by the *Consob Guidelines* and with reference to the information requested by the Issuers Regulations<sup>16</sup>.

This document must be sent to the *Related Parties Committee* and the Board of Directors of Banco BPM along with the draft of the terms of merger or demerger or, in the other cases, the draft board decision on the *Transaction* or the contractual proposal concerning the *Transaction*.

The information and data contained in the document must be validated (e.g. by signing each relevant page), by the *Person in Charge of the Procedure*, as well as by the Manager who oversees the organisational units that contributed to the preparation of the information necessary for the drafting of the 'Information Document'.

The Board of Directors of Banco BPM also approves the text of the 'Information Document'.

The 'Information Document' and further documentation requested by the regulations must be provided to the Corporate Affairs Secretariat department within the time frames stipulated for submission to the Board of Directors.

Upon receipt of the duly prepared 'Information Document(s)', the Corporate Affairs Secretariat department: a) checks that the document(s) comply with the template laid down by the *Consob Guidelines and/or Issuers Regulations* and that there are no omissions that might jeopardise its prompt publication; b) makes it available to the public within the time frames and according to the procedures stipulated by the *Consob Guidelines*<sup>17</sup>.

### **3.5.2.c) Price-Sensitive Transactions**

When a *Transaction* with *Related Parties* is also subject to obligations to disclose inside information (price-sensitive), the communiqué to be issued to the public contains, in addition to the other information to be published in accordance with the aforementioned regulation, the following information:

- a) an indication that the counterparty to the *Transaction* is a *Related Party* and a description of the nature of the link;
- b) the name or corporate name of the counterparty to the *Transaction*;

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<sup>15</sup> Paragraph 6 of article 70 and article 71 of the Issuers Regulations.

<sup>16</sup> Articles 70 and 71 of the Issuers Regulations.

<sup>17</sup> Paragraph 6 of Article 5 of Consob Regulation no. 17221 of 12 March 2010.

- c) whether the *Transaction* does or does not exceed the relevance thresholds and an indication of any subsequent publication of an Information Document;
- d) the procedure which has been or will be followed for approval of the *Transaction* and, in particular, whether Banco BPM has employed one of the exclusion cases provided for by the *Consob Guidelines*<sup>18</sup>;
- e) any approval of the more relevant *Transaction* within the remit of the Shareholders' Meeting, in spite of the negative opinion issued by the *Related Parties Committee*

#### **3.5.2.d) 'Less Relevant' *Transactions* Approved in the Presence of a Negative Opinion from the *Related Parties Committee***

In the case of less relevant *Transactions* approved in the presence of a negative opinion expressed by the *Related Parties Committee*, the *Person in Charge of the Procedure* must draft and issue the public, through the Corporate Affairs Secretariat department, within 15 (fifteen) days from the closure of each quarter of the financial year, with an information document containing at least the following information:

- an indication of the counterparty, subject and amount of the *Transactions* approved in the presence of a negative opinion;
- the reasons why the *Related Parties Committee* decided not to share the opinion.

Over the same period, the opinion expressed with regard to the less relevant *Transaction* in question is made available to the public as an annex to the information document or on the Banco BPM website under the responsibility of the department indicated above.

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<sup>18</sup> Articles 13 and 14 of Consob Regulation no. 17221 of 12 March 2010.

## **Annex 1: *Related Parties***

The *Related Parties* of Banco BPM are those listed in Annex 1 to the *Consob Guidelines*. The following lays down the definitions adopted for such parties, with reference to Banco BPM:

**1. Parent Company:** a party, which, directly or indirectly, including through subsidiaries, trustees, or third parties:

- controls BPM;
- exercises control over Banco BPM jointly with other parties;
- has a stake in Banco BPM that enables the exercising of notable influence over it.

**2. Subsidiaries.** This category includes the following:

- Subsidiaries of Banco BPM, as defined in annex 1 of Consob Guidelines 17221/2010 and in the glossary in these Regulations.

**3. Associated Companies.** This category includes the following:

- Associated Companies of Banco BPM, as defined in annex 1 of Consob Guidelines 17221/2010 and in the glossary in these Regulations.

