



BANCO BPM Banking Group – 2018 Remuneration Report

2018 Remuneration policies

Implementation of 2017 remuneration policies:

Results of the checks by the internal control functions

Prepared in accordance with the Bank of Italy Supervisory Regulations (Circular no. 285/2013, update 7, 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 7 April 2018.

(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).

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Banco BPM Banking Group – 2018 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 7 of 18 November 2014, 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 7 April 2018 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 2018 (hereafter 2018 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;
- the criteria for determining the remuneration to be granted in case of early termination of employment or office.

Banco BPM - in its capacity as ParentCo of the Banking Group - did not use external consultants to draw up the 2018 Policy.

The second section reports on the implementation of remuneration policies during financial year 2017 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 - 2017 Policy" (2017 Policy);

- on the remuneration paid to members of Corporate Bodies of the ParentCo's subsidiary companies;
- on variable remuneration linked to incentive systems;
- on other kinds of remuneration;
- on remuneration higher than one million euros;
- 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 ParentCo, 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 2018 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 2017 financial year with respect to the reference Policy.

Definitions

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

- ParentCo, Banco BPM, ParentCo of the Banco BPM Banking Group;
- Group companies, the ParentCo and subsidiary companies;
- subsidiary companies - Banca Popolare di Milano, Banca Akros, Aletti & C. Banca d'Investimento Mobiliare, Aletti Fiduciaria, Banca Aletti & C. (Suisse), ProFamily, Holding di Partecipazioni Finanziarie BP¹, Release, BPM Covered Bond¹, BPM Covered Bond 2¹, BP Covered Bond¹, Tiepolo Finance¹, Bipielle Bank (Suisse)², FIN.E.R.T.^{1 2}, Società Gestione Servizi BP, Ge.Se.So., BP Property Management, Bipielle Real Estate, BP Trading Immobiliare¹;
- Group banks, Banco BPM, Banca Popolare di Milano, Banca Akros, Aletti & C. Banca d'Investimento Mobiliare, Banca Aletti & C.; (Suisse), Bipielle Bank (Suisse)²;
- subsidiary banks, Banca Popolare di Milano, Banca Akros, Aletti & C. Banca d'Investimento Mobiliare, Banca Aletti & C. (Suisse), Bipielle Bank (Suisse)²;
- the main non-bank subsidiary companies³, ProFamily, Release, Società Gestione Servizi BP, BP Property Management and Bipielle Real Estate;
- product companies, Aletti Fiduciaria and ProFamily;
- the Bank of Italy Supervisory Regulations, Circular no. 285/2013 "Supervisory provisions for banks", update 7 of the 18 November 2014, 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 advisors available for outside offers);

¹ The holding companies of 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.

³ As per the resolution passed by the ParentCo's Board of Directors in the meeting of 10/1/2017.

- identified staff, people whose professional activity has, or can have, a key impact on the Group's risk profile;
- other staff, all those not included among the identified staff;
- internal control functions, the functions of each company: compliance, anti-money laundering, internal audit, risk control, internal validation, human resources, as well as the executive responsible for the preparation of corporate accounting documents, the latter for the purposes of these policies. Note that the function of human resources is included among the internal control functions on the basis of that provided by the Bank of Italy Supervisory Regulations and will be included unless different provisions are provided by the Bank of Italy in the future;
- *bonus* – the amount of the variable remuneration related to the annual incentive system;
- LTI bonus, the amount of variable remuneration linked to the long-term incentive system;
- bonus pool, the consolidated financial resources provided in the annual budget used to pay the bonus 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 recurring component of the income statement item "profit from current operating activities before tax", calculated taking the variable components of remuneration⁴ into account, as determined on the basis of criteria approved by the ParentCo's Board of Directors;

⁴ 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-off amount of the bonus system.

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

SECTION I

Banco BPM Banking Group staff remuneration policies - 2018 Policy

1. Reference Legislative Framework

The 2018 Policy complies with the Regulatory Provisions of the Bank of Italy and transposes the Delegated Regulation (EU) 604/2014 of 4 March 2014, published on 26 June 2014, concerning technical regulation standards to detect identified staff.

2. Purpose of the 2018 Policy

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

The 2018 Policy defines – in the interests of all stakeholders – the guidelines of remuneration and incentive systems for Group Staff with the aim, on one hand, of pursuing long-term strategies, objectives and results, in accordance with the general framework of governance and risk management policies, levels of liquidity and capital strength, on the other hand, to attract and maintain people to the Group with professionalism and abilities suited for the Group's needs, in the interests of competitiveness and good governance, pursuing fairness within the business and to the external labour market.

Another purpose of the Group's remuneration policies is ensuring suitable remuneration in view of long-lasting performance. This allows making the most of staff, recognising individual contributions to achieving results and discouraging conduct not in accordance with fairness criteria in relationships with clients and compliance with regulations that tend towards excessive exposure to risk or that lead to rule violations.

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.

That said, information relating to the decision-making process followed to define remuneration policies is given below, with an indication of the bodies and parties involved in the preparation and approval of the same, as well as the bodies and parties responsible for their correct implementation.

3.1.1 Shareholders' 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.

In particular, in accordance with the Bank of Italy Supervisory Regulations, the Shareholders' Meeting resolves, pursuant to art. 11.3 (g) of the Bylaws, for members of the Board of Directors, Statutory Auditors and the staff, 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, though not higher than 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 the employment or office, including fixed limits such as payment in terms of annuity of fixed remuneration and the maximum amount that derives from their implementation.

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 (TUF).

3.1.2 ParentCo's 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.

Notwithstanding 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 the remuneration policy is suitably documented and accessible within the corporate structure); (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 ParentCo's Chief Executive Officer

Pursuant to art. 30. of the Bylaws, the Board of Directors appoints a Chief Executive Officer from among its members, through giving the person selected specific responsibilities and powers.

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, he is charged with – he themselves being able to further delegate – (i) making proposals in accordance with the development and management of staff policies as well as for the ParentCo's and subsidiary companies' incentive systems to submit to the approval of the ParentCo's Board of Directors; (ii) for all staff of the ParentCo and the subsidiary companies of all types and levels, including managers (with the exception of positions reserved for approval by the ParentCo's Board of Directors) to proceed with recruitment, promotion of staff in the ParentCo and in Group companies and define the remuneration and incentive systems in force from time to time.

3.1.4 ParentCo's 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 adequate knowledge and experience in the financial field or remuneration policies.

The Remuneration Committee, set up with the formal resolution of 10 January 2017, will comprise 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 the applicable supervisory regulations (see, specifically, Section II of the Bank of Italy Supervisory Regulations).

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 ParentCo, 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, the Head of the risk control function, the Head of the Anti-Money Laundering function and the Head of Internal Validation – 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;
- 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, regularly attend meetings, which are taken by the Chairman unless otherwise determined from time to time.

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 adequately 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.

