NEWS RELEASE

Approved equity compensation plan based on Banco BPM S.p.A. shares for executive members of the Board of Directors and employees and non-employed staff of Gruppo Banco BPM

Approval of the share buy-back and disposal proposal

Verona, 27 February 2018 – Banco BPM announces that today the Board of Directors has approved the main outlines of a Banco BPM share-based compensation plan (**Plan**), pursuant to articles 114-*bis* of Lgs.D. no. 58/98 (**TUF**) and 84-*bis* of Regulation no. 11971/1999 and following amendments and additions (**Issuers Regulation**), to be submitted to the approval of the forthcoming Annual General Meeting to be held on 7 April 2018.

Under the plan, a part of the variable compensation component under the 2018 annual incentive scheme for executive members of the Board of Directors and employees and non-employed staff of the Banco BPM banking group, falling under the key personnel category, is paid through a stock grant in Banco BPM ordinary shares

Described below, also pursuant to art. 84-bis, paragraph 3, of the Issuers Regulation, are the key characteristics of Plan, as well as of the share buy-back to service the Plan, pursuant to articles 144-bis of the Issuers Regulation and IA.2.6.11 of Borsa Italiana's Regulation Instructions, to be submitted to the approval of the above-mentioned Annual General Meeting.

Plan Rationale

The 2018 annual incentive scheme aims at rewarding, retaining and motivating our personnel.

The format of the bonus award to key personnel - in keeping with current regulations - is based on up-front and deferred tranches, in the form of cash and shares over a multiannual timeframe (3 or 5 years). The share-based compensation structure requires a retention period of two years for the up-front tranche, and of one year for the deferred tranches.

The Plan is proposed as part of the remuneration policies adopted by the Group for 2018 to align management and shareholder interests, by compensating the Group's key resources based on medium-to-long-term value creation.

Beneficiaries of the Plan

The Plan is geared to the Group's key personnel; listed below are the prospective beneficiaries of the Plan, whose name must be indicated in accordance with art. 84-*bis*, paragraph 3, of the Issuers Regulation and related Annex 3A, Scheme 7:

- the Chief Executive Officer of Banco BPM, Giuseppe Castagna,
- the General Manager of Banco BPM, Maurizio Faroni,
- the Co-General Managers of Banco BPM, Domenico De Angelis and Salvatore Poloni,
- the Managing Director – General Manager of Banca Akros, Marco Federico Turrina,
- the Managing Director of Banca Aletti, Maurizio Zancanaro,
- the Managing Director – General Manager of ProFamily, Massimo Maria Dorenti,
- the Managing Director of Società Gestione Servizi BP, Ottavio Rigodanza.

Please note that there is no indication of the names of prospective Plan beneficiaries if, while filling management offices in Subsidiaries, they are paid a variable salary as Group employees.

In light of the definition indicated in art. 84-*bis,* paragraph 2, of the Issuers Regulation, please note that the Plan, considering its prospective beneficiaries, displays the characteristics of a "significant plan".

Main characteristics of shares awarded under the Plan

The Plan implementation is contingent on the achievement of predetermined access conditions governing the 2018 annual incentive scheme, which ensure not only profitability, but also the Group's capital stability and liquidity.

For the prospective beneficiaries of the Plan, 50% of the bonus – provided that also specific performance targets are met – is awarded through a stock grant in Banco BPM ordinary shares, subject to deferral and retention clauses (restriction on sale).

60% of the share-based component vests up-front, while the remaining 40% is deferred in three annual tranches of equal amount; for bonuses exceeding 300 thousand Euro, the up-front portion is 40% and the remaining 60% is deferred in five annual tranches of equal amount. The retention period starts with vesting and it lasts two years for the up-front tranche and one year for the deferred tranches, while the beneficiaries will be fully vested once the retention period is over. Considering the retention period, the Plan will be completed in 2025.

The vesting of each deferred bonus tranche is subject to full compliance with the consolidated access gates and the related comparison thresholds set with reference to the financial year preceding the vesting year.

The estimated maximum requirement is 11 million Euro, of which 1.9 million to serve the assignment of golden parachutes, if applicable.

