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BANCO BPM Banking Group – 2019 Remuneration Report

2019 Remuneration policies

Implementation of 2018 remuneration policies

Results of the audits by the internal control functions

Prepared in accordance with the Bank of Italy Supervisory Regulations (Circular no. 285/2013, update 25, First Part, Title IV, Chapter 2 "Remuneration and incentive policies and practices"), with Art. 123-*ter*, Italian Legislative Decree 58/1998, as amended with Art. 84-*quater* of the Issuers' Regulation (CONSOB resolution no. 11971/1999, as amended).

For approval, to the extent of their sphere of authority, by the Corporate Bodies of the Parent Company - Ordinary General Shareholders' Meeting on 6th April 2019.

(This document is a translation into English of the original document. In case of any discrepancies between the English and the Italian version, the Italian version shall prevail).

BANCO BPM Banking Group – 2019 Remuneration Report

This Remuneration Report (hereafter "Report") was written with a view to disclosure to the general public in accordance with the Supervisory Regulations in force, with respect to the Bank of Italy's remuneration and incentive policies and practices (Circular no. 285/2013, update 25 of 23rd October 2018, First Part, Title IV, Chapter 2 "Remuneration and incentive policies and practices"), with art. 123-*ter*, Italian Legislative Decree 58/1998 as amended with Art. 84-*quater* of the Issuers' Regulation (CONSOB resolution no. 11971/1999, as amended).

The Report was submitted to the Shareholders' General Meeting on 06 April 2019 and was published on the Group's website www.bancobpm.it (Corporate Governance – Remuneration Policies).

The Report comprises three sections.

The first section provides information regarding remuneration policies established for 2019 (hereafter 2019 Policy), valid for all staff of the Banco BPM Banking Group (hereafter the Group), and specifically:

- the process for definition and approval of remuneration policies adopted by the Group and the Corporate Bodies involved;
- the main characteristics of remuneration policies in support of the members of Boards of Directors and supervisory bodies, employees and of third parties not bound by an employer-employee relationship;
- relationship between the variable and fixed components of remuneration;
- the ways through which the link between the variable component of the remuneration and results is ensured, the main parameters used as a reference, consistent with corporate objectives, strategies and risks;
- deferral policies and *ex post* correction mechanisms for risks;
- criteria and limits for determining amounts to be granted in case of early termination of employment of all staff.

Banco BPM - in its capacity as Parent Company of the Banking Group - did not use external consultants to draw up the 2019 Policy.

The second section reports on the implementation of remuneration policies during financial year 2018 by the Banco BPM Banking Group and is made up of two parts.

The first part, "Implementation of Remuneration Policies", includes a report:

- on the methods for the implementation of the processes envisaged by the "Policies for the remuneration of Banco BPM Banking Group Staff - 2018 Policy" (2018 Policy);
- on the remuneration paid to members of Corporate Bodies of the Parent Company's subsidiary companies;
- on variable remuneration linked to incentive systems;
- on other kinds of remuneration;
- on remuneration higher than one million euro;
- on requirements for transmission of remuneration figures to the Bank of Italy.

The second part, "Tables", consists of quantitative information provided for by the current relevant legislation:

- tables summarising remuneration paid or to be paid to identified staff, in compliance with that provided by the Bank of Italy Supervisory Regulations;
- tables regarding remuneration paid or to be paid to members of Boards of Directors and Supervisory Bodies, General Managers and other executives with strategic responsibilities of the Parent Company, in compliance with that provided by the Issuers' Regulation.

The third section is reserved for the results of the checks by the internal control functions:

- evaluation of the compliance function, with regards to the compliance of the 2019 Policy with the reference legislative framework;
- verification of the internal audit function on the consistency of the practices adopted by the Banco BPM Banking Group for remuneration in the 2018 financial year with respect to the reference Policy.

Definitions

The following definitions are used in this document, notwithstanding that covered by the Supervisory Regulations:

- Parent Company, Banco BPM Parent Company of the Banco BPM Banking Group;

- Group companies, the Parent Company and subsidiary companies;

- subsidiary companies, Banca Akros, Aletti & C. Banca d'Investimento Mobiliare, Aletti Fiduciaria, Banca Aletti & C. (Suisse), ProFamily, Holding di Partecipazioni Finanziarie BP[1], Release, BPM Covered Bond[1], BPM Covered Bond 2[1], BP Covered Bond[1], Tiepolo Finance[1], Bipielle Bank (Suisse)[2], FIN.E.R.T.[1] [2], Ge.Se.So., Bipielle Real Estate, BP Trading Immobiliare[1];

- Group Banks, Banco BPM, Banca Akros, Aletti & C. Banca d'Investimento Mobiliare, Banca Aletti & C. (Suisse), Bipielle Bank (Suisse)[2];

- Subsidiary Banks, Banca Akros, Aletti & C. Banca d'Investimento Mobiliare, Banca Aletti & C. (Suisse), Bipielle Bank (Suisse)[2];

- Italian subsidiary banks, Banca Akros, Aletti & C. Banca d'Investimento Mobiliare;

- the Bank of Italy Supervisory Regulations, Circular no. 285/2013 "Supervisory provisions for banks", update 25 of the 23 October 2018, First Part, Title IV, Chapter 2 "Remuneration and incentive policies and procedures";

- Staff, where not otherwise specified, are the members of Bodies with supervisory, management and control functions, employees and non-employed staff (including financial agents, insurance agents and financial advisers available for outside offers);

- identified staff, people whose professional activity has, or can have, a material impact on the Group's risk profile;

- top identified staff, CEO, General Manager, Co-General Managers and Managers in the first line of management of the Parent Company, the CEO, General Manager, Co-General

[1] Holding di Partecipazioni Finanziarie BP, BPM Covered Bond, BPM Covered Bond 2, BP Covered Bond, Tiepolo Finance, FIN.E.R.T. and BP Trading Immobiliare do not have any employees.
[2] Company in liquidation.

Manager and Deputy General Manager (where present) of Aletti & C. Banca d'Investimento Mobiliare, Banca Akros and ProFamily;

- senior identified staff, CEO, General Manager, Co-General Managers, senior operational and executive managers of the Parent company and Managers in the first line of management of the Parent company not included amongst the company control units reporting directly to the CEO, the CEO of Aletti & C. Banca d'Investimento Mobiliare and Banca Akros;

- other staff, all those not included among the identified staff;

- internal control functions, the functions of each company: compliance with regulations (Compliance), anti-laundering, internal audit (Audit), Risk Control (Risks), validation (Internal Validation);

- functions with control tasks, internal control functions, Human Resources and Manager in charge of preparation of the company's financial reports;

- incentive, the amount of the variable remuneration linked to the annual incentive system;

- LTI incentive, the amount of variable remuneration linked to the long-term incentive system;

- bonus pool, the consolidated financial resources provided annually in the annual budget used to pay the incentive and the company bonus (National Labour Collective Agreement);

- award, means the granting of variable remuneration for a specific accrual period, regardless of the actual point in time where the awarded amount is paid;

- vesting, the effect by which the member of staff becomes the legal owner of the variable remuneration awarded, regardless of the instrument used for payment or of the fact that the payment is either subject to further maintenance periods or to return mechanisms;

- deferral, any form of postponement, in an established time frame, of the vesting of part of the variable remuneration;

- profit from current operating activities before tax (net of non-recurring items), the income statement item "profit from current operating activities before tax", calculated taking the variable components of remuneration[3], into account.

  The Board of Directors will take the relevant decisions, evaluating the individual cases on a case-by-case basis, with particular regard to the reasons that produced them, taking into account that they must be considered, by way of example, non-recurring:
  - the results of disposal transactions relating to all fixed assets (holdings, tangible fixed assets);
  - gains and losses on non-current assets and asset disposal groups held for sale;
  - the income statement components associated with improvements, reorganisations, etc. (e.g. expenses for use of the redundancy fund, leaving incentives);
  - income statement components for a significant amount which are not destined to reoccur frequently (e.g. fines, impairments of fixed assets, effects associated with legislative changes, exceptional results, etc.);
  - economic components not included in financial statements as unknown, unforeseeable or substantially inestimable when drawn up and approved;

- Risk Appetite Framework (RAF), the Group's reference framework that defines risk appetite, tolerance thresholds, limits of risk, risk management policies, reference processes necessary for defining and implementing them.

[3] Annual incentive system, company bonus (National Labour Collective Agreement), pro-rata cost of the long-term incentive system (LTI) recognised in the Income Statement for the year, a one-time amount of the bonus system.

SECTION I

Banco BPM Banking Group staff remuneration policies - 2019 Policy

Overview of main new elements

The 2019 Policy contemplates the following new elements compared to 2018, as required by the new Bank of Italy Supervisory Provisions and in order to further align remuneration and incentive policies with the interests of all stakeholders:

- the process for the identification of identified staff, adopted by the Group since its establishment on 1st January 2017;
- the qualification of stability, non-competition and notice period extension clauses as variable components of remuneration;
- more stringent conditions for access to the variable component of remuneration;
- application of the profit gate at a company level for Italian subsidiary banks, for access to the variable component linked to the annual incentive system, in addition to existing capital adequacy conditions, liquidity adequacy and profitability, provided for at a consolidated level;
- application of a non-financial adjustment factor which following application of the financial adjustment factor (consisting of a risk adjusted profitability indicator), acts to reduce the economic resources of the annual incentive system. Said factor is correlated to Group reputation risk for main stakeholders and for which Corporate Social Responsibility is relevant, along with the laundering risk;
- method of payment of the incentive for identified staff, taking the following into account:
  - 60% deferral when the awarded incentive is a particularly large amount;
  - a five year deferral period with 55% of the deferred portion consisting of Banco BPM shares for senior identified staff;
  - a *retention* period (sale restriction)of one year for the single shares portions;
- the introduction of more specific malus and claw-back mechanisms, to discourage misconduct, including staff breach of the obligation not to use personal hedging strategies or insurances on remuneration to undermine the risk alignment effects embedded in their remuneration arrangements;
- reinforcement of mechanisms provided for in the incentive system for the promotion of a company culture oriented towards fairness in the pursuit of own responsibilities and activities as well as simultaneous risk management, thus favouring a context of lower potential impact on operative risks and conduct;
- implementation of provisions regarding amounts awarded for early termination of employment and in particular, the requirement for conditions of capital adequacy and liquidity adequacy for the award of said amounts, including non-competition and notice period extension clauses, even if paid according to employment contract.

1. Reference Legislative Framework

On 23rd October 2018 the Bank of Italy issued new provisions on remuneration policies and practices in Banks and banking groups (update 25 of Circular no. 285/2013, hereinafter Bank of Italy Supervisory Provisions), with the purpose of implementing the essential contents of the "Guidelines on sound remuneration policies" in turn issued by the *European Banking Authority* (EBA) in December 2015[4] pursuant to directive 2013/36/EU (CRD IV)[5] in consideration of the evolution of market practice and experience acquired by supervisory authorities in this field.

The 2019 Policy complies with the Regulatory Provisions of the Bank of Italy and transposes the Delegated Regulation (EU) 604/2014 of 4th March 2014, published on 26th June 2014, concerning technical regulation standards for the identification of identified staff.

2. Purpose of the 2019 Policy

Remuneration policies provide important managerial leverage, for the purposes of the correct positioning of management and staff to the limitation of risks taken by the intermediary and for customers protection, in a spirit of correct conduct and management of conflicts of interest; remuneration policies not set up with care can, in fact, exacerbate conflict of interest between intermediary and customer, incenting employees to behave opportunistically, to the investor's detriment.

In the interests of all stakeholders the 2019 Policy defines 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, levels of liquidity and capital strength, as well as to attract and retain individuals within the Group with professionalism and abilities suited for the Group's needs, in the interests of competitiveness and good governance, in the pursuit of fairness within the business and on the external labour market.

Another purpose of the Group's remuneration policies is to ensure suitable remuneration in view of long-lasting performance. This enables staff enhancement, the recognition of individual contributions in the achievement of results and discourages conduct detrimental to fairness criteria in relationships with customers and compliance with regulations, which generate excessive risk exposure or lead to regulatory breaches.

[4] The Italian version was issued in June 2016.

[5] The CRD IV directive was already implemented in Italian legislation in update 7 of circular no. 285/2013 18th November 2014.

3. Process of adoption and monitoring of remuneration policies

3.1. Adoption process

The approval of remuneration policies is reserved for the Shareholders' Meeting for companies that adopt the traditional system of management and supervision, such as Banco BPM.

Information on the decision-making process for the definition of remuneration policies is provided here below. Bodies and parties involved in the preparation and approval thereof are specified along with bodies and parties responsible for their correct implementation.

3.1.1 Shareholder's Meeting

For companies governed with the traditional management and supervision model, the law (articles 2364 and 2389 of the Italian Civil Code) gives the Shareholders' Meeting the power to establish the remuneration of the members of the Board of Directors and of the Executive Committee, as well as remuneration of Statutory Auditors (art. 2402 of the Italian Civil Code). The Shareholders' Meeting is also responsible for approving remuneration and incentive policies for members of the Board of Directors, statutory auditors and other staff.

Specifically, in compliance with Bank of Italy Supervisory Provisions and pursuant to art. 11.3 letter (g) of the Bylaws, for Directors, Auditors and staff the Meeting resolves to adopt: (i) remuneration and incentive policies, including the Board of Directors' potential proposal to fix a limit to the relationship between the variable and fixed components of individual remuneration of identified staff, higher than 1:1 and within the limit established by the regulations in force from time to time; (ii) remuneration and/or incentive plans based on financial instruments; (iii) criteria for determining payment to be agreed in the case of early termination of employment or office, including fixed limits such as payment in terms of annuity of fixed remuneration and the maximum amount that derives from implementation thereof.

Pursuant to the Bank of Italy Supervisory Regulations, the Shareholders' Meeting also receives a report, sent at least annually, on remuneration systems and procedures as well as the way in which remuneration policies are implemented.

The Shareholders' Meeting must also give an opinion, in favour or against (with a non-binding decision) on the current report pursuant to, and limited to, that provided in art. 123-ter, paragraph 6 of the Consolidated Finance Act.

3.1.2 Parent Company Board of Directors

Pursuant to art. 24.1 of the Bylaws, the Board of Directors is responsible for supervising business strategy and management.

With particular reference to issues relating to remuneration, the Board of Directors must establish, pursuant to art. 22.1 of the Bylaws and subject to the Shareholders' Meeting's responsibilities

according to art. 11.3 of these Bylaws,- at the suggestion of the Remuneration Committee and taking account of the Board of Statutory Auditors' opinion – the remuneration of members of the Board of Directors appointed to particular offices or responsibilities or delegated responsibilities, or those that are assigned to committees in accordance with the Bylaws.
Without prejudice to the Remuneration Committee's advisory and proposal powers as outlined in paragraph 3.1.4 below, the Board of Directors: (i) shall draw up at least annually, submit to the Shareholders' Meeting and re-examine the remuneration and incentive policies, and is responsible for their correct implementation (additionally ensuring that (a) the remuneration policy is suitably documented and accessible within the corporate structure and that all staff are aware of the consequences of any breaches of regulations or of the ethical code or code of conduct; (b) remuneration and incentive systems suitably guarantee compliance with legislation, statutory regulations and any ethical code or code of conduct, promoting the adoption of behaviour in compliance with the aforementioned; (ii) shall define the remuneration and incentive systems, at least for the executive directors, members of general management (and similar bodies), those responsible for main business lines, corporate functions or geographical areas, those who report directly to the Corporate bodies, the management and staff of higher level control functions (and, specifically, ensure that these systems are consistent with the Bank's overall decisions in terms of risk-taking, strategy, long-term objectives, framework of corporate governance and internal control).

3.1.3 Parent Company Chief Executive Officer

Pursuant to art. 30.1. of the Bylaws, the Board of Directors appoints a Chief Executive Officer from among its members and confers specific responsibilities and powers upon the appointed person.
Pursuant to art. 30.2. of the Bylaws, the Chief Executive Officer is responsible, among other things, for supervising and ensuring staff management by applying the Company's and the Group's human resource policies. In this regard, and with particular reference to the interests of this report, on the basis of powers given to the Chief Executive Officer by the Board of Directors, they are vested with the following powers and the capacity to delegate them: (i) draw up proposals in accordance with the development and management of staff policies as well as for the Parent Company and subsidiary companies incentive systems for submission for approval of the Parent Company's Board of Directors; (ii) for all staff of the Parent Company and the subsidiary companies of all types and levels, including managers (with the exception of positions reserved for approval by the Parent Company's Board of Directors) to proceed with recruitment, promotion of staff in the Parent Company and in Group companies and define the remuneration and incentive systems in force from time to time.

3.1.4 Parent Company Remuneration Committee

Pursuant to art. 24.4.1. of the Bylaws, the Board of Directors shall arrange a Remuneration Committee internally, approving the Regulations which determine its responsibilities and operation in accordance with the Supervisory Regulations.

The Remuneration Committee shall be composed of four directors, all non-executive and the majority of whom (one is elected as Chairman) having the independence requirements provided by art. 20.1.6. of the Bylaws. At least one member of the Committee must have suitable knowledge and experience in the financial field or of remuneration policies.

The Remuneration Committee, established with formal resolution issued on 10th January 2017, consists of the following four directors on the date of this report (and until the approval of the 2019 financial statements): Fabio Ravanelli (Chairman), Emanuela Soffientini (Vice Chairman), Paola Galbiati and Cristina Zucchetti.

The Remuneration Committee is responsible for the functions and tasks assigned to it by the Self-Regulation Code of the Italian Stock Exchange (Borsa Italiana) and by applicable supervisory regulations (see Section 2 of Bank of Italy Supervisory Provisions).

In accordance with the provisions of the Supervisory Regulations of the Bank of Italy currently in force, the Bylaws and specific Regulation, the Remuneration Committee, has the following duties for the Parent Company, subsidiary banks and the Group's main non-bank companies:

- advisory status and the task of making proposals regarding payment of directors, statutory auditors, general managers, co-general managers and deputy general managers;
- advisory status and the task of making proposals regarding payment to the executive responsible for preparing corporate accounting documents according to Art. 154-*bis* of the Consolidated Finance Act, the heads of the internal control functions – and therefore the Head of the Internal Audit Function, the Chief Risk Officer (CRO), where applicable, the Head of compliance function, the Head of the risk control function, the Head of the Anti-Money Laundering function and the Head of Internal Validation function – and the Head of the Human Resources Function;
- advisory status and the task of making proposals regarding payment of other staff whose remuneration and incentive systems are decided by the Board of Directors, as well as regarding determination of criteria for remuneration of other identified staff identified using the methods provided by the Bank of Italy Supervisory Regulations;
- advises, making use of information received from competent company functions, on the outcome of the identified staff identification process, including any exclusions pursuant to Section I par. 6.1 of Bank of Italy Supervisory Provisions;
- directly supervises the correct application of rules relating to remuneration of the heads of the internal control functions – as mentioned above – in close co-operation with the Board of Statutory Auditors;

- handles the preparation of documentation to submit to the Board of Directors for decisions relating to remuneration and incentive;
- collaborates with other committees within the Board of Directors and, specifically, with the Internal Audit and Risks Committee and the Appointments Committee;
- ensures the involvement of specialist corporate functions in the process of developing and inspecting remuneration and incentive policies and practices;
- advises, making use of information received from specialist corporate functions and, specifically, the Human Resources function, on achievement of performance objectives linked to incentive plans and on the inspection of other conditions established for payment;
- provides adequate reflection on activity carried out by the Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting.

Referring, then, to their specific functions provided by the Self-Regulation Code of Borsa Italiana, the Committee performs, among other things, the following additional tasks:

- it periodically evaluates the suitability, overall consistency and practical implementation of remuneration policies regarding directors, statutory auditors and executives with strategic responsibilities, using information provided by the Chief Executive Officer and makes proposals in the area to the Board of Directors;
- presents proposals on remuneration of directors who perform particular offices, including setting performance targets relating to the variable component of this remuneration to the Board of Directors; it monitors in this respect the application of decisions adopted by the Board itself verifying, specifically, the actual attainment of performance targets;
- whenever it intends to use the services of a consultant to obtain information on market practices regarding remuneration policies, the Committee verifies in advance that it will not be faced into situations that compromise independence of judgement.

Each additional attribution to the Committee provided by the legislation and regulations, or supervisory bodies or approved by the Board of Directors is without prejudice.

The Committee shapes the conduct of its own duties in accordance with principles of autonomy and independence. Regarding remuneration, it performs its functions with the support of experts in the areas of risks, capital and liquidity management. To this end, it ensures that the incentives underlying the system and remuneration policies are consistent with the methodology adopted by the Bank for regulatory and internal risk management, making use of corporate risk control structures and, specifically, the Chief Risk Officer, where required, the Head of the risk control function and the Head of the compliance function who, together with the Head of the human resources function, attend meetings, unless otherwise determined.

In the performance of its duties, the Committee also has access to all areas of activity and corporate functions of the Group companies, both through central offices and peripheral structures, and has the right to obtain any information or data deemed necessary for the performance of its task. In any case, the Board of Directors ensures that the Committee is suitably equipped with resources to fulfil its task and exercise its powers, approving an annual budget within the limits of which the Committee may make use of specialist external consultants and acknowledged experts in the subject matter.

Further information relating to the Remuneration Committee, including information referring to its operation, is available in the "Report on Corporate Governance and Ownership Structures", published on the website www.bancobpm.it.

With reference to activities carried out for 2019, the Committee met six times in the period spanning December 2018 and the first few months of 2019 and carried out activities of its own competence, depending on the case at hand, including the pursuit of investigations, the provision of advice and/or proposals, specifically regarding: (i) for essential elements constituting the identified staff identification policy and positive valuation of the implemented process and relative outcomes for 2019; (ii) upon acknowledgement of main new contents of Bank of Italy Supervisory Provisions; (iii) upon ascertainment that access conditions are met by staff for variable components of remuneration accruable in 2019 with reference to results achieved in 2018, in implementation of provisions contained in reference policies; (iv) upon ascertainment of performance levels achieved by the Parent Company Chief Executive Officer with reference to objectives assigned for 2018; (v) upon definition of proposal for remuneration policies for 2019 for Banco BPM banking group staff, as well as the remuneration plan based on shares of Banco BPM regarding the 2019 incentive system; (vi) upon proposal of criteria for determining any amounts to be agreed in case of early termination of employment of all staff, including limits set for said remuneration in terms of annuity of fixed remuneration and the maximum amount deriving from application thereof; (vii) upon objectives and associated incentive to be assigned to the Parent Company Chief Executive Officer for 2019; (viii) upon examination of the Remuneration Report of the Banco BPM Banking Group - 2019.

3.1.5 Parent Company's Internal Audit and Risks Committees

Pursuant to art. 24.4.1. of the Bylaws, the Board of Directors shall internally establish Internal Audit and Risks Committees, approving the relative Regulation that determines their tasks and operation in compliance with the Supervisory Regulations.

The Internal Audit and Risks Committee shall be made up of four directors, all non-executives and the majority of whom (one elected as Chairman) having the independence requirements provided by the Bylaws. It is also expected that the members of the Committee must have the knowledge, abilities and experiences to be able to fully understand and monitor the Group's risk strategies and guidelines; at least one member of the Committee must have suitable experience in accounting and financial matters, or of risk management.

The Internal Audit and Risks Committee, set up on the date of this report with the formal resolution of 10 January 2017 and a deadline for the approval of the 2019 financial statements, is made up of the following four directors: Mario Anolli (Chairman), Costanza Torricelli (Vice Chairman), Rita Laura D'Ecclesia and Carlo Frascarolo.