In 2018, the Committee carried out its duties within its sphere of responsibility - depending on the case - making investigations, providing advice and/or making proposals regarding specifically: (i) introducing the maximum limit of 2:1 for the relationship between the variable and fixed components of individual remuneration for selected parties retained strategic to the structure of the Group's remuneration and incentive systems, from 2018; (ii) drawing up the proposal for the 2018 remuneration policies for staff of the Banco BPM Banking Group, as well as the Share-based compensation plan of Banco BPM relating to the 2018 incentive system; (iii) proposing criteria to determine the compensation to be paid in the event of the early termination of the employment relationship or the office, including therein the fixed limits of said compensation in terms of annual fixed remuneration and the maximum amount that may result from their application; (iv) verifying whether Staff have met the conditions for access to the variable components of remuneration relating to 2017, implementing that envisaged by the relevant policies; (v) verifying the

performance of the ParentCo's CEO with regard to the objectives assigned for 2017; (vi) examining the 2018 Remuneration Report of the Banco BPM Banking Group.

3.1.5 ParentCo'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 ParentCo'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 2018, the Committee ascertained the consistency of the conditions proposed in the 2018 remuneration policies for access to the variable components of remuneration, with respect to the RAF approved by the ParentCo's Board of Directors.

3.1.6 ParentCo'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 ParentCo'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, Shareholdings and Audit functions⁵.

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, monitoring the suitability with respect to the Risk Appetite Framework approved by the ParentCo'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 ParentCo 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 ParentCo 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 ParentCo's Compliance function, that verifies the consistency of remuneration and incentive policies with that provided for in the existing legal and supervisory requirements, the ParentCo's Bylaws, 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 ParentCo'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 ParentCo's Audit and Compliance functions, insofar as their own authorities allow, will bring to the attention of the ParentCo's Board of Directors and Board of Statutory Auditors, and of every subsidiary, the monitoring results indicated in items a) and b) above.

The ParentCo'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.

⁵ The Audit function is involved in the "Control process" illustrated in paragraph 3.2 below.

4. Identification of the Group's identified staff

The process for the identification of identified staff was based on the Regulatory Technical Standards (RTS) prepared by the European Bank Authority and as provided in Delegated Regulation (EU) no. 604/2014, coming into effect on 26 June 2014, as well as based on the Decision (EU) 2015/2218 of the Central European Bank on 20 November 2015 relating to the exclusion process.

The ParentCo applies the cited Regulation to identify the Group's identified staff for all Group companies.

The key underlying criterion of the Regulation 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), notwithstanding the cases of potential exclusion required by the framework.

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:

1. Top identified staff: The CEO, General Manager, Co-General Managers and Managers in the first line of management of the ParentCo, 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.
2. other identified staff: the identified staff not included in the above category.

In 2018, the Group's identified staff will represent about 1% of the Group's Staff.

5. Components of remuneration

5.1 Remuneration of the Group's Corporate Bodies

5.1.1 Remuneration of members of the ParentCo's Board of Directors

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.

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. 2389.3 of the Italian Civil Code. In this regard, at the meeting held on 10 January 2017, 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 2017.

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.

A third-party insurance policy and a cumulative occupational accidents policy are planned for members of the Board of Directors. To supplement the information supplied, 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 emolument does not exceed the fixed remuneration collected by the Chief Executive Officer or the General Manager.

5.1.2 Remuneration of the ParentCo'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.

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 ParentCo'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, composed of:

- the gross annual remuneration, determined the related 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 are comprised of promotions to more senior remuneration or placement based on an effective increase in responsibility, and from personal allowances, awarded on continuing deserving performance. With reference to organisational positions of responsibility for functions, these interventions are also implemented taking the results of benchmarking into consideration;

- payments regarding stability, non-competition and extension of notice period arrangements.

The opportunity to activate stability arrangements, non-competition arrangements and extension of notice period arrangements, mainly with the aim of retaining staff who maintain primary contact with clients or that hold key positions in the organisation; these pacts provide for monthly payments for the whole term of the pact, with continuity of employment;

- role allowances⁶.

The opportunity of assigning 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;

- other benefits for personal and family use, granted by the ParentCo 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:

⁶ Or also payment for the appointment.

- bonuses linked to the incentive system on an annual basis (bonus), awarded in accordance with that provided in chapter 6 below;
- bonuses linked to long-term incentive systems (LTI bonus), 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 provided, paid in respect of that indicated in chapter 6 below. The criteria and methods for determination and payment of this remuneration are subject to information, comparison and/or negotiation with the Corporate Parties;
- 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 (and therefore excluding identified staff⁷) of the Group's companies possible one-off payments may be granted, in response to deserving performance to be recognised, that aim to reward alongside professional evaluation (or equivalent) and with respect to the area's regulation, professionalism and individual efforts. This remuneration is in any event conditional on total compliance with the following conditions, identified in the latest quarterly report available on a consolidated basis: (i) that the Common Equity Tier1 (CET1) Ratio indicator of capital adequacy is higher than the relative Risk Tolerance threshold defined in the Risk Appetite Framework⁸; ii) that the regulatory Liquidity Coverage Ratio (LCR) indicator of liquidity adequacy is higher than the relative Risk Tolerance threshold defined in the area of interest in the Risk Appetite Framework⁸; 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

⁷ Identified staff are excluded from the reporting year and the preceding year, as reflected in the activation date of the process.

⁸ Expected value on 31/12 of the same financial year.

limit of 0.2% of the recurring staff cost⁹, provided in the budget of the financial year in question;

- possible exceptional payments to newly-appointed staff, limited to the first year of employment (see welcome bonus); these payments must take place in respect of that provided in paragraph 6.1 below;
- possible payments connected to continuing staff, subject to their presence at a certain date (retention bonus); these payments must be made in respect of that provided in paragraphs 6.1, 6.6 and 6.7 items 2 and 3 below;
- possible payments for non-competition agreements relating to termination of employment in respect of that provided in paragraph 6.9.2 below;
- possible termination remuneration; these payments must be made in respect of that provided in paragraph 6.9 below.

All remuneration interventions, even if not expressly indicated in items 1) and 2) above, provided that they are implemented following the ParentCo'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 ParentCo's Chief Executive Officer, or by his/her delegates¹⁰.

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 bonus is not linked to these offices.

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

⁹ Staff cost identified in the budget of the relevant financial year, excluding the following variable remuneration components: bonus pool, pro rata cost of LTI bonus and one-off bonuses.

¹⁰ Power delegated by the ParentCo's Board of Directors or by the ParentCo's Chief Executive Officer to implement all formalities, acts and duties provided by the remuneration policies.

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 advisors 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 advisors 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 being met; it is also conditional to the implementation of an incentive system that correlates to 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, client protection and increase of loyalty, product quality, quality of the service provided, containment of complaints and legal or reputational risks) as well as quantitative indicators (by way of example but not limited to such, net collection of managed/administered funds). The ParentCo's audit function must verify these criteria, pursuant to that stated in item a) of paragraph 3.2 above.

6. Characteristics of the remuneration and incentive system

The characteristics of the remuneration and incentive system for the Group's staff are illustrated in this chapter, taking into consideration strict criteria in evaluating results achieved: in accordance with the legislation in force, the award of variable remuneration components takes account of profitability, levels of capital resources and liquidity needed (hereafter gates), and is determined by a performance indicator measured excluding risks (hereafter the adjustment coefficient) and considers the quality of performance carried out.

The Group's Staff cannot use personal cover or insurance strategies regarding remuneration or other aspects that can change or nullify effects of risk alignment, inherent in their remuneration arrangements.

