



EXPLANATORY REPORT
OF THE BOARD OF DIRECTORS OF BANCO BPM S.P.A.
ON ITEM 7 OF THE AGENDA OF THE ORDINARY SESSION OF THE SHAREHOLDERS'
MEETING

(Drawn up in accordance with article 125-ter of Legislative Decree no. 58 of 24 February 1998 as subsequently amended, and in accordance with article 84-ter of the Regulation adopted with CONSOB Decision no. 11971 of 14 May 1999 as subsequently amended)

Ordinary and Extraordinary Shareholders' Meeting of 15 April 2021

Explanatory report of the Board of Directors of Banco BPM S.p.A. on item 7 of the agenda of the ordinary session of the Shareholders' Meeting called for 15 April 2021, in a single call, regarding: "Reinstatement of the Board of Statutory Auditors by appointment of a Standing Auditor and an Alternate Auditor. Related and consequent resolutions".

1. Introduction

Dear Shareholders,

The Board of Directors of Banco BPM S.p.A. ("**Banco BPM**" or the "**Bank**") called you to a Shareholders' Meeting on **15 April 2021, at 10.30a.m. at Banco BPM, Via Polenghi Lombardo, 13, Lodi**, in a single call, to discuss and debate, inter alia, the: "*Reinstatement of the Board of Statutory Auditors by appointment of a Standing Auditor and an Alternate Auditor: related and consequent resolutions*".

This report is drawn up in accordance with articles 125-ter of Legislative Decree no. 58 of 24 February 1998 as subsequently amended (the "**Consolidated Law on Finance**") and 84-ter of the Regulation adopted with CONSOB Decision no. 11971 of 14 May 1999 as subsequently amended (the "**Issuers' Regulation**").

2. Expansion of the Board of Statutory Auditors of Banco BPM

By way of introduction, the ordinary session of the Shareholders' Meeting of the Bank of 4 April 2020 had renewed the entire Board of Statutory Auditors using the list vote mechanism; more specifically, the ordinary session of the Shareholders' Meeting of Banco BPM had elected: (i) Marcello Priori as Standing Auditor and Chairperson of the Board of Statutory Auditors taken from the list that came third in terms of number of votes received; (ii) Maurizio Lauri and Nadia Valenti as Standing Auditors taken from the list which came first in terms of number of votes received; (iii) Maria Luisa Mosconi and Alfonso Sonato as Standing Auditors taken from the list which came second in terms of number of votes received; (iv) Fulvia Astolfi as Alternate Auditor taken from the list which came first in terms of the number of votes received; (v) Wilmo Carlo Ferrari as Alternate Auditor taken from the list that came second in terms of the number of votes received; and (vi) Gabriele Camillo Erba as Alternate Auditor taken from the list which came first in terms of the number of votes received.

Now therefore, as notified to the market on 7 August 2020, following the resignation of

Maria Luisa Mosconi from the position as Standing Auditor of the Bank, the Alternate Auditor Fulvia Astolfi replaced her pursuant to the Articles of Association, article 2401 of the Italian Civil Code and prevailing laws on gender balance.

On 4 September 2020, Astolfi also handed in her resignation, and so the Alternate Auditor Wilmo Carlo Ferrari took her place as Standing Auditor. Following the above events, as things stand, the only Alternate Auditor left is Gabriele Camillo Erba.

In view of the above, in accordance with article 35.11 of the Articles of Association, Alternate Auditors who replace Standing Auditors will remain in office until the following Shareholders' Meeting, which will reinstate the Board of Statutory Auditors in accordance with the applicable provisions of the articles of association and laws (including the laws on gender balance).

To this end, article 148, paragraph 1-*bis* of the Consolidated Law on Finance provides that *"the less represented gender will account for at least two fifths of the standing members of the board of statutory auditors"* and article 144-*undecies*.1, first paragraph of the Issuers' Regulation provides that the appointment of the members, *inter alia*, of the controlling body on the basis of the gender balance criteria established by article 148, paragraph 1-*bis* of the Consolidated Law on Finance applies *"for six consecutive terms of office starting from the first renewal following 1 January 2020"*.

In accordance with the above-mentioned article 2401, first paragraph of the Italian Civil Code, Wilmo Carlo Ferrari will stop acting as Standing Auditor as at the date of the Shareholders' Meeting called for 15 April 2021, and in accordance with gender balance laws, will return to acting as an Alternate Auditor. Therefore, the Board of Statutory Auditors will have to be reinstated by the appointment of a Standing Auditor to replace Maria Luisa Mosconi and an Alternate Auditor to replace Fulvia Astolfi, both of whom belong to the less represented gender.

To that end, in accordance with article 35.12 of the Articles of Association, at the election of the Standing and Alternate Statutory Auditors needed to reinstate the Board of Statutory Auditors, in accordance with the provisions on gender balance in the law and the articles of association, the following applies:

- with respect to Maria Luisa Mosconi, Standing Auditor, since it was not possible to replace her in accordance with regulatory provisions on gender balance

with a candidate indicated on the same list to which she formed part, the shareholders' meeting will decide by majority vote on the individual candidates submitted by the shareholders, without the list obligation;

- with respect to Fulvia Astolfi, Alternate Auditor, the election will be carried out by majority voting without the list obligation.

The candidates for the position of Standing Auditor and Alternate Auditor may be submitted by the Shareholders who own, by themselves or with others, a shareholding of at least 1% (one percent) of the share capital of the Bank.