The Internal Audit and Risks Committee is responsible for the functions provided by the Bank of Italy supervisory regulations (see, specifically, the First Part, Title IV, Chapter 1, Section IV of Circular 285/2013), the Bylaws, as well as the Self-Regulation Code, performing specifically duties of support of the Parent Company's Board of Directors on matters of risks and internal control systems, with responsibility for overseeing the entire Group.

With specific reference to the authority of the Committee regarding remuneration systems, it – notwithstanding the authority of the Remuneration Committee – verifies that the incentives submitted to the remuneration and incentive system are consistent with the RAF (Risk Appetite Framework) and formulates its own opinion on remuneration for the heads of the internal control functions, consistent with corporate policies.

Further information relating to the Internal Audit and Risks Committee, including information referring to its operation, is available in the "Report on Corporate Governance and Ownership Structures", published on the website www.bancobpm.it.

In 2019, the Committee ascertained the consistency of the conditions proposed in the 2019 remuneration policies for access to the variable components of remuneration, with respect to the RAF approved by the Parent Company's Board of Directors.

3.1.6 Parent Company's Corporate functions involved in the process of definition of remuneration and incentive policies

The process of defining remuneration and incentive policies provides for the involvement of appropriate corporate functions: the Parent Company's Human Resources function ensures technical support to Bodies and arranges for support material prepared to draw up remuneration policies, in collaboration, each one according to its authorities, with the Risks, Compliance, Planning and Control, Administration and Accounts, Corporate Affairs Secretary and Participations functions.

In particular, the Risks function, in partnership with the Planning and Control function, identifies indicators and values to be compared relating to the strategic and performance objectives, which correlate the determination of variable components of remuneration and incentives in order to ensure coherence of the monitoring the suitability with respect to the Risk Appetite Framework approved by the Parent Company's Board of Directors, to the long-term corporate strategies and objectives, linked to the risk-adjusted business performances, consistent with the levels of capital and liquidity necessary to meet the business undertaken.

3.1.7 Subsidiary companies

Pursuant to the Bank of Italy Supervisory Regulations, the Parent Company shall establish the remuneration and incentive policies of the entire Group, it shall ensure its overall consistency, provide the guidelines necessary for their implementation and monitor their correct application; taking account therefore of policy-making and approval by the Parent Company as described in the previous paragraphs, the Board of Directors of each subsidiary recognises this Report, and the Shareholders' Meeting of each subsidiary bank approves it insofar as their authorities.

3.2 Monitoring Process

The process of monitoring the system of remuneration of Group Staff is regulated as follows:

a) monitoring of regulatory compliance, to be carried out by the Parent Company's Compliance function, that verifies the consistency of remuneration and incentive policies with that provided for in the existing legal and supervisory requirements, the Parent Company's Bylaws, internal Group regulations as well as by potential ethical codes or other standards of conduct applicable to entities of the Group;
b) internal audit, to be carried out by the Parent Company's Audit function, which verifies compliance of the procedures implemented by the individual Group companies with the approved remuneration and incentive policies and the regulations in force from time to time.

The Risk function expresses itself on the correct activation of specific risk indicators of a financial and non-financial nature and which are used for correction methods (*ex ante* and *ex post*), within the scope of remuneration and incentive systems.

The Parent Company's Audit and Compliance functions, to the extent of respective scope, bring to the attention of the Parent Company's Board of Directors, the Board of Statutory Auditors, and of every subsidiary, the monitoring results indicated in items a) and b) above.

The Parent Company's Board of Statutory Auditors shall assess the relevance of any shortcomings revealed by the monitoring process described for the purposes of prompt reporting to the Supervisory Authorities.

4. Identification of the Group's identified staff

The process for the identification of identified staff is defined based on Regulatory Technical Standards (RTS) issued by the *European Banking Authority* and provided for n Delegated Regulation (EU) no. 604/2014 (Regulation), which came into force on 26th June 2014, as well as the application of an additional criteria, specifically identified for the purpose of identifying any further persons who assume relevant risks for the Group and who may not have been identified on the basis of other criteria.

The Parent company Human Resources function coordinates and formalises the process for the identification of identified staff for the Group on an annual basis, justifying outcomes and ensuring overall coherence, with the involvement of Parent company Organisation, Risks and Planning and Control functions.
The control process is implemented by Compliance and Audit functions, each within respective scope as described in paragraph 3.2 here above.
Upon hearing the Remuneration Committee, the Parent Company Board of Directors approves the identification process as part of the year's remuneration policy.

The identification process is implemented within all Group companies and requires assessment on an individual basis in the case of Italian Banks and at a Group level for all other subsidiary companies. Said process is carried out by the Parent company in virtue of outsourcing contracts in force, with the effective collaboration of the Group's banks.

The key underlying principle of the Regulation process consists of the evaluation of the relevance of each person in terms of substantial risk-taking, on the basis of the individual position (for qualitative criteria, by way of example, but not limited to such, responsibility, hierarchical levels, levels of resolution are assessed) or remuneration (quantitative criteria).

The interpretation of qualitative criteria for the application of the identified staff identification process in the Group, has determined the following positions:

- members of the Board of Directors of the Group's Italian banks;
- Parent Company Risk, Compliance and Audit function managers as well as those who report directly to them (including managers of the Anti-laundering and Internal Validation structures);
- those who report directly to Management Bodies of the Group's Italian Banks (excluding managers of in staff functions), including Parent Company General Management;
- managers of relevant legal entity (namely those to whom at least 2% of Group regulatory capital has been distributed), managers of relevant operative units (namely those to whom at least 2% of regulatory capital of relevant respective legal entities has been distributed) and those who report directly to both categories (except for managers of in staff functions);
- managers in the first line of management of functions including legal affairs, finances, including taxation, budgeting and economic analysis, human resources, remuneration policies and information technologies, as well as appointed executives present in the Group;
- members with the right to vote (including on call members), as well as any participants with the right to vote, of Parent Company Management Boards for Asset Allocation, Finance, New products and markets, Risks and Crisis, and, for subsidiary Italian banks, committee members,

if present, with identical resolution-making functions as those of Parent Company Committees;

- roles responsible for the submission of proposals or with the power to adopt, approve or veto credit risk exposures amounting to at least 0.5% of class 1 primary capital (CET1) of the Group or of single Italian banks, or the minimum threshold established by the Regulation, set at 5 million euro. Members of the Parent Company Executive Committee, members with the right to vote (including on call ones) are also identified, as are any participants with the right to vote, of the Parent Company Credit Committee and NPL Committee or of any Committees established in subsidiary companies with equivalent provision-making functions;
- roles assigned with proxies which can determine market risk exposure pertaining to trading portfolio amounting to at least 5% of Value at Risk (VaR) on a time to time basis, as provided at a single legal entity level;
- managers of groups of persons whose total power is equivalent to or higher than levels defined with reference to credit or market risk.

For quantitative criteria application purposes, all subjects belonging to the 0.3% of staff (including those with overall remuneration equal to or greater than 500,000 euro) who have been awarded overall remuneration greater than the previous financial year and all subjects who during the previous financial year received total remuneration equal to or greater than that of subjects identified for such qualitative criteria (as specified in the Regulation), whose professional activity has a material impact on the risk profile of the legal entity at issue.

With reference to persons identified based on quantitative criteria alone, the Group does not apply the procedure for the exclusion of identified staff as provided in Bank of Italy Supervisory Provisions an (EU) Decision 2015/2218 of the European Central Bank dated 20th November 2015.

Despite the distinction between staff belonging and not belonging to the internal control functions considered by the Bank of Italy Supervisory Provisions, the identified staff detected on the basis of the process implemented are classified as:

- top identified staff: the CEO, General Manager, Co-General Managers and Managers in the first line of management of the Parent Company, the CEO, General Manager, Co-General Manager and Deputy General Manager (where present) of Aletti & C. Banca d'Investimento Mobiliare, Banca Akros and ProFamily.

  Top identified staff includes:

  - senior identified staff: the CEO, General Manager, Co-General Managers, senior operational and executive managers of the Parent Company and Managers in the first line of management of the Parent Company not included amongst the internal control functions reporting directly to the CEO or the CEO of Aletti & C. Banca d'Investimento Mobiliare and of Banca Akros;

- other identified staff: the identified staff not included in the above category.

In 2019, process implementation resulted in the identification of 188 positions/subjects, amounting to approximately 0.8% of total Group staff. Compared to 2018, 11 new people and 4 new ad interim positions have been identified; 35 people are no longer identified, in virtue of their termination of employment, change of role, company reorganisation, quantitative criteria expiry. With reference to the Group's Italian Banks, the following positions/ subjects are identified[6]:

- Banco BPM: 147;
- Banca Akros: 23;
- Aletti & C. Banca d'Investimento Mobiliare: 12.

5. Components of remuneration

5.1 Remuneration of the Group's Corporate Bodies

5.1.1 Remuneration of the Parent Company's Board of Directors members

The Shareholders' Meeting approves the remuneration policies of the members of the Board of Directors and determines their reward package; the Shareholders' Meeting is also responsible, pursuant to art. 2389 of the Italian Civil Code, for deciding the remuneration due to directors who are members of the Executive Committee.

Therefore, the entire Board of Directors is due – aside from reimbursement of costs incurred due to their employment – an annual payment that is determined, at a fixed rate, for the full period of the Shareholders' Meeting established at the time of their appointment. The distribution of remuneration approved by the Shareholders' Meeting, where not specified thereby, is established by the Board of Directors.

In connection with the approval of the merger between the former Banco Popolare Soc. Coop. and the former Banca Popolare di Milano Scarl, the corresponding Shareholders' Meetings held on 15 October 2016 resolved the fixed compensation to be awarded to the Board of Directors and the additional component to be awarded for each member of the Executive Committee for the full period of their office, and therefore for the financial years 2017-2018-2019, to be allocated on a *pro rata temporis* basis in relation to the actual term in office.

[6] Those holding a position in more than one Group companies are listed once only.

For directors assigned particular offices, according to art. 22 of the Bylaws, the Board of Directors, on the basis of proposals formulated by the Remuneration Committee and having obtained the opinion of the Board of Statutory Auditors, determines the amount of emoluments to be paid, pursuant to art. 2389 paragraph 3 of the Italian Civil Code. In this regard, at the meeting held on 17 April 2018, the Board of Directors, on the proposal of the Remuneration Committee and having considered the opinion of the Board of Statutory Auditors, established the additional fixed components, proportional to the commitment required of the office and the relative responsibilities, for the period that will end on the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2018.

At the meeting held on 14 March 2017, the Board of Directors - on the proposal of the Remuneration Committee and with the favourable vote of all members of the Board of Statutory Auditors - determined the fixed remuneration of the CEO, in accordance with article 2389 of the Italian Civil Code and article 22.1 of the Bylaws[7].

A third-party insurance policy and a cumulative occupational accidents policy are planned for members of the Board of Directors. For the sake of completeness of information, it is also noted that a life insurance policy in favour of the current Chairman of the Board of Directors is in effect.

Neither variable components of the remuneration nor end-of-term payments are planned for members of the Board of Directors without individual contract.

The Chairman of the Board of Director's remuneration does not exceed the fixed remuneration collected by the Chief Executive Officer or the General Manager.

5.1.2 Remuneration of the Parent Company's Board of Statutory Auditors

The Shareholders' Meeting approves the remuneration policies of members of the Board of Statutory Auditors and determines the remuneration to be paid to them for the full term of their office.

Therefore, all members of the Board of Statutory Auditors are entitled – in addition to reimbursement of expenses incurred due to their office – to an annual amount which is determined by the Shareholders' Meeting at the time of their appointment, at a fixed rate for the full term of their office.

In connection with the approval of the merger between the former Banco Popolare Soc. Coop. and the former Banca Popolare di Milano Scarl, the corresponding Shareholders' Meetings held on 15 October 2016 resolved the compensation to be awarded to the Board of Statutory Auditors for their full term in office, namely for financial years 2017-2018-2019.

A third-party insurance policy and cumulative occupational accidents policy are planned for members of the Board of Statutory Auditors.

[7] See paragraph 6.5.1 with reference to variable remuneration correlated to the annual incentive system.

With regard to the Bank of Italy Supervisory Provisions, members of the Board of Statutory Auditors shall not receive any variable components of remuneration.
The Board of Statutory Auditors is not currently granted powers pursuant to art. 6.1 b, Italian Legislative Decree no. 231/2001; Banco BPM Banking Group's Board of Directors, in their meeting on 10 January 2017, considering not to make use of the authorities laid out in paragraph 4-*bis* of the same article mentioned above, in fact it appointed a specific Supervisory Body (SB), assigned the task of monitoring, among other things, the observance and functioning of the organisational, management and monitoring model, and also of updating of the consequent powers and duties. The Parent Company's SB provides for the appointment of a statutory auditor among its members; an additional payment is therefore given to this person for the office fulfilled in the SB.

5.1.3 Remuneration of members of Corporate Bodies of subsidiary companies

Provision is made for fixed remuneration differentiated in relation to their respective offices fulfilled within their respective organisations for members of Corporate Bodies of subsidiary companies, in addition to reimbursement for living expenses and possible attendance fees, where resolved by their respective Shareholders' Meetings.
This remuneration is approved by the respective General Shareholders' Meetings, according to the Bylaws, for members of the Board of Directors and the Board of Statutory Auditors of subsidiary companies.
No provision is made for variable remuneration components for members of the Boards of Directors lacking an individual contract.
With regard to the Bank of Italy Supervisory Regulations, members of subsidiary company Boards of Statutory Auditors do not receive any variable remuneration component; if they are also a member of the Supervisory Body established pursuant to Italian Legislative Decree 231/2001, it is envisaged that they will receive an additional emolument for the office held.
The emoluments of the Chairman of the Board of Directors of each subsidiary bank shall not exceed the fixed remuneration awarded to the head of the body with the function of managing the subsidiary company (Chief Executive Officer or General Manager).

5.2 Remuneration of the Group's employees

The system of remuneration of the Group's employees provides the following.

1. A fixed remuneration component consisting of:
   - gross annual remuneration (GAR), determined by relative labour contracts based on the National Labour Collective Agreement and any second-level contracts in force from time to time or in agreements with Corporate Parties.

In this respect, interventions on the fixed component consist of promotions to more senior remuneration or placement based on an effective increase in responsibility, and personal allowances, awarded for continuing deserving performance;

- role allowances.
  It is possible to assign role allowances, consisting of an increase in remuneration, paid on a monthly basis and subject to covering a specific position. This remuneration is predetermined, permanent, so long as the recipient does not change the office for which the remuneration was granted, does not provide incentives for risk-taking and is not revocable, but is discretionary, and reflects the level of professional experience and seniority. Therefore it is issued on the basis of predefined criteria:

- other benefits for personal and family use granted by the Parent Company and its subsidiary companies to their employees, resulting from national legislation and/or from second-level and/or deriving from specific internal reference policies.
  The most important benefits concern the following areas: corporate welfare, supplementary pensions and healthcare. The Group's employees, according to the specifics of the company to which they belong and/or the company of origin, also benefit from advantages when using bank services and insurance coverage.

2. A possible variable remuneration component, composed of:
   - incentives linked to the incentive system on an annual basis (incentive), awarded in accordance with that provided in chapter 6 below;

   - incentives linked to long-term incentive systems (LTI incentive), awarded in accordance with that provided in paragraph 6.8 below;

   - for Group companies that apply the National Credit Contract a variable component connected to financial performance and/or to specific objectives (corporate bonus – National Labour Collective Agreement) is awarded according to specification contained in chapter 6 below, particularly with reference to conditions for payment[8] and the application of malus and claw-back[9] mechanisms. The criteria and methods for determination and payment of this remuneration[10] are subject to information, comparison and/or negotiation with the Corporate Parties;

[8] See paragraph 6.3.
[9] See paragraph 6.7.
[10] By way of example, *welfare* services or Banco BPM shares, in the latter case prior specific resolution of competent corporate bodies and obtaining of necessary regulatory authorisations.

- for Group companies that apply the National Contract for Tourism and Public Businesses, a variable component connected to specific objectives (productivity bonus – National Labour Collective Agreement) is provided. The criteria and methods for determination and payment of this remuneration are subject to notification to the Corporate Parties;

- limited to other staff of the Group, therefore excluding identified staff identified for the reference year and for the previous year[11], possible one-off payments may be granted, as a reward for professionalism and individual effort, in line with professional assessment (or equivalent) and in compliance with specified regulations. Said remuneration is subordinate to full compliance with the following conditions as identified in the last quarterly report available on a consolidated basis: (i) the *Common Equity Tier1* (CET1) *ratio* "*phased-in*" capital adequacy indicator is higher than the relative *Risk Trigger*[12] threshold as defined in the *Risk Appetite Framework*[13]; (ii) that the liquidity adequacy indicator *Liquidity Coverage Ratio* (LCR) *regulatory* is higher than the relative *Risk Trigger threshold*[12] defined in the *Risk Appetite Framework*[13]; (iii) that the profit from current operating activities before tax (net of non-recurring items) is positive. The maximum limit of impact of these payments is fixed at 10% of the individual gross annual remuneration (GAR). The total amount of resources to be dedicated to these payments cannot exceed the limit of 0.2% of the recurring staff cost[14], provided in the budget of the financial year in question;

- possible exceptional payments to newly-appointed staff in the Group, limited to the first year of employment (so-called welcome bonus); if not paid in a one-off solution upon hiring, said payments must take place in compliance with specifications set forth in paragraph 6.1 below;

- any payments connected to continuing staff, subject to their presence at a certain date (retention bonus); said payments must be made no earlier than the positive outcome of the correlated event, in compliance with capital and liquidity adequacy criteria as described in paragraph 6.9.2 here below as well as provisions set forth in paragraphs 6.1, 6.6 and 6.7 point 2 here below;

[11] As identified on process activation date.
[12] Risk Trigger threshold means the lower point of the Risk Appetite objective area, in line with the RAF framework.
[13] Expected value on 31/12 of the same financial year.
[14] Staff cost identified in the budget of the relevant financial year, excluding the following variable remuneration components: bonus pool, pro rata cost of LTI incentives and one-off incentives.

- any payments made for stability clauses, paid in compliance with the conditions of capital and liquidity adequacy as described in paragraph 6.9.2 here below as well as provisions set forth in paragraph 6.1 here below. For the purposes of the aforementioned it should be noted that for 2019 only payments correlated to clauses already in force will be made, in order to fulfil previously undertaken obligations with interested staff, therefore for 2019 it will not be possible to activate new clauses under such circumstances;

- any disbursements for non-competition clauses or notice period extension clauses paid according to employment contract or the termination thereof[15], in compliance with specifications set forth in paragraph 6.9.2 here below (including specifications pertaining to capital and liquidity adequacy conditions), and, with reference to identified staff, with specifications provided in paragraph 6.1 here below.

- any additional employment termination amounts (*golden parachute*, in the case of identified staff); said payments must be made in compliance with specifications set forth in paragraph 6.9.2 here below (including specifications pertaining to capital and liquidity adequacy conditions), and, with reference to identified staff, with specifications provided in paragraph 6.1 here below[16].

All remuneration procedures, even if not expressly indicated in items 1) and 2) above, provided that they are implemented following the Parent Company's guidelines and in accordance with the regulations in force from time to time, are carried out subject to prior approval, both on merit and in financial terms, by the Parent Company's Chief Executive Officer or by their delegates[17].

A long-term incentive system is currently being developed for staff, ending in December 2022, upon the conclusion of the new strategic plan. Said system, financed partly by the saving of resources traditional allocated for other forms of variable remuneration and other forms of variable remuneration, aims to give a tangible signal in the sense of the promotion of a company culture oriented towards the alignment of staff interests with long term shareholder interests, with the awarding of an incentive to each employee, upon expiry, of an incentive correlated to the appreciation of Banco BPM shares during the plan, in the event the Group achieves positive performance levels. Said system, which may include the use of leveraged financial instruments underpinned by Banco BPM shares, will be consistent in any case with the reference framework for determining risk appetite, with risk government and management policies and with the purpose of

[15] Without prejudice to specifications provided for in Bank of Italy Supervisory Provisions.
[16] Unless defined in application of the predefined formula contained in paragraph 6.9.2 here below.
[17] Power delegated by the Parent Company's Board of Directors or by the Parent Company's Chief Executive Officer to implement all formalities, acts and duties provided by the remuneration policies.

pursuing healthy remuneration policies. At the end of the study currently under way, if the introduction of said system were to occur starting from 2019, a special Shareholder's Meeting will be called following the one convened for the 6th April.

Generally, unless stated otherwise in the individual's work contract, the Group's employees do not receive remuneration for positions held in Corporate Bodies of subsidiary and/or investee companies as designated by the Group. This remuneration is paid in full to the company to which they belong by the company in which the job is carried out. For those who do not receive remuneration for offices held in Corporate Bodies of subsidiary and/or investee companies, the incentive is not linked to these offices.

No remuneration is paid to employees of the Parent Company and of subsidiary companies which form part of the Supervisory Body (pursuant to Italian Legislative Decree 231/2001).

5.3 Remuneration of external non-employed staff

The remuneration of external non-employed staff that the Group uses is regulated by the respective contracts.

For non-employed staff that fall into the category of financial advisers authorised for door-to-door sales and financial agents, the remuneration is comprised by a recurring component which may include, depending on the case, commission from entry fees and/or management fees and/or linked to the contribution of assured revenue and/or to units and/or to brokered volumes. A non-recurring component of remuneration may also be envisaged, which acts as an incentive; within the first year of employment, the payment of a welcome bonus may also be envisaged.

For non-employed staff who does not belong to the categories of financial agents, credit brokers, insurance agents and financial advisers authorised for door-to-door sales, the remuneration, regulated by the respective individual contracts, does not envisage bonuses.

The possible payment of non-recurring remuneration components is conditional to the conditions defined in chapter 6 below, including the application of malus and claw-back mechanisms; in addition to indicators of a quantitative nature, it is also correlated with qualitative indicators expressed with criteria that can be quantitatively measured (by way of example, but not limited to such, the risk involved in its different meanings, the compliance with the legislation and regulations, customer protection and increase of loyalty, product quality, quality of the service provided, containment of complaints and legal or reputational risks), in line with guidelines of the Group's incentive system[18]. The Parent Company's audit function must verify these criteria, pursuant to specifications contained in item a) of paragraph 3.2 above.

[18] See paragraph 6.5

6. Characteristics of the remuneration and incentive system

The characteristics of the remuneration and incentive system for Group staff are illustrated in this chapter, taking into consideration strict criteria in evaluating results achieved. In compliance with legislation in force, the award of variable remuneration components takes account of profitability, necessary levels of capital resources and liquidity (hereafter entry gates), and is determined by performance indicators measured excluding risks (hereafter the financial and non-financial adjustment factor), taking into account the quality of performance carried out.

The Group's Staff cannot use personal hedging strategies or insurances on remuneration to undermine the risk alignment effects embedded in their remuneration arrangements. To ensure compliance with the aforementioned, within the scope of the remuneration policy control process[19] the Audit function carries out sample evaluations of internal custody and administration accounts, at least of identified staff who are holders or co-holders; detected breaches are identified as misconduct[20]. Based on Bank of Italy Supervisory Provisions, by means of the process activated by the Parent Company's Human Resources function, the bank requests identified staff to notify the existence or opening of custody and administration accounts at other intermediaries.

No Staff Group initiatives which may affect risk alignment mechanisms is envisaged, including in the incentive system[21].

