

## COURTESY TRANSLATION

This document is a translation to English of the Qualitative and quantitative composition of the Board of Directors document available on the website of Banco BPM S.p.A. [www.bancobpm.it](http://www.bancobpm.it) section "Corporate Governance".

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### Qualitative and quantitative composition of the Board of Directors

November 26, 2019  
(as supplemented on January 21, 2020)

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### 1. Introduction and legal references

The Supervisory Regulations for Banks on corporate governance <sup>(1)</sup> issued by the Bank of Italy require the incumbent Board of Directors to identify in advance the qualitative and quantitative composition deemed to be optimal for the effective performance of the duties and responsibilities entrusted to single directors by law, the Supervisory Regulations and the By-laws.

In this context, in order to ensure appropriate governance and oversight of the bank's lending activity in its various forms and of the risks related thereto, these Regulations require the presence of persons in the top management bodies:

- fully aware of the powers and duties inherent to the functions each of them is called upon to perform (supervisory and management functions, executive and non-executive functions, independent members, etc.);
- in possession of professional skills appropriate to the role to fulfil, including in any internal Board Committees, and tailored to the operational and dimensional characteristics of the bank;
- in possession of appropriately various and diverse competencies among all members in order to ensure that each member may effectively contribute, among other things, to identify and pursue suitable strategies and ensure an effective risk management in all areas of the bank's operations and, in case, of the banking group;
- who devote appropriate time and resources to the complex nature of their role (without prejudice to the compliance with the limitations of the maximum number of directorships, as set forth in CRD IV (as defined below) and the regulatory constraints for positions in competing companies <sup>(2)</sup>);
- whose action is directed towards pursuing the bank's overall interest, regardless of the shareholding who voted for them or the list from which they were taken, acting with independence of mind.

Supervisory Regulations require that focus shall be placed on all members of the Board of Directors, including non-executive members, who are joint participants in the decisions taken by the entire administrative body and are called upon to carry out an important dialectical and monitoring role on the decisions taken by executive officers.

The purpose of the Regulations is to ensure that - both in the appointment process and on an ongoing basis (i.e., during the carrying out of their office) – the administrative body is composed by persons with the authority and professionalism required for the effective exercise of their functions, which are crucial for the sound and prudent management of the bank. Therefore, the professional expertise required to achieve this result must be clearly defined in advance - and reviewed over time to take account of any critical issues that may arise - and the process of selecting and appointing candidates must take these into account criteria.

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(1) Bank of Italy's Circular no. 285 issued on December 17, 2013, First Part, Title IV, Chapter I (hereafter the "Supervisory Regulations" or the "Regulations").

(2) Reference is made to Art. 36 of the Italian Decree-Law no. 201/2011 converted, after amendment, into Law no. 214/2011.

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For the sake of completeness of information, the sources of the applicable national and European legislation on the requirements of corporate officers are summarized below:

- Art. 26 (corporate officers) of the Italian Legislative Decree of September 1, 1993, no. 385 ("TUB");
- Ministerial Decree no. 161/1998 "Regulation on rules for the identification of the requirements of integrity and professional expertise of corporate representatives of banks and causes of suspension" ("DM 161/1998");
- Ministerial Decree no. 162/2000 "Regulation on rules for the establishment of the integrity requirements of members of the Board of Statutory Auditors of listed companies to be issued on the basis of the article 148 of the Italian Legislative Decree dated February 24, 1998, no. 58" ("DM 162/2000");
- Art. 36 of the Decree-Law of December 6, 2011, no. 201 "Urgent provisions for growth, fairness and consolidation of public accounts" (so-called "Salva Italia") converted, after amendments, into Law dated December 22, 2011, no. 214 (so-called "Interlocking Directorship");
- Bank of Italy, Supervisory Regulations for banks, Circular no. 285 of December 17, 2013, on corporate governance (Part I, Title IV, Chapter 1);
- Corporate Governance Code for listed companies issued by Borsa Italiana S.p.A. ("Corporate Governance Code");
- Directive 2013/36/EU of the European Parliament and of the Council of June 26, 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("CRD IV") and Regulation (EU) no. 575 of the European Parliament and of the Council of June 26, 2013, on prudential requirements for credit institutions and investment firms;
- EBA, Guidelines on internal governance (September 2017);
- EBA/ESMA, Joint Guidelines on the assessment of the suitability of members of the management body and key function holders (September 2017) ("EBA/ESMA Joint Guidelines");
- BCE, Guide to fit and proper assessments of May 15, 2017, and last updated in May 2018 ("BCE Guide").

