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**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 16 April 2026



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 16 April 2026, 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 2025 show a net profit for the year of Euro 2,099,218,631.04.

In relation to this year's result, the Board of Directors, taking into account its resolution adopted on 6 November 2025 regarding the distribution of an interim dividend to be paid from 2025 profits, proposes:

1. the allocation, as provided for by Article 39, paragraph 1, of the By-laws, of an amount equal to Euro 265,826,344.96 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 and the equity method;
2. the coverage of the interim dividend of Euro 0.46 per share paid on 26 November 2025, which resulted in the distribution of an overall amount of Euro 691,551,857.84 in favour of the no. 1,503,373,604 outstanding shares at the relevant payment date;
3. the distribution of a cash dividend per share of Euro 0.54 before withholding taxes. More precisely, the proposal provides for the overall distribution of Euro 818,198,348.04 resulting from the product of the unit amount of Euro 0.54 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 22 April 2026 (payment date) with ex-dividend date on 20 April 2026 (ex date) and *record date* on 21 April 2026. The allotment will be subject to the ordinary dividend distribution tax regime;
4. the allocation of an amount of Euro 6,000,000 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 317,642,080.20.



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 2024, this unavailable reserve had been determined in the amount of Euro 528,379,582.00.

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, taking into account the portion to be reserved upon allocation of 2025 profit, equal to Euro 265,826,344.96, the unavailable profit reserve pursuant to Article 6 of Legislative Decree No. 38/2005 will raise it to a total of Euro 828,413,806.66. For further details, please refer to the Annual Financial Report as at 31 December 2025, which will be made available as required by law.

* * *

With reference to the tax-suspended reserve arising from the extraordinary tax on excess profits, it should be preliminarily recalled that Article 26 of Decree-Law No. 104 of 10 August 2023 - converted, with amendments, by Law No. 136 of 9 October 2023 - introduced into the national tax system, for the year 2023, an extraordinary tax applicable to banks, calculated on the increase in net interest income recorded between 2021 and 2023, subject to a maximum cap determined as a function of risk-weighted assets on an individual basis ("RWA – Risk Weighted Assets") as of the closing date of the 2022 financial year.

During the conversion of the aforementioned decree, paragraph 5-bis was introduced, allowing banks, as an alternative to paying the tax by 30 June 2024, to allocate, upon approval of the 2023 financial statements, an amount not less than two and a half times the tax to a specifically designated non-distributable reserve.



Should the reserve thus established subsequently be used for the distribution of profits, the tax due would be paid in full, increased by the interest accrued in accordance with the provisions of the law.

With reference to such extraordinary tax, amounting to Euro 151 million, the Shareholders' Meeting held on 18 April 2024 – by availing itself of the option provided for under paragraph 5-bis referred to above – resolved 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.

No tax liability had been recognised in respect of the above-mentioned reserve, as the Board of Directors had resolved not to propose its distribution. The reserve was therefore classified as a tax-suspended reserve, by virtue of the tax restriction described above.

The 2026 Budget Law (Law No. 199 of 30 December 2025) amended the rules governing the aforementioned extraordinary tax, introducing a legal presumption of priority distribution of the reserve at hand in the event of a distribution of profits for the year (including interim dividends) and/or reserves starting from 1 January 2029.

The same law also introduced the option to release the reserve from the payment of the extraordinary tax described above, exercisable until 31 December 2028, subject to the payment of an extraordinary contribution equal to 27.5% of the amount of the reserve existing as at 31 December 2025, if the option is exercised in 2026, or 33% of the amount of the reserve existing as at 31 December 2026 or 31 December 2027, if the option is exercised respectively in 2027 or 2028.

At its meeting of 20 January 2026, having assessed the economic convenience of the transaction, the Board of Directors resolved to exercise the option to release the reserve by paying the extraordinary contribution equal to 27.5% of the amount of the reserve existing as at 31 December 2025, amounting to Euro 104,041,737. The contribution will be paid by 30 June 2026.

Based on the accounting treatment described in the Notes to the Financial Statements in Part A "Accounting Policies", the extraordinary contribution has been recognised in a negative equity reserve named "Extraordinary contribution under Law No. 199/2025".



Following the payment of the extraordinary contribution in June 2026 and the subsequent settlement thereof within the income tax return relating to the 2025 tax period, the reserve in question will be released from any tax restriction.

As a result of the above-mentioned release, the Shareholders are hereby requested to approve in advance:

- the offsetting of the negative reserve named "Extraordinary contribution under Law No. 199/2025" against the "Non-distributable reserve pursuant to Article 26 of Decree-Law No. 104 of 10 August 2023, converted into Law No. 136 of 9 October 2023", through the reduction of the latter from Euro 378,333,590 to Euro 274,291,853;
- the renaming and transfer of the remaining "Non-distributable reserve pursuant to Article 26 of Decree-Law No. 104 of 10 August 2023, converted into Law No. 136 of 9 October 2023" to the "Available extraordinary reserve".

* * *

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 2025, which shows a net profit of Euro 2,099,218,631.04, 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 265,826,344.96 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 0.46 per share paid on 26 November 2025, which resulted in the distribution of an overall amount of Euro 691,551,857.84 in favour of the no. 1,503,373,604 outstanding shares at the relevant payment date;*
3. *the distribution of a cash dividend per share of Euro 0.54 before withholding taxes. More precisely, the proposal provides for the overall distribution of Euro 818,198,348.04 resulting from the product of the unit amount of Euro 0.54 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 22 April 2026 (payment date) with ex-dividend date on 20 April 2026 (ex date) and record date on 21 April 2026. The allotment will be subject to the ordinary dividend distribution*



tax regime;

4. *the allocation of an amount of Euro 6,000,000 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 317,642,080.20;*
6. *the offsetting of the negative reserve named "Extraordinary contribution under Law No. 199/2025" against the "Non-distributable reserve pursuant to Article 26 of Decree-Law No. 104 of 10 August 2023, converted into Law No. 136 of 9 October 2023", through the reduction of the latter from Euro 378,333,590 to Euro 274,291,853;*
7. *the renaming and transfer of the remaining "Non-distributable reserve pursuant to Article 26 of Decree-Law No. 104 of 10 August 2023, converted into Law No. 136 of 9 October 2023" to the "Available extraordinary reserve".*

Milan, 3 March 2026

The Board of Directors