6.1 Relationship between variable and fixed components of remuneration

Fixed remuneration[22] is understood as the collection of elements referred to in point 1) of paragraph 5.2, as well as the recurring component of remuneration referred to in paragraph 5.3. Variable remuneration is understood as the collection of elements referred to in point 2) of paragraph 5.2, as well as the non-recurring component of remuneration referred to in paragraph 5.3.

The upper limit of the variable/ fixed component ratio of Group Staff is:

- 2:1 for specific figures deemed to be strategic and selected from top identified staff and Finance, Corporate, Investment Banking and Private Banking staff, as resolved by the Ordinary Shareholder's Meeting held on 7th April 2018 (see infra);

[19] See paragraph 3.2
[20] See paragraph 6.7.
[21] Without prejudice to the introduction of a long-term incentive system, currently being studied(see paragraph 5.2).
[22] Without prejudice to specifications provided for in Bank of Italy Supervisory Provisions.

- 1/3 for all staff belonging to internal control functions[23], in compliance with Bank of Italy Supervisory Provisions;
- 1:1 for all staff not included in aforementioned categories.

With reference to profiles required by legislation and Bylaws, the Ordinary Shareholder's Meeting held on 7th April 2018 approved a raise in the upper limit for general criteria (1:1) of up to 2:1 (as permitted by the Bank of Italy) for specific figures as listed in the previous paragraph. The proposal submitted to said Shareholder's Meeting was grounded in the need to use all management drivers to attract and maintain professional persons with skills suited to company requirements, for enhanced competitiveness and good governance. To this effect and also taking into account that major competitors of the Group had already approved a ratio upper limit increase to 2:1 for variable to fixed remuneration, adjustment to market practice enables the Group to bolster its remuneration driver on total compensation. Given that conditions for increase remain unchanged, reference staff and the upper ratio limit between variable and fixed component of remuneration as resolved by the Ordinary Shareholder's Meeting held on 7th April 2018, in compliance with Bank of Italy Supervisory Resolutions, it is not required that said topic is once more submitted to the Meeting for resolution.

6.2 Determination of the bonus pool

The Group's bonus pool [24] constitutes part of the consolidated staff costs, approved by the Parent Company's Board of Directors at the end of the Group's budgeting process.

The annual amount of the above-mentioned Group bonus pool, with regard to the cited process, only in the event that the budget envisages a profit[25] may not exceed the threshold of 20% of the profit from current operating activities before tax (net of non-recurring items)[26] consolidated under the financial year's budget; it is fixed also taking into account the Group's capitalisation and liquidity objectives.

6.3 Connection between bonus pool and results

The award of the bonus pool is subject to the full compliance with predefined entry gates, as well as that indicated in paragraph 6.4 below and is implemented in accordance with the guidance issued from time to time by the Supervisory Authority.

[23] The scope of application of said limit was adjusted based on Bank of Italy Supervisory Provisions (see Definitions, internal control functions).

[24] Excluding financial agents, insurance agents and financial advisers authorised for door-to-door sales, for whom a dedicated bonus pool may be envisaged, approved by the Chief Executive Officer of the Parent Company.

[25] Profit from current operating activities before tax (net of non-recurring items).

[26] Profit from current operating activities before tax (net of non-recurring items), calculated without taking account of the amount of that bonus pool.

In accordance with the Risk Appetite Framework approved by the Parent Company's Board of Directors, the award of the incentive and corporate bonus is therefore subject, for both identified staff and other staff, to indicators and relative values for comparison:

- consolidated capital adequacy indicator: *Common Equity Tier1* (CET1) *ratio* "*phased-in*", greater than *Risk Trigger*[27] threshold defined in the *Risk Appetite Framework*[28];
- consolidated liquidity adequacy indicator: Regulatory Liquidity Coverage Ratio (LCR), higher than the *Risk Trigger*[27] threshold defined in the scope of the Risk Appetite Framework[28];
- consolidated profitability indicator: profit from current operating activities before tax (net of non-recurring items), greater than zero.

Furthermore, in addition to conditions listed in the previous paragraph, for subsidiary Italian Banks,[29] the awarding of the incentive is subject to the indicator and relative comparative value, both for identified staff and all remaining staff:

- company profitability indicator: profit from current operating activities before tax (net of non-recurring items), greater than zero.

The table summarises the conditions for entry to the bonus pool expected for staff.

Indicator	**Comparison value**	**Rule for accessing**	**Valid for**
CET1 *ratio* "*phased-in*" -consolidated level-	> Risk Trigger threshold defined in the scope of the RAF	-incentive system -company bonus	Group Companies
LCR regulatory -consolidated level-	> Risk Trigger threshold defined in the scope of the RAF	-incentive system -company bonus	Group Companies
Profit from current operating activities before tax (net of non-recurring items) before tax -consolidated level-	> 0	-incentive system -company bonus	Group Companies
Profit from current operating activities before tax (net of non-recurring items) before tax -company level-	> 0	-incentive system	Subsidiary Italian Banks

[27] Risk Trigger threshold means the lower point of the Risk Appetite objective area, in line with the RAF framework.
[28] Value envisaged on 31/12 of the financial year.
[29] Banca Akros and Aletti & C. Banca d'Investimento Mobiliare (see Definitions).

6.4 Adjustment factor for the bonus pool

Following verification of the condition provided in paragraph 6.3 above, but before potential payment, the effective amount of the bonus pool available is determined based on profit 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.

6.4.1 Financial adjustment factor

Specifically, for economic resources of the incentive system, an adjustment factor, the size of which is proportional to the consolidated value of the Return on Risk Adjusted Capital (RORAC) profitability indicator obtained at the end of the financial year in comparison with the relevant Risk Trigger and Risk Appetite thresholds defined in the scope of the Risk Appetite Framework for the financial year in question, is applied to the bonus pool as illustrated below[30].

The application of the financial factor to economic resources of the incentive system defined in the budget for the year (without prejudice to the portion awarded to identified staff of functions with control duties, therefore those for which the following does no apply, in order to avoid the incentive from being linked to economic profit) may result in their reduction (up to zero) or increase, in the latter case subject to approval by the Parent Company Board of Directors, which also determines the exact figure, specifically:

- in the case of a result equal to or lower than the Risk Trigger threshold, economic resources are set to zero;
- in the presence of a result higher than the Risk Trigger threshold but lower than the midpoint between the Risk Trigger and Risk Appetite thresholds (hereafter midpoint), the Parent Company's Board of Directors has the authority to decide the potential availability of economic resources up to a maximum of 50% of budget value; the potential payments will not be able to relate to identified staff;
- in the case of a result at least equal to the midpoint but no higher than the Risk Appetite threshold, the value of financial resources envisaged in the budget is automatically reduced by applying the percentage given by the relationship between the midpoint result and the Risk Appetite threshold;
- in the presence of a result higher than the Risk Appetite threshold, any increase of the financial resources up to the expected cap of 110% of their value in the budget is subject to a decision by the Parent Company's Board of Directors, which also determines the exact

[30] Both the final balance value and the comparison thresholds are determined as a relationship between the financial year's results, represented by the net result of 31/12 calculated excluding non-recurring items and without considering the amount of the bonus pool, and the end of year capital requirement as a percentage of activities considered for risk (RWA - Risk Weighted Assets), in line with *Minimum Capital Requirement* OCR (TSCR + CCB) provided for the year, as per SREP decision.

measurement in relation to and within the limit of the relationship between the result achieved and the Risk Appetite threshold.

The factors to apply to the financial resources of the incentive system are shown in the table below.

RORAC achieved *(R)*	**Financial adjustment factor to multiply by the financial resources of the incentive system**[31]
$R \leq$ RORAC *Risk Trigger*	0%
RORAC *Risk Trigger* $< R <$ midpoint[32]	The Parent Company's Board of Directors has the authority to decide the payment until a maximum amount equal to 50% of the financial resources envisaged in the budget.
midpoint[32] $\leq R \leq$ RORAC *Risk Appetite*	% data by the ratio: RORAC achieved / RORAC Risk Appetite.
$R >$ RORAC *Risk Appetite*	Percentage determined by the Parent Company's Board of Directors in relation to and within the ratio RORAC achieved / RORAC Risk Appetite, with a fixed cap of 110%.

In the event of a change in the financial resources of the incentive system following the application of the financial adjustment factor, the same change is also applied to the relative portions assigned to identified staff that do not belong to the functions with control tasks, determined by the amount of potentially accruable incentives; the portion of the financial resources of the incentive system of identified staff belonging to the functions with control tasks will remain unchanged in virtue of the effect of the financial adjustment factor.

6.4.2 Non-financial adjustment factor

The financial resources of the incentive system are also subjected to the application of a non-financial adjustment factor according to methods described here below; said figure is calculated in relation to the values of the consolidated Reputational Risk and Anti Money Laundering (AML) indicators at the end of year, in relation to the relative Alert limits defined in the context of the Risk Appetite Framework for that year.

The Reputational Risk indicator represents the total economic capital against the reputational risk estimated through an internal model. The state of the Group's reputation is monitored through collection and analysis of indicators, both of a quantitative and qualitative nature, that may influence, on the basis of their characteristics, the Group's reputation in regard to the main

[31] The factor does not affect the portion of the financial resources of the incentive system assigned to identified staff tasked with auditing.
[32] Midpoint between the Risk Trigger and Risk Appetite thresholds.

stakeholders (customers, shareholders, market counter parties, regulators, employees, and the financial community) employing reporting and forecasting, and considering stress conditions. The indicators selected are both internal, i.e. derived from company processes, and external to the Group, i.e. derived from market data, and belong to the following risk areas: market, litigation/sanctioning, IT services, corporate social responsibility, regulatory affairs.
The AML indicator represents the ratio between the total number of customers at high risk (maximum classification in the context of the internal Anti-recycling model for the management of money-laundering risk) and the total number of customers.

Application of the non-financial factor may result in the contraction of economic resources of the incentive system for all staff, including identified staff with control tasks; therefore it bears on:

- the economic resources of identified staff which do not belong to functions with control tasks, determined following the application of the financial adjustment factor to total potentially accruable incentives;
- the economic resources of identified staff with control tasks, determined by total accruable incentives;
- the economic resources of remaining staff, determined following the application of the financial adjustment factor.

More specifically:

- in the case of a result equal to or greater[33] than the Alert limit of both the Reputational Risk and AML indicators, the value of the financial resources is automatically reduced by 20%;
- in the case of a result equal to or greater than the Alert limit of only one of the indicators, Reputational Risk or AML, the value of the financial resources is automatically reduced by 10%;
- in the remaining cases, the financial resources are not reduced.

The factors to apply to the financial resources of the incentive system based on the result (R) are shown in the table below.

		Reputational Risk	
		R < Alert	***R ≥ Alert***
AML	***R < Alert***	no reduction	-10%
	R ≥ Alert	-10%	-20%

[33] The greater the value recorded, the greater the risk for the Group.

6.4.3 Equalisation mechanism

If the financial resources of the incentive system following application of the financial and non-financial adjustment factors are insufficient to cover the total amount of bonuses calculated on the basis of performance achieved, an equalisation mechanism will be applied. This consists of the proportional reduction of individual incentives. With specific reference to identified staff, said reduction will be applied using the same percentage as the individual bonuses in relation to category (whether or not belonging to the function with control tasks).

6.4.4 Limits to distributions - combined capital buffer requirement

According to the Bank of Italy Supervisory Provisions[34], in cases where the combined capital buffer requirement[35], no distribution is made in relation to Common Equity Tier 1[36] [37] that may result in lowering the same to a level for which that the same requirement is no longer respected.

In case of non-compliance with the combined capital buffer requirement, the variable components of remuneration may be awarded and/or paid within the limits and under the conditions indicated in the same Bank of Italy Provisions.

In any event, all decisions regarding dividends and variable remuneration must take into account the recommendations made by the European Central Bank[38].

6.5 Incentive System

The incentive system consists of entry gates as described in paragraph 6.3 here above, of financial and non-financial adjustment factors as described in paragraph 6.4 here above and of implementations and methods described here below, applied by means of the allocation of objectives correlated to an annual assessment period. Said elements ensure connection with risks, compatibility with levels of Group capital and liquidity, orientation towards the achievement of results in the medium-long term and compliance with regulations.

In addition to the evaluation of achieved performance levels in terms of quantitative results, the incentive system is also characterised by mechanisms oriented towards the control of different forms of risks and staff achievement of conduct which complies with the reference legislative and regulatory framework, time to time in force and issued with the purpose of utmost customer satisfaction. Said purpose is pursued via joint action mainly of three different elements:

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[34] See Circular 285 of 17 December 2013 (and subsequent updates) "Supervisory Provisions for Banks" (First Part, Title II, Chapter 1, Section V, paragraph 1 "Restrictions on distributions").

[35] For this definition, please see article 128, point 6 of the Directive 2013/36/EU.

[36] For this definition, please see art. 25 of the Regulation (EU) no. 575/2013.

[37] The restrictions on distribution provided in this paragraph apply to payments that comprise a reduction in Common Equity Tier 1 or a reduction of earnings, if the non-payment or suspension of payments does not constitute event of default or a condition for starting an insolvency procedure pursuant to the regulation of banking crises.

[38] See the general recommendation of the European Central Bank of 07 January 2019 on dividend distribution policies and the recommendations specifically sent to Banco BPM on "Dividend distribution Policy" and "Variable remuneration Policy", 9th January 2019.

- the use of parameters of a qualitative nature and which impact incentive quantification and which are expressed with quantitatively measurable criteria used to gauge customer satisfaction, operative excellence in the service provided, compliance with regulations (by way of example, but not limited to the results of customer satisfaction surveys, the number of complaints, adequateness of customer assistance, compliance with legislation and regulations, assessment of performance and/or management qualities);
- with reference to risk containment, the allocation:
  - for commercial networks, wherever applicable of the objective pertaining to the control of credit risk profiles;
  - for identified staff, of risk based or risk adjusted KPI, in line with risks assumed by staff with reference to responsibilities and activities pursued in respective organisation unit, in the reference Risk Appetite Framework, with particular attention to operative risk;
- provision of malus claw-back mechanisms[39], which directly affect the incentive and even setting it to zero, with the purpose of discouraging misconduct.

Such provisions, adopted and implemented right from the first year of the Group in business, are for the promotion of a company culture oriented towards fairness in the pursuit of own responsibilities and activities as well as simultaneous risk management, thus favouring a context of lower potential impact on operative risks and conduct. They establish focus on operative excellence and on the service provided, indispensable for satisfying increasingly demanding customer expectations, in compliance with legislation and regulations.

For risk takers identified on the basis of their responsibilities receiving incentives and for specific staff of the sales network[40] the MBO (Management by Objectives) method of appraisal is adopted, which envisages the assignment, when starting the system, of objectives to compare with results achieved at the end of the year; in the remaining cases, the system is based on managerial appraisal of the head of the department to which they belong.

The MBO considers a contained number of indicators, in order to focus on the Bank's priority objectives and to which a percentage weight is attributed to the total and a results curve on levels of achievement (minimum, target and maximum); the result obtained by each KPI determines a weighted score to be achieved, on a knowledge curve varying between a minimum and maximum; the amount of weighted scores obtained corresponds to the performance achieved which, only if it is at least equal to fixed minimum score, allows for quantification of the incentive amount; this amount in any case cannot be above a fixed upper limit.

For recipients of MBO, the value of the incentive is calculated, in consideration of the financial resources, with reference to the level of the position, the proximity of the function concerned to the company's business operations and the individual's total remuneration with reference to benchmarks. A percentage will be associated with every cluster, which will increase as the

[39] See paragraph 6.7.
[40] The list of people to receive MBO is not exhaustive.

combination of the position and proximity to the company's business operations increases; this percentage, applied to the reference market gross annual remuneration (GAR) for the position/office, will determine the maximum amount within which the potentially accruable incentive can be defined, considering also the individual's total remuneration.

6.5.1 Incentive system for the Parent Company's Chief Executive Officer

Objectives defined for the Chief Executive Officer for 2019 regard profitability, liquidity, capital requirements, value generated by the business for shareholders and qualitative aspects regarding management activities, with particular reference to operative risk. Said objectives also present a combination of quantitative and qualitative criteria, in the form of absolute criteria, namely those which refer to Group profit, and relative criteria, which enable comparison with similar bodies, as suggested by the EBA in its "Orientation regarding healthy remuneration policies"[41]. *Risk based* indicators account for 40% of total MBO, indicators expressed in relative criteria account for 45%. Achievement levels required for profitability and liquidity are respectively correlated with budget value and thresholds established in the Risk Appetite Framework approved by the Parent company Board of Directors for the year. The amount of the incentive associated with 2019 objectives for the Chief Executive Officer can amount to a maximum of 100% of his gross annual remuneration (GAR). As regards the awarding conditions for the variable remuneration, the same provisions, with reference to this chapter 6, for the identified staff not belonging to the internal control functions are applicable.

Area	Criteria	Objective
Profitability	absolute	Consolidated profit from current operating activities before tax (net of non-recurring items)
Profitability	absolute	Consolidated Cost to Income ratio[42]
Liquidity	absolute	Consolidated Liquidity Coverage Ratio (LCR) [42]
Capital requirement	relative	Positioning of Banco BPM regarding the annual improvement of the Pillar 2 Requirement as established in the SREP Decision 2019 (P2R) in relative terms compared to the requirement of the previous year[42]
Value created by the company for shareholders	relative	Positioning of Banco BPM regarding *Total Shareholder Return* (TSR - source *Bloomberg*)
Qualitative aspects regarding managerial activity	individual	Qualitative assessment of Chief Executive Officer management activities, with particular reference to operative risk

[41] See point 194: "The measurement of absolute results must be established by the body based on its own strategy, including its risk profile and risk appetite. The measurement of relative results is required to compare results with similar internal persons (within the organisation) or external persons (similar bodies)."
[42] Risk-based objective.

6.6 Payment of incentive

The methods for payment of incentives to the Group's staff are described in the following paragraphs.

6.6.1 Payment of incentive of other staff

The incentive for other staff is paid in cash and on a one-time basis, by the month of July of the year following the relevant year.

The incentive determined on the basis of performance achieved will not apply in cases of termination of employment (unless with prior consent from the Parent Company, for specific provisions contained in individual or collective contracts, in corporate agreements, that is, for a unilateral corporate initiative, with a case-by-case evaluation necessary according to the time when the termination took place).

6.6.2 Payment of incentive of identified staff

The incentive of risk takers[43] identified in the year is divided into an up-front portion and deferred portions.

The up-front portion, to be awarded within the month of July of the year after accrual, irrespective of the beneficiary, is as follows:

- 60% of awarded incentive, if lower than 430,000 euro;
- 40% of awarded incentive, if equal to or greater than 430,000 euro.

For the Group, the value 430,000 euro is a particularly high variable remuneration level, determined according to criteria set forth in Bank of Italy Supervisory Provisions[44].

50% of the up-front incentive portion is awarded in the form of Banco BPM ordinary shares.

Other deferred portions consist of:

- five annual portions of equal amount deferred over the five year period following the year in which the up-front portion is vested, to be paid within the month of July each year, consisting of 55% Banco BPM ordinary shares for the senior identified staff, irrespective of the amount of the awarded incentive, and for identified staff reporting directly to the Chief Executive Officer of Italian subsidiary banks, in the event the awarded incentive is equal to or greater than 430,000 euro;

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[43] With the exception of employees of the Group who hold office in the Board of Directors of subsidiary companies in representation of the Group itself, the employee does not receive any fixed or variable remuneration for this office.

[44] See, First Part, Title IV, Chapter 2, Section III, Paragraph 2: "The amount of particularly high variable remuneration means the lowest out of: i) 25 percent of total mean remuneration of Italian high earners, as stated in the latest report published by the EBA; ii) 10 times the total mean remuneration of Bank employees.".

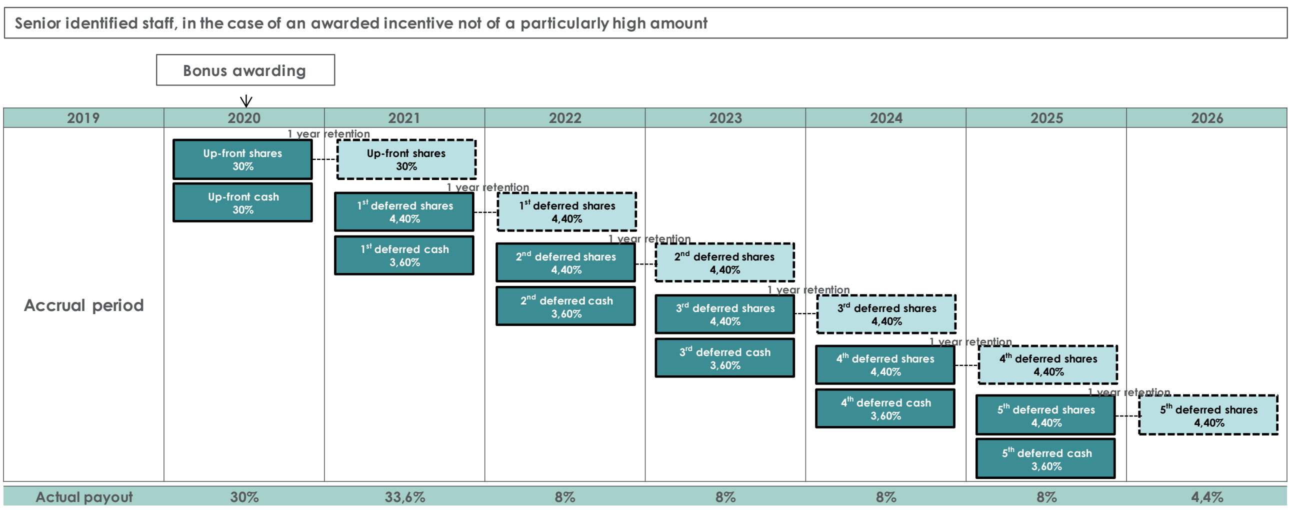
- three annual portions of equal amount, deferred over the three years after the year in which the up-front portion is vested and to be awarded within the month of July each year, consisting of 50% Banco BPM ordinary shares for identified staff not belonging to aforementioned categories.

There is a retention period (selling restriction) on the shares vested of one year both for the up-front shares and for deferred shares; for the latter, the retention period starts from the moment in which the deferred remuneration is vested. The vesting of the share portions takes place at the same time as the respective cash portions, while actual transfer of ownership takes place at the end of the retention period.

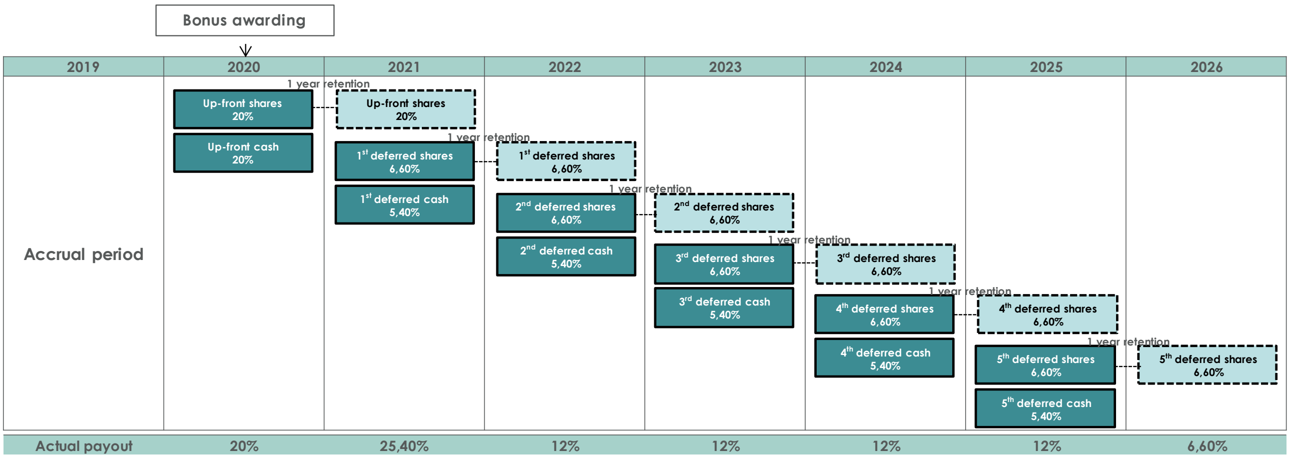
The shares, either as up-front or deferred portions, will be subject to taxation at the end of the retention period, taking into account the so-called normal value, corresponding to the arithmetic mean of official prices revealed thirty calendar days before the date on which the portions will be made available through transfer into the beneficiary's portfolio.