Finally, it is to be noted that the incumbent Board of Directors also took into account the principles contained in the Draft Ministerial Decree concerning the Regulation on the requirements and criteria for the suitability of corporate representatives of banks, implementing Art. 26 of the TUB <sup>(3)</sup>.

This document is made available on the website of Banco BPM (thereinafter also the "Bank") [www.bancobpm.it](http://www.bancobpm.it) section "Corporate Governance" to ensure that the choice of candidates and their appointment as Directors takes into account the profiles outlined therein.

## 2. The governance model

Banco BPM is a joint-stock company incorporated on January 1, 2017, by merger of Banco Popolare Soc. Coop. and Banca Popolare di Milano S.c.a r.l. (the "Merger") approved on October 15, 2016, by the shareholders' meetings of the two banks (with the simultaneous transformation of the two banks participating in the merger from cooperatives to joint-stock companies).

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<sup>(3)</sup> Reference is made to Art. 26 TUB, as replaced by Art. 1, paragraph 13, of the Italian Legislative Decree no. 72/2015, implementing in Italy the CRD IV.

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Banco BPM adopted the traditional system of governance model, based on a Board of Directors, with strategic guidance and supervision functions, and a Board of Statutory Auditors, assigned with the control function, which oversees compliance with law and the By-laws, compliance with the principles of proper administration, the adequacy of the organizational, administrative and accounting structure and ensures the proper coordination of all the bodies, functions and structures involved in the internal control system.

The Board of Directors of the Bank, in consideration of the results of the self-assessment process (conducted with the contribution of the Nominations Committee) and in order to allow the identification of candidates to be proposed for the renewal of the Board of Directors, considers it useful to bring to the attention of Shareholders the main regulatory provisions/recommendations of sector Authorities on the composition (at least in its essential elements) of the Board of Directors and of the Board sub-Committees. Such provisions are summarized as follows:

- Qualitative composition: in banks of greater size or operational complexity adopting the so-called traditional management and control model, the maximum number of Directors shall be not higher than 15, save for exceptional cases which must be analytically assessed and justified. In the case of Banco BPM, until the date of the Shareholders' Meeting called to approve the financial statements as of December 31, 2019, the Board of Directors will be composed of 19 members, whilst since then the Board will be composed of 15 members;
- Independent directors: pursuant to the Supervisory Regulations the number of independent directors must be at least a quarter of the members of the Board of Directors who possess the requirements of professional expertise and authority to ensure a high level of open debate within the administrative body and make a significant contribution to the formation of the will of the same; furthermore, the Corporate Governance Code states that the Board of Directors of issuers belonging to the FTSE-Mib index must be made up of at least one third independent directors;
- Chairman of the Board of Directors: the Chairman of the Board of Directors must be non-executive and must not perform (neither *de facto*) management functions;
- Board sub-Committees: in banks of greater size or operational complexity, 3 (three) Committees specialized in "appointments", "risks" and "remuneration" must be set up within the body in charge of strategic oversight functions. Each Committee must, as a rule, be composed of 3-5 (three-five) members, all non-executive and, for the majority, independent. The Committees must be differentiated from each other by at least one member and, in case of election of a Director by minorities, that Director shall be a member of at least one Committee. The tasks of each Committee are coordinated by a Chairman chosen from among the independent members.

