



SPAFID CONNECT

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Oggetto : ordinary and extraordinary shareholders
meeting of Banco Bpm

Testo del comunicato

Vedi allegato.



NEWS RELEASE

ORDINARY AND EXTRAORDINARY SHAREHOLDERS MEETING OF BANCO BPM S.p.A.

- **Approval of the annual report as at 31 December 2017 of Banco BPM S.p.A.**
- **Approval of supplementary fees to the audit firm PricewaterhouseCoopers S.p.A.**
- **Approval of compensation policies and of Banco BPM S.p.A. share-based compensation plan for the annual incentive scheme devoted to all the Group employees**
- **Approval of application for authorization to purchase and sell own shares to implement the share-based compensation plans of Banco BPM S.p.A.**
- **Approved amendments to certain articles of the Articles of Association**

Milan, 7 April 2018 – The Ordinary and Extraordinary Shareholders meeting of Banco BPM S.p.A., with an attendance of over 5,200 Shareholders (approx. 900 attending in person), accounting for around 40% of the share capital, has approved by a very large majority all the items on the agenda.

ORDINARY SESSION

APPROVAL OF THE ANNUAL REPORT AS AT 31 DECEMBER 2017 OF BANCO BPM S.p.A.

The Shareholders convened in the General Annual Meeting have resolved to approve the annual report as at 31 December 2017 of Banco BPM S.p.A., comprising the balance sheet, income statement, explanatory notes and related attachments and the executive report on operations, reporting a net income of Euro 2,721 million, to be distributed as follows:

Amounts in €

Net income for FY 2017	2,721,257,417
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Net income to be allocated to:

(-) Legal reserve of 20% of Shareholders' Equity	1,420,000,000
(-) Unavailable reserve ex art. 6 Law Decree 38/2005	17,549,766
(-) Available reserve	1,283,707,651

2017 RESULTS OF GRUPPO BANCO BPM:

For further details please refer to the News Release published on 7 February 2018 upon approving the draft annual report of Banco BPM. Summarized below are key highlights from the consolidated financial statements of Gruppo Banco BPM.

Key consolidated balance sheet items

- Customer loans € 108.2 billion;
- Direct customer funds € 107.3 billion¹;
- Indirect customer funds € 99.3 billion² of which:
 - AuM € 62.5 billion;
 - AuC € 36.8 billion.

Key consolidated P&L items³

- Core total income € 4,207 million (€ 4,179 net of non-recurring items);
- Net fees and commissions € 2.093 million;
- Operating costs € 3.050 million (€ 2,972 million net of non-recurring items);
- Profit from operations € 1.579 million;
- Loan loss provisions € 1,661 million;
- Net income € 2,616 million, which net of a badwill of € 3,076 million and a goodwill impairment of € 1,018 million, comes in at € 558 million.

SUPPLEMENTARY FEES TO THE AUDIT FIRM PRICEWATERHOUSECOOPERS S.P.A.

The Shareholders have approved the reasoned proposal prepared by the Board of Statutory Auditors to top up the fees due to the Audit firm PricewaterhouseCoopers, in charge of auditing the 2017-2025 accounts. The update to the financial terms reflects additional auditing activities compared to the audit services included in the initial proposal, as a result of the impact generated by the statutory audit market reform and the adoption of the new accounting standard IFRS 9.

APPROVAL OF THE REMUNERATION REPORT AND BANCO BPM SHARE-BASED COMPENSATION PLAN, IN PARTICULAR:

- compensation and incentive policies
- max. ratio threshold of 2:1 between the variable and the fixed wage components for select key officers
- the criteria followed to define the compensation in case of early termination of employment or appointment, including the limits thereto
- Banco BPM S.p.A. share-based compensation plan for the annual incentive scheme (2018) covering all Group employees

The Shareholders have examined and taken cognizance of the information contained in the Directors' Report on the Remuneration Report of the Banco BPM Banking Group – prepared pursuant to article 123-ter of L.D. 58/1998 ("TUF"), to Consob's Regulation no. 11971/1999 and following amendments and additions ("Issuers Regulation") and to the current Supervisory Regulation of the Bank of Italy – and have approved it.

¹ Direct customer funds include certificates with unconditional capital protection, while repos are not included.

² Indirect funds are net of certificates with unconditional capital protection included in "direct customer funds".

³ The consolidated P&L data presented in this News Release are derived from the reclassified income statement, where revenues and expenses contributed by the subsidiary Aletti Gestielle SGR have been consolidated on a line-by-line basis. For additional details please refer to the Explanatory notes (item 1) included in the News Release published on 7 February 2018.

The Remuneration Report: (i) delivers information on the 2018 incentive and compensation policies, covering all the employees of the Banco BPM Banking Group; (ii) illustrates the implementation of the compensation policies in 2017; (iii) makes the required disclosures in compliance with the Supervisory Regulations and the Issuers Regulation.