Any rights and/or dividends are only vested at the end of the retention period, that is with reference to the period following the transfer to the recipient's securities portfolio. In the case of extraordinary capital operations which provide for the exercising of an option right, the Board of Directors of the Parent Company may assess the resulting adjustments to any share portions that have vested but are not yet available to the beneficiaries.

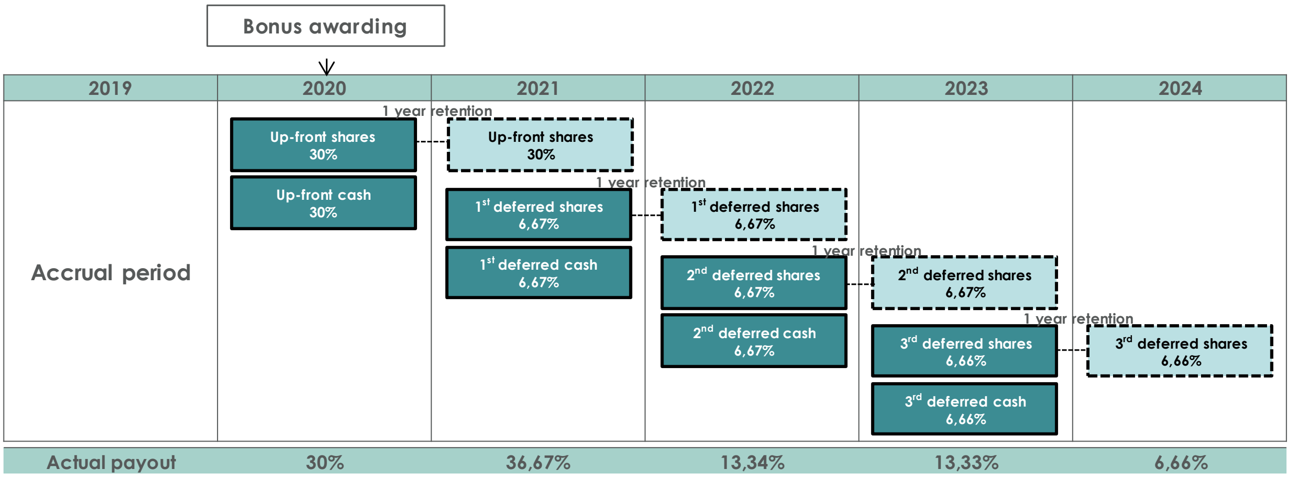
Table contain breakdowns and amounts of bonus portions awarded, in relation to the year in which they come into the beneficiary's effective possession.



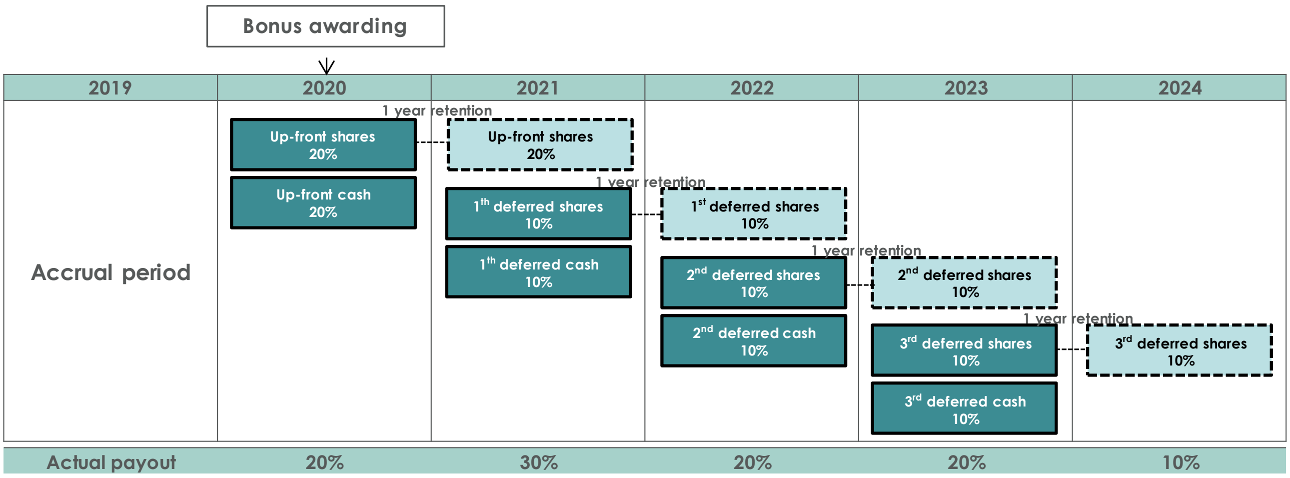
Senior identified staff or belonging to who reports directly to the Italian subsidiary banks' CEO, in the case of awarded incentive of a particularly high amount



Identified staff belonging to who reports directly to the Italian subsidiary banks' CEO and other identified staff, in the case of awarded incentive not of a particularly high amount



Other identified staff, in the case of an awarded incentive of a particularly high amount



Both up-front and deferred portions are subject to malus and claw-back provisions, according to that stated in paragraph 6.7 below, and do not correspond to cases of termination of contract or employment (apart from, prior to following agreement from the Parent Company for specific provisions contained in individual or collective contracts, in corporate agreements, that is by a unilateral corporate action, without however the necessary case by case evaluation, according to the time that the termination takes place).

In accordance with the national bank procedures and with respect to the spirit of the current provisions, in cases where the awarded incentive is lower than or equal to the materiality threshold of 50,000 euro and, at the same time, lower than or equal to a third of the individual gross annual remuneration (GAR), this would be paid in cash and on a one-time basis. This provision does not apply to top identified staff (including senior identified staff), and those whose[45] variable to fixed remuneration ratio[46] exceeds 100%, to whom the regulation is always fully applied in terms of deferment and allocation of shares.

6.7. Malus and claw-back provisions

Payments of variable remuneration components are subject to the *ex post* correction system (so-called *malus*) described below:

1. the vesting of each deferred portion of the incentive is subject to total compliance with the consolidated entry gates and the relative threshold comparison values provided by the incentive system of the year preceding the year of the share's vesting, in consideration of the Staff category belonging to the same year; this ex post correction system is, therefore, a provision that operates in the deferral period, before the effective vesting of deferred incentive portions.

   The provision described in this point is applied to deferred incentive portions relating to the former Banco Popolare and Bipiemme banking groups, accrued in 2014, 2015 and 2016;

2. with reference to identified staff and all other staff, in the event of ascertained misconduct during the year, the Parent Company Board of Directors, for persons directly appointed by it, or the Chief Executive Officer of the Parent Company (or their proxy) for remaining persons, assesses the measure of the provision to be adopted (which can act in reduction or zeroing) with reference to the incentive and company bonus for the year, deferred portions of incentives for previous year accruable in the year at hand and any retention bonuses.

   Misconduct is defined as follows:

   – provision of suspension from office and from payment of remuneration starting from one day. Determines exclusion of cited percentages of variable remuneration components;
   – conduct which does not comply with legal, regulatory or by-law provisions or with codes of ethics or conduct applicable to the bank, leading to a significant loss for the company or the Group or for customers;

[45] *Ex ante*.
[46] See Paragraph 6.1 "Relationship between variable and fixed components of remuneration".

– breaches[47] of the requirements stated pursuant to article 26 or, when the entity is an interested party, pursuant to article 53 of the Consolidated Bank Law;
– violation of the obligation not to use personal hedging strategies or insurances on remuneration to undermine the risk alignment effects embedded in the remuneration arrangements;
– fraudulent or grossly negligent conduct causing damage to a company or the Group.

In the event of misconduct as described in point 2 here above, the Parent Company Board of Directors, for persons directly appointed by it, or the Chief Executive Officer of the Parent Company (or their proxy), for remaining persons, also reserve the right to activate mechanisms for the return of previously accrued amounts or portions thereof, of the company bonus and retention bonus for the year (claw-back clause), from the moment of accrual up to and including the successive five years.

With reference to the Group's Staff and prior to award, the Parent Company's Human Resources function, with the help of appropriate corporate functions, annually verifies the potential existence of conditions apt for determining the non-granting or return of already vested and/or paid amounts and evaluates cases to submit to the possible decision of the Parent Company's Board of Directors, for persons directly appointed by said Body, or to the Chief Executive Officer of the Parent Company (or their proxy), in the case of remaining persons.
The company has the right to pay amounts that are objects of reclaim with those potentially due in any capacity to the entity concerned and in this case the payment will take place, following a decision made by the Parent Company's Board of Directors, for directly appointed persons, or the Chief Executive Officer (or his proxy) for remaining persons, from the moment of the company notifying the entity concerned of the compensatory power, notwithstanding any other action provided for by law to be applied by the company.

6.8 Long-term incentive system (LTI)
In 2017, a long-term incentive system (LTI) was first implemented in the Group on a triennial basis, and is still in place, consistent with the targets of the 2016-2019 Strategic Plan. This choice results from the wish to link part of high-level managers' remuneration to the shareholders' interests of requiring the creation of value for the company over time.

In addition to the Chief Executive Officer and members of the Parent Company's General Management, the scope of recipients of the LTI system, evaluated and validated by the same Chief Executive Officer, includes a limited number of managerial offices chosen on the basis of the

[47] For example in cases of breaches of professionalism, integrity and independence requirements.

position and/or the responsibility and impact of the activity on business.

The LTI system, prior to positive verification of conditions and targets stated in paragraph 6.8.1 below, provides for the award of an incentive (LTI incentive) that corresponds to ordinary shares of Banco BPM ("performance share").

6.8.1 Connection between LTI incentive and results

The award of the LTI incentive is carried out in accordance with the guidelines issued from time to time by the Supervisory Authority and is subject to full compliance with predefined entry gates, made up of indicators and relative values to compare:

- consolidated capital adequacy indicator: Common Equity Tier 1 (CET1) capital demand, having reached at least the minimum level required for 2019 indicated by the Central European Bank at the end of the 2018 Supervisory Review and Evaluation Process (SREP);
- consolidated liquidity adequacy indicator: Net Stable Funding Ratio (NSFR), having reached at least the minimum level required for 2019 indicated by the Central European Bank at the end of the 2018 Supervisory Review and Evaluation Process (SREP);
- consolidated profitability indicator: Profit from current operating activities before tax (net of non-recurring items) on 31/12/2019, positive.

Indicator at a consolidated level	**Comparison value for access to LTI incentive**
Common Equity Tier1 (CET1) capital demand	≥ minimum level required for 2019 indicated by the BCE at the end of the SREP of 2018
Net Stable Funding Ratio (NSFR)	≥ minimum level required for 2019 indicated by the BCE at the end of the SREP of 2018
Profit from current operating activities before tax (net of non-recurring items) on 31/12/2019	> 0

Notwithstanding the positive verification of the entry gates, the size of the LTI incentive is determined, on the basis of a performance matrix, on the value of the profitability risk-adjusted indicator Return on Risk Adjusted Capital (RORAC) achieved on 31/12/2019, which will be compared with the relevant Risk Target threshold (Strategic Plan 2019) provided in the RAF approved by the Board of Directors in the meeting of 10 February 2017, and with the value revealed in the three-year period of the Total Shareholder Return (TSR – source: Bloomberg) financial market indicator, which measures the value created by a company for its own shareholders, which will be compared in terms of relative positioning with respect to the peer group made up of the eight most highly capitalised banks (Intesa San Paolo, Unicredit, UBI Banca, Banca Popolare dell'Emilia Romagna, Credito Emiliano, Banca Popolare di Sondrio, Monte dei Paschi di Siena, Credito Valtellinese). If, over the course of the three-year period, extraordinary operations should occur (not only of a corporate nature) to the banks composing the peer group, or the data of one of these is not available at the end of the Strategic Plan's period, the Board of Directors will evaluate the adjustment of the performance matrix in order to make it consistent with the new situation.

The combination of results achieved with regards to the above indicators determines the effective number of shares to award to the beneficiaries of the LTI system and may also lead to its nullification; specifically:

- the entire number of shares will be awarded if the RORAC value achieved is at least equal to the relative Risk Target threshold (2019 Industrial Plan) and simultaneously Banco BPM achieves first or second place in the TSR indicator;
- the number of shares will be nullified if the RORAC value achieved is lower than 70% of the relative Risk Target threshold (2019 Industrial Plan), namely if Banco BPM achieves lower than fifth place in the TSR indicator (median value);
- the number of shares will be reduced in other cases, applying the percentage stated for the relative combination of RORAC and TSR results.

The following performance matrix outlines the ratios to apply based on the RORAC result achieved (R) and the position compared with the peer group in terms of the TSR result.

	TSR vs peer group classification			
	6th, 7th, 8th or 9th place out of 9	**5th place out of 9**	**3rd or 4th place out of 9**	**1st or 2nd place out of 9**
R ≥ RORAC Risk Target		70%	85%	100%
80% * RORAC Risk Target ≤ R < RORAC Risk Target	0%	50%	70%	85%
70% * RORAC Risk Target ≤ R ≤ 80% * RORAC Risk Target		40%	50%	70%
R < 70% * RORAC Risk Target	0%			

The LTI incentive, quantified on the basis of results achieved and performance matrices, will be reduced by 33% for each year of the Strategic Plan's duration, in the case of non-achievement of the performance of the MBO scheme of the annual incentive system; the LTI bonus may therefore be reduced until it reaches zero.

During the Strategic Plan's reference period, the Shareholders' Ordinary Meeting will have the authority, upon the Board of Directors' proposal and following a favourable opinion from the Remuneration Committee, to evaluate potential revisions of objectives to which to attach the award of the incentive.

6.8.2 Payment of LTI incentive

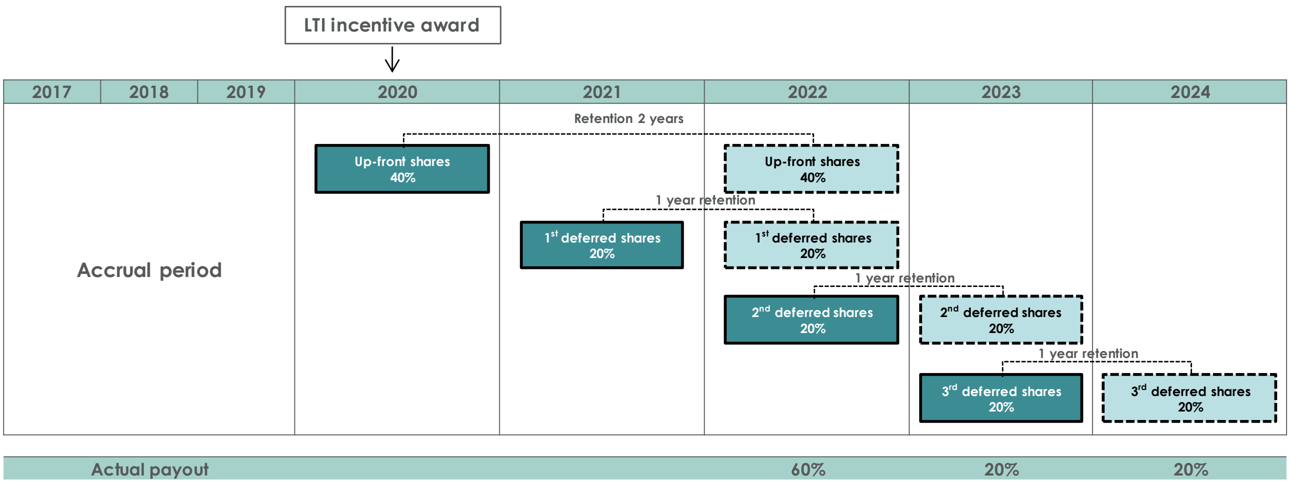
The LTI incentive awarded in ordinary shares of Banco BPM is subdivided into an up-front portion, equal to 40%, and three equal annual portions, as a whole equal to 60%, deferred in the three-year period after the vesting of the up-front portion.

There is a retention period (selling restriction) on the shares vested of two years for the up-front shares and of one year for the deferred shares; for the latter, the retention period starts from the moment in which the deferred remuneration is vested. The effective transfer of ownership occurs at the end of the retention period.

Shares, both up-front and deferred portions, are taxed at the end of the retention period, taking into account the normal value, corresponding to the average price quoted in the thirty days prior to the attribution date on which each portion shall be made available, by transfer to the recipient's portfolio.

With respect to the provisions of Art. 2357-*ter* of the Italian Civil Code, potential rights and/or dividends will accrue exclusively with reference to the period following the transfer of the recipient's portfolio. In the case of extraordinary capital operations which provide for the exercising of an option right, the Board of Directors of the Parent Company may assess the resulting adjustments to any share portions that have vested but are not yet available to the beneficiaries.

The table represents the amount of LTI incentive shares awarded, with reference to the year of vesting and their effective entrance into the recipient's possession.



6.8.3 Malus and claw-back provisions

The incentive is subject to the same malus and claw-back provisions provided by the Group's remuneration policies in force from time to time for payment of incentives (annual incentive system).

The LTI incentive shall not be paid in cases of termination of employment (unless, with prior agreement by the Parent Company, for specific provisions contained in individual or collective contracts, in corporate agreements, that is by a unilateral corporate initiative, notwithstanding the case by case evaluation necessary, according to the time where the termination took place.

6.9 Termination of employment and pension provisions

6.9.1 Discretionary pension benefits

There are no discretionary pension benefits.

6.9.2 Amounts for early termination of employment

The Ordinary Shareholder's Meeting of the Parent Company approves criteria for determining any amount to be agreed in case of early termination of employment, for all staff, including any limits set for said amount in terms of fixed remuneration annuity.
Said criteria and limits are applied to all Group companies; these are approved by the Shareholders' Meeting of each subsidiary bank.

As provided for by Bank of Italy Supervisory Provisions agreements stipulated for early termination of employment do not include amounts determined by a court and arbitrary judgement, severance pay established by general employment contract legislation and indemnity for lack of notice. In the latter two cases, this holds true when the amount is determined according to limits established by legislation[48].
The *golden parachute* is any agreement pertaining to identified staff.

Amounts for early termination of employment can be awarded up to a maximum limit of 24 months of fixed remuneration (excluding indemnity for lack of notice, determined by legislative provisions) and for up to a maximum value of 2.4 million (employee gross amount).

Subject to approval of criteria for determining remuneration to be awarded in case of early termination of employment by the Ordinary Shareholder's Meeting, including limits established to

[48] Said items do not constitute variable remuneration and are not subject to criteria and limits established by the Meeting.

this effect, in terms of fixed remuneration annuity, the Parent Company has the unilateral right to establish agreements of this nature.

The award process requires that the Parent Company Human Resources function submits a report which:

- for persons directly appointed by the Parent Company Board of Directors, to the Remuneration Committee which in turn draws up the proposal for submission to the Board (with reference to internal control functions, said report is also assessed by the Internal Control and Risks Committees and by the Statutory Board of Auditors);
- for remaining persons, to the Chief Executive Officer (or their proxy).

For identified staff and all other employees, amounts are awarded in accordance with specifications here below, without prejudice to Bank of Italy Supervisory Provisions[49].

The awarding of amounts for early termination of employment is subject to the ascertainment of conditions, with reference to the previous year and pertaining to the capital adequacy indicator at a consolidated level Common Equity Tier1 (CET1) ratio "phased-in" and the liquidity adequacy indicator at a consolidated level Liquidity Coverage Ratio (LCR) regulatory:

- in the presence of the profit in both indicators CET1 ratio and LCR regulatory greater than the relative Risk Tolerance threshold[50] defined in the Risk Appetite Framework, the amount can be awarded;
- if the result of one of the indicators CET1 ratio or LCR regulatory is lower than the midpoint between relative Risk Capacity and Risk Tolerance thresholds[50] (midpoint), it will not be possible to proceed with the award or issuing of amounts for early termination of employment;
- in remaining cases, if the result of one or both indicators CET1 ratio and LCR regulatory is lower or equal to the relative Risk Tolerance threshold[50], but equal to or higher than the midpoint[51], the Parent Company Board of Directors is required to decide on the availability of economic resources for the awarding of amounts for early termination of employment.

The table summarises conditions for the award of amounts for early termination of employment in relation to the results (R) achieved.

[49] See Section III, paragraphs 2.2.2 and 2.2.3.
[50] Risk Tolerance threshold means the lower point of the tolerance area, in line with the RAF framework.
[51] Without prejudice, in the case of CET1 ratio, to provisions for combined capital buffer requirement (see paragraph 6.4.4).

	Consolidated indicators	LCR *regulatory*		
		R > Risk Tolerance	**Midpoint[52] ≤ R ≤ Risk Tolerance**	**R < Midpoint[52]**
CET1 ratio "phased-in"	**R > Risk Tolerance**	Proceed with reward.	The Parent Company BoD decides the potential availability of economic resources.	No award.
	Midpoint[52] ≤ R ≤ Risk Tolerance	The Parent Company BoD decides the potential availability of economic resources.	The Parent company BoD decides the potential availability of economic resources.	No award.
	R < Midpoint[52]	No award.	No award.	No award.

The amount is determined by considering all elements deemed relevant and in any case:

- circumstances which led to termination, taking into account company interest, also with the purpose of avoiding the threat of legal proceedings;
- roles covered and/or offices held during employment, also in terms of risks assumed by the person;
- duration of employment and role;
- savings as a result of early termination of employment.

The ascertainment of any fraudulent conduct or gross negligence in the three calendar years prior to termination (assessment of the significance of such offences is carried out by the Parent Company's Board of Directors in the case of directly appointed persons, or by the Chief Executive Officer of the Parent Company for all remaining persons) precludes the payment of any amounts for indemnity for early termination of employment. The Parent Company's Board of Directors, for persons directly appointed by it, or the Chief Executive Officer of the Parent Company, for all remaining persons, reserve the right to also assess any further misconduct[53] ascertained during the three calendar years prior to termination.

[52] Midpoint between *Risk Capacity* and *Risk Tolerance*.
[53] See paragraph 6.7.

The amount awarded to identified staff is calculated within the upper limit of the variable component to fixed component ratio with reference to the last year of employment, without prejudice to Bank of Italy[54] Supervisory Provisions.

Bank of Italy Supervisory Provisions also provide a predefined formula, contained in the bank's remuneration policy and which defines the amount to be awarded for early termination of employment, within the context of an agreement between the bank and employees, at any stage of legal proceedings, for the resolution of a current or potential dispute. As provided for by Bank of Italy Supervisory Provisions, if defined by means of the application of said formula, the amount is not included in the calculation of the aforementioned upper limit of the variable/fixed ratio.