During its assessments, the Board of Directors also considered that within the governance structure - subject to the release of the assessment required by law and the related approval by the Shareholders' Meeting of the connected amendments to the By-laws - the set-up of the Executive Committee is no longer envisaged. At the level of the Board sub-Committees, it is envisaged, in accordance with the Supervisory Regulations and the Corporate Governance Code, to maintain the Nominations Committee, the Remuneration Committee, the Internal Control and Risk Committee and the Related Parties Committee. The members of the latter must all meet the independence requirements set forth in the By-laws.

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### 3. Qualitative and quantitative composition of the Board of Directors

#### 3.1 Quantitative composition

The composition of the Board of Directors is of fundamental importance for the effective performance of the critical duties entrusted to this administrative Body by law, the Supervisory Regulations and the By-laws. The number of members must be appropriate to the size and complexity of the Bank's organizational structure, in order to effectively oversee the Bank's entire operations in terms of management and controls.

In this regard, the Supervisory Regulations require that, with effect from June 30, 2017, in banks of greater size or operational complexity, the number of Directors shall not exceed 15 (fifteen), save for exceptional cases that must be analytically assessed and justified. In this respect, it should be noted that Banco BPM is included among the so-called significant banks (as defined in the European regulatory framework) and, as such, subject to direct supervision by the European Central Bank.

This being said, it should be reminded that, with regard to numerical composition, Banco BPM's By-laws, as approved in the context of the Merger, provides for the Board of Directors to be composed:

- (i) until the Shareholders' Meeting called to approve the financial statements as of December 31, 2019, by 19 (nineteen) members;
- (ii) afterwards, by 15 (fifteen) members.

In the course of the self-assessment, with specific reference to aspects related to the quantitative composition of the Body, it emerged that almost all of the Board members considered that the total number of 15 members (as expected to be starting from the upcoming renewal) could be considered adequate to ensure the proper functioning of the administrative Body itself.

#### 3.2 Qualitative composition: suitability requirements of single Directors

The members of the Board of Directors must be suitable for the performance of their duties, in accordance with the *pro tempore* regulations and the By-laws and, in particular, they must meet the requirements of professional experience, good repute and independence and must comply with the criteria of competence, fairness and time commitment and the specific limitations to the number of directorships prescribed by the *pro tempore* regulations.

##### 3.2.1 Professional experience requirements

All candidates for appointment to Directors must meet the requirements of professional expertise provided for by the *pro tempore* regulations (in particular Art. 26 of the TUB and the related D.M. 161/1998) and by the By-laws in force (Article 20.1).

##### 3.2.2 Skills requirements

In addition to the professional experience requirements, Directors must meet the criteria of competence, which includes also the concepts of knowledge and experience, provided for in current legislation (including the EBA-ESMA Joint Guidelines and the ECB Guide) depending on the nature of the particular office/position held and the size and operational characteristics of Banco BPM. To this end, previous professional experience and technical knowledge (and skills) acquired through education and training are important.

The Board of Directors of Banco BPM, making the recommendations to Shareholders who intend to submit a list, defined the optimal composition in order to ensure both synergy in

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terms of experience and skills acquired and the enhancement of the personal and attitudinal characteristics of its members, as well as the representation of diversity in its relevant meanings.

Within this perimeter, the importance of identifying profiles with adequate time and resources commitment was also considered in order to best and effectively fulfil their role within the Board and the Board sub-Committees.

As mentioned in the introduction, in addition to the regulations in force, significant attention was paid to CRD IV and the Supervisory Regulations in relation to the system of internal controls, as well as to the development of regulations for listed companies (including, for example, the Corporate Governance Code); significant attention was also paid to the provisions set forth in the so-called "soft law", i.e., the ECB Guide, which regulates the requirements of professional expertise and good repute of corporate officers, and the EBA-ESMA Joint Guidelines on the suitability of officers, taking also into account the provisions set forth in the Draft Ministerial Decree.