6.1 Relationship between variable and fixed components of remuneration

Fixed remuneration 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 5.2¹¹, as well as the non-recurring component of remuneration referred to in paragraph 5.3.

The upper limit of the variable component compared to the fixed¹² component of the Group's Staff is equal to 100%, with the exception of all staff belonging to internal control functions, for whom this limit is fixed at 33%¹³; this is in accordance with the Bank of Italy Supervisory Provisions of the Bank of Italy which, for these offices, envisage that the variable component of remuneration is contained, while fixed remuneration must be adequate for the relevant responsibilities and the expenditure related to the role carried out.

The upper limit envisaged by the general criteria (1:1) may be increased up to a ratio of 2:1 (as permitted by the Bank of Italy subject to the approval of the Ordinary General Shareholders' Meeting for the positions referred to by the law and by the Bylaws) for specific staff retained as strategic, selected from the category of top identified staff and staff from the Finance, Corporate, Investment Banking and Private Banking departments.

6.2 Determination of the bonus pool

The Group's bonus pool¹⁴ constitutes part of the consolidated staff costs, approved by the ParentCo'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 profit¹⁵ may not exceed the threshold of 20% of the profit from current operating activities before tax (net of non-recurring items)¹⁶ 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 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.

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

¹¹ Excluding any employee severance payments (referred to in paragraph 6.9) including any golden parachutes (referred to in paragraph 6.9.2).

¹² In the case of external non-employed staff, it is defined as the relationship between non-recurring components and recurring components of remuneration.

¹³ Notwithstanding adaptation to future provisions issued by the Bank of Italy.

¹⁴ Excluding financial agents, insurance agents and financial advisors authorised for door-to-door sales, for whom a dedicated bonus pool may be envisaged, approved by the Chief Executive Officer of the ParentCo.

¹⁵ Profit from current operating activities before tax (net of non-recurring items).

¹⁶ Profit from current operating activities before tax (net of non-recurring items), calculated without taking account of the amount of that bonus pool.

- consolidated capital adequacy indicator: Common Equity Tier1 (CET1) ratio, greater than the Risk Tolerance threshold¹⁷ defined in the Risk Appetite Framework¹⁸;
- consolidated liquidity adequacy indicator: Regulatory Liquidity Coverage Ratio (LCR), higher than the Risk Tolerance threshold¹⁷ defined in the scope of the Risk Appetite Framework¹⁸;
- consolidated profitability indicator: profit from current operating activities before tax (net of non-recurring components), greater than zero.

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

Indicator	Comparison value
CET 1 Ratio - consolidated level -	> Risk Tolerance threshold defined in the scope of the RAF
Regulatory LCR - consolidated level -	> Risk Tolerance threshold defined in the scope of the RAF
Profit from current operating activities before tax - consolidated level -	> 0

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 in view of the financial results achieved in accordance with the Group's risk appetite framework.

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 below¹⁹.

The factor's application may include the lowering (until it reaches zero) or increase of the financial resources defined in the annual budget, in this latter case with the approval of the ParentCo's Board of Directors, which also determines the exact size; specifically:

- in the case of a result equal to or lower than the Risk Trigger threshold, the whole bonus pool is set to zero;

¹⁷ The Risk Tolerance threshold is the point below the area of tolerance.

¹⁸ Value envisaged on 31/12 of the financial year.

¹⁹ 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 capital requirement as 8.875% of Risk Weighted Assets recognised at year end.

- 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 ParentCo's Board of Directors has the authority to decide the potential availability of the bonus pool up to a maximum of 50% of its budget value; the potential payments regarding the incentive system 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 the financial resources of the incentive system envisaged in the budget is automatically reduced by applying the percentage given by the relationship between the midpoint result and the Risk Appetite threshold. This reduction does not affect the portion of the financial resources of the incentive system assigned to the identified staff of the internal control functions;
- in the presence of a result higher than the Risk Appetite threshold, any increase of the financial resources of the incentive system up to the expected cap of 110% of their value in the budget is subject to a decision by the ParentCo's Board of Directors, which also determines the exact measurement in relation to and within the limit of the relationship between the result achieved and the Risk Appetite threshold. Any increase does not affect the portion of the financial resources of the incentive system assigned to the identified staff of the internal control functions.

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

RORAC achieved (R)	Adjustment factor to multiply by the financial resources of the incentive system
$R \leq \text{RORAC Risk Trigger}$	0%
$\text{RORAC Risk Trigger} < R < \text{midpoint}^{20}$	The ParentCo'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.
$\text{midpoint}^{20} \leq R \leq \text{RORAC Risk Appetite}$	% data by the ratio: RORAC achieved / RORAC Risk Appetite ²¹ .
$R > \text{RORAC Risk Appetite}$	Percentage determined by the ParentCo's Board of Directors in relation to and within the ratio RORAC achieved / RORAC Risk Appetite, with a fixed cap of 110% ²¹ .

²⁰ Midpoint between the Risk Trigger and Risk Appetite thresholds.

²¹ The factor does not affect the portion of the financial resources of the incentive system assigned to the identified staff of the internal control functions.

In the event of a change in the financial resources of the incentive system following the application of the adjustment factor, the same change is also applied to the relative portions assigned to identified staff that do not belong to internal control functions, determined by the amount of potentially accruable bonuses; the portion of the financial resources of the incentive system of identified staff belonging to internal control functions will instead reflect the changes resulting from the adjustment factor.

If following the application of the adjustment factor, the financial resources of the incentive system are insufficient to cover the total amount of bonuses calculated on the basis of performance achieved, an equalisation mechanism will be applied.

6.4.1 Restrictions on distribution – combined capital buffer requirement

According to the Bank of Italy²² Supervisory Provisions, in cases where the combined capital buffer requirement²³, no distribution is made in relation to Common Equity Tier 1^{24 25} 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 Bank²⁶.

6.5 Guidelines of the incentive system

The award of an individual bonus is subject to the activation of an incentive system within the company where the person works, linked to an annual appraisal period and which provides for the assessment of performance achieved, not only in terms of quantitative results, but also in terms of conduct. Specifically, the incentive system should also be based on fairness/satisfaction criteria in relationships with customers and containment of legal and reputational risks, through the use of qualitative parameters, which have a significant impact on the amount of the bonus and are expressed with criteria that can be measured quantitatively (by way of example, but not limited to

²² 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").

²³ For this definition, please see article 128, point 6 of the Directive 2013/36/EU.

²⁴ For this definition, please see art. 25 of the Regulation (EU) no. 575/2013.

²⁵ 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.

²⁶ See the general recommendation of the European Central Bank of 28 December 2017 (ECB/2017/44 on dividend distribution policies and the recommendations specifically sent to Banco BPM on "Dividend distribution Policy" and "Variable remuneration Policy".

such, results of customer satisfaction surveys, number of complaints, provision of adequate advisory services to customers, compliance with legislation and regulations, service quality, appraisal of managerial performance and/or quality, etc.).

In addition, for the purposes of risk containment, the incentive system should consider:

- for sales networks, where applicable, the assignment of an objective that relates to credit risk profiles such as, for example, containing increases in amounts of impaired exposures;
- for identified staff, the assignment of risk-based or risk-adjusted KPIs, proportional, depending on the case, to their functional level or to the company to which they belong, or to the Group.