The formula adopted by Banco BPM with reference to identified staff requires the amount to be determined based on the following:

- for top identified staff: 24 months of fixed remuneration;
- for other identified staff with more than 10 years of seniority at the Group: 24 months of fixed remuneration;
- for other identified staff not included under previous points: 18 months of fixed remuneration.

Any reductions applied to amounts described in points here above consist of the following:

- setting to zero, upon ascertainment of fraudulent conduct or gross negligence in the three calendar years prior to termination. The seriousness of such conduct is assessed by the Parent Company Board of Directors, for subjects directly appointed by it, or by the Chief Executive Officer of the Parent Company (or their proxy), for remaining persons;
- 50% reduction if the employee has been operating in the Group for less than three calendar years at the moment of termination, or otherwise, a 25% reduction if at the moment of termination[55] he/she has covered his/her current position for less than two calendar years.

Irrespective of the method used to define the amount, payment thereof occurs according to the same methods provided for by the annual incentive system, defined in remuneration policies 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 provided for in Supervisory Provisions[56] of the Bank of Italy. Therefore issuing occurs as follows:

- for remaining staff, in cash and on a one-time basis;
- for identified staff (golden parachute):

[54] See Section III, paragraphs 2.2.2 and 2.2.3.
[55] Also applies to any similar roles (by way of example, change of position in the first line of management).
[56] See Section III, paragraphs 2.2.2 and 2.2.3.

- in an up-front portion, amounting to 60% in the event the amount is lower than the particularly high amount established in remuneration[57] policies in force on the award date, or 40% under all other circumstances;
- in five equal annual deferred portions, for senior identified staff, irrespective of the amount awarded, and for identified staff who report directly to the Chief Executive Officer of subsidiary Italian banks, in the event the awarded amount is equal or greater than the particularly high amount established in remuneration policies in force on the award date, or in three deferred portions in all remaining circumstances;
- the up-front portion is vested at the termination of employment, within the time limits envisaged by individual agreements; deferred portions are vested annually, the first becoming effective at least twelve months from the payment date of the up-front portion, and subsequent payments at an equal amount of time from the allocation of the previous amount;
- with reference to the up-front portion, amounting to 50% in cash and 50% in Banco BPM ordinary shares;
- with reference to each deferred portion the part in Banco BPM ordinary shares amounts to 55% in the event deferment is spread over five years, or 50% in remaining cases;
- there is a retention period (sale restriction) on vested shares of one year. For deferred portions, the retention period starts from the moment deferred remuneration is vested. The vesting of the share portions takes place at the same time as the respective cash portions, while actual transfer of ownership takes place at the end of the retention period. The carrying-book value of the allocated shares, both of up-front and deferred portions, is equal to the so-called "normal value", corresponding to the arithmetic mean of official prices revealed in the thirty calendar days preceding the date on which each share became available through their transfer to the recipient's portfolio. Any rights and/or dividends are only vested with reference to the period following the transfer to the recipient's securities portfolio;

- both for identified staff and remaining staff, only in the absence of ascertained fraudulent conduct or gross negligence committed by the terminated person. The ascertainment of such conduct, the assessment of the significance thereof is the remit of the Parent Company's Board of Directors, in the case of directly appointed persons, of the Chief Executive Officer of the Parent Company for remaining persons, determines the zeroing of portions which have not yet been paid (malus) and the return of previously paid ones (claw-back). This assessment takes into account a five year period starting from initial accrual.

[57] See paragraph 6.6.2

With specific reference to any non-competition clauses or notice period extension clauses in employment contracts of identified staff as well as of remaining staff, as of 2019 the following provisions apply, without prejudice to specific conditions set forth by Bank of Italy Supervisory Provisions[58]:

- the award process is the same as the one established for amounts for early termination of employment;
- monthly payment is subject to ascertainment of capital and liquidity adequacy conditions in force for early termination of employment amounts, as described in this paragraph;
- payment is also subject to the absence of fraudulent conduct or gross negligence. The seriousness of such conduct is assessed by the Parent Company Board of Directors, for subjects directly appointed by said body, or by the Chief Executive Office of the Parent company (or their proxy), for remaining persons (malus). Under such circumstances, amount restrictions may also be considered (claw-back). Both malus and claw-back act on the payment of amounts with reference to the year in which ascertainment occurs; claw-back may be exercised as of issuing and for the next five years;
- the annual amount issued to a person identified as belonging to the identified staff category is calculated within the upper limit of the variable/fixed remuneration ratio for each year;
- should the total amount awarded during the year to a person identified as identified staff be higher than the materiality threshold[59], it will be issued up to the equivalent amount of the up-front quota in cash for the full amount of awarded variable remuneration[60].

[58] See Section III, paragraphs 2.2.2 and 2.2.3.
[59] See paragraph 6.6.2
[60] Incentive, company bonus, LTI incentive (the latter when and if awarded).

SECTION II

Implementation of 2018 remuneration policies

Part 1 – Implementation of Remuneration Policies

1. Implementation of the remuneration policies in 2018

In the Banco BPM Banking Group (hereafter Group), the Parent Company's Human Resources, Risks, Planning and Control, Administration and Budget, Compliance and Corporate Affairs Secretary functions worked together, each for their fields of competence, to define the remuneration policies for 2018 (hereafter the 2018 Policy), in compliance with the regulatory provisions in force and in line with the Board of Directors' guidelines and the strategic objectives of the Group itself.

The 2018 Policy was defined by the Board of Directors and approved by the Ordinary General Shareholders' Meeting on 07 April 2018 and also transposed and approved by the relevant Corporate Bodies of the subsidiary companies and made available on the website www.bancobpm.it (*Corporate Governance* – Remuneration Policies Section).

Banco BPM – in its capacity as Parent Company – did not avail itself of external consultants for drawing up the 2018 Policy.

For definitions of terms used in Section II, please refer to the 2018 Policy.

1.1 Remuneration Committee

In 2018 the Committee met on nineteen occasions and all members attended. On average each meeting lasted approximately one hour.

The Committee: (i) acknowledged the results of the Job evaluation project, in line with managerial role mapping of the new organisation of Banco BPM; (ii) proposed introducing the maximum limit of up to 2:1 for the ratio between the variable and fixed components of remuneration for selected figures deemed to be strategic; (iii) examined the verification of conditions for accessing the variable component of remuneration for Group staff, for the implementation of the 2017 Policy; (iv) examined the Remuneration Plan based on shares - year 2017; (v) examined the 2018 Policy proposal and criteria for determining remuneration to be agreed in case of early termination of employment or early termination of office; (vi) examined the proposal for the Remuneration Plan based on shares: 2018 short-term incentive plan (annual); (vii) carried out an enquiry to verify performance levels achieved by the Chief Executive Officer with reference to objectives assigned for the year 2017; (viii) expressed its orientated on the remuneration of members of the Group's subsidiary banks and main subsidiary non-banking companies and carried out an enquiry into the renewal of compensation of the corporate bodies of ProFamily, Release and Banca Aletti; (ix) carried out enquiries to determine objectives of MBO 2018 of the CEO and relative maximum incentive; (x) fine-tuned the implementary interpretation of identification criteria for identified staff and the updating thereof; (xi) examined the MBO of identified staff; (xii) took part in the process for the appointment of new Audit and Compliance Managers, in coordination with the Internal Audit and Risks Committee and the Appointments Committee and played an advisory role with reference to remuneration to be awarded to two new Managers; (xiii) assessed the correct application of rules established by the 2017 Policy for variable remuneration of managers of company control functions; (xiv) carried out an enquiry to ascertain the maximum incentive to be associated with the short term incentive system of the General Manager, Co-General Managers and senior operational and executive managers of the Parent Company; (xv) analysed and assessed the extension of role allowances to additional roles, in compliance with provisions of the 2018 Policy; (xvi) received information from the Human Resources function on the drawing up of a final balance of the 2017 Incentive System and 2018 incentives of the Group's commercial network; (xvii) acknowledged the essential parts constituting the policy for identifying the risk takers and positively assessed the implemented process and the relative 2019 results; (xviii) received an extensive illustration of the main new contents of update 25 to Circular no. 285.

For the pursuit of its own activities it received all the information deemed necessary and the support of company functions involved. For 2018 it chose not to avail itself of external consultants.

As provided for by Committee Regulations and unless otherwise resolved, the following participated in Committee Meetings: the Risk Manager, the Compliance Manager and the Human Resources Manager. The Committee also invited other managers of the Bank, according to the Agenda discussed on a time to time basis.

The Statutory Auditor, specifically appointed to this effect, attended Committee meetings, without prejudice to the right of all members of the Statutory board of auditors to attend meetings, as established by Regulations.

1.2 Identification of the Group’s identified staff

The process for identifying identified staff was implemented via the combined application of qualitative and quantitative criteria – the Regulatory Technical Standards – produced by the European Bank Authority (RTS[61]), and also with the adoption of an internal criterion to identify the top identified staff[62].

The Human Resources function of the Parent Company coordinated the activities, involving the Compliance, Organisation, Risks and Planning and Control functions, each for their fields of

[61] EU Regulation no. 604/2014.

[62] Top identified staff: the CEO, General Manager, Co-General Managers and Managers in the first line of management of the Parent Company, the CEO, General Manager, Co-General Manager and Deputy General Manager (when present) of Banca Popolare di Milano, Aletti & C. Banca d’Investimento Mobiliare, Banca Akros, ProFamily and Società Gestione Servizi BP.

competence, of the Parent Company. The process, implemented at Group level, regarded all Group companies, and envisaged an assessment carried at company level for the Italian banks by the Parent Company (by virtue of existing outsourcing contracts) and took account of the organisational positions, the hierarchical levels, the remuneration brackets and the impact on the risks of all Group staff.

The perimeter of identified staff is updated on a quarterly basis.
For 2018, 208 people were identified as identified staff at Group level, corresponding to around 0.9% of staff, broken down into the following categories:

- top identified staff - 42 people, of which:
    - 35 not belonging to internal control functions;
    - 7 belonging to internal control functions.
- other identified staff - 166 people, of which:
    - 151 not belonging to internal control functions;
    - 15 belonging to internal control functions.

Specifically 153 persons were identified in the Parent Company, 29 in Banca Akros and 17 in Banca Aletti.
In relation to the individuals identified based solely on quantitative criteria, the Parent Company did not adopt the exclusion procedure, as defined in Decision (EU) 2015/2218 of the European Central Bank dated 20 November 2015.

For newly identified persons, the Parent Company Human Resources function also (a) sent an individual letter in which it informed each person that he/she had been identified as identified staff, (b) requested a statement of commitment, in compliance with the applicable legislation and the policies of the Banco BPM Group regarding remuneration and incentives, not to adopt strategies of personal hedging or insurance on remuneration or on any other aspect that may alter or invalidate the risk-alignment effects of remuneration mechanisms and (c) for employees, it send a specific notification regarding the fact that the matter of remuneration is subject to specific Regulatory and Supervisory provisions, as well as to company Policies, in force from time to time, and to the legislative provisions that regulate the system; the latter notification represented (where necessary and as far as necessary) an adjustment of the individual employment contracts to bring them in line with the afore-mentioned legislation, as any departures or individual agreements that are considered non-compliant are to be considered as being replaced by law.

1.3 2018 Incentive System

In 2018, the incentive system in the Group was activated, in accordance with 2018 Policy provisions and in consideration of the business and/or organisational characteristics of each Group company.

For identified staff identified on the basis of their responsibilities receiving bonuses and for specific staff of the sales networks the MBO (Management by Objectives) method of appraisal was adopted, which envisaged the assignment, when starting the system, of individual and/or team objectives to compare with results achieved at the end of the year. In the remaining cases, the method of assessing performance via Managerial Appraisal was adopted, which entailed each manager informing his workers of the qualitative/quantitative objectives of the department/office and the assessment criteria of the same.

Each MBO included both performance objectives (economic, project-related or efficiency) and qualitative ones (customer satisfaction, the percentage of complaints, professional and/or managerial quality appraisal, compliance with the rules and regulations on controls and due diligence).

In addition, with regard to risk containment, the incentive system envisaged the assignment of an objective regarding the control of credit risk profiles to the sales networks, and for identified staff, the assignment of risk-based or risk-adjusted KPIs.

2. Information on remuneration

2.1 Remuneration paid to members of Corporate Bodies of the Parent Company and of the Group's subsidiary companies

The remuneration policy implemented in 2018 for members of the Corporate Bodies of the Parent Company and of subsidiary companies did not involve the payment of any variable component associated with the incentive systems to members of Boards of Directors without individual contracts.

The total amount of remuneration of the Chairman of the Body with the function of strategic supervision of each of the Group banks did not exceed the fixed remuneration paid to the respective heads of the Body with management function. This policy therefore conformed to the current Bank of Italy Supervisory Provisions.

The following paragraphs provide the details of the remuneration amounts paid.

2.1.1 Remuneration paid to members of the Board of Directors and Executive Committee

In 2018, the members of the Board of Directors, without specific individual contracts, received fixed remuneration differentiated according to their respective offices held on the Board itself (Chairman and Director) and on any Board Committees (Chairman and Committee Member).

In connection with the approval of the merger between the former Banco Popolare Soc. Coop. and the former Banca Popolare di Milano Scarl, the corresponding Shareholders' Meetings held on

15 October 2016 decided to award the following fixed payments to the Board of Directors of Banco BPM, for the full period of their office (financial years 2017-2018-2019), to be allocated on a pro rata temporis basis in relation to their actual term in office:

- gross annual emolument of 110,000 euro payable to each member of the Board,
- additional gross annual emolument of 50,000 euro for each member of the Executive Committee,

in addition to the cost of third-party insurance cover for members of the Board of Directors.

For directors holding specific offices, in accordance with the provisions of article 22 of the Bylaws, the Board of Directors, on the proposal of the Remuneration Committee and having considered the opinion of the Board of Statutory Auditors, at a meeting held on 17 April 2018, established the following additional fixed components for the period that will end on the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2018:

- a gross annual emolument of 450,000 euro payable for the office of Chairman of the Board of Directors;
- a gross annual emolument of 180,000 euro payable for the office of Senior Deputy Chairman of the Board of Directors;
- a gross annual emolument of 140,000 euro payable for the office of Deputy Chairman of the Board of Directors;
- a gross annual emolument of 160,000 euro payable for the office of Chairman of the Executive Committee;
- a gross annual emolument of 90,000 euro payable for the office of Chairman of the Internal Audit and Risks Committee;
- a gross annual emolument of 45,000 euro payable for the office of member of the Internal Audit and Risks Committee;
- a gross annual emolument of 10,000 euro payable for the office of Chairman of the Related Parties Committee;
- a gross annual emolument of 5,000 euro payable for the office of member of the Related Parties Committee;
- a gross annual emolument of 20,000 euro payable for the office of Chairman of the Appointments Committee;
- a gross annual emolument of 10,000 euro payable for the office of member of the Appointments Committee;
- a gross annual emolument of 20,000 euro payable for the office of Chairman of the Remuneration Committee;
- a gross annual emolument of 10,000 euro payable for the office of member of the Remuneration Committee;

to be paid in relation to the term of the role or responsibility of members concerned.
A third-party insurance policy and a cumulative occupational accidents policy are planned for members of the Board of Directors. For the sake of completeness of information, it is also noted that a life insurance policy in favour of the current Chairman of the Board of Directors is in effect.
Neither variable components of the remuneration nor end-of-term in office payments have been envisaged for members of the Board of Directors without individual contracts.
The Chairman of the Board of Director's emolument did not exceed the fixed remuneration collected by the Chief Executive Officer or the General Manager.
Gross annual remuneration (GAR) of the CEO approved at the Board of Directors meeting held on 14th March 2017, as proposed by the Remuneration Committee and with the favourable vote of all members of the Board of Statutory Auditors - determined that fixed remuneration of the CEO remained unchanged, in accordance with article 2389 of the Italian Civil Code and article 22.1 of the Bylaws.
With reference to objectives (Management By Objectives - MBO), in 2018 the Board of Directors resolved to award the Parent Company Chief Executive Officer the maximum incentive associated with the short-term incentive system, equal to Gross Annual Pay (GAR), upon the achievement of maximum performance levels established by the MBO[63].
The CEO, a Group employee, was awarded the benefits envisaged for Group managers.

2.1.2 Remuneration paid to members of the Board of Statutory Auditors

All members of the Board of Statutory Auditors are entitled – in addition to reimbursement of expenses incurred due to their office – to an annual remuneration, which is determined by the Shareholders' Meeting at the time of their appointment, at a fixed rate for the full term of their office.
In connection with the approval of the merger between the former Banco Popolare Soc. Coop. and the former Banca Popolare di Milano Scarl, the corresponding Shareholders' Meetings held on 15 October 2016 decided to award the following fixed remuneration to the Board of Statutory Auditors of Banco BPM, for the full period of their office (financial years 2017-2018-2019), to be paid on the basis of their actual term in office:

- a gross annual remuneration of 160,000 euro to the Chairman of the Board,
- a gross annual remuneration of 110,000 euro to every other standing statutory auditor,

in addition to the cost of third-party insurance cover for the members of the Board of Statutory Auditors.
A third-party insurance policy and cumulative occupational accidents policy are planned for members of the Board of Statutory Auditors.

[63] See paragraph 2.2.1 with reference to assigned MBO and *performance levels* achieved by the Chief Executive Officer.

With regard to the Bank of Italy Supervisory Provisions, members of the Board of Statutory Auditors shall not receive any variable components of remuneration.

The Board of Statutory Auditors is not currently granted powers pursuant to Art. 6.1 b, Italian Legislative Decree no. 231/2001; Board of Directors of Banco BPM, in their meeting on 10 January 2017, considering not to make use of the authorities laid out in paragraph 4-*bis* of the same article mentioned above, in fact appointed a specific Supervisory Body (SB), assigning it the task of monitoring, among other things, the supervision and functioning of the organisational, management and monitoring model, and also of updating of the consequent powers and duties.

The Parent Company's SB provides for the appointment of a statutory auditor among its members; an additional gross annual remuneration of 28,000 euro is therefore given to this person for the office fulfilled in the SB.

2.1.3 Remuneration paid to members of the Corporate Bodies of subsidiary companies

In 2018, in accordance with the principles stated by the Group's remuneration policies, fixed remuneration varied in relation to respective offices fulfilled within the body to which they belonged was paid to members of Corporate Bodies of subsidiary companies, as well as potential reimbursement for costs incurred due to their office and any attendance fees, where resolved by the respective Shareholders' Meetings.

For members of the Board of Directors without individual contracts, no variable remuneration component was envisaged or paid.

Employees of the Parent Company and the subsidiary companies received no remuneration for offices held to represent the Group in the Corporate Bodies of subsidiaries other than their own. Save as envisaged in the individual contracts, this remuneration was paid entirely to the relevant company by the company where the post was held.

To comply with the relevant provisions of the Bank of Italy, the remuneration policies defined for the members of the Boards of control did not envisage any variable component of remuneration associated with the incentive systems.

2.2 Variable remuneration to be paid in 2019

The Board of Directors of the Parent Company, with regard to the conditions envisaged in the 2018 Policy for access to the variable components of remuneration to be paid in 2019, on 6th February 2019, after acknowledging the opinion of the Remuneration Committee, verified the opening of the consolidated entry gates[64] for access to the 2018 bonus pool (National Labour Collective Agreement); this condition also determines the vesting in 2019 of the deferred portions of bonuses relating to previous years) and with regard to the incentive system.

[64] *Common Equity Tier 1 ratio* (CET1 *ratio*), *Liquidity Coverage Ratio* (LCR) profit from current operating activities before tax (net of non-recurring items).

During the same session the Board of Directors also verified the maximum measure of consolidated economic resources to be awarded to staff as part of the short term incentive system and company bonus (National Labour Collective Agreement), in application of the risk adjusted return adjustment factor[65]; this factor determined a reduction of approximately 15% of the incentive system's economic resources.

2.2.1 The 2018 incentive system for the Parent Company Chief Executive Officer

For 2018 performance objectives for the Chief Executive Officer regarded profitability, credit and asset quality, capital requirements, value created by the business for shareholders, qualitative aspects regarding management activity.

The amount of the incentive associated with 2018 objectives for the Chief Executive Officer can amount to a maximum of 100% of this gross annual remuneration (GAR), corresponding to maximum MBO performance.

With reference to effectively achieved performance[66] the incentive to be awarded amounts to approximately 88% of his GAR.

Here below please find the detail relating to the degree of achievement of the individual objectives assigned for the year 2018:

Area	Criterion	Objective	Weight	Performance level
Profitability	absolute	Profit from current operating activities before tax (net of non-recurring items)	20%	Partially achieved
Quality of credit and assets	absolute	Consolidated Gross NPL ratio[67]	15%	Higher than expected
Capital Requirements	relative[68]	Positioning of Banco BPM regarding the annual improvement of the OCR (Overall Capital Requirement as established in the SREP Decision 2018) in relative terms compared to the requirement of the previous year[67]	15%	Higher than expected
Value created by the company for shareholders	relative[68]	Positioning of Banco BPM regarding Total Shareholder Return (TSR - source *Bloomberg*)	30%	in line with expectations
Qualitative aspects regarding individual management activities	individual	Qualitative assessment of Chief Executive Officer management activities drawn up by the Chairman of the Board of Directors, following consultation with the Board itself	20%	Higher than expected

[65] Specifically, an adjustment factor, the size of which is proportional to the consolidated value of the Return on Risk Adjusted Capital (RORAC) profitability indicator obtained at the end of the financial year in comparison with the relevant Risk Trigger and Risk Appetite thresholds defined in the scope of the Risk Appetite Framework for the financial year in question, is applied to the bonus pool as illustrated below.
[66] *Ex ante* with respect to any equalisation.
[67] Risk-based Objective in Risk Appetite Framework
[68] Compared with similar bodies, as suggested by the EBA in its "Orientation regarding healthy remuneration policies" see point 194: "The measurement of absolute results must be established by the body based on its own strategy, including its risk profile and risk appetite. The measurement of relative results is required to compare results with similar internal persons (within the organisation) or external persons (similar bodies)."

2.2.2 Company bonus

The award of said bonus was correlated with conditions of the Group's economic sustainability in terms of capital and liquidity adequacy and profitability which, as illustrated in paragraph 2.2 here above, the Parent Company Board of Directors confirmed.

The agreement which defined the Company Bonus of the Banco BPM Group for the year 2018, stipulated within reference framework regulations (art. 48 National Labour Collective Agreement), will provide for the vesting of a pro capita amount of 700 euro in 2019, for staff in Professional Areas and in the Middle Management category (therefore excluding executive staff). The bonus can be allocated on the basis of individual choice criteria ("welfare" or "cash") established by tax legislation in force.

2.3 Other types of remuneration

2.3.1 Welfare payment

The significant and active involvement of employees in the implementary phase of the Group integration process also provided a basis for defining a reward for staff in Professional Areas or Middle Management (therefore excluding executive staff), amounting to 150 euro per capita, of a non-monetary nature, exclusively exploitable for welfare purposes.

2.3.2 Merit measures

With regard to measures on remuneration aimed at finding a coherent relation between responsibility, professionalism, commitment, and level of remuneration of employees, in 2018, measures were taken on fixed remuneration corresponding to around 1.65 million euro (cost relating to 2018 on an annual basis).

2.3.3 Other remuneration measures

The opportunity to activate stability clauses, non-competition clauses and extension of notice period extension clauses, mainly with the aim of retaining staff who maintain primary contact with customers or which hold key positions in the organisation; these clauses provide for monthly payments, with continuity of employment.