**4. Joint Ventures** in which Banco BPM or a Subsidiary is a participant.

**5. Executives with strategic responsibilities.**

(a) For Banco BPM, this covers:

- Members of the Board of Directors;
- Standing Members of the Board of Statutory Auditors;
- the General Manager and Co-General Managers;
- operating and executive managers as identified by an appropriate board decision;
- where not falling within the category of operating and executive managers, the Head of the Auditing department, the Head of the Risks department, the Head of the Compliance department and the Manager responsible for preparing the Company's financial reports;
- the Heads of any other structures identified by the Board of Directors.

(b) For the party referred to in point 1), it is necessary to identify which parties have the power and responsibility, directly or indirectly, for planning, managing and overseeing the activities of the Parent Company, including any directors (whether or not executive) of the said Company.

**6. Close family members of Executives with strategic responsibilities.** Given that, of the 'close family members' of *Executives with strategic responsibilities*, only those persons able to influence (or be influenced by) the party concerned in dealings with Banco BPM or other Group companies are considered *Related Parties*, unless a written declaration to the contrary is provided by the Executive, submitted under his/her responsibility and providing adequate, analytical grounds for the reasons that exclude the possibility of exercising influence as described above, only the following persons are considered for this purpose:

- the spouse;

*'Procedures governing transactions with Related Parties'*

*Latest update 01/01/2017*

- the common-law spouse (including de facto cohabiting partners whose status is not shown on any family status certificate);
- the children of the party, spouse or common-law spouse;
- persons dependent on the party, spouse or common-law spouse.

Any other individual which the party believes may influence them (or be influenced by them) in dealings with Banco BPM or the other Group companies is also a *Related Party*.

**7. Companies associated with Executives with strategic responsibilities and their family members.**

*Related Parties* is also considered to include entities where the *Executives with strategic responsibilities* or their close family members:

- exercise control pursuant to article 2359 of the Italian Civil Code;
- hold, directly or indirectly, at least 20% of the voting rights that may be exercised in the Ordinary Shareholders' Meeting, or 10% if the company has shares listed on regulated markets.

**8. The Group's supplementary pension funds:** Pension funds for the staff of the Group and any other associated entities are considered *Related Parties*.

## **Annex 2: Parties Other than Related Parties Subject to the *Regulations***

With no prejudice to the fact that the underlying parties do not constitute *Related Parties*, the *Regulations* shall also apply (in accordance with the provisions in paragraph 2 of article 4 of the *Consob Guidelines*) to *Transactions* to be conducted by Banco BPM, including through *Subsidiaries*, with undertakings for collective investment in transferable securities, or any other expressly authorised parties who act as shareholders and possess a stake of more than 10% of the share capital of Banco BPM.

## Annex 3: Facsimile of the Self-Certification Form

Corporate Affairs Secretariat  
BANCO BPM S.p.A.  
Piazza Nogara, 2  
37121 Verona (VR)

Subject: **declaration concerning Related Parties**

PERSONAL DETAILS OF THE EXECUTIVE WITH STRATEGIC RESPONSIBILITIES			
The undersigned:	SURNAME AND FORENAME		
RESIDENCE (POST CODE, TOWN, PROVINCE, ADDRESS)			TAX CODE
MUNICIPALITY, PROVINCE AND DATE OF BIRTH	SEX	CITIZENSHIP	
IN HIS/HER CAPACITY AS:			

by means of this document, in accordance with the regulations in force concerning Transactions with Related Parties, as defined in the 'Regulations governing Transactions with Related Parties' adopted by Consob through decision no. 17221 of 12 March 2010 (the 'Regulations'), as subsequently modified by decision no. 17389 of 23 June 2010, and Consob Communication DEM/10078683 of 24 September 2010

### HEREBY DECLARES

that s/he controls (*directly, indirectly, jointly*) or exercises considerable influence<sup>(a)</sup> over the entities listed below:

COMPANY/BODY	REGISTERED OFFICE	D-I-J- -C-O (1)	% (2)	TAX CODE

(1) D=Direct control – I=Indirect control – J=Joint control - C= Considerable influence - O= Other link