For identified staff identified on the basis of their responsibilities receiving bonuses and for specific staff of the sales networks²⁷ 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.

In the MBO method, objectives encompass a contained number of indicators, 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 bonus 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 internal and/or external benchmarks. A percentage will be associated with every cluster, which will increase as the 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 bonus can be defined, considering also the individual's total remuneration.

The same arrangements considered for identified staff not belonging to internal control functions are applied to the Chief Executive Officer of the ParentCo, for whom the MBO performance measuring method is adopted to determine their variable remuneration. More specifically, their

²⁷ The list of people to receive MBO is not exhaustive.

schedule envisages a limited number of KPIs, with a percentage value attributed to each one, proportional to their importance, and a results curve (level of achievement) characterised by a minimum and a maximum. The result obtained by the single KPI, compared with the results curve, allows for acknowledgement of a score to multiply by the KPI percentage. In the case of a result that is lower than the minimum expected, the score is reduced to zero; in the case of a result higher than the maximum expected level, the score cannot exceed the fixed cap. The sum of scores of each KPI determines the percentage value of the MBO result which, applied to the target incentive (average value of the minimum and maximum accruable incentive), determines the incentive to award (to which the equalisation mechanism can potentially be applied). A minimum result threshold for the award of the incentive and a maximum threshold above which the incentive cannot rise is envisaged.

6.6 Payment of the bonus

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

6.6.1 Payment of the bonus to other staff

The bonus 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 bonus determined on the basis of performance achieved will not apply in cases of termination of employment (unless with prior consent from the ParentCo, 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 the bonus to identified staff

The bonus paid to identified staff²⁸, identified during the year, is divided into:

- an up-front portion, equal to 60% of the bonus, to be paid by the month of July of the year following the accrual period;
- three annual portions of equal proportions, totalling 40% of the bonus, deferred in the three-year period following the year of vesting of the up-front portion and attributed by July of each year.

In cases where the bonus awarded is higher than 300,000 euros, the portion applicable to the deferral period is equal to 60% of the bonus, paid in five equal annual portions, deferred in the 5-

²⁸ 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.

year period following the year of vesting of the up-front portion and attributed by July of each year.

Both the 50% of the up-front portion and 50% of the deferred portion of the bonus are awarded in Banco BPM ordinary shares.

There is a retention period (selling restriction) on the shares accrued 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 accrued. The vesting of the share portions takes place at the same time as the respective cash portions, while the allocation to the beneficiaries (and therefore 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.

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 below gives the composition and amount of bonus portions awarded, in relation to the year in which they come into the beneficiary's effective possession.

Award of the bonus											
2018	2019	2020	2021	2022	2023	2024	2025				
Accrual period	Up-front shares 20%	Retention 2 years		Up-front shares 20%							
	Up-front cash 20%	Retention 1 year		1 st deferred shares 6%							
		1 st deferred cash 6%	Retention 1 year		2 nd deferred shares 6%						
			2 nd deferred cash 6%	Retention 1 year		3 rd deferred shares 6%					
				3 rd deferred cash 6%	Retention 1 year		4 th deferred shares 6%				
					4 th deferred cash 6%	Retention 1 year		5 th deferred shares 6%			
						5 th deferred cash 6%	Retention 1 year		6 th deferred shares 6%		
Actual payout	20%	6%	32%	12%	12%	12%	6%				
2018	2019	2020	2021	2022	2023						
Accrual period	Up-front shares 30%	Retention 2 years		Up-front shares 30%							
	Up-front cash 30%	Retention 1 year		1 st deferred shares 6,67%							
		1 st deferred cash 6,67%	Retention 1 year		2 nd deferred shares 6,67%						
			2 nd deferred cash 6,67%	Retention 1 year		3 rd deferred shares 6,66%					
				3 rd deferred cash 6,66%	Retention 1 year		4 th deferred shares 6,66%				
Actual payout	30%	6,67%	43,34%	13,33%	6,66%						

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 ParentCo 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 bonus is lower than or equal to the relevant threshold of 50,000 euros 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, and those²⁹ whose variable³⁰ to fixed remuneration ratio 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 (see malus) described below:

1. the vesting of each deferred portion of the bonus 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 bonus portions.

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

2. with reference to both identified staff and other staff, the directive of suspension of service and remuneration after one day excludes them from the entitlement to the bonus or its shares, of deferred bonus portions relating to previous years, of the corporate bonus and of potential retention bonuses;
3. with reference to both identified staff and other staff, the bonus or its portions, deferred bonus portions relating to previous years, the corporate bonus and potential retention bonus do not apply in cases where, also after the disciplinary procedure, it emerges that the persons had determined or competed to determine the following conditions:

²⁹ Ex ante.

³⁰ See Paragraph 6.1 "Relationship between variable and fixed components of remuneration".

- behaviour resulting in a loss considered significant for a company of the Group, based on the evaluation by the ParentCo's Chief Executive Officer³¹ or by his delegate;
- violations³² 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;
- Fraudulent or grossly guilty behaviour that is damaging to a company of the Group, based on the evaluation by the ParentCo's Chief Executive Officer³¹ or one of his delegates.

Upon verification of the conditions indicated in points 2 and 3 above, the company also has the authority to evaluate repayment of amounts, potentially already vested and/or paid, of bonuses and/or of their portions (claw back clause), and are able to exercise this right within five years of each vesting.

With reference to the Group's Staff and prior to award, the ParentCo'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 ParentCo's Chief Executive Officer³¹ or one of his delegates.

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 ParentCo's Chief Executive Officer³¹ or one of his delegate, 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)

From 2017, a long-term incentive system (LTI) was introduced into 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 ParentCo'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 position and/or the responsibility and impact of the activity on business.

³¹The evaluation will be carried out by the ParentCo's Board of Directors for persons directly appointed by them.

³² For example, in cases of violation of requirements of professionalism, reputation and independence.

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 bonus) that corresponds to ordinary shares of BANCO BPM ("performance share").

6.8.1 Connection between LTI bonuses and results

The award of the LTI bonus 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: Positive profit from current operating activities before tax (net of non-recurring items) as at 31/12/2019.

Indicator at a consolidated level	Comparison value for access to LTI bonus
Common Equity Tier1 (CET 1) 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 bonus 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			
	6°, 7°, 8° or 9° place out of 9	5° place out of 9	3° or 4° place out of 9	1° or 2° place out of 9
R ≥ RORAC Risk Target	0%	70%	85%	100%
80% * RORAC Risk Target ≤ R < RORAC Risk Target		50%	70%	85%
70% * RORAC Risk Target ≤ R ≤ 80% * RORAC Risk Target		40%	50%	70%
R < 70% * RORAC Risk Target	0%			

The LTI bonus, 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 the LTI Bonus

The LTI bonus 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 accrued 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 accrued. The award of shares to the recipient (and therefore their effective possession) 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 ParentCo's Board of Directors 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 bonus LTI shares awarded, with reference to the year of vesting and their effective entrance into the recipient's possession.