In 2018, 55 new non-competition clauses and 7 new notice period extension clauses were activated, for a total cost of approximately 0.81 million (with reference to 2018, on an annual basis).

2.3.4 Welfare and other non-monetary benefits

In the overall framework of supplementary health and national insurance services and specifically within the scope of measures qualifying Group company welfare which aim to satisfy requirements of a social nature of staff and their family members, benefits of a non monetary nature occurred as follows:

- awarding of advantageous conditions to access banking and insurance services;
- phase in during 2019 and early 2020 of lunch voucher value;
- extension of the opportunity to use company catering services where present;
- confirmation of pre-existing regulations regarding benefits for disabled family members;
- the possibility for the children of staff to benefit from summer holiday camps and Christmas provisions.

Once more with reference to welfare measures, non-monetary benefits included economic subsidies for expenses incurred for prevention and treatment as well as protective measures against premature death or permanent invalidity of employees.

2.4 Welcome bonuses or severance paid to identified staff

in 2018 a welcome bonus of 75,000 euro was awarded to a newly appointed executive at the Group.

In 2018 twelve employees in the identified staff category terminated employment and no severance was recognised; in one case, a bank settlement provided for an amount as indemnity for lack of notice and therefore not "golden parachute".

With regard to the external directors of the Group, in 2018, there were five terminations of office without severance payments.

For detailed information please refer to the "Summary schedule referred to in Article 450 CRR (Regulation 2013/575 EU), paragraph 1, "h", subparagraphs v) and vi) – Remuneration at start and end of employment".

2.5 Focus on remuneration of over a million euro – as required by Article 450 CRR (Regulation 2013/575 EU), paragraph 1, letter "i"

With reference to total gross remuneration for the 2018 financial year, we report that one person was awarded an amount at least equal to euro 1 million (in the remuneration bracket from 2 to 2.5 million).

2.6 Focus on remuneration of members of the Management Board – required by article 450 CRR (Regulation 2013/575 EU), paragraph 2

For detailed information please refer to the "Summary schedule referred to in Article 450 CRR (Regulation 2013/575 EU), paragraph 1 "j".

3. Data transmission obligations

In 2018, the Parent Company fulfilled its obligations to transmit annually to the Bank of Italy data relative to remuneration[69], as established in the Communication of 7 October 2014[70], issued in accordance with Article 75 of CRD IV and according to the EBA Guidelines[71].

[69] See Circular no. 285/2013 as amended.
[70] See Bank of Italy Communication of 7 October 2014 regarding collection of remuneration data from banks and investment companies.
[71] GL 2014/07 "Guidelines on the data collection exercise regarding high earners" and GL 2014/08 "Guidelines on the remuneration benchmarking exercise" issued on 16 July 2014.

Part 2 – Information tables (gross amounts)

1. Information required by Bank of Italy Supervisory Provisions - Circular no. 285/2013, as amended, Part 1, Title IV, Chapter 2 "Remuneration and incentive policies and practices", Section VI "Information and data transmission obligations"(data referring to the Parent Company and the subsidiaries, as defined in the 2017 Policy)

Tables as required by art. 450 CRR (Regulation 2013/575 EU), paragraph 1, letter "g"
Aggregate quantitative information on remuneration, broken down by business areas (euro)

Business Areas (1)	Number of beneficiaries (2)	Fixed remuneration		Variable remuneration for 2018		
		Amount (3)	of which severance payments	Incentive	Company Bonus (National Labour Collective Agreement)	Welcome Bonus and Severance Payments
Members of the Management Body	15	4,804,058	11,252	1,280,661		75,000
Members of the Management Body in its supervisory function	52	3,488,789				
Investment Banking	1,773	122,131,259	130,233	7,192,141	1,035,724	92,207
Retail banking	17,333	876,022,254	437,277	32,011,659	10,964,745	397,554
Asset management	29	1,851,381	38	127,547	17,500	
Corporate functions	3,475	192,471,471	211,822	6,880,152	2,149,579	13,529
Internal control functions	533	34,255,660	40,682	1,284,663	317,361	
Others	178	8,864,390	8,301	389,842	44,757	
Total	**23,388**	**1,243,889,262**	**839,606**	**49,166,667** (4)	**14,529,667**	**578,290**

Notes:
(1) Pursuant to EBA orientations on the exercise of benchmarking for remuneration purposes.
(2) Staff who in 2018 were awarded remuneration based on work performance during the year belonging at companies belonging to the Banking Group (number of persons).
(3) Fixed remuneration 2018 includes remuneration items as defined in the 2018 Policy.
(4) Maximum amount that can be awarded to staff. Division into business areas was calculated using estimation criteria. Any portions of incentives from previous years due in the year are not included.

Table as required by art. 450 CRR (Regulation 2013/575 EU), paragraph 1, letter "h", sub i) and ii)
Fixed and variable remuneration components (euro)

Risk takers identified for the year	Fixed remuneration		Incentive system for 2018 (*)								Company Bonus (National Labour Collective Agreement)
					of which up front portion			of which deferred portions			
	Number of beneficiaries (1)	Amount (2)	Number of beneficiaries	Total amount	Cash	Shares (3)	Other instruments	Cash	Shares (3)	Other instruments	
Members of the Management Body	12	4,454,933	3	1,277,033	277,070	277,070		361,447	361,447		
Members of the Manag. Body in its supervisory function	30	3,109,816									
Investment Banking	47	8,945,981	33	2,097,271	953,709	490,098		326,732	326,732		7,467
Retail banking	78	12,421,698	39	1,627,272	1,022,191	259,321		172,880	172,880		16,800
Asset management											
Corporate functions	21	5,136,641	16	939,111	292,003	219,566		213,771	213,771		700
Internal control functions	18	2,811,129	13	415,535	230,535	79,285		52,857	52,857		3,500
Others	2	327,395	1	42,550	42,550						
Total	**208**	**37,207,592**	**105**	**6,398,772**	**2,818,058**	**1,325,340**		**1,127,687**	**1,127,687**		**28,467**
of which "Senior Management"	*16*	*4,645,529*	*14*	*1,679,707*	492,351	451,101		368,128	368,128		

Notes:
(1) Staff who in 2018, even for a fraction of the year, belonged to the category of identified staff of the Banking Group (number of persons).
(2) Fixed remuneration 2018 includes remuneration items as defined in the 2018 Policy.
(3) Countervalue in euro.
(*) Best estimate on date of Report publication, *ex ante* compared to any equalisation.

Table as required by art. 450 CRR (Regulation 2013/575 EU), paragraph 1, letter "h", sub iii) and iv)
Deferred portions of variable remuneration (euro)

Risk takers identified for the year (1)	Deferred portions of variable remuneration relating to previous years					
	vested in 2019		not vested (malus) (2)		vesting from 2020	
	of which monetary	of which shares (number)	of which monetary	of which shares (number)	of which monetary	of which shares (number)
Members of the Management Body	392,270	88,068	91,069	14,808	561,850	194,955
Members of the Management Body in its supervisory function	13,716	960				
Investment Banking	406,441	72,116			206,411	73,118
Retail banking	403,198	53,018	50,685	12,962	103,997	40,865
Asset management						
Corporate functions	205,564	40,568	142,449	19,706	214,537	81,232
Internal control functions	117,603	14,548	53,056	4,140	25,535	7,342
Others			7,335	2,389		
Total	**1,538,792**	**269,278**	**344,594**	**54,005**	**1,112,330**	**397,512**
of which "Senior Management"	*353,588*	*77,647*	*107,020*	*14,826*	*302,492*	*117,194*

Notes:
(1) Staff who in 2018, even for a fraction of the year, belonged to the category of identified staff of the Banking Group.
(2) Residual deferred portions (monetary and shares) which (i) will not be awarded following termination of employment or (ii) currently not allocated following precautionary removal from service.

Table as required by Article 450 CRR (Regulation 2013/575 EU), paragraph 1, letter "h", sub v) and vi)

Welcome bonus and severance payments (euro)

Risk takers identified for the year (1)	Welcome bonus		Severance payments						
	vested in 2018		awarded in 2018				paid in 2018		
	Number of beneficiaries	total amount	Number of beneficiaries	total awarded amount	of which variable	highest amount	Number of beneficiaries	total amount	of which variable
Members of the Management Body	1	75,000	1	11,252		11,252	1	11,252	
Members of the Management Body in its supervisory function									
Investment Banking									
Retail banking			1	366		366			
Asset management									
Corporate functions			3	2,078		1,703	2	1,715	
Internal control functions			2	7,133		7,000	1	7,000	
Others			1	2,955		2,955	1	2,955	
Total	**1**	**75,000**	**8**	**23,785**	**-**		**5**	**22,922**	**-**
of which "Senior Management"	1	75,000							

Notes:

(1) Staff hired or terminated in 2018 and who belonged to the category of identified staff of the Banking Group.

Table as required by art. 450 CRR (Regulation 2013/575 EU), paragraph 1, letter "j"
Total remuneration for the Chairman of the management body in its supervisory function and for each member of the management body, for the General Manager, the Co-General Managers and the Deputy General Managers (euro)

For information on total remuneration of the Chairman of the body with strategic supervisory functions, each member of the body with management function, the General Manager and Co-General Managers of Banco BPM, please refer to tables here below as required by Issuers' Regulations.

Surname and Name	Office held	Company	Period in which office was held	Total remuneration for the office held during the period
Tarantini Graziano	Chairman of the Board of Directors	Banca Akros	01/01/2018 - 31/12/2018	150,000
Turrina Marco Federico	CEO - General Manager	Banca Akros	01/01/2018 - 31/12/2018	623,126 (*)
Coda Vittorio	Chairman of the Board of Directors	Aletti & C.Banca Investimento Mobiliare	01/01/2018 - 06/04/2018	39,452
Ambrosoli Umberto	Chairman of the Board of Directors	Aletti & C.Banca Investimento Mobiliare	06/04/2018 - 31/12/2018	110,068
Zancanaro Maurizio	Chief Executive Officer	Aletti & C.Banca Investimento Mobiliare	01/01/2018 - 25/10/2018	339,576
Varaldo Alessandro	Chief Executive Officer	Aletti & C.Banca Investimento Mobiliare	05/11/2018 - 31/12/2018	132,932

(*) including the entire 2018 incentive estimated as a maximum amount which can be awarded on the date of Report publication. In compliance with the 2018 Policy, 40% of the incentive is deferred over three years: single portions will be vested in 2020, 2021 and 2022, subject to ascertainment of entry conditions required on a time to time basis.

2. Tables complying with the provisions of CONSOB Resolution 11971/1999, as amended by CONSOB Resolution 18049/2011 (second part of section II of schedule 7-*bis*)

Table 1 – Remuneration paid to the members of management and supervisory boards, general managers and other executives with strategic responsibilities

Remuneration paid to members of the Board of Directors (euro)

(A)	(B)	(C)	(D)	(1)						(2)			(3)		(4)	(5)	(6)	(7)	(8)
Surname and name	Office held	Period in which office was held	Period over which office was held	Fixed remuneration						Remuneration for participation in committees			Variable non equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration (2)	Severance payments
				Emoluments resolved by the Shareholder's Meeting	Attendance fees	Lump sum refunds	Remuneration pursuant to Art. 2389	Fixed employment remuneration	Total	Fixed remuneration	Attendance fees	Total	Bonuses and other incentives (1)	Profit sharing					
FRATTA PASINI CARLO	Chairman of the Board of Directors	01/01/2018-31/12/2018	approv. 2019 Financial Statements				450.000		450.000								450.000		
	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Chairman of the Charitable Donations Committee	01/01/2018-31/12/2018	approv. 2018 Financial Statements																
(I) Remuneration in company which draws up the financial statements				**110.000**			**450.000**		**560.000**								**560.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**			**450.000**		**560.000**								**560.000**		
PAOLONI MAURO	Senior Deputy Chairman of the Board of Directors	01/01/2018-31/12/2018	approv. 2019 Financial Statements				180.000		180.000								180.000		
	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Executive	01/01/2018-31/12/2018	same duration as BoD	50.000					50.000								50.000		
	Member of the Charitable Donations Committee	27/03/2018-31/12/2018	approv. 2018 Financial Statements																
(I) Remuneration in company which draws up the financial statements				**160.000**			**180.000**		**340.000**								**340.000**		
	Chairman of the Board of Directors BIPIEMME VITA S.p.A.	01/01/2018-31/12/2018	approv. 2019 Financial Statements	15.000	2.250		25.000		42.250								42.250		
	Member of the Control and Risk Committee BIPIEMME VITA S.p.A.	01/01/2018-31/12/2018	approv. 2019 Financial Statements								1.000	1.000					1.000		
	Chairman of the Board of Directors BIPIEMME ASSICURAZIONI S.p.A.	01/01/2018-31/12/2018	approv. 2019 Financial Statements	10.000	2.000		20.000		32.000								32.000		
	Member of the Control and Risk Committee BIPIEMME ASSICURAZIONI S.p.A.	01/01/2018-31/12/2018	approv. 2019 Financial Statements								1.000	1.000					1.000		
(II) Remuneration from subsidiaries and associates				**25.000**	**4.250**		**45.000**		**74.250**		**2.000**	**2.000**					**76.250**		
(III) Total				**185.000**	**4.250**		**225.000**		**414.250**		**2.000**	**2.000**					**416.250**		

(A) Surname and name	(B) Office held	(C) Period in which office was held	(D) Period over which office was held	(1) Fixed remuneration: Emoluments resolved by the Shareholder's Meeting	(1) Attendance fees	(1) Lump sum refunds	(1) Remuneration pursuant to Art. 2389	(1) Fixed employment remuneration	(1) Total	(2) Remuneration for participation in committees: Fixed remuneration	(2) Attendance fees	(2) Total	(3) Variable non equity remuneration: Bonuses and other incentives (1)	(3) Profit sharing	(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair Value of equity remuneration (2)	(8) Severance payments
CASTELLOTTI GUIDO	Deputy Chairman of the Board of Directors	01/01/2018-31/12/2018	approv. 2019 Financial Statements				140.000		140.000								140.000		
	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Executive Committee	01/01/2018-31/12/2018	same duration as BoD	50.000					50.000								50.000		
(I) Remuneration in company which draws up the financial statements				**160.000**			**140.000**		**300.000**								**300.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**160.000**			**140.000**		**300.000**								**300.000**		
COMOLI MAURIZIO	Deputy Chairman of The Board of Directors	01/01/2018-31/12/2018	approv. 2019 Financial Statements				140.000		140.000								140.000		
	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Executive Committee	01/01/2018-31/12/2018	same duration as BoD	50.000					50.000								50.000		
(I) Remuneration in company which draws up the financial statements				**160.000**			**140.000**		**300.000**								**300.000**		
	Director VERA ASSICURAZIONI S.p.A. (former AVIPOP ASSICURAZIONI S.p.A.)	01/01/2018-28/03/2018	28/03/2018	2.466					2.466								2.466		
	Director VERA PROTEZIONE S.p.A. (former AVIPOP VITA S.p.A.)	01/01/2018-28/03/2018	28/03/2018	2.466					2.466								2.466		
	Chairman VERA ASSICURAZIONI SpA (former AVIPOP ASSICURAZIONI SpA)	29/03/2018-31/12/2018	approv. 2020 Financial Statements	3.767			15.069		18.836								18.836		
	Chairman VERA PROTEZIONE SpA (former AVIPOP VITA SpA)	29/03/2018-31/12/2018	approv. 2020 Financial Statements	3.767			15.069		18.836								18.836		
(II) Remuneration from subsidiaries and associates				**12.466**			**30.137**		**42.603**								**42.603**		
(III) Total				**172.466**			**200.274**		**342.603**								**342.603**		
CASTAGNA GIUSEPPE	Chief Executive Officer	01/01/2018-31/12/2018	approv. 2019 Financial Statements					1.200.000	1.200.000				380.680		51.688 (a)		1.632.368	620.680	
	Member of the Executive Committee	01/01/2018-31/12/2018	same duration as BoD																
(I) Remuneration in company which draws up the financial statements								**1.200.000**	**1.200.000**				**380.680**		**51.688**		**1.632.368**	**620.680**	
	Chief Executive Officer ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.p.A.	26/10/2018-04/11/2018	04/11/2018	(b)															
	Director ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.p.A.	06/04/2018-31/12/2018	approv. 2020 Financial Statements	(b)															
(II) Remuneration from subsidiaries and associates																			
(III) Total								**1.200.000**	**1.200.000**				**380.680**		**51.688**		**1.632.368**	**620.680**	

(A) Surname and name	(B) Office held	(C) Period in which office was held	(D) Period over which office was held	(1) Fixed remuneration: Emoluments resolved by the Shareholder's Meeting	(1) Attendance fees	(1) Lump sum refunds	(1) Remuneration pursuant to Art. 2389	(1) Fixed employment remuneration	(1) Total	(2) Remuneration for participation in committees: Fixed remuneration	(2) Attendance fees	(2) Total	(3) Variable non equity remuneration: Bonuses and other incentives (1)	(3) Profit sharing	(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair Value of equity remuneration (2)	(8) Severance payments
ANOLLI MARIO	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Related Parties Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							5.000		5.000					5.000		
	Deputy Chairman of the Charitable Donations Committee	01/01/2018-31/12/2018	approv. 2018 financial statements																
	Chairman of the Internal Audit and Risks Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							90.000		90.000					90.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**95.000**		**95.000**					**205.000**		
	Deputy Chairman SOCIETA' GESTIONE SERVIZI BP S.c.p.a.	01/01/2018-31/12/2018	approv. 2018 Financial Statements	10.000			15.000		25.000								25.000		
	Chairman of The Board of Directors VERA Vita S.p.A. (formerly Popolare Vita S.p.A.)	29/03/2018-31/12/2018	approv. 2020 financial statements	3.425			17.123		20.548								20.548		
(II) Remuneration from subsidiaries and associates				**13.425**			**32.123**		**45.548**								**45.548**		
(III) Total				**123.425**			**32.123**		**155.548**	**95.000**		**95.000**					**250.548**		
CERQUA MICHELE	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of Appointments Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							10.000		10.000					10.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**10.000**		**10.000**					**120.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**	**10.000**		**10.000**					**120.000**		
D'ECCLESIA RITA LAURA	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Internal Audit and Risks Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							45.000		45.000					45.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**45.000**		**45.000**					**155.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**	**45.000**		**45.000**					**155.000**		
FRASCAROLO CARLO	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Chairman Appointments Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							20.000		20.000					20.000		
	Member of the Charitable Donations Committee	01/01/2018-31/12/2018	approv. 2018 Financial Statements																
	Member of the Internal Audit and Risks Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							45.000		45.000					45.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**65.000**		**65.000**					**175.000**		
	Chairman PROFAMILY S.p.A.	01/01/2018-31/12/2018	Approv. 2020 Financial Statements	15.000	750		35.000		50.750								50.750		
(II) Remuneration from subsidiaries and associates				**15.000**	**750**		**35.000**		**50.750**								**50.750**		
(III) Total				**125.000**	**750**		**35.000**		**160.750**	**65.000**		**65.000**					**225.750**		

(A) Surname and name	(B) Office held	(C) Period in which office was held	(D) Period over which office was held	(1) Fixed remuneration: Emoluments resolved by the Shareholder's Meeting	(1) Attendance fees	(1) Lump sum refunds	(1) Remuneration pursuant to Art. 2389	(1) Fixed employment remuneration	(1) Total	(2) Remuneration for participation in committees: Fixed remuneration	(2) Attendance fees	(2) Total	(3) Variable non equity remuneration: Bonuses and other incentives (1)	(3) Profit sharing	(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair Value of equity remuneration (2)	(8) Severance payments
GALBIATI PAOLA ELISABETTA MARIA	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of Remuneration Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							10.000		10.000					10.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**10.000**		**10.000**					**120.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**	**10.000**		**10.000**					**120.000**		
GALEOTTI CRISTINA	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Charitable Donations Committee	27/03/2018-31/12/2018	approv. 2018 Financial Statements																
	Chairman of Related Parties Committee	04/08/2018-31/12/2018	approv. 2019 Financial Statements							4.083		4.083 (c)					4.083		
	Member of Appointments Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							10.000		10.000					10.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**14.083**		**14.083**					**124.083**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**	**14.083**		**14.083**					**124.083**		
GOLO MARISA	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Related Parties Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							5.000		5.000					5.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**5.000**		**5.000**					**115.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**	**5.000**		**5.000**					**115.000**		
LONARDI PIERO SERGIO	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Charitable Donations Committee	27/03/2018-31/12/2018	approv. 2018 Financial Statements																
	Member of the Executive Committee	01/01/2018-31/12/2018	same duration as BoD	50.000					50.000								50.000		
(I) Remuneration in company which draws up the financial statements				**160.000**					**160.000**								**160.000**		
	Director of BIPIEMME ASSICURAZIONI S.p.A.	01/01/2018-31/12/2018	approv. 2019 Financial Statements	10.000	2.000				12.000								12.000		
(II) Remuneration from subsidiaries and associates				**10.000**	**2.000**				**12.000**								**12.000**		
(III) Total				**170.000**	**2.000**				**172.000**								**172.000**		
PEDROLLO GIULIO	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Charitable Donations Committee	01/01/2018-31/12/2018	approv. 2018 Financial Statements																
	Member of Appointments Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							10.000		10.000					10.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**10.000**		**10.000**					**120.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**	**10.000**		**10.000**					**120.000**		

(A)	(B)	(C)	(D)	(1)						(2)			(3)		(4)	(5)	(6)	(7)	(8)
Surname and name	Office held	Period in which office was held	Period over which office was held	Fixed remuneration						Remuneration for participation in committees			Variable non equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration (2)	Severance payments
				Emoluments resolved by the Shareholder's Meeting	Attendance fees	Lump sum refunds	Remuneration pursuant to Art. 2389	Fixed employment remuneration	Total	Fixed remuneration	Attendance fees	Total	Bonuses and other incentives (1)	Profit sharing					
RAVANELLI FABIO	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Remuneration Committee (Chairman)	01/01/2018-31/12/2018	approv. 2019 Financial Statements							20.000		20.000					20.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**20.000**		**20.000**					**130.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**	**20.000**		**20.000**					**130.000**		
SAVIOTTI PIER FRANCESCO (3)	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member and Chairman of Executive Committee	01/01/2018-31/12/2018	same duration as BoD	50.000			160.000		210.000								210.000		
(I) Remuneration in company which draws up the financial statements				**160.000**			**160.000**		**320.000**								**320.000**		
	Director BANCA AKROS S.p.A.	01/01/2018-31/12/2018	Approv. 2019 Financial Statements	20.000					20.000								20.000		
(II) Remuneration from subsidiaries and associates				**20.000**					**20.000**								**20.000**		
(III) Total				**180.000**			**160.000**		**340.000**								**340.000**		
SOFFIENTINI MANUELA	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of Remuneration Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							10.000		10.000					10.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**10.000**		**10.000**					**120.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**	**10.000**		**10.000**					**120.000**		
TORRICELLI COSTANZA	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Related Parties Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							5.000		5.000					5.000		
	Member of the Charitable Donations Committee	01/01/2018-31/12/2018	approv. 2018 Financial Statements																
	Member of the Internal Audit and Risks Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							45.000		45.000					45.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**50.000**		**50.000**					**160.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**	**50.000**		**50.000**					**160.000**		
ZUCCHETTI CRISTINA	Director	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Chairman of Related Parties Committee	01/01/2018-03/08/2018	03/08/18							5.917		5.917					5.917 (d)		
	Member of Remuneration Committee	01/01/2018-31/12/2018	approv. 2019 Financial Statements							10.000		10.000					10.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**15.917**		**15.917**					**125.917**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**	**15.917**		**15.917**					**125.917**		

Notes:

(1) This value corresponds to what is specified in Table 3B regarding the sum of: (i) disbursable bonus portions for the year; (ii) disbursable bonus portions for previous years; (iii) other bonuses.