(2)= percentage of control

### ALSO DECLARES

that his/her close family members (spouse; common-law spouse (including de facto cohabiting partners whose status is not shown on any family status certificate); children of the party, spouse or common-law spouse; persons dependent on the party, spouse or common-law spouse) are:

SURNAME	FORENAME	FAMILY RELATIONSHIP	TAX CODE	PLACE AND DATE OF BIRTH	SEX

and that they control (*directly, indirectly, jointly*) or exercise considerable influence<sup>(a)</sup> over the entities listed below:

(a) In cases where the party holds, directly or indirectly, at least 20% of the voting rights that may be exercised in the Ordinary Shareholders' Meeting, or 10% if the company has shares listed on regulated markets.

'Procedures governing transactions with Related Parties'

Latest update 01/01/2017

COMPANY/BODY	REGISTERED OFFICE	D-I-J- -CI-O (1)	% (2)	TAX CODE	TAX CODE OF REFERENCE CLOSE FAMILY MEMBER

(1) **D**=Direct control – **I**=Indirect control – **J**=Joint control - **CI**= Considerable influence - **O**= Other link  
(2)= percentage of control

**The undersigned hereby declares that s/he has read the briefing pursuant to article 13 of Italian Legislative Decree 196/2003 (Personal Data Protection Code).**

**S/he shall undertake to:**

- **provide prompt notification of any change to the declaration in the document;**
- **inform the related parties referred to in this self-certification that they have been registered by the Company as Related Parties and, therefore, should they need to conduct transactions with the said Company, these shall be subject to the Consob Guidelines that govern transactions with Related Parties.**

Place and date

Signature

**BRIEFING PURSUANT TO ARTICLE 13 OF ITALIAN LEGISLATIVE DECREE 196/2003 (PERSONAL DATA PROTECTION CODE)**

Notice is hereby given that the personal data you provide will be processed in accordance with the provisions of Italian Legislative Decree 196/2003.

The personal data will be processed for purposes connected with the requirements stipulated by the laws, regulations and EU legislation listed in the signed declaration; the submission of such data is mandatory and no consent is required for its processing.

The Data Controller and the Company.

## Annex 4: Concept of ‘Significant Interests’

### *Extract from Consob Communication no. DEM/10078683 of 24/09/2010)*

#### **'21. Exclusion possibility for transactions with or between subsidiaries and with associated companies [art. 14, paragraph 2]**

*The Regulations allow the possibility of exempting transactions conducted with or between subsidiaries and with associated companies<sup>19</sup> from the application of the procedural and transparency regulations (with no prejudice to the provisions concerning periodic accounting information laid down by paragraph 8 of article 5 of the Regulations), provided that there are no significant interests in such companies of other associated parties of the company subject to the application of the Regulations (companies with listed or widely distributed shares), which exercises control or significant influence. The classification of the significant interests of other related parties is the responsibility of the company, including on the basis of criteria identified in the procedures. However, the Regulations state that merely sharing one or more directors or executives with strategic responsibilities between the company and subsidiaries (and especially associated companies) shall not give rise, in itself, to significant interests likely to rule out the possibility of exemption.*

*The significance of the interests held by other related parties in the subsidiary or associated company is subject to the discretionary evaluation of the companies subject to the application of the Regulations according to the general criteria indicated in the procedures. In this context, the companies may draw indications from any relations of a financial nature that exist between the subsidiaries or associated companies, on the one hand, and the other related parties, on the other. For example, this could be the existence of a significant receivable from a subsidiary, attributable to the managing director of the parent company: it is easy to see how this legal relationship could encourage the conclusion of transactions that enable the strengthening of the capital of the subsidiary, yet which may not be beneficial for the parent company.*

*Significant interests may exist, for example, when, in addition to the simple sharing of one or more directors or other executives with strategic responsibilities, such parties benefit from incentive plans based on financial instruments (or, in any event, variable remuneration) depending on the results achieved by the subsidiaries or associated companies with which the transaction is carried out. The evaluation must be conducted taking into consideration the weight of the remuneration dependent on the performance of the subsidiary (including the aforementioned incentive plans) with regard to the overall remuneration of the director or executive with strategic responsibilities.*