To date it is impossible to indicate the maximum number of Banco BPM ordinary shares to be awarded under the Plan, as their exact quantification depends on the occurrence of the terms giving access to the 2018 annual Incentive Scheme, as well as on the performance attained by each of the prospective beneficiaries of the Plan, and – when applicable – the granting of termination benefits.

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Approval of the share buy-back and disposal proposal

The Board of Directors resolved to submit the request to authorize share buy-back and disposal transactions to the forthcoming Shareholders' Meeting to be held on 7 April 2018, in compliance with current laws and regulations, in order to implement the remuneration policies adopted by the Bank – also by setting up a "share reserve", in compliance with the accepted market practices pursuant to article 180, paragraph 1, letter c), of TUF (the "Market Practices"). More specifically, they require that (a) for the Group's "key personnel", part of the up-front bonus tranche and part of the deferred bonus tranches be granted in shares of the Bank (b) for certain top managers of the Group the up-front bonus tranche and the deferred bonus tranches under the 2017-2019 three-year incentive scheme must be granted in shares of the Bank, and (c) any benefits tied to the termination of certain staff included among key personnel (golden parachute) must be granted partly in shares of the Bank, with up-front and deferred tranches.

In any case, all purchase and sale transactions will be carried out in accordance with applicable laws and regulations, in particular with respect to "market abuse" and ensuring the fair treatment of shareholders.

Without prejudice to article 2357, paragraph 1, of the Italian Civil Code, the requested authorization refers to the purchase of own shares, in one or more tranches, up to a number of Banco BPM ordinary shares no greater than 1% of the share capital, i.e., to date corresponding to max. no. 15,151,821 shares.

In any case, the number of own shares that can be purchased may never exceed the threshold of one fifth of the share capital provided for by article 2357, paragraph 3, of the Italian Civil Code, including the Bank shares already owned or that might be purchased by subsidiaries.

The stock repurchase authorization is requested to start on the date the Shareholders' Meeting passes the related resolution and will expire on the date of the Shareholders' Meeting convened to approve the 2018 Annual Report, without prejudice in any case to the 18 (eighteen) month limit established by article 2357, paragraph 2, of the Italian Civil Code.

The authorization to dispose of own shares, even before repurchases have been completed, is requested with no time limits.

The purchase price of each own share, including purchasing costs, must be no lower than 15% (fifteen percent) or no higher than 15% (fifteen percent) the official price reported by the stock on the Italian MTA (Mercato Telematico Azionario) the day before the purchase.
This range is proposed in compliance with the provisions of the Italian Civil Code, which require that a minimum and maximum price be defined. In any case, each buy transactions executed on regulated markets may not take place at a price higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out, pursuant to article 3, paragraph 2 of EC Delegated Regulation (EU) 2016/1052 of 8 March 2016.

As to the sale of repurchased shares, only the minimum price at which the shares can be sold to third parties is defined, which in any case may not be less than 95% (ninety-five percent) of the official price average reported by the stock on the Italian MTA (Mercato Telematico Azionario) over the three days prior to the sale. This price limit can be overridden in case of stock grants under the remuneration policies adopted by the Bank and, in any case, stock awards (or stock options) under equity-based compensation plans.

Repurchases shall be executed in compliance with article 132 of TUF and article 144-*bis* of the Regulation adopted by Consob with Resolution no. 11971/99 ("Issuers Regulation") and in any case based on allowed procedures in compliance with regulations as applicable from time to time. Notably, purchases shall be executed through a public tender or exchange offer, or on the open market, in compliance with the operational procedures established by the company managing the stock market, that bar the direct matching between bids and specific offers, or through additional procedures provided for under article 144-*bis* of the Issuers Regulation, (excluding what provided for under letter c), paragraph 1 of the above article), or in any case allowed in compliance with regulations as applicable from time to time, with due consideration to the need to abide by the principle of fair treatment of shareholders.

In any case, the stock repurchase is subject to the issuance of the required authorization by the European Central Bank. To date, Banco BPM holds no. 4,481,811 own shares in its portfolio.

The executive reports of the Board of Directors and the information document regarding the Plan shall be made available to the public according to the terms and procedures required by applicable laws.

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