(2) These values correspond to what is specified in Table 3A regarding the "Fair Value" of financial instruments for the year and also includes the fair value of shares with reference to the long term incentive system 2017-2019 (LTI), as estimated in the 2018 Financial Statements. **Recipients of the LTI system are not yet the legal owners of relative shares** and will only come into the ownership thereof following the outcome of verifications carried out during the vesting period. Said verifications may determine the reduction or even zeroing of shares: in 2020 verification of entry gates 2019 and performance levels achieved during the three-year period 2017-2019; in 2021, 2022 and 2023 verification, respectively, of consolidated entry gates 2020, 2021 and 2022.

(3) As specified in tables 3A and 3B, in 2019 the deferred portion of the 2015 incentive system will be vested for the position held by Mr. Pier Francesco Saviotti in the former Banco Popolare Group.

(a) Total amount for pension fund, health care, car, accident insurance.

(b) Remuneration paid by the Company to Banco BPM S.p.A.

(c) Appointed by the Board of Directors 3rd August 2018, to replace the resigning Ms Cristina Zucchetti.

(d) Resigned on August 3rd 2018.

Table 1 – Remuneration paid to the members of management and supervisory boards, general managers and other executives with strategic responsibilities

Remuneration paid to members of the Board of Statutory Auditors (euro)

(A)	(B)	(C)	(D)	(1)						(2)			(3)		(4)	(5)	(6)	(7)	(8)
Surname and name	**Office held**	**Period in which office was held**	**Period over which office was held**	**Fixed remuneration**						**Remuneration for participation in committees**			**Variable non equity remuneration**		**Non-monetary benefits**	**Other remuneration**	**Total**	**Fair Value of equity remuneration**	**Severance payments**
				Emoluments resolved by the Shareholder's Meeting	**Attendance fees**	**Lump sum refunds**	**Remuneration pursuant to Art. 2389**	**Fixed employment remuneration**	**Total**	**Fixed remuneration**	**Attendance fees**	**Total**	**Bonuses and other incentives**	**Profit sharing**					
PRIORI MARCELLO	Chairman of the Board of Statutory Auditors	01/01/2018-31/12/2018	approv. 2019 Financial Statements	160.000					160.000								160.000		
(I) Remuneration in company which draws up the financial statements				**160.000**					**160.000**								**160.000**		
	Chairman of the Board of Statutory Auditors BANCA AKROS S.p.A.	01/01/2018-31/12/2018	Approv. 2018 Financial Statements	45.900					45.900								45.900		
	Standing Auditor ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.p.A.	01/01/2018-31/12/2018	Approv. 2020 Financial Statements	35.000					35.000								35.000		
	Chairman of the Board of Statutory Auditors BIPIEMME VITA S.p.A.	01/01/2018-31/12/2018	Approv. 2019 Financial Statements	50.000					50.000								50.000		
	Standing Auditor BIPIEMME ASSICURAZIONI S.p.A.	01/01/2018-31/12/2018	Approv. 2019 Financial Statements	16.000					16.000								16.000		
(II) Remuneration from subsidiaries and associates				**146.900**					**146.900**								**146.900**		
(III) Total				**306.900**					**306.900**								**306.900**		
MOSCONI MARIA LUISA	Standing Auditor	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**								**110.000**		
	Standing Auditor BANCA AKROS S.p.A	16/05/2018-31/12/2018	Approv. 2018 Financial Statements	18.863					18.863								18.863		
(II) Remuneration from subsidiaries and associates				**18.863**					**18.863**								**18.863**		
(III) Total				**128.863**					**128.863**								**128.863**		

(A) Surname and name	(B) Office held	(C) Period in which office was held	(D) Period over which office was held	(1) Fixed remuneration: Emoluments resolved by the Shareholder's Meeting	(1) Fixed remuneration: Attendance fees	(1) Fixed remuneration: Lump sum refunds	(1) Fixed remuneration: Remuneration pursuant to Art. 2389	(1) Fixed remuneration: Fixed employment remuneration	(1) Fixed remuneration: Total	(2) Remuneration for participation in committees: Fixed remuneration	(2) Remuneration for participation in committees: Attendance fees	(2) Remuneration for participation in committees: Total	(3) Variable non equity remuneration: Bonuses and other incentives	(3) Variable non equity remuneration: Profit sharing	(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair Value of equity remuneration	(8) Severance payments
ERBA GABRIELE CAMILLO	Standing Auditor	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**								**110.000**		
	Standing Auditor RELEASE S.p.A.	01/01/2018-31/12/2018	Approv. 2020 Financial Statements	10.000					10.000								10.000		
	Member of Supervisory Board pursuant to Italian Legislative Decree 231/01 RELEASE S.p.A.	01/01/2018-31/12/2018	Approv. 2020 Financial Statements							500		500					500		
	Standing Auditor ALBA LEASING S.p.A.	01/01/2018-31/12/2018	Approv. 2019 Financial Statements	25.000	25.000				50.000								50.000		
	Standing Auditor BP PROPERTY MANAGEMENT Scrl	01/01/2018-31/12/2018	Approv. 2019 Financial Statements	10.000					10.000								10.000		
	Member of Supervisory Board pursuant to Italian Legislative Decree 231/01 BP PROPERTY MANAGEMENT Scrl	01/01/2018-31/12/2018	approv. 2019 Financial Statements							500		500					500		
(II) Remuneration from subsidiaries and associates				**45.000**	**25.000**				**70.000**	**1.000**		**1.000**					**71.000**		
(III) Total				**155.000**	**25.000**				**180.000**	**1.000**		**1.000**					**181.000**		
ROSSI CLAUDIA	Standing Auditor	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**								**110.000**		
(II) Remuneration from subsidiaries and associates																			
(III) Total				**110.000**					**110.000**								**110.000**		

(A)	(B)	(C)	(D)	(1)						(2)			(3)		(4)	(5)	(6)	(7)	(8)
Surname and name	Office held	Period in which office was held	Period over which office was held	Fixed remuneration						Remuneration for participation in committees			Variable non equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Severance payments
													Bonuses and other incentives	Profit sharing					
				Emoluments resolved by the Shareholder's Meeting	Attendance fees	Lump sum refunds	Remuneration pursuant to Art. 2389	Fixed employment remuneration	Total	Fixed remuneration	Attendance fees	Total							
ALFONSO SONATO	Standing Auditor	01/01/2018-31/12/2018	approv. 2019 Financial Statements	110.000					110.000								110.000		
	Member of the Supervisory Board pursuant to Italian Legislative Decree 231/01	01/01/2018-31/12/2018	approv. Financial Statements 2019 (up to term of office as Standing Auditor)							28.000		28.000					28.000		
(I) Remuneration in company which draws up the financial statements				**110.000**					**110.000**	**28.000**		**28.000**					**138.000**		
	Chairman of the Board of Statutory Auditors ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.P.A.	01/01/2018-31/12/2018	Approv. 2020 Financial Statements	50.000					50.000								50.000		
	Member of the Supervisory Board pursuant to Legislative Decree 231/01 ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.P.A.	01/01/2018-31/12/2018	Approv. 2020 Financial Statements							11.200		11.200					11.200		
	Standing Auditor BP PROPERTY MANAGEMENT Scrl	01/01/2018-31/12/2018	Approv. 2019 Financial Statements	10.000					10.000								10.000		
	Member of the Supervisory Board pursuant to Legislative Decree 231/01 BP PROPERTY MANAGEMENT Scrl	01/01/2018-31/12/2018	Approv. 2019 Financial Statements							500		500					500		
(II) Remuneration from subsidiaries and associates				**60.000**					**60.000**	**11.700**		**11.700**					**71.700**		
(III) Total				**170.000**					**170.000**	**39.700**		**39.700**					**209.700**		

Table 1 – Remuneration paid to the members of management and supervisory boards, general managers and other executives with strategic responsibilities

Remuneration paid to members of General Management (euro)

(A) Surname and name	(B) Office held	(C) Period in which office was held	(D) Period over which office was held	(1) Fixed remuneration: Emoluments resolved by the Shareholder's Meeting	(1) Attendance fees	(1) Lump sum refunds	(1) Remuneration pursuant to Art. 2389	(1) Fixed employment remuneration	(1) Total	(2) Remuneration for participation in committees: Fixed remuneration	(2) Attendance fees	(2) Total	(3) Variable non equity remuneration: Bonuses and other incentives (1)	(3) Profit sharing	(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair Value of equity remuneration (2)	(8) Severance payments
FARONI MAURIZIO	Manager	01/01/2018-31/12/2018	indefinite duration					700.000	700.000				(*)		5.463 (a)		705.463	98.000	
	General Manager	01/01/2018-31/12/2018																	
(I) Remuneration in company which draws up the financial statements								**700.000**	**700.000**						**5.463**		**705.463**	**98.000**	
	Director ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.p.A.	06/04/2018-05/11/2018	05/11/18	(b)															
	Director ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.p.A.	23/11/2018-31/12/2018	first meeting (co-opted)	(b)															
	Director BANCA AKROS S.p.A.	01/01/2018-31/12/2018	Approv. 2019 Financial Statements	(b)															
(II) Remuneration from subsidiaries and associates																			
(III) Total								**700.000**	**700.000**						**5.463**		**705.463**	**98.000**	
DE ANGELIS DOMENICO	Manager	01/01/2018-31/12/2018	indefinite duration					700.000	700.000				156.385		28.532 (a)		884.917	151.753	
	Co-General Manager	01/01/2018-31/12/2018																	
(I) Remuneration in company which draws up the financial statements								**700.000**	**700.000**				**156.385**		**28.532**		**884.917**	**151.753**	
	Director BANCA POPOLARE DI MILANO S.p.A.	01/01/2018-26/11/2018	26/11/18	(b)															
(II) Remuneration from subsidiaries and associates																			
(III) Total								**700.000**	**700.000**				**156.384,93**		**28.532**		**884.917**	**151.753**	
POLONI SALVATORE	Manager	01/01/2018-31/12/2018	indefinite duration					450.000	450.000				107.214		17.320 (a)		574.534	179.214	
	Co-General Manager	01/01/2018-31/12/2018																	
(I) Remuneration in company which draws up the financial statements								**450.000**	**450.000**				**107.214**		**17.320**		**574.534**	**179.214**	
	Chairman of BoD BP PROPERTY MANAGEMENT S	29/03/2018-31/12/2018	Approv. 2020 Financial Statements	No remuneration provided for															
	Director BANCA POPOLARE DI MILANO S.p.A.	01/01/2018-26/11/2018	26/11/18	(b)															
	Director BANCA AKROS S.p.A.	01/01/2018-31/12/2018	Approv. 2019 Financial Statements	(b)															
	Director SOCIETA' GESTIONE SERVIZI BP Soc.Co	01/01/2018-31/12/2018	Approv. 2018 Financial Statements	(b)															
(II) Remuneration from subsidiaries and associates																			
(III) Total								**450.000**	**450.000**				**107.214**		**17.320**		**574.534**	**179.214**	

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Notes:

(1) This value corresponds to what is specified in Table 3B regarding the sum of: (i) disbursable bonus portions for the year; (ii) disbursable bonus portions for previous years; (iii) other bonuses.

(2) These values correspond to what is specified in Table 3A regarding the "Fair Value" of financial instruments for the year and also includes the fair value of shares with reference to the long term incentive system 2017-2019 (LTI), as estimated in the 2018 Financial Statements. **Recipients of the LTI system are not yet the legal owners of relative shares** and will only come into the ownership thereof following the outcome of verifications carried out during the vesting period. Said verifications may determine the reduction or even zeroing of shares: in 2020 verification of entry gates 2019 and performance levels achieved during the three-year period 2017-2019; in 2021, 2022 and 2023 verification, respectively, of consolidated entry gates 2020, 2021 and 2022.

(*) Following the occurrence of the precautionary removal from the service, the shares vested during the financial year are not currently assigned.

(a) Total amount for pension fund, health care, car, accident insurance.

(b) Remuneration paid by the Company to Banco BPM S.p.A.

Table 1 – Remuneration paid to the members of management and supervisory boards, general managers and other executives with strategic responsibilities

Remuneration paid to other executives with strategic responsibilities (euro)

11 OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	(1)						(2)			(3)		(4)	(5)	(6)	(7)	(8)
	Fixed remuneration						Remuneration for participation in committees			Variable non equity remuneration		Non-monetary benefits (1)	Other remuneration	Total	Fair Value of equity remuneration (3)	Severance payments
	Emoluments resolved by the Shareholder's Meeting	Attendance fees	Lump sum refunds	Remuneration pursuant to Art. 2389	Fixed employment remuneration (1)	Total	Fixed remuneration	Attendance fees	Total	Bonuses and other incentives (2)	Profit sharing					
(I) Remuneration in company which draws up the financial statements					2.763.038	2.763.038				562.755		98.585		3.424.379	523.224	
(II) Remuneration from subsidiaries and associates (4)																
(III) Total					**2.763.038**	**2.763.038**				**562.755**		**98.585**		**3.424.379**	**523.224**	

Notes:

(1) Includes entire fixed remuneration paid in 2018, also for those identified for a fraction of the year.

(2) This value corresponds to what is specified in Table 3B regarding the sum of: (i) disbursable bonus portions for the year; (ii) disbursable bonus portions for previous years; (iii) other bonuses.

(3) These values correspond to what is specified in Table 3A regarding the "Fair Value" of financial instruments for the year and also includes the fair value of shares with reference to the long term incentive system 2017-2019 (LTI), as estimated in the 2018 Financial Statements. **Recipients of the LTI system are not yet the legal owners of relative shares** and will only come into the ownership thereof following the outcome of verifications carried out during the vesting period. Said verifications may determine the reduction or even zeroing of shares: in 2020 verification of access gate 2019 and performance levels achieved during the three-year period 2017-2019; in 2021, 2022 and 2023 verification, respectively, of consolidated access gates 2020, 2021 and 2022.

(4) For the offices held on the Boards of Directors of the subsidiaries representing the Group, any remuneration was paid by the Companies to Banco BPM SpA.

Table 3A: Incentive plans based on financial instruments, other than stock-options, payable to the members of the management board, general managers and other executives with strategic responsibilities (euro)

Please note that the parties indicated in the table (by name or in aggregate form) are not yet legitimate owners of the Banco BPM shares indicated, but will become owners during the vesting period only in the case of satisfaction of the predefined conditions for each individual plan.

			Financial instruments assigned in previous years and not vested during the financial year		Financial instruments assigned during the year					Financial instruments vested during the year and not granted	Financial instruments assigned during the year and grantable (1)		Financial instruments for the year (2)
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Surname and name	Office held	Plan (3)	Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the granting date	Vesting Period	Granting date	Market price at the granting date (4)	Number and type of financial instruments	Number and type of financial instruments	Value at the vesting date (5)	Fair value
CASTAGNA GIUSEPPE	Chief Executive Officer BANCO BPM												
(I) Remuneration in company which draws up the financial statements		LTI (2017-2019) (8/04/2017)	675.445 Ordinary Shares of Banco BPM	2017-2023									240.000
		2018 (7/04/2018) (a)			N.D. Ordinary Shares of Banco BPM	530.200	2018-2024	27/06/2019	N.D.		N.D. Ordinary Shares of Banco BPM	212.080	212.080
		2017 (8/04/2017)	57.898 Ordinary Shares of Banco BPM	2017-2023							14.475 Ordinary Shares of Banco BPM	30.686	34.800
		2016 former Bipiemme Group (30/04/2016)	44.087 Ordinary Shares of Banco BPM	2016-2022							14.695 Ordinary Shares of Banco BPM	31.152	45.000
		2015 former Bipiemme Group (11/04/2015)	38.272 Ordinary Shares Banco BPM (b)	2015-2021							19.135 Ordinary Shares Banco BPM (b)	40.564	48.000
		2014 former Bipiemme Group (12/04/2014) (c)	6.677 Ordinary Shares Banco BPM (b)	2014-2020							6.677 Ordinary Shares Banco BPM (b)	14.155	40.800
(II) Remuneration from subsidiaries and associates													
(III) Total			822.379			530.200					54.982	328.636	620.680

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			Financial instruments assigned in previous years and not vested during the financial year		Financial instruments assigned during the year					Financial instruments vested during the year and not granted	Financial instruments assigned during the year and grantable (1)		Financial instruments for the year (2)
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Surname and name	Office held	Plan (3)	Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the granting date	Vesting Period	Granting date	Market price at the granting date (4)	Number and type of financial instruments	Number and type of financial instruments	Value at the vesting date (5)	Fair value
FARONI MAURIZIO	General Manager Banco BPM S.p.A.												
(I) Remuneration in company which draws up the financial statements		LTI (2017-2019) (8/04/2017) (d)	275.807 Ordinary Shares of Banco BPM	2017-2023									98.000
		2017 (8/04/2017) (d)	35.290 Ordinary Shares of Banco BPM	2017-2023						8.823 Ordinary Shares of Banco BPM			(e)
		2015 former Banco Popolare Group (19/03/2016)								6.003 Ordinary Shares Banco BPM (f)			(g)
(II) Remuneration from subsidiaries and associates													
(III) Total			311097							14.826			98.000
DE ANGELIS DOMENICO	Co-General Manager Banco BPM												
(I) Remuneration in company which draws up the financial statements		LTI (2017-2019) (8/04/2017)	202.633 Ordinary Shares of Banco BPM	2017-2023									72.000
		2018 (7/04/2018) (a)			N.D. Ordinary Shares of Banco BPM	104.588	2018-2022	27/06/2019	N.D.		N.D. Ordinary Shares of Banco BPM	62.753	62.753
		2017 (8/04/2017)	14.142 Ordinary Shares of Banco BPM	2017-2021							7.071 Ordinary Shares of Banco BPM	14.990	17.000
		2015 former Banco Popolare Group (19/03/2016)									5.361 Ordinary Shares Banco BPM (f)	11.365	(g)
(II) Remuneration from subsidiaries and associates													
(III) Total			216.775			104.588					12.432	89.107	151.753

			Financial instruments assigned in previous years and not vested during the financial year		Financial instruments assigned during the year					Financial instruments vested during the year and not granted	Financial instruments assigned during the year and grantable (1)		Financial instruments for the year (2)
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Surname and name	Office held	Plan (3)	Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the granting date	Vesting Period	Granting date	Market price at the granting date (4)	Number and type of financial instruments	Number and type of financial instruments	Value at the vesting date (5)	Fair value
POLONI SALVATORE	Co-General Manager Banco BPM												
(I) Remuneration in company which draws up the financial statements		LTI (2017-2019) (8/04/2017)	202.633 Ordinary Shares of Banco BPM	2017-2023									72.000
		2018 (7/04/2018) (a)			N.D. Ordinary Shares of Banco BPM	202.181	2018-2024	27/06/2019	N.D.		N.D. Ordinary Shares of Banco BPM	80.873	80.873
		2017 (8/04/2017)	14.142 Ordinary Shares of Banco BPM	2017-2021							7.071 Ordinary Shares of Banco BPM	14.990	17.000
		2016 former Bipiemme Group (30/04/2016)	3.050 Ordinary Shares of Banco BPM	2016-2020							3.051 Ordinary Shares of Banco BPM	6.468	9.342
(II) Remuneration from subsidiaries and associates													
(III) Total			219.825			202.181					10.122	102.330	179.214
SAVIOTTI PIER FRANCESCO	Director BANCO BPM												
(I) Remuneration in company which draws up the financial statements		2015 former Banco Popolare Group (19/03/2016)									10.230 Ordinary Shares Banco BPM (f)	21.687	(g)
(II) Remuneration from subsidiaries and associates													
(III) Total											10.230	21.687	

			Financial instruments assigned in previous years and not vested during the financial year		Financial instruments assigned during the year					Financial instruments vested during the year and not granted	Financial instruments assigned during the year and grantable (1)		Financial instruments for the year (2)
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Surname and name	Office held	Plan (3)	Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the granting date	Vesting Period	Granting date	Market price at the granting date (4)	Number and type of financial instruments	Number and type of financial instruments	Value at the vesting date (5)	Fair value
11 OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES													
(I) Remuneration in company which draws up the financial statements		LTI (2017-2019) (8/04/2017)	300.198 Ordinary Shares of Banco BPM	2017-2023									106.667
		2018 (7/04/2018) (a)			N.D. Ordinary Shares of Banco BPM	563.127	2018-2022	27/06/2019	N.D.		N.D. Ordinary Shares of Banco BPM	337.876	337.876
		2017 (8/04/2017)	30.500 Ordinary Shares of Banco BPM	2017-2021							15.249 Ordinary Shares of Banco BPM	32.326	36.664
		2016 former Bipiemme Group (30/04/2016)	7.585 Ordinary Shares of Banco BPM	2016-2020							7.585 Ordinary Shares of Banco BPM	16.079	23.229
		2015 former Bipiemme Group (11/04/2015)									6.089 Ordinary Shares Banco BPM (b)	12.908	18.789
		2015 former Banco Popolare Group (19/03/2016)								12.422 Ordinary Shares Banco BPM (f) (h)	16.171 Ordinary Shares Banco BPM (f)	34.281	(g)
(II) Remuneration from subsidiaries and associates													
(III) Total			338.283			563.127				12.422	45.094	433.471	523.224

Notes:

(1) The shares will be effectively available to the beneficiaries at a later time after the retention period ends.

(2) Participants in the long term incentive system (LTI) 2017-2019 system are not yet the legal owners of relative shares and will come into the ownership thereof following the outcome of verifications carried out during the vesting period. Said verifications may determine the reduction or even zeroing of shares: in 2020 verification of entry gates 2019 and performance levels achieved during the three-year period 2017-2019; in 2021, 2022 and 2023 verification, respectively, of consolidated entry gates 2020, 2021 and 2022. For accounting purposes, as the LTI system is configured as an "equity settled" plan, in accordance with accounting principle IFRS 2 "Share-based payments", an estimate has been made of the cost relating to the shares assigned, to be redistributed over the defined vesting period. The Fair Value reported in the "Fair Value of Financial Instruments for the year" refers to the relative portion estimated in the 2018 financial statements, entered under expenses for staff to offset a specific equity reserve.

(3) For each plan, the date of the Shareholders' Meeting that approved it is specified.

(4) Actual allocation will take place upon vesting of the relative up-front portion in cash(27/06/2019); the reference price will be equal to the arithmetic mean of official prices entered in the thirty calendar days preceding 27/06/2019.

(5) For plans prior to 2018, the value is calculated at the official market price recorded on 28/02/2019 which is 2,1199 euro

(a) Best estimate on date of Report publication, *ex ante* compared to any equalisation. Actual allocation will take place upon vesting of the relative up-front portion in cash(27/06/2019); the corresponding number of shares will be calculated based on the arithmetic mean of official prices entered in the thirty calendar days preceding 27/06/2019.

(b) Recognised ordinary shares of former Banca Popolare di Milano Scarl have been converted into Banco BPM shares, in virtue of the merger with former Banco Popolare Soc. Coop., based on the value established for the share swap equal to 1 Banco BPM share for every 6.386 shares of the former Banco Popolare di Milano Scarl.

(c) Approval date of the 2014 Remuneration Policies, following which the 2014 Incentive System was activated.