LTI incentive award								
2017	2018	2019	2020	2021	2022	2023	2024	
Accrual period			Up-front shares 40%	Retention 2 years		Up-front shares 40%		
				1 st deferred shares 20%	Retention 1 year	1 st deferred shares 20%		
					Retention 1 year	2 nd deferred shares 20%	Retention 1 year	2 nd deferred shares 20%
						Retention 1 year	3 rd deferred shares 20%	Retention 1 year
			Actual payout		60%	20%	20%	

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 bonuses (annual incentive system).

The LTI bonus shall not be paid in cases of termination of employment (unless, with prior agreement by the ParentCo, 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 Severance payments

6.9.1 Discretionary pension benefits

There are no discretionary pension benefits.

6.9.2 Golden parachute

The following rules only apply to identified staff.

Subject to the approval of the Ordinary General Shareholders' Meeting of the criteria to determine the compensation to award in the event of the early termination of an employment relationship or the early termination of a term in office, including therein the fixed limits of said compensation, each individual company has the unilateral authority to stipulate potential golden parachutes, defined, subject to prior authorisation by the ParentCo's Chief Executive Officer³³, in relation to the office and/or position of the person³⁴ and/or their term and/or the evaluation of individual results and/or risks taken by the company, to the fullest amount of two years of Gross Annual Remuneration (GAR)³⁵ and within the maximum limit of 2.4 million euros (gross for the employee).

Without prejudice to the exceptions provided in the Bank of Italy Supervisory Provisions, the payment occurs whilst following the following criteria:

- with an up-front portion, equal to 60% and in three annual payments of equal amounts, as a whole equal to 40%, for persons for whom the golden parachute amount is less than or equal to 600,000 euros;
- with an up-front portion, equal to 40% and in five annual payments of equal amounts, as a whole equal to 60%, for persons for whom the amount is higher than 600,000 euros;
- the up-front portion is applied at the termination of employment, within the time limits envisaged by individual agreements; deferred portions are attributed annually, the first becoming effective at least 12 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, within the time limits envisaged by individual agreements;
- by 50% of each portion in cash and 50% in ordinary shares of Banco BPM. For shares vested, a retention period (selling restriction) of two years is envisaged for up-front shares and of one year for deferred shares; for the latter, the retention period becomes active from the time where the deferred remuneration matures. The vesting of shares occurs at the same time as

³³The evaluation will be carried out by the ParentCo's Board of Directors for persons directly appointed by them.

³⁴ Also intended in the sense of risks taken by the same entity.

³⁵ See also paragraph 6.9.3 below regarding the items included in the cited limit.

³⁶ The evaluation will be carried out by the ParentCo's Board of Directors for persons directly appointed by them.

the respective cash portions, while the allocation to the recipient (therefore their effective possession) occurs 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. 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.

- only in the absence of established fraudulent conduct or gross negligence put in place by the terminated person, that is, of conduct that leads to heavy losses. The verification of this conduct, recognised in the internal disciplinary process or by a first or second grade sentence delivered in legal proceedings, suspends the payment of deferred payments. The conclusion of the internal disciplinary process or the final judgement, together with the evaluation made by the ParentCo's Chief Executive Officer³⁶ with regard to the significance of the crime or loss, implies the annulment of shares not yet vested (malus) and the return of those already paid (claw-back);
- subject to the ParentCo's Chief Executive Officer's³⁶ prior authorisation.

The criteria and limits for the determination of golden parachutes are applied to all Group companies; these are approved by the Shareholders' Meeting of each subsidiary bank.

6.9.3 Other remuneration

The Bank of Italy Supervisory Provisions state that remuneration (except for that stated by law) agreed in view or during early termination of employment or early termination of office, paid to identified staff exceeding notice payments falls into the category of golden parachutes. In this respect, it is noted that in the scope of defining the concept of notice payments (and, therefore, excluded from the framework of variable remuneration), the financial measures defined by the early termination of employment by the category's national collective negotiation (specifically, remuneration corresponding to articles 28, 30 or 32 for staff classified as managers, or art. 11 and Chapter XI for staff belonging to professional areas or management), also in relation to transactions defined in order to avoid threat of legal judgement, as long as they fall within the limits laid down by the law and national bargaining are attributable.

It is noted that the limits concerning annual remuneration and maximum amount, defined in paragraph 6.9.2 above, include both potential golden parachutes and potential remuneration arising from legal provisions and collective national bargaining, provided above, and that all positions will be assessed in advance by the ParentCo's Chief Executive³⁶ or by his delegate.

SECTION II

Implementation of 2017 remuneration policies

Part 1 – Implementation of Remuneration Policies

1. Implementation of the remuneration policies in 2017

In the Banco BPM Banking Group (hereafter Group), the ParentCo'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 2017 (hereafter the 2017 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 2017 Policy was defined by the Board of Directors and approved by the Ordinary General Shareholders' Meeting on 8 April 2017 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 section - Remuneration Policies).

In the provision of the 2017 Policy, Banco BPM – in its capacity as ParentCo – did not make use of external consultants.

For the definitions of Section II, please refer to the 2017 Policy.

1.1 The Remuneration Committee

In 2017, the Committee met, after being convened by the Chairman, thirteen times. The attendance level was 94% and the average duration of meetings was around 1 hour.

The Committee carried out its duties - depending on the case - making investigations, providing advice and/or making proposals regarding: (i) determining the emoluments due to directors in specific offices or with specific assignments (including the CEO) of the ParentCo and identifying the compensation of the representatives of subsidiary banks and of the main non-bank subsidiaries of the Group; (ii) defining the remuneration policies for 2017 for the Staff of the Banco BPM Group, the long-term incentive system (2017-2019), the share-based annual (2017) and three-year (2017-2019) compensation plan of Banco BPM, also examining the relative documents to submit to the relevant Corporate Bodies; (iii) defining guidelines at Group level regarding the remuneration due to supervisory bodies pursuant to Italian Legislative Decree 231/2001; (iv) the process of identifying the Banco BPM Group's identified staff (including the relative results and subsequent updates); (v) the implementation of the 2016 remuneration policies, including verifying the entry conditions for the incentive system and, where under the scope of responsibility of the Committee, formulating bonus proposals; (vi) defining the remuneration of certain parties in senior operating and managerial positions; (vii) supervising the correct application of the rules regarding remuneration (in particular

regarding the remuneration of the Heads of company control functions), as well as the control of objectives within the incentive system, examining the MBO schedules selected by the Committee.

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 (RTS³⁷), and also with the adoption of an internal criterion to identify the top identified staff³⁸.

The Human Resources function of the ParentCo coordinated the activities, involving the Compliance, Organisation, Risks and Planning and Control functions, each for their fields of competence, of the ParentCo. The process, implemented at Group level, regarded all Group companies, and envisaged an assessment carried at company level for the Italian banks by the ParentCo (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 Compliance function evaluated the process as "compliant" with legislative requirements; the Board of Directors of the ParentCo, after the opinion of the Remuneration Committee, approved the process, the interpretation and application of the criteria and the relative results.

The perimeter of identified staff is updated on a quarterly basis.

For 2017, 254 people were identified as identified staff at Group level³⁹, corresponding to around 1.09% of staff, broken down into the following categories:

- Top identified staff - 39 people, of which:
 - 34 not belonging to internal control functions;
 - 5 belonging to internal control functions.
- Other identified staff - 215 people, of which:
 - 193 not belonging to internal control functions;
 - 22 belonging to internal control functions.