In this context, the Board of Directors of Banco BPM recommends that, more specifically, with reference to the requirements of professional experience – without prejudice to the compliance with the relevant provisions of current legislation and related provisions of the By-laws (art. 20.1.4 (4)) - candidates for the office of Non-Executive Director should preferably possess one or more of the following further qualifying skills/experiences:

- at least 3-year experience recently gained in the business of financial services/markets and/or banking with non-executive or executive roles (Head of company or first line) in Italy and/or abroad. Depending on the office to be held, the experience gained in relation to the aforementioned business in the professional, academic and public sectors is also relevant;
- core experience in the business of a universal bank (Retail, Credit, Private Banking, Asset Management, Bancassurance, etc.);
- skills and experience in the evaluation and management of the main types of risk related to the banking business or in financial services;
- skills and experience in financial statements, accounting policies and tax accrued in the financial sector or in auditing firms;
- experience in strategic planning gained in listed or multinational companies or leading international strategic consulting firms, preferably in financial services;

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(4) Article 4 of the By-laws provides as follows: "Without prejudice to the other and/or additional requirements set out under the applicable laws, all members of the Board of Directors must have acquired adequate experience – by carrying out at least five years, in Italy or abroad, of activities of direction and/management and/or control, or at least three years as chairman, chief executive officer and/or general manager in (i) banks, finance companies, asset management companies or (ii) insurance companies; or (iii) companies with shares traded on a regulated Italian or foreign market; or (iv) enterprises or companies, other than those described above, which have a turnover, on a stand-alone or consolidated basis, exceeding Euro 100 million resulting from the latest approved balance sheet. A number of candidates that does not represent the majority who have not acquired such experience may be appointed provided that: (a) they are or have been tenure university professors for at least five years in legal, business, economics or mathematics/statistics/engineering management subjects; (b) are or have been enrolled for at least a decade on the professional register of Chartered Accountants, Notaries or Lawyers; or (c) have held for at least three years executive roles in public administrations or independent authorities competent on matters related to banking, insurance and financial activities".

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- specific skills in the field of information systems and new technologies applied to the banking and financial sector gained in primary international strategic consulting firms or in companies, preferably listed, in performance of executive or non-executive roles;
- legal, economic, corporate and regulatory skills and experience, preferably in the banking, financial or financial services sector, gained in primary law firms or in companies or groups of significant size;
- skills and experience in governance and organizational structures gained in listed or multinational companies in performance of executive or non-executive roles, or in primary international consulting firms;
- Skills and experience in human resources, remuneration systems and policies, acquired in listed or multinational companies in performance of Executive or Non-Executive roles, or in primary international consulting firms;
- Skills and experience on sustainability issues.

In addition, specific expertise is required to members of Board sub-Committees for the respective areas of interest. Particular attention will be paid to the members who hold the position of Chairman of the aforesaid Board sub-Committees, since they are also required to possess specific experience as well as specific knowledge and skills in the subjects respectively attributed to the committee to which they belong.

In this regard, the Corporate Code of Conduct of Borsa Italiana requires that at least one member of the:

- i. Control and Risk Committee has adequate experience in accounting and financial matters or risk management;
- ii. Remuneration Committee has appropriate knowledge and experience in financial matters or remuneration policies,

to be assessed by the Board of Directors at the time of appointment to the Committees.

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### **Expected profiles for the Board of Directors significant offices**

The incumbent Board of Directors of Banco BPM recommends that the individuals appointed to the offices of Chairman of the Board of Directors, Vice-Chairman and Chief Executive Officer should ideally correspond to the following ideal profiles, within the framework of full compliance with current legislation and the By-laws:

#### Chairman of the Board of Directors

The Chairman of the Board of Directors should ideally possess the following personal characteristics and skills that further qualify him for the role:

- ten years of recent professional experience. This experience shall include a significant portion of senior management positions and significant technical knowledge in banking or equivalent;
- high level of independence of mind and integrity to ensure the sound and prudent management of the Bank;

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- consolidated good reputation in the Italian and international markets, in full consistency with the distinctive image of the Group;
- ability to represent the Bank towards local and international regulatory bodies, as well as relevant institutions, being a convinced ambassador of the Group's founding values;
- leadership in the management of people combined with a strong emotional intelligence, ability to listen and independence of thought, which makes him credited to the Board in his role as "*super partes*";
- experience in Governance in contexts comparable in size and complexity;
- expertise in quantitative, regulatory and balance-sheet matters in order to meet the challenges facing the CEO and the first line of management;
- continued commitment to enter into the merits of the constant regulatory evolution, the development dynamics of the industry as a whole, the relationship with peers also at European level.

