



**EXPLANATORY REPORT
OF THE BOARD OF DIRECTORS OF BANCO BPM S.P.A.
ON ITEM 6 OF THE AGENDA FOR THE ORDINARY SHAREHOLDERS' MEETING**

(Drawn up in accordance with article 125-ter, Legislative Decree no. 58 of 24 February 1998, as amended, and pursuant to article 73 of the Regulation adopted by Consob Resolution no. 19971 of 14 May 1999, as amended and supplemented)

Ordinary and Extraordinary Shareholders' Meeting of 15 April 2021

Explanatory Report of the Board of Directors of Banco BPM S.p.A. on item 6 of the agenda for the Ordinary Shareholders' Meeting called for 15 April 2021, on single call, in relation to: "Request for the authorization to purchase and dispose of own shares to service the share-based payment plans of Banco BPM S.p.A. Related and consequent resolutions".

Dear Shareholders,

With reference to item 6 on the Shareholders' Meeting agenda, also taking into account the resolutions proposed in relation to previous items on the agenda, we propose authorising the Board of Directors to purchase and dispose of own shares of Banco BPM S.p.A. (the "**Bank**" or "**Banco BPM**") for the reasons and conditions indicated below.

A) Reasons for requesting authorisation to purchase and dispose of own shares.

The Board of Directors submits its request to the Shareholders' Meeting for authorisation to perform own share purchase and disposal transactions in compliance with applicable regulations and, in particular, the conditions envisaged in Article 5, Regulation (EU) no. 596/2014 of 16 April 2014 on market abuse (the "MAR Regulation"), as part of a "Own shares purchase programme" with the aim of fulfilling obligations deriving from stock option plans or other allocations of shares to employees or members of the administration and control bodies of the issuer or one of its associates.

The remuneration policies adopted by the Bank require, in particular, at least 50% of the incentive paid to the Group's key personnel to be provided through allocation of the Bank's ordinary shares.

In any event, all purchase and disposal transactions will be carried out in compliance with applicable laws and regulations, particularly as regards "market abuse", and guarantee equal treatment to shareholders.

B) Maximum number, category and nominal value of the shares referred to in the authorisation proposal.

The Shareholders' Meeting authorisation requested by the Board of Directors concerns purchase and disposal of the Bank's ordinary shares, without nominal value.

Without prejudice to the provisions of Article 2357, paragraph 1 of the Italian Civil Code, the authorisation requested concerns the purchase of own shares, in one or more tranches, for a maximum number of ordinary Banco BPM shares corresponding to a total not exceeding € 16 million.

The authorisation requested includes the option to later dispose of the own shares in the portfolio (purchased in accordance with the above, i.e. in any event held by the Bank), in

one or more tranches, also without completing the purchases, and if necessary buy back those shares, again in compliance with the limits and conditions established in the Shareholders' Meeting authorisation.

C) Information useful to assessing compliance with the provisions of Article 2357, paragraph 3 of the Italian Civil Code.

As at the date of this report, the Bank's share capital stands at € 7,100,000,000, divided into 1,515,182,126 ordinary shares. As stated above, the authorisation requested concerns the purchase of own shares, in one or more tranches, for a maximum number of ordinary Banco BPM shares corresponding to a total not exceeding € 16 million. In any event, the number of own shares to be purchased can never exceed the limit of one-fifth of the share capital as envisaged in Article 2357, paragraph 3 of the Italian Civil Code, to this end also taking into account the Bank's shares already held or which could be acquired by subsidiaries (at present, 20% of the share capital amounts to € 1,420,000,000, or 303,036,425 shares).

As at the date of this report, the Bank holds 6,125,659 own shares and no own shares are held through subsidiaries, trust companies or third parties.

D) Duration for which the authorisation is requested.

The authorisation to purchase own shares is requested from the date of adoption of the corresponding Shareholders' Meeting resolution and until the Shareholders' Meeting called to approve the 2021 financial statements, without prejudice in any event to the limit of 18 (eighteen) months envisaged in Article 2357, paragraph 2 of the Italian Civil Code.

The authorisation to dispose of own shares, even before all purchases are completed, is requested with no time limits.

E) Minimum and maximum price and market assessments.

Purchase of own shares.

The purchase price of each of the own shares must be inclusive of any accessory purchase expenses and, as a minimum, no more than 15% lower (fifteen percent) and, as a maximum, no more than 15% higher (fifteen percent) than the official price recorded by the share on the MTA (electronic equity market) on the day prior to the purchase.

This range is proposed in compliance with Italian Civil Code regulations which impose the definition of minimum and maximum prices. Moreover, each purchase transaction made on regulated markets cannot in any event be made at a price greater than the highest price between the price of the last independent transaction and the highest current independent purchase offer price in trading venues where the purchase is carried out pursuant to Article 3, paragraph 2 of Delegated Regulation (EU) no. 2016/1052 of 8 March

2016, in implementation of Regulation (EU) no. 596/2014, also known as the *Market Abuse Regulation* or MAR.

Disposal of own shares.