In relation to the individuals identified based solely on quantitative criteria, the ParentCo did not adopt the exclusion procedure, as defined in Decision (EU) 2015/2218 of the European Central Bank dated 20 November 2015.

³⁷ Delegated Regulation (EU) No. 604/2014, enacted by the Bank of Italy Vigilance Supervisory Provisions of 18 November 2014 (Circular 285/2013 – 7th update).

³⁸ Top identified staff: Chief Executive Officer, General Manager, Co-General Managers and Managers in the first line of management of the ParentCo, Chief Executive Officer, General Manager, Co-General Managers and Deputy General Manager (where applicable) of Banca Popolare di Milano, Aletti & C. Banca d'Investimento Mobiliare, Aletti Gestielle SGR, Banca Akros, ProFamily and Società Gestione Servizi BP.

³⁹ Included five persons of Aletti Gestielle SGR, leaving from the perimeter of the Group in December 2017.

The ParentCo 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 2017 Bonus pool

The Group's 2017 bonus pool (consolidated financial resources of the annual incentive system and of the company bonus under the National Collective Labour Agreement) envisaged in the budget – calculated and approved according to the criteria defined in the 2017 Policy, amounted to euro 62 million (cost to company), of which euro 46.5 million for the annual incentive system (2017) and euro 15.5 million for the company bonus (National Collective Labour Agreement).

1.4 Activation of the 2017 incentive system

In 2017, the incentive system was activated, in accordance with that envisaged by the 2017 Policy and in consideration of the business and/or organisational characteristics of each Group company.

For identified staff receiving variable remuneration, staff of the sales networks and the members of specific professional supply chains identified on the basis of their correlation to economic/income results, the MBO (Management by Objectives) method of performance 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 ParentCo and of the Group's subsidiary companies

The remuneration policy implemented in 2017 for members of the Corporate Bodies of the ParentCo 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 2017, 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 euros payable to each member of the Board,
- additional gross annual emolument of 50,000 euros 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 10 January 2017, 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 2017:

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

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 gross annual remuneration (GAR) of the CEO, in accordance with article 2389 of the Italian Civil Code and article 22.1 of the Bylaws.

In the same way, the Board also established the maximum amount of the variable remuneration of the CEO, to be associated to the short-term incentive system and to the long-term incentive system (LTI), the latter correlated to the objectives of the 2016-2019 Strategic Plan.

The CEO 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 euros to the Chairman of the Board,
 - a gross annual remuneration of 110,000 euros 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.

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 ParentCo's SB provides for the appointment of a statutory auditor among its members; an additional gross annual remuneration of 28,000 euros 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 2017, 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 ParentCo 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 2018

The Board of Directors of the ParentCo, with regard to the conditions envisaged in the 2017 Policy for access to the variable components of remuneration to be paid in 2018, on 27 February 2018, after acknowledging the opinion of the Remuneration Committee, verified the opening of the consolidated entry gates⁴⁰ for access to the 2017 bonus pool (a condition that also determines the vesting in 2018 of the deferred portions of bonuses relating to previous years) and with regard to the incentive system, of the further company entry gate⁴¹ for BPM, Banca Akros, Aletti & C. Banca d'Investimento Mobiliare, ProFamily, Aletti Fiduciaria e Aletti Gestielle SGR, as well as the failed opening of the company entry gate for Banca Aletti & C. (Suisse), the latter condition does not permit the staff of this company to access the financial resources of the 2017 incentive system.

At the same meeting, the Board of Directors also determined, given the results of the adjustment ratio⁴² applied to the 2017 bonus pool, in accordance with the provisions of the 2017 Policy, the maximum financial resources to award at Group level as euro 60.18⁴³ million (cost to company) (of which euro 44.68⁴³ million for the 2017 incentive system and euro 15.5 million for the company bonus (National Collective Labour Agreement)).

⁴⁰ Common Equity Tier 1 ratio (CET1 ratio), Regulatory Liquidity Coverage Ratio (LCR), profit from current operating activities before tax (net of non-recurring items).

⁴¹ Profit from current operating activities before tax (net of non-recurring items).

⁴² Risk-adjusted profitability indicator, Return on Risk Adjusted Capital (RORAC) 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 same financial year.

⁴³ Net of euro 0.75 million of Aletti Gestielle SGR, exited from the consolidation scope in December 2017.

2.2.1 Incentive system to be awarded in 2018

The award of bonuses to staff is subject to achieving the objectives assigned under the incentive system and is paid according to the procedures envisaged in the 2017 Policy.

The following table shows the maximum amount that may be awarded under the 2017 incentive system for Group companies⁴⁴.

Company (amounts in millions of euro - cost to company)	Financial resources for the 2017 incentive system
Banco BPM	28.81
BPM	7.19
Banca Aletti	3.58
Banca Akros	2.58
S.G.S. BP	2.11
ProFamily	0.20
BP Property Management	0.13
Release	0.03
Aletti Fiduciaria	0.03
Bpl Real Estate	0.02
Banca Aletti Suisse	0
Total (*)	44.68

(*) Net of euro 0.75 million of Aletti Gestielle SGR, exited from the consolidation scope in December 2017.

As already illustrated in paragraph 2.1.1 above, at the meeting on 14 March 2017, the Board of Directors - on the proposal of the Remuneration Committee - resolved on the objectives to assign to the MBO of the CEO under the short-term incentive system (2017).

The MBO envisaged performance objectives relating to the capital requirements and the profitability of the Group, which were achieved at levels surpassing expectations, and to the value created by the enterprise for shareholders, which was in line with expectations and relating to qualitative aspects regarding management activities, assessed by the Chairman of the Board of Directors, which were above expectations.

The performance achieved in the terms indicated led to the award of a bonus to the CEO of the ParentCo, which will be paid according to the procedures envisaged in the 2017 Policy.

2.2.2 Company bonus

As already illustrated in paragraph 2.2, the Board of Directors of the ParentCo ascertained that the conditions for access to the variable remuneration components to be paid in 2018 had been met. Following the positive conclusion of negotiations, which led to the stipulation of several important regulations of the second-level Collective Labour Agreement applicable to all Group companies, the company bonus of the Banco BPM Group for 2017 was defined.

⁴⁴ Company in the Group perimeter as at 31 December 2017.

The relative agreement, stipulated under article 48 of the National Collective Labour Agreement for this industry, will enable the amount of euro 700 per capita to be paid to staff in professional categories and in the category of management in 2018. This amount, which represents a total maximum cost to the company of euro 15.5 million (as already stated in paragraph 2.2) may 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 payments

The important and complex company operations, which in 2017 brought the process of integration of the Group to a successful conclusion - with the involvement of all employees, met requirements for the award of the amount of euro 150 per capita to staff in professional categories and in the category of management, to be allocated exclusively as welfare, with a view to enhancing the company services envisaged to this end. This amount entails a total cost to the company of around 3.3 million euros.

2.3.2 Bonus system

With regard to measures on remuneration aimed at finding a coherent relation between responsibility, professionalism, commitment, and level of remuneration of employees, in 2017, measures were taken on fixed remuneration corresponding to around euro 1.67 million (cost relating to 2017 on an annual basis).