*The evaluation of the significance is also submitted to the companies in the event that the party that controls the company has a stake in the subsidiary or associated company (including indirectly, through parties other than the company (listed or with widely distributed shares) required to apply the Regulations). In this case, the stake held in the related party by the party that exercises control or considerable influence over the*

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<sup>19</sup> For the purposes of the exemption, the definitions of relevant subsidiaries and associated companies are those contained in Annex no. 1. For example, it is possible to exempt transactions conducted with joint ventures in which the company subject to the application of the Regulations has a stake.

company represents a significant influence if the actual weight of that stake exceeds the actual weight of the stake held by the same party in the issuer. For the purposes of assessing that actual weight, direct stakes are weighted as a whole, while indirect stakes are weighted according to the percentage of the share capital held in the subsidiaries through which the stake in the related party is held<sup>20</sup>. Should the stake in the related party be accompanied by other economic interests, such interests are considered alongside those arising from the stake calculated according to its actual weight.

On the other hand, the simple fact that a stake is held in the subsidiary or associated company by other subsidiaries of the listed company or companies associated with it, does not represent a significant interest in itself<sup>21</sup>.

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<sup>20</sup> For purely illustrative purposes, here are some examples of assessing the significance criterion:

- (i) Company A controls, through 50% of the capital represented by shares with voting rights, company B (listed), which in turn controls, through the same percentage, company C (unlisted). Moreover, A directly holds the remaining 50% of C. In the transaction between company B and company C, company A has a significant interest in C since the actual weight of the stake in the latter company is  $50\% + (50 \times 50\%) = 75\%$ , while the weight of the stake in B is 50%. There is thus an incentive for the net transfer of resources from B to C.
- (ii) Company A controls, through 30% of the capital represented by shares with voting rights, company B (listed), which in turn controls, through 50% of the capital represented by shares with voting rights, company C (unlisted). Moreover, A directly holds 10% of C. In the transaction between company B and company C, company A does not have a significant interest in C since the actual weight of the stake in the latter company is  $10\% + (30 \times 50\%) = 25\%$ , while the weight of the stake in B is 30%. There is thus, provided there are no other significant interests, no incentive for the net transfer of resources from B to C.

<sup>21</sup> Consider, for example, the following case: company A (listed) controls company B (unlisted) by holding 51% of the capital represented by shares with voting rights. Company C (unlisted), over which A exercises control or considerable influence, holds the remaining 49% of the capital of B. In the transaction between A and B, the stake held by C in B does not constitute a significant interest for the purposes of paragraph 2 of art. 14 of the Regulations.

## Annex 5: Process for Sending Documentation to the Related Parties Committee

The procedure to follow for sending documentation to the *Related Parties Committee* differs depending on the type of *Transaction*. With no prejudice to the provisions of the *Regulations*, the following table summarises the most frequent *Transaction* cases and their processes.

TRANSACTIONS	MORE RELEVANT	LESS RELEVANT
<b>More Relevant</b>	<b>SENDING TO THE COMMITTEE</b> for the issuing of a <b>mandatory and binding</b> opinion for the <i>Decision Maker</i> .	
<b>Less Relevant</b>		<b>SENDING TO THE COMMITTEE</b> for the issuing of a <b>mandatory and non-binding</b> opinion for the <i>Decision Maker</i> .
<b>Ordinary</b>	<b>NOT REQUIRED</b> (More relevant <i>Transactions</i> cannot be 'ordinary').	<b>NO SENDING TO THE COMMITTEE</b>
<b>Intra-group</b>	<b>NO SENDING TO THE COMMITTEE</b>	<b>NO SENDING TO THE COMMITTEE</b>
<b>Pursuant to article 136 of the TUB</b>	<b>SENDING TO THE COMMITTEE</b> of a complete and prompt information flow that involves it in the negotiation phase and evaluation phase of the <i>Transaction</i> .	<b>SENDING TO THE COMMITTEE</b> sufficiently in advance, of complete and adequate information concerning the <i>Transaction</i> .
<b>Framework Resolution</b>	The provisions referred to for the previous cases (Ordinary, Intra-group, pursuant to article 136 of the TUB) shall apply, according to the expected maximum amount of the <i>Transactions</i> , taken as a whole.	The provisions referred to for the previous cases (Ordinary, Intra-group, pursuant to article 136 of the TUB) shall apply, according to the expected maximum amount of the <i>Transactions</i> , taken as a whole.

