PART I – SHARE-BASED PAYMENT AGREEMENTS

A. QUALITATIVE INFORMATION

1. Description of share-based payment agreements

1.1 Remuneration linked to incentive systems: compensation plans based on shares

As the Parent Company, Banco BPM S.p.A. prepares the annual Policy-on-remuneration report and payouts awarded pursuant to the provisions in force on remuneration and incentive policies and practices of the Bank of Italy (Circular no. 285/2013, Part I, Title IV, Chapter 2 "Remuneration and incentive policies and practices"), of Art. 123-ter of Italian Legislative Decree 58/1998 (Consolidated Finance Law or CFL) as amended and of Art. 84-quater of CONSOB resolution no. 11971/1999 as amended (Issuers' Regulation).
The remuneration policy ("Policy") provides important managerial leverage, with a view to attracting, motivating and retaining management and staff, and to guiding them towards an approach to limit the risk exposure of the intermediary (including legal and reputational risks), as well as to protect and retain customers, in a spirit of correct conduct and management of conflicts of interest. It also contributes to pursuing sustainable development, which entails creating long-term value for shareholders, while taking the interests of all stakeholders that are important to the Group.

The 2021 Policy defines the guidelines for Group Staff remuneration and incentive systems, for the pursuit of long-term strategies, objectives and results, in accordance with the general framework of governance and risk management policies, while complying with levels of liquidity and capitalisation. With regards to ESG aspects (Environmental, Social, Governance), the 2021 Policy continues in the direction taken in 2020, by further strengthening the correlation between the variable remuneration of management and strategic action relating to environmental issues, aspects regarding health and safety and human resource management, with regard to which an inclusive and gender neutral corporate culture are becoming increasingly important. Banco BPM's remuneration policy for staff is gender neutral.
In accordance with the 2021 Policy, the remuneration of Group employees includes a variable component (incentive) linked to the annual incentive system (Short Term Incentive Plan). The receipt of an incentive is subject to the contextual verification that the predefined access conditions (gateways) have been met, comprised of indicators of capital adequacy and adequacy of liquidity and profitability. Following verification of the gateways, but prior to any disbursements, the amount of economic resources actually available is determined based on the income statement results achieved (financial adjustment factor) as well as qualitative indicators of a non-financial nature (non-financial adjustment factor). In both cases, conditions are included and monitored, in line with the Group Risk Appetite Framework.
The incentive for identified staff[1] established in 2021, is paid over a period of six or four years, and is divided into an up-front portion and five or three annual deferred portions, conditional to the fulfilment of future conditions.

The up-front portion, regardless of beneficiary, amounts to:
- 60% of the incentive awarded, if it is less than 430 thousand euro;
- 40% of the incentive awarded, if it is equal to or more than 430 thousand euro.

The figure of 430 thousand euro represents for the Group the level of variable remuneration of a particularly high amount, determined in keeping with the criterion established by the Bank of Italy Supervisory Regulations[2].
50% of the up-front portion of the incentive is awarded in Banco BPM ordinary shares.
The deferred portions consist of:
- five annual portions of the same amount deferred in the five-year period following the year in which the up-front portion vests, 55% in Banco BPM ordinary shares, for the senior identified staff[1], regardless of the

[1] Parties whose professional activity has or may have a significant impact on the Group's risk profile.
[2] See Part One, Heading IV, Chapter 2, Section III, Paragraph 2: "Particularly high variable remuneration amount means the lower of: i) 25 per cent of the total average remuneration of the Italian high earners, resulting from the most recent report published by the EBA; ii) 10 times the total average remuneration of the bank's employees".

amount of the incentive awarded, and for the identified staff reporting directly to the Chief Executive Officer of Banca Akros or Banca Aletti, in the event that the amount of the incentive awarded is equal to or greater than 430 thousand euro;
- three annual portions of the same amount deferred over the three-year period following the year of vesting of the up-front portion, 50% of which in Banco BPM ordinary shares, for the identified staff not indicated in the previous point.

In line with national banking system practices and in keeping with the spirit of the provisions in force at the time of approval of the 2021 Policy[2], if the incentive recognised is lower than or equal to the relevant threshold of 50 thousand euro and at the same time lower than or equal to one-third of the fixed component of individual remuneration, it is paid in a lump sum in cash; this provision does not regard top identified staff[3] (including top management) and personnel actually affected[4] by a ratio of variable to fixed remuneration of more than 100%, to whom, therefore, the regulations regarding the deferral and allocation of shares continue to apply in full.