2.3.3 Other remuneration measures

Stability and non-competition agreements were defined for some key Group roles, which involved the payment of a specific monthly amount, for continued employment.

During 2017, 39 new non-competition agreements (of which 23 originating from the conversion of existing stability agreements) and 1 agreement to extend the notice period were concluded.

2.3.4 Welfare and other non-monetary benefits

With regard to initiatives that concern the company welfare of the Group and to supplement the traditional system of health and national insurance services, in 2017, the award of non-monetary benefits was confirmed, which comprise the framework of People Care measures and which therefore seek to meet the social needs of employees and their families.

These benefits were specifically represented by:

- economic subsidies, envisaged to reimburse costs relative to health prevention and treatments;
- safeguards envisaged for the death or the permanent invalidity of an employees;
- the recognition of advantageous conditions to access banking and insurance services;

- the activation of personal assistance services for those in particularly difficult situations;
- various forms of support and assistance for the children of employees;
- the opportunity to use company catering services where present.

2.4 Welcome bonuses or severance payed to identified staff

No welcome bonuses were awarded in 2017.

In 2017, seventeen people terminated their employment contracts; eleven people were paid severance indemnities of a variable amount totalling euro 312,421 (gross per employee), which do not fall into the category of golden parachutes, in accordance with the exemptions established by the Supervisory Provisions of the Bank of Italy.

With regard to the external directors of the Group, in 2017, there were four 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".

In addition, in 2017, following the settlement of a legal proceeding, an amount, categorised as a golden parachute, of euro 180,000 (gross to employee) was settled for the former Managing Director of the former Banca Popolare di Milano Scarl, Piero Luigi Montani (who left the company in 2013), the payment of which will be made in accordance with the procedures envisaged by remuneration policies in force and in compliance with the Supervisory Provisions of the Bank of Italy.

For the sake of completeness of information, note that following a legal conciliation procedure, in 2017, the amount of euro 63,000 was awarded as an additional amount to employee severance pay, to an employee, who left in 2016, at the time identified as identified staff of the former Bipiemme Banking Group.

2.5 Malus and claw-back

In the application of current malus mechanisms, the deferred portion of income totalling 388,658 euro (gross, employee) for the 2014-2015-2016 financial years which would be payable in 2018-2019-2020 has been written-off, referable to eleven terminated employees identified as identified staff in 2016-2017.

No claw-back process was implemented for terminations for just cause during the period.

2.6 Solidarity Fund

In 2017, the Solidarity Fund, which had already been activated following the agreement of 23/12/2016 to manage redundancies resulting from the merger process, was extended to 76 resources, which met the social security requirements.

The relative agreement confirmed the same procedures and leaving incentives already established under the cited agreement made at the end of 2016.

2.7 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 2017 financial year, we report that two people were awarded an amount at least equal to euro 1 million (one person in the remuneration bracket from 1 to 1.5 million and one person in the remuneration bracket from 1.5 to 2 million).

2.8 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 2017, the ParentCo fulfilled its obligations to transmit annually to the Bank of Italy data relative to remuneration⁴⁵ , as established in the Communication of 7 October 2014⁴⁶ , issued in accordance with Article 75 of CRD IV and according to the EBA Guidelines⁴⁷ .

⁴⁵ See Circular no. 285/2013, 7th update, Part 1, Title IV, Chapter 2 “Remuneration and incentive policies and practices”, Section VI Disclosure of information and data transmission obligations, paragraph 2.

⁴⁶ See Bank of Italy Communication of 7 October 2014 regarding collection of remuneration data from banks and investment companies.

⁴⁷ 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, 7th update, Part 1, Title IV, Chapter 2 “Remuneration and incentive policies and practices”, Section VI “Information and data transmission obligations”

(data referring to the ParentCo 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 accrued in 2017		
		Amount (3)	of which severance payments	Incentive (4)	Other forms of variable remuneration (5)	Sign on and severance payments
Members of the Management Body	14	5.250.471	11.606	944.677		
Members of the Management Body in its supervisory function	50	3.503.861				
Investment Banking	1.471	105.551.557	91.716	5.374.764	878.182	604.355
Retail banking	18.769	952.206.485	954.778	22.431.851	11.697.285	3.817.124
Asset management	25	1.670.171		149.700	16.042	
Corporate functions	3.643	203.355.807	509.127	4.210.608	2.225.563	1.703.941
Internal Control Functions	550	35.928.413	38.695	1.087.727	342.327	198.758
Other	308	16.820.059	15.077	475.703	194.679	199.413
Total	24.830	1.324.286.823	1.620.998	34.675.029	15.354.078	6.523.592

Notes:

(1) Under EBA Guidelines on the Remuneration Benchmarking Exercise

(2) Staff whom, in 2017, was paid a remuneration for work services during the year to companies belonging to the Banking Group, as at 31/12/2017 (number of persons).

(3) 2017 fixed remuneration, that includes the remuneration items as defined in the Policy.

(4) The indicated amounts include the bonus to be awarded to the identified staff and the bonus of the remaining staff, the latter calculated with an estimate criterion. Any incentive portions for previous years, that have expired during the year, are not included.

(5) Referred almost exclusively to the company bonus.

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 period	Fixed remuneration		2017 Incentive System							Other forms of variable accrued remuneration	
	Number of beneficiaries (1)	Amount (2)	Number of beneficiaries	Total amount	of which an up front portion			of which deferred portions			
					Cash	Shares (3)	Other instruments	Cash	Shares (3)		Other instruments
Members of the Management Body	11	4.908.568	4	943.223	224.967	224.967		246.645	246.645		
Members of the Management Body in its supervisory function	31	3.110.033									
Investment Banking	54	10.532.893	38	1.756.271	984.543	330.740		220.493	220.493		10.442
Retail banking	106	17.690.907	79	2.483.846	1.768.064	306.764		204.509	204.509		18.200
Asset management	2	316.518	1	56.277	16.883	16.883		11.255	11.255		
Corporate functions	21	5.148.982	21	1.156.893	365.851	288.515		251.264	251.264		700
Internal Control Functions	20	3.175.073	18	470.818	328.841	60.847		40.565	40.565		3.500
Other	4	719.139	3	65.033	65.033						56.075
Total	249	45.602.113	164	6.932.362	3.754.182	1.228.716		974.732	974.732		88.917
<i>of which "senior management" (a)</i>	27	6.987.247	23	1.972.824	608.894	534.038		414.946	414.946		

Notes:

(1) Staff who in 2017, even if for a portion of the year, belonged to the Banking Group's identified staff category, as at 31/12/2017 (number of persons).

(2) 2017 fixed remuneration, that includes the remuneration items as defined in the Policy.

(3) Euro equivalent value.

(a) It includes the General Manager and the Co-General Managers of the ParentCo, the members of the General Management of the subsidiaries, as well as the heads of the functions reporting directly to the CEO or the CEO of the subsidiaries.