## Annex 6: Drafting the ‘Information Document’

### INFORMATION DOCUMENT CONCERNING MORE RELEVANT TRANSACTIONS WITH RELATED PARTIES

In cases where the BANK implements more relevant *Transactions* with *Related Parties*, the ‘Information Document’ stipulated by the *Regulations*, must contain at least the following information:

NOTICES
A summary of the risks connected with potential conflicts of interest arising from the <i>Transaction</i> with a <i>Related Party</i> described in the ‘Information Document’.
INFORMATION CONCERNING THE <i>Transaction</i>
1.1. A description of the characteristics, procedures, terms and conditions of the <i>Transaction</i> .
1.2. An indication of the <i>Related Parties</i> with which the <i>Transaction</i> was implemented, the nature of the link and, if disclosed to the administration body, the nature and scope of the interests of that parties in the <i>Transaction</i> .
1.3. An indication of the financial reasons and suitability of the <i>Transaction</i> for the Company. Should the <i>Transaction</i> have been approved in the presence of a negative opinion issued by the <i>Related Parties Committee</i> , an analytical justification for the reasons why it was decided not to share that opinion.
1.4. Procedures for determining the price of the <i>Transaction</i> and assessments of its consistency with the market values of similar <i>Transactions</i> . Should the financial conditions for the <i>Transaction</i> be deemed equivalent to market or standard conditions, this declaration must be properly justified by providing objective elements for comparison. Indicate whether there are any opinions from independent experts supporting the consistency of the price and their conclusions, specifying: <ul style="list-style-type: none"> <li>- the bodies or parties who commissioned the opinions and appointed the experts;</li> <li>- the assessments conducted to select the independent experts. In particular, indicate any economic, asset-related or financial relations between the independent experts and (i) the Company, (ii) the <i>Subsidiaries</i> of Banco BPM or subject companies to joint control by Banco BPM, (iii) the directors of Banco BPM pursuant to points (i) and (ii), taken into account for the purposes of classifying the experts as independent and the reasons why such relations are considered irrelevant for the purposes of making a judgement on their independence. Information about any relations may be provided by attaching a declaration stating from the independent experts in question;</li> <li>- the time frames and subject of the mandate conferred on the experts;</li> <li>- the names of the experts tasked with assessing the consistency of the price.</li> </ul> <p>Indicate that the opinions of the independent experts or the essential elements thereof, pursuant to article 5 of the Issuers <i>Regulations</i>, are attached to the ‘Information Document’ or published on the Banco BPM website. In any event, the following essential elements of the opinions must be published:</p> <ul style="list-style-type: none"> <li>- evidence, where appropriate, of specific limits encountered during the execution of the task (e.g. with regard to access to significant information), the assumptions used and the conditions to which the opinion is subject;</li> <li>- evidence of any critical issues highlighted by the experts in relation to the specific <i>Transaction</i>;</li> <li>- an indication of the assessment methods adopted by the experts to give a judgement on the consistency of the price;</li> <li>- an indication of the relevance allocated to each of the assessment methods adopted for the above purposes;</li> <li>- an indication of the values derived from each assessment method adopted;</li> <li>- where based on the assessment methods used, a range of values was identified,</li> <li>- an indication of the criteria according to which the final value of the price was set;</li> <li>- an indication of the sources used to determine the relevant data for processing;</li> <li>- an indication of the main parameters (or variables) taken as a reference for the application of each method.</li> </ul> <p>With regard to the elements of the expert opinions made public, confirm that such information has been reproduced consistently with the content of the opinions referred to and that, as far as the issuer is aware, there are no omissions that might make the information reproduced inaccurate or misleading.</p>
1.5. An illustration of the economic, asset-related and financial effects of the <i>Transaction</i> , providing, at least, the applicable relevance indices. If the <i>Transaction</i> exceeds the significance parameters determined by Consob according to articles 70 and 71 of the Issuers <i>Regulations</i> , stress that pro-forma financial information will be published in the document provided for, depending on the cases, in paragraph 4 of the said article 70 or article 71 and within the time limits laid down by these provisions. The option of publishing a single document, pursuant to paragraph 6 of article 5 of the Consob <i>Regulations</i> , is unaffected.
1.6. If the amount of the remuneration of the members of the Board of Directors of Banco BPM and/or its <i>Subsidiaries</i> will vary as a consequence of the <i>Transaction</i> , detailed indications of such variations. If no