With a view to pursuing results that create long-term value for shareholders, taking the interests of all stakeholders important to the Bank into account, the Group has activated a Long Term Incentive (LTI) Plan related to performance achieved in the 2021-2023 three year period.
In addition to the Chief Executive Officer and executives with strategic responsibilities of the Parent Company (excluding managers of functions with control tasks), the scope of the beneficiaries of the LTI plan includes around 60 positions relating to the Group's identified staff (excluding those belonging to functions with control tasks), selected on the basis of the level of the position and the impact on the business.
The incentive correlated with the LTI plan (LTI incentive) is fully assigned in Banco BPM ordinary shares and is proportional to the level of achievement of the conditions and performance objectives.
For all beneficiaries, the shares recognised at the end of the three-year performance period are attributed over a period of six or four years, broken down into an up-front portion of 40% and five (for senior identified staff) or three (for the other plan participants) annual deferred portions, conditional to the fulfilment of future conditions.

For both the 2021 Short Term Incentive and 2021-2023 Long Term Incentive Plans, for vested shares (up-front and deferred), a one-year retention period (selling restriction) is established, which starts from the time of their vesting; the transfer of ownership to the beneficiary takes place at the end of this period.
Both the up-front portions and the deferred portions are subject to malus and claw-back mechanisms, as set forth in the Policy.

In addition to the compensation plan based on Banco BPM S.p.A. shares relating to the 2021 Short Term Incentive Plan and the 2021-2023 Long Term Incentive Plan, the Ordinary Shareholders' Meeting of Banco BPM held on 15 April 2021 approved:
- the 2021 remuneration policy – Section I of the Policy-on-remuneration report and payouts awarded of Banco BPM Banking Group's staff – 2021;
- the report on payouts awarded - Section II of the Policy-on-remuneration report and payouts awarded of Banco BPM Banking Group's staff – 2021 (advisory vote);
- the criteria for calculating any amounts to be granted in the event of early termination of employment or early departure from office of all personnel, including therein the limits set on said amounts;
- the request for authorisation to purchase and dispose of own shares in service of the Banco BPM S.p.A. share-based payment plans.

For further information refer to the content of the following documents: 2021 Policy-on-remuneration report and payouts awarded (Section I and Section II) and Information Document on the Banco BPM Share-based compensation plan - 2021 Short Term Incentive Plan and Information Document on the Banco BPM Share-based compensation plan -

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[1] Senior identified staff refers to the CEO, General Manager (where appointed), Joint General Managers and senior operational and executive managers of the Parent Company, first-line managers of the Parent Company not included amongst the internal control functions reporting directly to the CEO or the Board of Directors, the CEO of Banca Aletti and of Banca Akros.

[2] On 24 November 2021, the Bank of Italy issued the 37th update of Circular no. 285/2013, which expressly envisaged the option of disbursing the incentive in cash and in a lump sum if the annual variable remuneration does not exceed 50 thousand euro and simultaneously does not represent over one third of total annual remuneration.

[3] Top identified staff refers to the CEO, General Manager (where appointed), Joint General Managers and Managers in the first line of management of the Parent Company, the CEO, General Manager, Joint General Manager and Deputy General Manager (where present) of Banca Aletti, Banca Akros and ProFamily (the latter merged by incorporation into Banco BPM with statutory effects from 19 July 2021).

[4] Ex ante.

2021-2022-2023 Long Term Incentive Plan, available on the website www.gruppo.bancobpm.it (Corporate Governance - Remuneration Policies section).

1.2 Share-based compensation plans of previous years

On 9 March 2021, the Banco BPM Board of Directors acknowledged the vesting in the year 2021 of the equity component of the deferred short and long-term incentives referring to the share-based compensation plans currently valid and approved on the basis of previous shareholders' resolutions.

In relation to the equity components attributable to years preceding the founding of Banco BPM Group, the number of ordinary shares of the former Banca Popolare di Milano awarded was converted into Banco BPM shares, by virtue of the merger with the former Banco Popolare, based on the value established for the share swap of 1 Banco BPM share for every 6.386 shares of the former Banca Popolare di Milano.

For more details on the procedures and the terms for the allocation of the shares under the above-illustrated Plans, please refer to the respective information documents drawn up in accordance with Art. 84-*bis* of the Issuers' Regulation, deposited at the registered office, at Borsa Italiana S.p.A. and also available to the general public on Banco BPM S.p.A.'s website at www.gruppo.bancobpm.it (from 2017: Corporate Governance — Remuneration Policy section; for previous years: Corporate Governance — Shareholders' Meetings — Pre-Merger Shareholders' Meeting section).