### Vice-Chairman of the Board of Directors

The Vice-Chairman of the Board of Directors should ideally possess the following personal characteristics and skills that further qualify him for the office:

- leadership in the management of people combined with a strong emotional intelligence, ability to listen and independence of mind;
- ability to ease dialogue within the Board of Directors;
- ability to represent the Bank as vicar of the Chairman in the event of his absence or impediment;
- adequate time to deputizing the Chairman in office in the event of his absence or impediment.

### Chief Executive Officer (CEO)

The Chief Executive Officer should hopefully possess the following personal characteristics and skills that further qualify him or her for the role:

- ten years of recent professional experience in banking and financial services. This experience - preferably as CEO of banks of comparable complexity to Banco BPM - should include hiring for senior management positions for a significant portion of that time;
- high level of independence of mind, integrity and reputation towards regulators and investors, fully consistent with the Group's distinctive image;
- high level of sensitivity and exposure to the European and Italian markets;
- leadership in people management combined with the ability to build and lead high level and seniority teams within a complex organization;



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- consolidated experience in leading listed companies of complexity comparable to Banco BPM;
- deep understanding of regulatory issues, risk and all aspects of capital management, experience in financial statements, accounting policies and tax, gained in highly regulated contexts;
- solid leadership and commercial development skills in the banking sector, particularly in the Retail segment, but also in Private Banking, Asset Management, Investment Banking, Bancassurance, etc.;
- good understanding of and fit with Banco BPM's culture and business model;
- proven strategic capabilities, vision, short/medium/long-term planning;
- proven ability to be resilient in situations of particular pressure.

### 3.2.3 Aptitude requirements

In addition to the professional requirements mentioned above, the incumbent Board recommends that the personal characteristics and skills of the candidate (so-called "soft skills"), as indicated in the EBA/ESMA Joint Guidelines, which are provided below for appropriate information in the Italian version available on the ESMA website, should be carefully considered in selection of candidates:

- **Authenticity:** consistency in words and deeds in accordance with established values and beliefs. Openly communicates one's intentions, ideas and feelings, promotes a context of openness and honesty and correctly informs the supervisor about the current situation, while recognizing risks and problems.
- **Language:** can communicate orally in an articulate and conventional manner and write in his or her own national language or the working language of the institution.
- **Resoluteness:** makes timely and informed decisions by acting promptly or by adopting a specific behavior, e.g. by expressing opinions and without procrastinating.
- **Communication:** ability to convey a message in an understandable and acceptable way and in an appropriate form. He/She aims to provide and achieve clarity and transparency and encourages active listening.
- **Judgement:** ability to weigh heterogeneous data and behavior and come to a logical conclusion. He/She examines, recognizes and understands the elements, as well as the essential issues. He/She has the breadth of vision to look beyond its area of expertise, particularly when dealing with problems that may threaten the continuity of the business.
- **Quality and customer-focused approach:** focuses on ensuring quality and, where possible, identifying ways to improve it. In particular, this means opposing the development and marketing of products and services and capital expenditure, e.g. on products, offices or companies, in circumstances where it is unable to properly assess risks due to a lack of understanding of the architecture, principles or underlying assumptions. He/She identifies and studies the wishes and needs of customers, ensures that customers are not taking unnecessary risks and presents correct, complete and balanced information to customers.
- **Leadership:** provides guidance and direction to a team, develops and maintains teamwork, motivates and encourages available human resources and ensures that staff members have the professional expertise to achieve a specific objective. He/She is receptive to criticism and offers space for critical debate.