‘Procedures governing transactions with Related Parties’

Latest update 01/01/2017

modifications are envisaged, insertion, in any event, of a declaration stating this.

- 1.7. In the case of *Transactions* where the *Related Parties* involved are members of the administration and supervisory bodies, general managers and executives of Banco BPM, information concerning the financial instruments of the issuer held by the parties indicated above and the interests they have in extraordinary transactions, pursuant to paragraphs 14.2 and 17.2 of Annex I to *Regulation* no. 809/2004/EC.
- 1.8. An indication of the bodies or directors who have conducted or participated in negotiations and/or prepared and/or approved the *Transaction*, specifying their respective roles, with particular regard to any independent directors. With reference to the decisions to approve the *Transaction*, specify the names of those who have voted for or against the *Transaction*, or abstained, specifying the reasons for any dissensions or abstentions. Indicate that, in accordance with article 5 of the Issuers *Regulations*, any opinions of independent directors are attached to the information document or published on the Banco BPM website.
- 1.9. If the relevance of the *Transaction* is derived from the accumulation, pursuant to paragraph 2 of article 5 of the Consob Regulations, of several *Transactions* conducted during the financial year with the same *Related Party*, or with parties related both to the latter and to Banco BPM, the information indicated in the above points must be provided with reference to all these *Transactions*.

## Annex 7: Information Flows to Internal Bodies

Addressee	Type of flow	Frequency
Members of the <i>Related Parties Committee</i>	<i>Transactions</i> pursuant to ARTICLE136 of the TUB: sending, sufficiently in advance of the decision, of complete and adequate information. Should the conditions for the <i>Transaction</i> be deemed equivalent to market or standard conditions, the documentation prepared will contain objective elements for comparison.	For each event
Committee or one or more Members appointed by it	MORE RELEVANT <i>Transactions</i> : sending of a complete and prompt information flow, with the option of requesting information and making observations to the delegated bodies and parties tasked with conducting the negotiations or evaluation.	Negotiation phase and investigation phase
Board of Directors Board of Statutory Auditors	Complete information concerning the execution of the less relevant <i>Transactions</i> and more relevant <i>Transactions</i> (other than ordinary or intra-group), as well as the implementation of the framework resolutions.	Quarterly
Manager responsible for preparing the Company's financial reports	A briefing about the individual more relevant <i>Transactions</i> concluded during the reference period (also including intra-group <i>Transactions</i> and <i>Transactions</i> pursuant to art. 136).	Bi-annually (in the interim directors' report and annual directors' report)
Manager responsible for preparing the Company's financial reports	A briefing about <i>Transactions</i> not classed as more relevant, concluded during the reference period, which have had a considerable influence on the assets and results of Banco BPM (also including intra-group <i>Transactions</i> , <i>Transactions</i> pursuant to art. 136, and ordinary <i>Transactions</i> ).	Bi-annually (in the interim directors' report and annual directors' report)
Manager responsible for preparing the Company's financial reports	Information about any modification or development of the <i>Transactions</i> described in the final annual report, which have had a major, influence on the assets or results of Banco BPM during the reference period.	Bi-annually (in the interim directors' report and annual directors' report)