(d) Following precautionary removal from service, portions vested during the year are not attributed and those yet to be vested will be assessed based on the outcome of investigations.

(e) The fair value of financial instruments for the year was entered in financial statements insofar as precautionary removal occurred after the closure of the bank in question.

(f) Recognised ordinary shares of the former Banco Popolare Soc. Coop. have been converted into Banco BPM shares, by virtue of the merger with the former Banca Popolare di Milano, based on the value established for the exchange of 1 Banco BPM share for every 1 share of the former Banco Popolare Soc. Coop.

(g) The 2018 financial statements did not provide a fair value for the reference year of said plan insofar it was provided for in full in the 2015 financial statements.

(h) It includes: (i) shares that will not be paid following termination in 2018 and (ii) shares vested during the financial year and not currently assigned, following the precautionary removal from the service.

Table 3B: Monetary incentive plans for the members of the management board, general managers and other executives with strategic responsibilities (euro)

It is hereby specified that the issuing of amounts contained in the table will exclusively occur following ascertainment of predefined conditions of each single plan.

A	B	(1)	(2)			(3)			(4)
Surname and name	Office held	Plan (1)	Bonus of the year			Bonus of previous years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still Deferred	
CASTAGNA GIUSEPPE	Chief Executive Officer BANCO BPM								
(I) Remuneration in the company which draws up the financial statements		2018 (7/04/2018) (a)	212.080	318.120	2019-2024				
		2017 (8/04/2017)					34.800	139.200	
		2016 former Bipiemme Group					45.000	135.000	
		2015 former Bipiemme Group					48.000	96.000	
		2014 former Bipiemme Group (12/04/2014) (b)					40.800	40.800	
(II) Remuneration from subsidiaries and associates									
(III) Total			212.080	318.120			168.600	411.000	

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A	B	(1)	(2)			(3)			(4)
Surname and name	**Office held**	**Plan (1)**	**Bonus of the year**			**Bonus of previous years**			**Other Bonuses**
			(A)	**(B)**	**(C)**	**(A)**	**(B)**	**(C)**	
			Payable/ Paid	**Deferred**	**Deferral period**	**No longer payable**	**Payable/ Paid**	**Still Deferred**	
FARONI MAURIZIO	General Manager Banco BPM								
(I) Remuneration in the company which draws up the financial statements		2017 (8/04/2017) (c)				21.212		84.846	
		2015 Former Banco Popolare Group (19/03/2016) (c)				85.808			
(II) Remuneration from subsidiaries and associates									
(III) Total						107.020		84.846	
DE ANGELIS DOMENICO	Co-General Manager BANCO BPM								
(I) Remuneration in the company which draws up the financial statements		2018 (7/04/2018) (a)	62.753	41.835	2019-2022				
		2017 (8/04/2017)					17.000	34.000	
		2015 Former Banco Popolare Group (19/03/2016)					76.632		
(II) Remuneration from subsidiaries and associates									
(III) Total			62.753	41.835			93.632	34.000	

A	B	(1)	(2)			(3)			(4)
Surname and name	Office held	Plan (1)	Bonus of the year			Bonus of previous years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still Deferred	
POLONI SALVATORE	Co-General Manager BANCO BPM								
(I) Remuneration in the company which draws up the financial statements		2018 (7/04/2018) (a)	80.873	121.309	2019-2024				
		2017 (8/04/2017)					17.000	34.000	
		2016 former Bipiemme Group					9.342	9.342	
(II) Remuneration from subsidiaries and associates									
(III) Total			80.873	121.309			26.342	43.342	
SAVIOTTI PIER FRANCESCO	Director BANCO BPM								
(I) Remuneration in the company which draws up the financial statements		2015 Former Banco Popolare Group (19/03/2016)					146.240		
(II) Remuneration from subsidiaries and associates									
(III) Total							146.240		

A	B	(1)	(2)			(3)			(4)
Surname and name	Office held	Plan (1)	Bonus of the year			Bonus of previous years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still Deferred	
11 OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES									
(I) Remuneration in the company which draws up the financial statements		2018 (7/04/2018) (a)	337.876	225.251	2019-2022				
		2017 (8/04/2017)					36.664	73.328	
		2016 former Bipiemme Group					23.229	23.229	
		2015 former Bipiemme Group (11/04/2015)					26.149		
		2015 Former Banco Popolare Group (19/03/2016)				92.489 (d)	138.838		
(II) Remuneration from subsidiaries and associates									
(III) Total			337.876	225.251		92.489	224.879	96.556	

Notes:
(1) For each plan, the date of the Shareholders' Meeting that approved it is specified.
(a) Best estimate on date of Report publication, *ex ante* compared to any equalisation.
(b) Approval date of the 2014 Remuneration Policies, following which the 2014 Incentive System was activated.
(c) Following precautionary removal from service, portions vested during the year are not currently assigned, and the still deferred amounts will be verified basing on the outcome of investigations underway.
(d) It includes: (i) amounts not payable following termination in 2018 and (ii) amounts not currently paid, following the precautionary removal from service.

3. Tables complying with the provisions of CONSOB Resolution 11971/1999, as amended by CONSOB Resolution 18049/2011 (Annex 3A – Scheme 7-*ter*)

Schedule regarding information on shares held by members of management and supervisory boards, general managers and other executives with strategic responsibilities

In accordance with the criteria established in Annex 3A, scheme no. 7-*ter* of the Remuneration Report, the tables that follow show the shares held in Banco BPM S.p.A. and in the subsidiaries of the same, by members of the Board of Directors, of the Board of Statutory Auditors, by General Management and other executives with strategic responsibilities, as well as by spouses that are not legally separated and by children (minors), directly or through subsidiaries, trust companies or third parties, recorded in the shareholders' register, in letters received and from other information acquired by the same members of the management and supervisory boards, General Management and other executives with strategic responsibilities.

Table 1 – Shares held by members of management and supervisory boards and general managers

Board of Directors

Name and surname	Office held	INVESTEE COMPANY	NUMBER OF SHARES HELD ON 01/01/2018		NUMBER OF SHARES (purchased/undersigned) FROM 1/1/2018 TO 31/12/2018		NUMBER OF SHARES SOLD/EXPIRED FROM 01/01/2018 TO 31/12/2018		NUMBER OF SHARES HELD ON 31/12/2018	
			DIRECT OWNERSHIP	INDIRECT OWNERSHIP (see note 1)	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP
CARLO FRATTA PASINI	Chairman of the Board of Directors from 01/01/2018 to 31/12/2018	Banco BPM - shares	280.406	58.375	-	-	-	-	280.406	55,877 (a)
MAURO PAOLONI	Senior Deputy Chairman of the Board of Directors from 01/01/2018 to 31/12/2018	Banco BPM - shares	15	63 (a)	-	-	-	-	15	63
GUIDO CASTELLOTTI	Deputy Chairman of the Board of Directors from 01/01/2018 to 31/12/2018	Banco BPM - shares	4.565	42.000	-	4.000	4.000	-	565	46.000
MAURIZIO COMOLI	Deputy Chairman of the Board of Directors from 01/01/2018 to 31/12/2018	Banco BPM - shares	12.449	124.588	-	-	-	-	12.449	124.588
GIUSEPPE CASTAGNA	Director from 01/01/2018 to 31/12/2018 Chief Executive Officer from 01/01/2018 to 31/12/2018	Banco BPM - shares	271.432	-	89,597 (b)	500	-	500	361.029	-
MARIO ANOLLI	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	1.172	782	-	-	-	-	1.172	782
MICHELE CERQUA	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	313	-	-	-	-	-	313	-
RITA LAURA D'ECCLESIA	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	500	-	-	-	-	-	500	-
CARLO FRASCAROLO	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	10.271	-	-	-	-	-	10.271	-

Board of Directors (cont)

Name and surname	Office held	INVESTEE COMPANY	NUMBER OF SHARES HELD ON 01/01/2018		NUMBER OF SHARES (purchased/undersigned) FROM 1/1/2018 TO 31/12/2018		NUMBER OF SHARES SOLD/EXPIRED FROM 01/01/2018 TO 31/12/2018		NUMBER OF SHARES HELD ON 31/12/2018	
			DIRECT OWNERSHIP	INDIRECT OWNERSHIP (see note 1)	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP
PAOLA ELISABETTA MARIA GALBIATI	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	327	1.565	-	-	-	-	327	1.565
CRISTINA GALEOTTI	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	100	7.822	-	-	-	-	100	7.822
MARISA GOLO	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	6.052	16.179.943	6.666	-	-	-	12.718	(a)
PIERO SERGIO LONARDI	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	59.359	138	20.000	-	-	-	79.359	138
GIULIO PEDROLLO	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	5.361	430.000	-	-	-	-	5.361	430.000
FABIO RAVANELLI	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	243.257	116.042	75.000	-	-	-	318.257	116.042
SAVIOTTI PIER FRANCESCO	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	228.565	-	35.345 (c)	-	-	-	263.910	-
MANUELA SOFFIENTINI	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	313	-	-	-	-	-	313	-
COSTANZA TORRICELLI	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	3.186	-	-	-	-	-	3.186	-
CRISTINA ZUCCHETTI	Director from 01/01/2018 to 31/12/2018	Banco BPM - shares	38.885	60.109	-	-	-	-	38.885	60.109

Notes:

(a) indirect share possession changed following amendments to the subjective category criteria (natural and/or legal persons closely linked to the representative) in 2018.

(b) shares allocated for the implementation of remuneration and incentive policies.

(c) of which 15,345 allocated for the implementation of remuneration and incentive policies and no. 20,000 purchased.

Board of Statutory Auditors

Name and surname	Office held	INVESTEE COMPANY	NUMBER OF SHARES HELD ON 01/01/2018		NUMBER OF SHARES (purchased/undersigned) FROM 1/1/2018 TO 31/12/2018		NUMBER OF SHARES SOLD/EXPIRED FROM 01/01/2018 TO 31/12/2018		NUMBER OF SHARES HELD ON 31/12/2018	
			DIRECT OWNERSHIP	INDIRECT OWNERSHIP (see note 1)	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP
PRIORI MARCELLO	Chairman of the Board of Statutory Auditors from 01/01/2018 to 31/12/2018	Banco BPM - shares	11.997	1.930	-	-	-	-	11.997	1.930
MARIA LUISA MOSCONI	Standing Auditor from 01/01/2018 to 31/12/2018	Banco BPM - shares	1.020	-	-	-	-	-	1.020	-
GABRIELE CAMILLO ERBA	Standing Auditor from 01/01/2018 to 31/12/2018	Banco BPM - shares	3.955	1.160	-	-	-	-	3.955	1.160
ROSSI CLAUDIA	Standing Auditor from 01/01/2018 to 31/12/2018	Banco BPM - shares	1.000	-	-	-	-	-	1.000	-
ALFONSO SONATO	Standing Auditor from 01/01/2018 to 31/12/2018	Banco BPM - shares	30.305	25.673	-	-	-	-	30.305	25.673

General Manager

Name and surname	Office held	INVESTEE COMPANY	NUMBER OF SHARES HELD ON 01/01/2018		NUMBER OF SHARES (purchased/undersigned) FROM 1/1/2018 TO 31/12/2018		NUMBER OF SHARES SOLD/EXPIRED FROM 01/01/2018 TO 31/12/2018		NUMBER OF SHARES HELD ON 31/12/2018	
			DIRECT OWNERSHIP	INDIRECT OWNERSHIP (see note 1)	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP
MAURIZIO FARONI	General Manager from 01/01/2018 to 31/12/2018	Banco BPM - shares	124.497	-	9,004 (*)	-	-	-	133.501	-

Co-General Managers

Name and surname	Office held	INVESTEE COMPANY	NUMBER OF SHARES HELD ON 01/01/2018		NUMBER OF SHARES (purchased/undersigned) FROM 1/1/2018 TO 31/12/2018		NUMBER OF SHARES SOLD/EXPIRED FROM 01/01/2018 TO 31/12/2018		NUMBER OF SHARES HELD ON 31/12/2018	
			DIRECT OWNERSHIP	INDIRECT OWNERSHIP (see note 1)	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP
DOMENICO DE ANGELIS	Co-General Manager from 01/01/2018 to 31/12/2018	Banco BPM - shares	76.731	1.058	8,041 (*)	-	-	-	84.772	1.058
SALVATORE POLONI	Co-General Manager from 01/01/2018 to 31/12/2018	Banco BPM - shares	-	-	-				-	-

Notes:

(*) shares allocated for the implementation of remuneration and incentive policies.

1) indirect ownership (meaning scope set forth in provisions contained in Art. 84-*quater* of the Issuers' Regulation adopted by CONSOB with Resolution 11971 of 14th May 1999 as amended, as well as, prudentially, by the provisions contained in European Regulation no. 596/2014-Market Abuse Regulation, "MAR").

The significant indirect relationships for the REPRESENTATIVE are shown below for the purpose of the above-cited legislation:

Natural persons: the spouse, not legally separated, or a partner that is the equivalent of a spouse under national law, dependent children and—if they have been living together for at least one year—parent, relatives and equivalent (CLOSELY RELATED PERSONS). At present, pursuant to Article 12 of Italian Presidential

Decree 917/86, family members with total income not exceeding the threshold established in the second paragraph of said article, specifically no greater than 2,840.51 euro, before deductible costs, are considered dependent.

Legal entities:

a) legal entities, partnerships and trusts controlled directly or indirectly by the REPRESENTATIVE or by a CLOSELY RELATED PERSON (control means the categories set forth in article 2359, paragraphs 1 and 2 of the Italian Civil Code);
b) the legal entities, partnerships and trusts whose economic interests are substantially equivalent to those of the REPRESENTATIVE or of the CLOSELY RELATED PERSON (circumstances in which the REPRESENTATIVE holds, alone or with a CLOSELY RELATED PERSON, a share exceeding 50% of profits);
c) legal entities, partnerships and trusts: (i) the management responsibility for which is held by the REPRESENTATIVE or by a CLOSELY RELATED PERSON (to this end, this includes the positions of: Sole Director; Director with mandates; General Manager; Co-General Manager; Deputy General Manager or Partner of a Partnership); (ii) set up for the benefit of the REPRESENTATIVE or a CLOSELY RELATED PERSON;
d) the legal entities, partnerships and trusts in which the REPRESENTATIVE or a CLOSELY RELATED PERSON is the owner, alone or jointly between them, of the management function (the position of Sole Director is valid for this purpose. In the case of more than one director, the REPRESENTATIVE is the owner of the management function in the event in which over half of the board is comprised of the REPRESENTATIVE and/or by CLOSELY RELATED PERSONS).

Table 2 – Shares held by other executives with strategic responsibilities

OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES (see note 2)	INVESTEE COMPANY		NUMBER OF SHARES HELDON 01/01/2018 and/or date of appointment		NUMBER OF SHARES (purchased/undersigned) FROM 01/01/2018 (and/or from date of appointment) TO 31/12/2018		NUMBER OF SHARES SOLD/EXPIRED FROM 01/01/2018 (and/or from date of appointment) TO 31/12/2018		NUMBER OF SHARES HELD ON 31/12/2018	
			DIRECT OWNERSHIP	INDIRECT OWNERSHIP(see note 1)	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	DIRECT OWNERSHIP	INDIRECT OWNERSHIP
11	Banco BPM -	shares	97.614	355	88,766 (*)	-	6.153	-	180.227	355

Notes:
(*) of which 76,266 shares allocated for the implementation of remuneration and incentive policies

1) indirect ownership (meaning scope set forth in provisions contained in art. 84-quater of the Issuers' Regulation adopted by CONSOB with Resolution 11971 of 14th May 1999 as amended, as well as, prudentially, by the provisions contained in European Regulation no. 596/2014-Market Abuse Regulation, "MAR").

The significant indirect relationships for the REPRESENTATIVE are shown below for the purpose of the above-cited legislation:

Natural persons: the spouse, not legally separated, or a partner that is the equivalent of a spouse under national law, dependent children and—if they have been living together for at least one year—parent, relatives and equivalent (CLOSELY RELATED PERSONS). At present, pursuant to Article 12 of Italian Presidential Decree 917/86, family members with total income not exceeding the threshold established in the second paragraph of said article, specifically no greater than 2,840.51 euro, before deductible costs, are considered dependent.

Legal entities:
a) legal entities, partnerships and trusts controlled directly or indirectly by the REPRESENTATIVE or by a CLOSELY RELATED PERSON (control means the categories set forth in article 2359, paragraphs 1 and 2 of the Italian Civil Code);
b) the legal entities, partnerships and trusts whose economic interests are substantially equivalent to those of the REPRESENTATIVE or of the CLOSELY RELATED PERSON (circumstances in which the REPRESENTATIVE holds, alone or with a CLOSELY RELATED PERSON, a share exceeding 50% of profits);
c) legal entities, partnerships and trusts: (i) the management responsibility for which is held by the Representative or by a Closely Related Person (to this end, this includes the positions of: Sole Director; Director with mandates; General Manager; Co-General Manager; Deputy General Manager or Partner of a Partnership); (ii) set up for the benefit of the REPRESENTATIVE or a CLOSELY RELATED PERSON;
d) the legal entities, partnerships and trusts in which the Representative or a Closely Related Person is the owner, alone or jointly between them, of the management function (the position of Sole Director is valid for this purpose. In the case of more than one director, the REPRESENTATIVE is the owner of the management function in the event in which over half of the board is comprised by the REPRESENTATIVE and/or CLOSELY RELATED PERSONS).

2) These are 11 Executives with strategic responsibilities including the Chief Financial Officer, the Head of the Audit Function, the Head of the Risk Function, the Head of the Compliance Function, 5 of which for a part of the year.

SECTION III

Results of audits of internal control functions

1.Evaluation of the compliance function with regards to the compliance of the 2019 Remuneration Report with the reference legislative framework

The Compliance Function deems that the remuneration and incentive policies of the Banco BPM Banking Group provided for 2019 (hereinafter "Policies"), described in this Report, comply with binding regulations, also taking into account the 25th update of Circular no. 285/2013 issued by the Bank of Italy on 23rd October 2018 (hereinafter also "New Provisions").

The Policies define the Group's staff remuneration and incentive policies, identifying objectives and long-term company results, adjusted in line with the capital and liquidity levels necessary to implement the planned activities and to avoid incentives that can lead to regulatory violations or to an excessive assumption of risks.

The application of said New Provisions has required the entering of principles, criteria and procedures in Policies of the process for the identification of identified staff (formalised for the Group already in 2017). For the purposes of risk takers identification, Policies have been drawn up by taking into consideration qualitative and quantitative criteria in compliance with reference regulations and legislation. For said persons, Policies provide for the application of special rules which are different from those for remaining staff (without prejudice to the distinction of staff belonging to or not belonging to company auditing functions, Policies distinguish between "top identified staff", in turn divided into "senior identified staff" and "other identified staff").

With reference to remuneration structure, Policies rigorously distinguish between fixed and variable portions. Any amounts issued for stability, non-competition and notice extension clauses, previously under fixed components of remuneration if paid according to the employment contract, are now calculated in accordance with New Provisions under the variable component and for identified staff, also for calculating the fixed part remuneration ratio.

The variable component is determined based on risk-adjusted performance indicators, consistent with Risk Appetite Framework strategic indicators, as provided for by reference regulations and legislation.

The awarding of the bonus pool is subordinate to full compliance with predefined conditions (entry gates) and the actual available total is determined using a financial adjustment factor and, as provided for in New Provisions, by a non-financial adjustment factor. Forecasts for Banca Akros and Banca Aletti are also based on New Provisions, in addition to gates measured at a consolidated level, of the profitability-based gate at company level.

With reference to incentive issuing methods, in compliance with New Provisions, for identified staff the Policies now establish a 60% deferral in the event the amount is equal to or greater than a threshold of 430,000 euro (understood to mean the variable remuneration level which represents a particularly high amount). In the event that the amount is lower than the aforementioned threshold, the deferred portion shall be 40%. Furthermore, a deferral period of 5 years and 55% of the deferred part consisting of Banco BPM shares is provided for senior identified staff, irrespective of the incentive amount, as well as for those who report directly to the Chief Executive Officer of Banca Aletti and Banca Akros and whose incentive amounts to at least 430,000 euro. A one year retention period is also provided for, both for up-front portions in shares as well as deferred portions.

The variable component of remuneration is subjected to ex post correction mechanisms (malus and claw back), which can lead to a reduction or the elimination thereof.

In line with New Provisions, policies also provide for ascertainment procedures and effects generated by any disciplinary proceedings involving staff for misconduct, in compliance with ex post correction mechanisms.

Any amounts pending agreement in the event of early termination of employment are correctly identified in the structure and connected to performance indicators, net of risks and subjected to suitable deferral and correction mechanisms, taking into account the employee's last position, based on which the amount is assessed. Criteria and limits for the determination of said amount are subject to approval by the Shareholders' Meeting of the Parent Company, in compliance with provisions set forth in Bylaws and New Provisions, and of subsidiary Italian banks.

The report contains a special section on the implementation of remuneration policies during the year 2018, as provided for by reference regulations.

The aforementioned without prejudice to verifications within the remit of the Audit function pertaining to the implementation of Policies, the results of which the meeting is aware.

During the year the Compliance Function will carry out further checks on the incentive system, within the scope of its own responsibilities.

2.Verification of the internal audit function on the consistency of the practices adopted for remuneration in 2018

The Audit function reports on annual checks to the remuneration and incentive system of the Banco BPM Group, as required by Supervisory Regulations.
Said activity consisted of the checking of:

- compliance with remuneration procedures as adopted by meeting resolution on 7th April 2018, with reference to the year 2018 and with external reference regulations, of the entire group;
- the implementation of remuneration and incentive policies' regarding 2017 adopted by the Group.

Checks were carried out on companies of the Banco BPM Banking Group for whom the incentive system was defined and relative outcomes were brought before corporate bodies (Remuneration Committee, Board of Directors, Statutory Board of Auditors) of the Parent Company and of single companies.
Processes regulating definition phases of 2018 Remuneration and incentive policies were found to be coherent and compliant with specifications of internal and external reference regulations and correct 2017 Policy implementation was likewise ascertained. Said processes were managed in a structured manner, based on the clear division of responsibilities between corporate bodies and internal functions involved.
Various issues were presented to competent bodies (Remuneration Committee, Statutory Board of Auditors and Board of Directors) and the information statement was represented in a complete manner to enable the strategic supervision Body to avail itself of all elements necessary for the passing of resolutions.
With reference to 2018 Policies, the following areas were audited: the development of the fundamental rules and the principles of the Group's remuneration system, the structuring of the 2018 incentive system, the process of identifying the identified staff, the definition of the bonus pool and of the related individual bonuses, as well as the action taken by the Group regarding remuneration, benefits and stability/notice extension clauses; no anomalies were detected.
With reference to the implementation of the 2017 incentive system (2017 Policies), the ascertainment of established entry conditions enabled the payment of relative bonus pools provided for Banco BPM Group employees in June 2018, with the exception of Banca Aletti Suisse, which failed to achieve so-called "gates": checks on amounts vested and paid did not indicated any misalignment with provisions established in the 2017 Policy.

Information on stock-based compensation plan

The information document[72] relating to the remuneration plan that provides for the allocation of Banco BPM shares pursuant to article 114-*bis* of the Consolidated Finance Act (Italian Legislative Decree 58/1998 as amended) and article 84-*bis* of the Issuers' Regulations (CONSOB resolution no. 11971/1999 as amended) is available on the Bank's website www.bancobpm.it, in the Corporate Governance - Remuneration Policies section.

[72] The Information Document does not constitute an integral part of the Remuneration Report.