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- **Loyalty:** identifies with the company and has a sense of involvement. He/She shows that it is able to devote sufficient time to its work and that it can carry out its tasks correctly, defend the interests of the company and act critically and objectively. He/She recognizes and anticipates potential conflicts of personal and corporate interest.
- **External awareness:** monitors developments, power bases and conduct within the company. He/She is well informed about relevant financial, economic, social and other developments at national and international level that may affect the company, as well as the interests of stakeholders, and is able to use the information effectively.
- **Negotiation:** identifies and reveals common interests in order to build consensus while pursuing negotiation objectives.
- **Persuasive:** is able to influence the opinions of others by exercising persuasive powers and employing natural authority and tact. Has a strong personality and is able to withstand pressure.
- **Teamwork:** is aware of the interest of the group and contributes to the pursuit of a common result; is able to act as part of a team.
- **Strategic acumen:** is able to develop a realistic vision of future developments and translate it into long-term goals, for example by applying a scenario analysis. In doing so, he/she takes appropriate account of the risks to which the company is exposed and takes appropriate measures to contain them.
- **Resilience to stress:** resilient and able to operate consistently even under great pressure and in times of uncertainty.
- **Sense of responsibility:** understands internal and external interests, evaluates them carefully and accounts for them. He/She has the ability to learn and understand that its actions affect the interests of stakeholders.
- **Chairing meetings:** is able to chair meetings efficiently and effectively and create an open atmosphere that encourages everyone to participate on an equal footing; is aware of the duties and responsibilities of others.

The incumbent Board also recommends that in identifying the profiles of the candidates for the office of Chairman of the Board of Directors, the Shareholders also take into appropriate consideration the Board leadership and coaching and development skills of the Directors, also in relation to the future identification of the Directors for the leadership of the Board sub-Committees.

### 3.2.4 Good reputation requirements

All candidates for appointment as Directors must ensure compliance with the requirements of integrity, in accordance with the applicable *pro tempore* regulations.

In this regard, it is recommended to verify that candidates for the office of Director:

- meet the honorability requirements of D.M. 161/1998 and D.M. 162/2000;
- are not in situations that could cause suspension from office pursuant to D.M. 161/1998.

The lack of the requisites of good repute makes it impossible to take office or, in any case, removal from the office itself.

### 3.2.5 Fairness requirements

In addition to the requirements of good repute, Directors must meet the criteria of fairness, understood as good reputation, honesty, integrity and financial soundness, established by the *pro tempore* legislation (including the EBA-ESMA Joint Guidelines and the ECB Guide).

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Specifically, it should be noted that candidates for the office of member of the Board of Directors:

- must not have behaved in a manner that, while not constituting an offence, is not compatible with the position of Director of the Bank or could have serious reputational consequences for the Bank;
- must not have found themselves - and must not had found themselves in the past - in situations which, with regard to the economic activities and financial conditions of the candidates themselves (or of the companies controlled, significantly owned or direct by them), are - or have been - able, even potentially, to affect their reputation.

A newly appointed Director shall be deemed to meet the requirements of good repute in the absence of elements suggesting the contrary and in the absence of well-founded doubts as to the person's good repute.

### 3.2.6 Time commitment and effort required to Directors

The availability of time and resources to devote to the performance of the office of Director, due to the nature and quality of the same, is a fundamental requirement that candidates must ensure, also in relation to the activities arising from attendance to the work of Board sub-Committees, where they are appointed members.

With regard to the specific situation of Banco BPM, it should be noted - for information purposes - that an average of 20 meetings of the Board of Directors, 24 meetings of the Internal Control and Risk Committee, 17 meetings of the Appointments Committee and 16 meetings of the Remuneration Committee were held in the 2017-2019 three-year term.

