

This document is a courtesy translation into English of the Board of Directors' Report on the proposed amendments to the Bylaws. In case of any discrepancies between the English and the Italian version, the Italian version shall prevail.



**EXPLANATORY REPORT
OF THE BOARD OF DIRECTORS OF BANCO BPM S.P.A.
ON ITEM 2) ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING**

(Drawn up pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998, as amended, and pursuant to Article 84-ter of the Regulation adopted by Consob Resolution No. 11971 of 14 May 1999, as amended and supplemented)

Ordinary Shareholders' Meeting of 30 April 2025



Explanatory report of the Board of Directors of Banco BPM S.p.A. on item 2 on the agenda of the Ordinary Shareholders' Meeting convened for 30 April 2025, in a single call, on: "Resolutions on the allocation and distribution of profits".

Dear Shareholders,

With reference to item 2 on the agenda, you have been called to the Shareholders' Meeting to resolve on the allocation and distribution of the profit resulting from the financial statements for the year as provided for in Article 2433 of the Italian Civil Code.

The financial statements of Banco BPM for the year ended 31 December 2024 show a net profit for the year of Euro 1,850,168,245.25.

In relation to this year's result, the Board of Directors, taking into account its resolution adopted on 6 November 2024 regarding the distribution of an interim dividend to be paid from 2024 profits, proposes:

1. the allocation, as provided for by Article 39, paragraph 1, of the By-laws, of an amount equal to Euro 86,404,812.65 to the unavailable reserve pursuant to Article 6 of Legislative Decree No. 38/2005 relating to capital gains resulting from the application of *fair value*;
2. the coverage of the interim dividend of Euro 0.40 per share paid on 20 November 2024, which resulted in the distribution of an overall amount of Euro 600,552,927.60 in favour of the no. 1,501,382,319 outstanding shares at the relevant payment date;
3. the distribution of a cash dividend per share of Euro 0.60 before withholding taxes. More precisely, the proposal provides for the overall distribution of Euro 909,109,275.60 resulting from the product of the unit amount of Euro 0.60 for each of the no. 1,515,182,126 ordinary shares (no distribution will be made to any treasury shares that the Bank may hold on the record date indicated below). This distribution, if approved by the Shareholders' Meeting, will be executed on 21 May 2025 (payment date) with ex-dividend date on 19 May 2025 (ex date) and *record date* on 20 May 2025. The allotment will be subject to the ordinary dividend distribution tax regime;
4. the allocation of an amount of Euro 5,000,000 for purposes of assistance, charity and public interest pursuant to Article 5.2 of the By-laws, under the terms and on the basis of the quotas laid down in Article 5.3 of the By-laws;
5. the allocation of the remaining profit to the available extraordinary reserve in the amount of Euro 249,101,229.40.



It should be noted that the provisions of Article 2430 of the Italian Civil Code concerning the obligation to allocate an amount equal to at least 5% of the annual profit to the legal reserve do not apply, since this reserve is already set aside for the maximum amount provided for by the Civil Code itself (20% of the share capital), amounting to Euro 1,420,000,000 against a share capital of Euro 7,100,000,000.

* * *

It is also recalled that Article 6 of Legislative Decree No. 38/2005 provides that unrealised capital gains arising from the valuation of assets and liabilities at fair value and those arising from the application of the equity method to the valuation of equity investments must be recognised in a special unavailable reserve. In this regard, it should be noted that, as of 31 December 2023, this unavailable reserve had been determined in the amount of Euro 679,054,528.55.

We therefore inform you that, taking into account the overall movements recorded during the year of the assets and liabilities measured at fair value and the equity investments measured at equity, which reduced this constraint to a total of Euro 528,379,582.00, it is necessary to allocate a portion of the 2024 profit, equal to Euro 86,404,812.65, to increase the unavailable profit reserve pursuant to Article 6 of Legislative Decree No. 38/2005, raising it to a total of Euro 614,784,394.65. For further details, please refer to the Annual Financial Report as at 31 December 2024, which will be made available as required by law.

It should also be noted that, with reference to the aforementioned extraordinary tax, amounting to Euro 151 million, Banco BPM's Annual Shareholders' Meeting held on 18 April 2024 approved the proposal to allocate a portion of 2023 profits to a specific reserve, titled "Unavailable reserve pursuant to art. 26 Decree Law 104 of 10/08/2023, converted into Law 136 of 09/10/2023", equal to two and a half the amount of the extraordinary tax and therefore equal to Euro 378,333,590.

For the purposes of the financial statements as at 31 December 2024, Banco BPM's Board of Directors resolved to maintain the aforementioned reserve in its entirety; as a result, there is no "binding event" against which to recognise, pursuant to IFRIC 21 and IAS 37, a liability and the related charge, in an amount equal to the tax to be paid.

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In light of the above, we invite you to approve the following proposed resolution:

"the Ordinary Shareholders' Meeting of Banco BPM S.p.A., having examined the Explanatory



Report made available to the public in the form and manner prescribed by the applicable laws, as well as on the basis of the financial statements for the year ended 31 December 2024, which shows a net profit of Euro 1,850,168,245.25 , and the specific proposals made therein,

resolves

1. the allocation, as provided for by Article 39, paragraph 1, of the By-laws, of an amount equal to Euro 86,404,812.65 to the unavailable reserve pursuant to Article 6 of Legislative Decree No. 38/2005 relating to capital gains resulting from the application of fair value;
2. the coverage of the interim dividend of Euro 0.40 per share paid on 20 November 2024, which resulted in the distribution of an overall amount of Euro 600,552,927.60 in favour of the no. 1,501,382,319 outstanding shares at the relevant payment date;
3. the distribution of a cash dividend per share of Euro 0.60 before withholding taxes. More precisely, the proposal provides for the overall distribution of Euro 909,109,275.60 resulting from the product of the unit amount of Euro 0.60 for each of the no. 1,515,182,126 ordinary shares (no distribution will be made to any treasury shares that the Bank may hold on the record date indicated below). This distribution, if approved by the Shareholders' Meeting, will be executed on 21 May 2025 (payment date) with ex-dividend date on 19 May 2025 (ex date) and record date on 20 May 2025. The allotment will be subject to the ordinary dividend distribution tax regime;
4. the allocation of an amount of Euro 5,000,000 for purposes of assistance, charity and public interest pursuant to Article 5.2 of the By-laws, under the terms and on the basis of the quotas laid down in Article 5.3 of the By-laws;
5. the allocation of the remaining profit to the available extraordinary reserve in the amount of Euro 249,101,229.40.

Milan, 27 March 2025

The Board of Directors