The share capital - updated to the date of this document - amounts to Euro 7,100,000,000.00, divided among 1,515,182,126 ordinary shares without nominal value. Therefore, the minimum quota needed to submit candidates amounts to 15,151,822 shares.

Ownership of the minimum quota of the share capital required to submit candidates is calculated by taking account of the shares that are registered in favour of the individual Shareholders, or more than one Shareholder on a joint basis, on the date on which the candidates' names are filed with the Bank, as confirmed by communication of the custodian intermediary which should be sent to the Bank using the mechanisms set out below.

The term of office of the Statutory Auditors that will be appointed by the Shareholders' Meeting of 15 April 2021 will end with that of the Statutory Auditors currently in office and appointed by the Shareholders' Meeting of 4 April 2020, and therefore, on the date of the shareholders' meeting to approve the financial statements for the year ending on 31 December 2022.

The remuneration due to them will correspond *pro rata temporis* to that established by the Shareholders' Meeting of 4 April 2020 for the members of the Board of Statutory Auditors in office.

In accordance with the above, the Shareholders are requested to submit candidate proposals for the appointment of a Standing Auditor and an Alternate Auditor of the Bank, needed to reinstate the Board of Statutory Auditors in accordance with articles 35.11 and 35.12 of the Articles of Association and article 2401, first paragraph of the

Italian Civil Code, with the following documentation attached:

- information on the identity of the Shareholders who submitted the candidate/s, indicating the percentage holding in the share capital of the Bank and the certification proving the stake held, along with a declaration confirming the absence of connections, including indirect, or significant relationships that could determine the existence of the above-mentioned connections with Shareholders who hold, including jointly, a controlling stake or majority stake in the share capital of Banco BPM;
- declaration whereby the candidate Statutory Auditor accepts her candidature as Statutory Auditor of the Banco BPM and confirms, under her own responsibility, that there are no reasons for ineligibility or incompatibility (also in accordance with article 36 Law no. 214/2011 known as the "prohibition on *interlocking*") and that she meets the requirements provided for by the law, including regulatory (including the requirements provided by Decree of the Ministry of Economy and Finance no. 169 of 23 November 2020) or the Articles of Association for the appointment (professional competence, skills, *time commitments*, accumulation of offices, integrity, honesty and independence) (the "Declaration of eligibility to cover the role of Statutory Auditor of Banco BPM");
- an exhaustive disclosure on the personal and professional characteristics of the candidate (including but not limited to: *curriculum vitae*, copy of ID, any certificates of registration with the Register of Auditors), noting the positions of administration and control held in other companies (also for the purposes of the disclosure pursuant to article 2400, fourth paragraph, Italian Civil Code, and considering the cumulative limit of positions provided for under prevailing laws and regulations).

In order to encourage the identification and submission of the candidates to propose to the Shareholders' Meeting, please consider the following documentation available on the *Internet* site of the Bank (www.gruppo.bancobpm.it – *Corporate governance section* > Shareholders' Meeting) and more specifically:

- the document prepared by the Board of Statutory Auditors "*Qualitative-quantitative composition of the Board of Statutory Auditors*", which contains instructions and suggestions that the Board of Statutory Auditors of Banco BPM makes available to Shareholders, with the intention of helping them in the formulation of candidates to reinstate the Board of Statutory Auditors of the Bank;

- the Form for submitting the candidates to reinstate the Board of Statutory Auditors;
- the Declaration of eligibility to cover the position of Statutory Auditor of Banco BPM.

Taking account of the mechanisms for participation and exercise of the corporate rights in the ordinary session of the Shareholders' Meeting of 15 April 2021 (all in accordance with what was described in more detail in the Notice Calling the Meeting, to which express reference is made), candidates proposed by the Shareholders for the appointment of the Statutory Auditors needed to reinstate the Board of Statutory Auditors will have to be sent to the Bank enough time in advance, and in any case, by 31 March 2021. The proposals of the Shareholders will have to be sent to the Bank by registered letter with notice of receipt, addressed to the registered office of Banco BPM (Group Corporate Affairs department) in Milan, Piazza Filippo Meda no. 4, or by certified email to the following address soci@pec.bancobpm.it along with the information requested in accordance with this Explanatory Report and the Notice Calling the Meeting. The Bank will provide the disclosure of any proposals which came from Shareholders in the terms and using the mechanisms indicated above, at the latest by 1 April 2021, by publication on the *Internet* site of Banco BPM (www.gruppo.bancobpm.it – Corporate Governance section > Shareholders' Meeting).

3. Proposed resolution

In accordance with the above, the Shareholders are asked to pass a resolution on the reinstatement of the Board of Statutory Auditors of Banco BPM.

More specifically, the formulation of the appointment resolution is set out below, to be completed with the name of the Standing Auditor candidate and the Alternate Auditor candidate who will obtain the highest number of votes at the Shareholders' Meeting:

"The ordinary session of the Shareholders' Meeting of Banco BPM S.p.A., having examined the explanatory Report made available to the public in the form and terms required by applicable laws

RESOLVES

to appoint, in accordance with article 35.12 of the Articles of Association and article 2401 of the Italian Civil Code:

- (i) [●], born in [●], on [●], tax code [●], as Standing Auditor of the Bank; and*
- (ii) [●], born in [●], on [●], tax code [●], as Alternate Auditor of the Bank,*

who will remain in office until the Shareholders' Meeting approving the financial statements for the financial year ending as of 31 December 2022.

The remuneration due to them will correspond pro rata temporis to the amount established by the Shareholders' Meeting of 4 April 2020 for the members of the Board of Statutory Auditors in office.

Verona, 9 March 2021

The Board of Directors