In addition to the above, it is necessary to add the necessary commitment to participate in Induction meetings and continued training, along with any further off-site meetings, as well as the one deriving from the attendance of Directors as invited members of Committees of which they are not members. The time dedicated to the meetings is added to the time required by each Director for transfers and their preparation.

In view of the foregoing, the Board recommends that candidates accept the position when they believe they can devote the necessary time and energy to it, taking into account the time allocated to other activities, work or profession, in addition to holding of positions in other companies.

In this regard, and paying particular attention to the proper functioning of the Board and the contribution of each member to the internal dialectics of the Board, an estimation has been made as a reference for assessing the minimum time deemed necessary for effective participation in meetings, summarized in the following table, provided that the estimation of the Committees attendance effort must be understood as including the mandate of mere Director:

Office	Estimated commitment (days/year)
<i>Chairman of the Board of Directors</i>	<i>200 dd.</i>
<i>Chief Executive Officer</i>	<i>Full time</i>
<i>Vice-Chairman of the Board of Directors</i>	<i>100 dd.</i>
<i>Non-Executive Director</i>	<i>40 dd.</i>
<b>Board sub-Committees commitment</b>	
Office	Estimated commitment (BoD + Board sub-Committee) (days/year)

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Chairman of the Internal Control and Risks Committee	75 dd.
Member of the Internal Control and Risks Committee	57 dd.
Chairman of the Nominations Committee	52 dd.
Member of the Nominations Committee	46 dd.
Chairman of the Remuneration Committee	52 dd.
Member of the Remuneration Committee	46 dd.

### 3.2.7 Limitation to the maximum number of directorships

Directors are required to comply with the provisions of current legislation (Art. 91 CRD IV, Art. 36 of Decree-Law no. 201/2011, converted into Law no. 214/2011; Art. 2390 of the Italian Civil Code) and the By-laws (Articles 20.1.3, 20.3.2 and 20.3.3) governing the assumption of positions held in companies other than the Bank.

Pursuant to Article 91 of the CRD IV Directive and Article 3.1 of the Bank's "Limits on the accumulation of offices" Regulation, to which Article 20.3.3 of the By-laws refers, the members of the Bank's Board of Directors may at the same time (also taking into account the offices held within the Group) hold only one of the following combinations of corporate offices:

- a) 1 executive position with 2 non-executive positions;  
or
- b) 4 non-executive positions.

The above is provided for in Art. 3.1 of the Regulations mentioned above, which provides for the following limits on the number of directors of the Group's banks when taking office:

- a) those who hold positions with executive functions in Group Banks may not hold executive positions in companies not belonging to the Group, while they may hold 2 non-executive positions in companies not belonging to the Group;
- b) those who hold roles with non-executive functions in Group banks may assume the following combinations of positions:
  - 1 executive position in companies not belonging to the Group and 1 non-executive position in companies not belonging to the Group:  
or, as an alternative:
  - 3 non-executive positions in companies not belonging to the Group.

Moreover, without prejudice to other incompatibilities provided for by current legislation (including the prohibition of Interlocking Directorships pursuant to Law no. 214 of December 22, 2011), the office of Director is incompatible with offices of a political nature, meaning the offices of national parliamentarian and member of the Government. It is also recommended that the office of Director should not be held by persons who are members of the European Parliament or members of regional, provincial and municipal councils or councils (limited to provincial capitals).

## COURTESY TRANSLATION

This document is a translation to English of the Qualitative and quantitative composition of the Board of Directors document available on the website of Banco BPM S.p.A. [www.bancobpm.it](http://www.bancobpm.it) section "Corporate Governance".

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For further details and specifications on the limits to the number of offices held, please refer to the Regulation "Limitations to the number of directorships" available on the Bank's website ([www.bancobpm.it](http://www.bancobpm.it) - Corporate Governance section).

### 3.2.8 Independence and independence of mind

Pursuant to the By-laws, at least 7 Directors must meet the independence requirements established by Article 20.1.6 of the current By-laws.

All Directors must act with independent judgement, pursuing the sound and prudent management of the Bank and in compliance with all applicable regulations.