In particular, the Shareholders: (i) have approved, also in compliance with art. 11.3. letter (g) of the Articles of Association, the compensation and incentive policies for the Directors, Statutory Auditors and employees of the Banco BPM Banking Group for FY 2018; (ii) have approved the introduction as of 2018 of a maximum ratio threshold of 2:1 between the variable and the fixed wage components for select key officers as part of the Group's compensation and incentive scheme structure; (iii) have approved the criteria to determine the compensation in case of early termination of employment or appointment; (iv) expressed their favorable opinion, in accordance with and within the limits of article 123-ter, paragraph 6, TUF, regarding the related sections of the Remuneration Report; (v) have approved the Plan, based on which part of the variable compensation under the annual incentive scheme (2018) can be paid in the form of free-of-charge grants of Banco BPM S.p.A. ordinary shares; the plan is devoted to executive members of the Board of Directors or to employees and non-employed staff of the Banco BPM Banking Group falling under the category of key personnel, corresponding to roughly 1% of Group personnel (more than 23 thousand resources at 31 December 2017). The shares, to be granted over a 3/5-year period (business plan), will be allocated only contingent on the occurrence of certain conditions tied to the Group's future results (related to profitability, capital stability and liquidity); moreover, they will be subject to a retention period in order to align the variable wage component value to that of the company over time.

The Chairman of the Board of Directors and the Chief Executive Officer have been given the mandate, each severally and with powers of sub-delegation, to correctly and immediately execute today's resolution, together with all the associated and/or consequent acts and formalities, including the introduction of changes or additions that may be necessary and/or appropriate with regard to requests or recommendations issued by the Supervisory Authorities or by the stock exchanges.

APPROVAL OF THE APPLICATION FOR AUTHORIZATION TO PURCHASE AND SELL OWN SHARES TO IMPLEMENT THE BANCO BPM S.P.A. SHARE-BASED COMPENSATION PLANS

Having taken cognizance of the Directors' Report on the application for authorization to purchase and sell own shares and the current legal and regulatory requirements, without prejudice to applicable laws and regulations in effect at any given time, the Shareholders have resolved to authorize – in keeping with the market practices permitted under art. 180, paragraph 1, letter c), of TUF, starting on the date of today's General Meeting until the General Shareholders' Meeting convened to approve the 2018 Annual Report, and in any case without prejudice to the 18 (eighteen)-month limit provided for under article 2357, paragraph 2, of the Italian Civil Code – the purchase, in one or more tranches, of Banco BPM ordinary shares up to an amount no greater than 1% of the share capital – which, to date, corresponds to max. no. 15,151,821 shares – as well as their disposal.

In particular, the aim of the authorization is to implement – also by setting up a "share reserve" – the compensation and incentive policies adopted by the Group.

The Shareholders have also authorized the Board of Directors, and on its behalf the Chairman of the Board, as well as the Chief Executive Officer and the General Manager, each severally and with powers of sub-delegation, to purchase and sell own shares for the purposes and within the limits specified in the above-mentioned Directors' Report and in compliance with applicable laws in effect at any given time.

The exercise of the mandate shall be subject to the ECB's prior authorization pursuant to the applicable provisions of Regulation (EU) no. 575/2013 and of the Delegated Regulation (EU) no. 241/2014 and, in any case, in compliance with any other applicable law, in particular with reference to "market abuse", and with due consideration to the need to abide by the principle of a fair treatment of Shareholders.

EXTRAORDINARY SESSION

BYLAW AMENDMENTS

Subject to the issuance of the required authorizations by the competent Supervisory Authorities, the Shareholders have approved the proposal to amend articles 1.5., 5.3., 8.1., 8.2., 20.1.6., 24.2.2., 30.2. and 30.3. of the Articles of Association of Banco BPM.

As regards articles 1.5., 5.3., 24.2.2. lett. c) and dd), as well as art. 30.2. lett. e) of the Articles of Association – covering “Territorial Divisions” – it should be pointed out that, following the implementation on January 2018 of the new sales network model of the Banco BPM Group, the structures that were previously called “Territorial Divisions” have now been renamed for commercial purposes as “Territorial Departments”.

As pertains article 8. of the Articles of Association – covering “voting rights” – since the deadline of 26 March 2017 has already elapsed, the provision under article 8.2. (and the associated reference in article 8.1.) that excluded the voting right for a shareholding in the Bank exceeding 5% of the share capital with voting rights has already automatically expired.

The other amendment proposals, relating to letters o) and q) of article 24.2.2. of the Articles of Association, have been put forward with the aim of increasing the efficiency and streamlining of the Bank’s operations, by excluding the following activities from the mandatory competence of the Board of Directors: (i) the purchase and sale of non-strategic shareholdings, while the purchase and sale of shareholdings that entail changes to the Group and/or that have a key strategic importance, and in any case transactions whose value exceeds given thresholds still fall within the sphere of competence of the Board; (ii) more executive activities regarding transactions with financial securities.

Finally, in addition to purely formal changes aimed at providing a better and clearer explanation of the standards of the independence requirements for directors (article 20.1. of the Articles of Association), it was deemed useful to further edit the bylaw text so as to: (i) clarify the competences of the Board with regard to the compensation of the Bank's top management (article 24.2.2., letter h, of the Articles of Association), and to the appointment (and determination of the related compensation) of the top management of the Group's key companies (article 24.2.2., letter w, of the Articles of Association); (ii) complete the regulatory references with regard to the compliance with “Related Parties” procedures under Lgs.D. 385/1993 (TUB) in case of urgent transactions to be approved by the Chief Executive Officer (article 30.3. of the Articles of Association).

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For further details, please refer to the news releases published on 27 February, 7 and 16 March 2018 and to the supporting documentation made available at the Head office, Borsa Italiana and published on the website of Banco BPM (www.bancobpm.it, “Corporate Governance – Shareholders’ Meetings” and “Investor Relations – Financial statements and Reports” sections), as well as on the website of the authorized central storage mechanism www.emarketstorage.com, in compliance with the terms and procedures under the law.

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