As regards the disposal of shares purchased, in any event performed in compliance with applicable legislative provisions, only the minimum price limit for sale to third parties is defined, which must be no less than 95% (ninety-five per cent) of the average official prices recorded for the share on the MTA (electronic equity market) in the three days prior to the sale. Deviation from this price limit can apply if own shares are allocated as part of the implementation of remuneration policies adopted by the Bank and, in any event, shares (or options on them) are allocated as part of share-based payment plans.

F) Methods used to perform purchases and disposal of own shares.

The purchase transactions can be performed pursuant to Article 132 of the Consolidated Finance Law and Article 144-bis of the Regulation adopted by Consob with Resolution no. 11971/99 ("**Issuers' Regulation**") and in accordance with methods in any event permitted by legislation in force in force from time to time. In particular, the purchases will be made via public purchase or exchange offer, or on the market, according to the operating methods established by the market management company which do not allow the direct combination of purchase proposals with pre-determined sale proposals, or through additional methods set out in Article 144-bis of the Issuers' Regulation (excluding the provisions of letter c) of the first paragraph of said article), or permitted in compliance with legislation in force from time to time, taking into account the need to respect the principle of equal treatment to shareholders.

Purchases can be completed in one or more tranches.

With regard to disposal of the shares in question, this can be performed in one or more tranches, even before completing the purchases, for the reasons indicated in paragraph A) above, through sale on the stock market and, in any event, by other methods permitted in compliance with applicable EU and local legislation in force.

G) Information on the instrumental nature of a purchase to reduce the share capital.

Note that the purchase of own shares referred to here is not instrumental to a reduction in the share capital.

H) Authorisations.

The purchase of own shares authorised by the Shareholders in compliance with the above

can be performed up to the quantity limits identified on the basis of the maximum number of shares that can be allocated to Plan recipients, the number estimated on the maximum result envisaged in the 2021 Short Term Incentive Plan, and subject to approval from the European Central Bank, pursuant to applicable provisions of Regulation (EU) no. 575/2013 and Delegated Regulation (EU) no. 241/2014.

Given all of the above, we invite you to adopt the following resolution:

“The Ordinary Shareholders' Meeting of Banco BPM S.p.A.:

- acknowledging the Board of Directors' Explanatory Report and the current legal and regulatory provisions, and*
- without prejudice to compliance with applicable legislation in force,*

RESOLVES

- 1) to authorise, also pursuant to Article 2357 of the Italian Civil Code, the purchase of ordinary Banco BPM S.p.A. shares for a maximum value of € 16,000,000.00 for the reasons stated and the terms and methods indicated in point 2 below;*
- 2) to authorise purchase and disposal transactions of own shares for the reasons stated and within the limits indicated in the aforementioned Explanatory Report of the Board of Directors, again in compliance with applicable legislation in force, under the following terms and methods:*
 - the purchase can be completed in one or more tranches, up to a maximum limit of € 16,000,000.00, and in any event to the extent that - also taking into account the shares held by the subsidiaries of Banco BPM S.p.A. - the own shares do not exceed the legal limit;*
 - the authorisation to purchase own shares is approved, effective from the date of this Shareholders' Meeting and until the Shareholders' Meeting which will be called to approve the 2021 financial statements;*
 - the authorisation includes the option to later dispose of the own shares in the portfolio, in one or more tranches, also without completing the purchases, in compliance with the limits and conditions established in this authorisation;*
 - the purchases must be made in accordance with Article 132 of the Consolidated Finance Law (TUF) and with Article 144-bis of the Issuers' Regulation: (i) via public purchase or exchange offer, (ii) on the market, according to the operating methods established by the market management company, or (iii) through additional methods set out in Article 144-bis of the Issuers' Regulation (excluding the provisions of letter c) of the first paragraph of said article), or nonetheless permitted in compliance with the*

legislation in force from time to time, all in any event in compliance with all applicable regulations, including EU regulations, and taking into account the need to guarantee equal treatment to shareholders;

- the purchase price of each of the own shares must be inclusive of any accessory purchase expenses and, as a minimum, no more than 15% lower (fifteen percent) and, as a maximum, no more than 15% higher (fifteen percent) than the official price recorded by the share on the MTA (electronic equity market) on the day prior to the purchase;

- the price for sale to third parties must be no less than 95% (ninety-five per cent) of the average official prices recorded on the MTA (electronic equity market) in the three days prior to the sale. Deviation from this price limit can apply if own shares are allocated as part of the implementation of remuneration policies adopted by Banco BPM S.p.A. and, in any event, the shares (or options on them) are allocated and/or disposed of as part of share-based payment plans;

- the authorisation to dispose of own shares, even before all purchases are completed, is granted with no time limits;

3) to delegate all related powers, including the broadest power of implementation of this resolution as necessary or appropriate, to the Board of Directors and, on its behalf, to the Chairman and Chief Executive Officer, separately and with sub-delegation option, subject to the issue of legal and Supervisory Authority approvals, for the purchases of own shares and for completion of the disposal, allocation and/or use of all or part of the own shares held and, in any event, to implement the above resolutions, as well as to make formal and insubstantial changes or additions to the Shareholders' Meeting resolution that could prove necessary and/or appropriate in relation to any requests or recommendations of the Supervisory Authorities or market management company."

Verona, 9 March 2021

The Board of Directors