The incumbent Board of Directors therefore recommends that, when selecting candidates, attention should be paid to identifying individuals who are able to make decisions with the utmost independence of judgement and who are not in a situation of conflict of interest that could constitute a potential risk for the Bank, also in terms of reputation.

### 3.2.9 Guidelines on diversity

In compliance with the provisions of current laws and regulations, as well as best practices, it was deemed necessary to ensure adequate diversification of the members of the Board of Directors, in relation to **gender** and **competence**, as well as to the adoption of an **age** policy.

In particular, without prejudice to the provisions of the *pro tempore* regulations, in order to ensure proper comparison within the Board of Directors, it is important that the composition of the Board reflects an adequate degree of diversification in terms of gender.

In compliance with the provisions of law and regulations governing equal access to the boards of directors of companies listed on regulated markets, and, in particular, with the amendments to Article 147-ter of the TUF introduced by Article 1, paragraphs 302 and 304, of Law no. 160 of 27 December 2019, starting from the first renewal of the boards of directors of listed companies after the date of entry into force of the law a quota equal to at least two fifths of the elected directors shall be reserved to the less represented gender for six consecutive terms of office.

In light of the current regulatory framework, at least 6 (six) members of the Board of Directors must belong to the less represented gender.

Moreover, without prejudice to the provisions of the *pro tempore* regulations, in order to ensure that the Board of Directors as a whole can pursue appropriate strategies and ensure effective risk management in all areas of operations, it is important that the composition of the Board provides for the presence, balanced and diversified, of directors who, individually, have acquired the skills and experience in the banking and financial sector or financial services indicated in paragraph 3.2.2 above.

Lastly, the Board of Directors has also approved a policy on the age of directors, establishing that candidates for the position of director at Banco BPM must not be more than 75 years of age, without prejudice to the possibility for the Board to approve resolutions derogating from the above criterion on justified and proven grounds.

## 3.3 Overall suitability of the Board of Directors

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In order to ensure the "collective suitability" of the Body, the outgoing Board of Directors recommends that candidates for the new Board of Directors of the Bank should express a balanced composition of experience and technical knowledge (in the areas indicated below) of managerial expertise and/or entrepreneurial management, found on the basis of an approach that favors concrete, substantial and positive aspects over abstract, theoretical and merely negative ones, as well as professional figures of excellence from the academic world, business consultants or freelance professionals:

- Banking and financial businesses;
- Other financial businesses;
- Legal-economic and/or accounting experience;
- Strategic planning, awareness of a credit institution's strategic business direction or business plan and its implementation;
- IT and Digital;
- Governance and Organizational Structure;
- Human resources and remuneration systems;
- Risks and controls (identification, assessment, monitoring, control and mitigation methods of the main types of risk of a credit institution);
- Marketing and Commercial.

It must also be recommended that the new Board may express an effective propensity to further changes imposed by the rapid changes in the reference context, while preserving - at the same time - the spirit of integration (which has remained the only one at European level) and its particular aspirations.

Pursuant to this objective, a synthesis matrix will be drawn up to support the assessment from both an individual and collective perspective.

#### **4. Board Induction activity/continuing professional education**

The incumbent Board of Directors recalls that the Bank, also in the light of the provisions of the EBA/ESMA Joint Guidelines, promotes the participation of Directors in special training initiatives aimed at providing in-depth knowledge of the sectors in which the Bank and its Group operate and at ensuring continuity and safeguarding the experience gained over the years by the Board of Directors.

With this in mind, the incumbent Board of Directors recommends the new Board of Directors to continuously promote training and induction sessions aimed at aligning the knowledge of the new Directors with the renewed Directors' and consolidating and developing the knowledge of each Director. The training and induction plans are also designed to ease the gaining by Directors of a clear understanding of the structure of the Bank and the Group, the business model, the profiles of correct risk management, the current legal and regulatory framework and to allow them to examine strategic issues in greater depth.