1.3 Amounts for early termination of employment

In compliance with regulations in force over time, the Parent Company has the unilateral right to agree, subject to the conditions and in accordance with the methods defined in the Policy, possible amounts for the early termination of employment (for identified staff, golden parachutes), which may be awarded up to the maximum extent of twenty-four months of fixed remuneration (excluding indemnity for lack of notice, determined by legislative provision) and up to the maximum limit of 2.4 million (employee gross amount).

The recognition of the amounts for early termination of the employment relationship is subordinate to the positive verification of the conditions, related to the previous financial year, of capital adequacy and liquidity; it is also determined considering any element deemed relevant and in any case:

- the positive results achieved over time;
- the circumstances that led to the termination, taking into account the interests of the company also in order to avoid an error of judgement;
- the tasks performed and/or positions held in the course of the employment relationship, also in the sense of risks assumed by the subject;
- the duration of the employment relationship and of the job;
- savings as a result of early termination of employment.

Payment thereof occurs according to the same methods provided for by the Short Term Incentive Plan, defined in the remuneration policy in force on the date of termination, with reference to the last position for which payment of the amount was assessed, without prejudice to specific conditions envisaged by the Bank of Italy Supervisory Regulations.
The amounts for early termination of the employment relationship, both for identified staff and the remaining personnel, shall only be disbursed in the absence of fraudulent conduct or gross negligence committed by the person who has terminated his/her employment. In the case of directly appointed personnel, the Parent Company's Board of Directors ascertains whether significant misconduct is present; for remaining employees, this assessment is made by the Chief Executive Officer of the Parent Company. If misconduct is determined, the portions that have not yet been paid are cancelled (malus) and any previously paid ones must be returned (clawback). The assessment takes into account a five year period starting from the time of their vesting.

The remuneration components for the identified staff described above, which establish the payment based on shares of Banco BPM, are "equity-settled" plans in accordance with the provisions in IFRS 2. These share-based payments are recorded in the income statement under the item "Personnel expenses" as a balancing entry to an increase in the "Reserves" of consolidated shareholders' equity and the Parent Company's shareholders' equity.
Subsidiaries, on the other hand, in their separate financial statements, record the cost for the period in the income statement item "Personnel expenses" as a balancing entry of an increase in the balance sheet liability item "Provisions

for risks and charges", in that the incentive plans for identified staff establish payment based on the shares of the Parent Company, which will be settled by the individual subsidiaries and, therefore, are considered cash-settled transactions.

B. QUANTITATIVE INFORMATION

1. Annual changes

The balance of the "stock of shares" at 1 January 2021, entirely held by the Parent Company Banco BPM, consisted of 6,125,659 ordinary shares of Banco BPM.
During 2021, in implementation of the remuneration policy, a total of 2,556,148 ordinary shares of Banco BPM S.p.A. were delivered to 90 beneficiaries.
As a result of the above transactions, the balance of the "stock of shares" as at 31 December 2021 was 3,569,511 ordinary shares of Banco BPM, entirely held by the Parent Company.

2. Other information

With reference to the resolution passed by the Banco BPM Board of Directors on 9 March 2021 with regard to the share-based compensation plan approved by the Ordinary Shareholders' Meeting in 2020, a total of 798,168 shares were granted to 52 beneficiaries, of which (i) 440,186 relating to the up-front portion accrued and (ii) 357,982 relating to the deferred portions, as appropriate, in the three or five years after 2021, the accrual of which remains subject to positive verification of future consolidated conditions as well as the absence of misconduct. Note that the Parent Company awarded its beneficiaries 699,004 shares, of which 381,286 shares relating to the vested up-front portion and 317,718 shares relating to the deferred portions as indicated above.

The same resolution also determined the vesting of deferred shares relating to previous years (2015, 2016, 2017, 2018, 2019 and LTI 2017-2019) for a total of 932,078 Banco BPM shares to 86 beneficiaries, of which 787,793 shares vested in favour of Banco BPM beneficiaries.

2.1 Economic impact in 2021

With regard to Share-based Incentive Systems for identified staff, in 2021 the Group allocated 7.8 million, the largest amounts of which regard 3.4 million allocated to the 2021 short-term incentive plan and 4 million to the 2021-2023 long-term incentive plan.
With regard to said Incentive Systems, note that the Parent Company allocated 7.1 million, of which 2.9 million for the short-term incentive plan and 3.6 million for long-term ones.