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 period (1)	Deferred portions of variable remuneration accrued in the previous periods									
	vested in 2017		not vested in 2017 (malus)		vested in 2018		not vested in 2018 (malus) (2)		vesting from 2019	
	of which monetary	of which shares (number)	of which monetary	of which shares (number)	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	146.269	39.910			197.289	57.564	36.581	10.938	814.894	202.295
Members of the Management Body in its supervisory function										
Investment Banking	69.425	15.777			120.644	27.352			399.661	56.011
Retail banking	33.511	5.705			55.154	8.752	59.892	5.989	535.953	55.943
Asset management							17.891	1.252	19.603	1.371
Corporate functions	46.080	9.295			75.335	17.584			293.728	38.021
Internal Control Functions	43.635	3.506			52.442	4.370	17.935	1.415	186.311	14.319
Other	5.225	1.283			7.570	2.051			7.335	2.389
Total	344.144	75.476			508.436	117.673	132.299	19.594	2.257.486	370.349
<i>of which "senior management" (a)</i>	67.630	18.826			117.461	33.265			545.829	81.103

Notes:

(1) Staff who in 2017, even if for a portion of the year, belonged to the Banking Group's identified staff category, as at 31/12/2017 (number of persons).

(2) Residual deferred portions (monetary and shares) relating to the identified staff terminated during 2017, which will not be paid out.

(a) It includes the General Manager and the Co-General Managers of the ParentCo, the members of the General Management of the subsidiaries, as well as the heads of the functions reporting directly to the CEO or the CEO of the subsidiaries.

**Table as required by Article 450 CRR (Regulation 2013/575 EU), paragraph 1, letter “h”, sub v) and vi)
Remuneration at start and end of employment (euro)**

Risk takers identified for the period (1)	Remuneration at start of employment		Severance payments						
	paid in 2017		awarded in 2017				paid in 2017		
	Number of beneficiaries	Total amount	Number of beneficiaries	total amount awarded	of which the variable amount (2)	highest amount	Number of beneficiaries	Total amount	of which the variable amount
Members of the Management Body			1	11.606		11.606			
Members of the Management Body in its supervisory function									
Investment Banking			4	94.147	92.907	71.000	2	71.240	70.000
Retail banking			8	249.055	217.034	63.341	4	21.736	
Asset management									
Corporate functions									
Internal Control Functions			2	15.535	2.480	15.131	1	12.651	
Other									
Total			15	370.342	312.421		7	105.627	70.000
<i>of which "senior management" (a)</i>			2	71.240	70.000	71.000	2	71.240	70.000

Notes:

(1) Staff terminated in 2017, who during the year belonged to the Banking Group's identified staff category, as at 31/12/2017.

(2) These remunerations are not included in the golden parachute, in compliance with the derogations established by the Supervisory Provisions of the Bank of Italy.

(a) It includes the General Manager and the Co-General Managers of the ParentCo, the members of the General Management of the subsidiaries, as well as the heads of the functions reporting directly to the CEO or the CEO of the subsidiaries.

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.

Surname and Name	Office held	Company	Period during which office was held	Total remuneration for the office held during the period
Fratta Pasini Carlo	Chairman of the Board of Directors	Banco BPM	01/01/2017 - 31/12/2017	€ 560.000
Castagna Giuseppe	CEO	Banco BPM	01/01/2017 - 31/12/2017	€ 1.838.229
Faroni Maurizio	General Manager	Banco BPM	01/01/2017 - 31/12/2017	€ 1.061.101
De Angelis Domenico	Co-General Manager	Banco BPM	01/01/2017 - 31/12/2017	€ 983.914
Poloni Salvatore	Co-General Manager	Banco BPM	01/01/2017 - 31/12/2017	€ 679.376
Saviotti Pier Francesco	Member and Chairman of the Executive Committee	Banco BPM	01/01/2017 - 31/12/2017	€ 780.000
Paoloni Mauro	Member of the Executive Committee	Banco BPM	01/01/2017 - 31/12/2017	€ 338.750
Comoli Maurizio	Member of the Executive Committee	Banco BPM	01/01/2017 - 31/12/2017	€ 298.750
Castellotti Guido	Member of the Executive Committee	Banco BPM	01/01/2017 - 31/12/2017	€ 298.750
Lonardi Piero Sergio	Member of the Executive Committee	Banco BPM	01/01/2017 - 31/12/2017	€ 158.750
Ambrosoli Umberto	Chairman of the Board of Directors	Banca Popolare di Milano	01/01/2017 - 31/12/2017	€ 173.389
Testi Paolo	General Manager	Banca Popolare di Milano	01/01/2017 - 31/12/2017	€ 285.082
Tarantini Graziano	Chairman of the Board of Directors	Banca Akros	01/01/2017 - 31/12/2017	€ 144.250
Turrina Marco Federico	CEO - General Manager	Banca Akros	01/01/2017 - 31/12/2017	€ 636.602
Coda Vittorio	Chairman of the Board of Directors	Aletti & C.Banca Investimento Mobiliare	01/01/2017 - 31/12/2017	€ 150.000
Zancanaro Maurizio	CEO	Aletti & C.Banca Investimento Mobiliare	01/01/2017 - 31/12/2017	€ 513.137
Rossignoli Cecilia	Chairman of the Board of Directors	Società Gestione Servizi BP	01/01/2017 - 31/12/2017	€ 47.575
Rigodanza Ottavio	CEO	Società Gestione Servizi BP	01/01/2017 - 31/12/2017	€ 391.028
Pietrobelli Giovanni	General Manager	Società Gestione Servizi BP	01/01/2017 - 31/12/2017	€ 263.989
Primicerj Giuseppe	Deputy General Manager	Società Gestione Servizi BP	01/01/2017 - 31/12/2017	€ 192.298
Perin Andrea	Chairman of the Board of Directors	Tiepolo Finance	01/01/2017 - 31/12/2017	€ 3.000

Surname and Name	Office held	Company	Period during which office was held	Total remuneration for the office held during the period
Frascarolo Carlo	Chairman of the Board of Directors	ProFamily	20/03/2017 - 31/12/2017	€ 41.315
Becheroni Massimiliano	CEO	ProFamily	01/01/2017 - 31/12/2017	€ 310.046
Molteni Paolo	Co-General Manager	ProFamily	01/01/2017 - 31/10/2017	€ 174.101
Dorenti Massimo	Co-General Manager	ProFamily	01/11/2017 - 31/12/2017	€ 60.441
Baroni Giorgio	CEO	Aletti Fiduciaria	01/01/2017 - 31/12/2017	€ 274.000
Bonalumi Matteo	Director with powers of attorney	Aletti Fiduciaria	01/01/2017 - 31/12/2017	€ 203.120
Marafante Giovanni	Director with powers of attorney	Aletti Fiduciaria	01/01/2017 - 31/12/2017	€ 122.783
Modonesi Luca	General Manager	Banca Aletti & C. (Suisse)	01/01/2017 - 31/05/2017	€ 171.261
Pappini Andrea	General Manager	Banca Aletti & C. (Suisse)	01/06/2017 - 31/12/2017	€ 106.790
Luciani Gino	Chairman of the Board of Directors	Release	01/01/2017 - 31/12/2017	€ 90.000
Boselli Carlo	General Manager	Bipielle Real Estate	01/01/2017 - 31/07/2017	€ 110.390
Soresina Francesco	Sole Director	BP Covered Bond	01/01/2017 - 31/12/2017	€ 16.000
Manzato Eugenio	Chairman of the Board of Directors	BP Property Management	01/01/2017 - 31/12/2017	€ 10.000
Manzato Eugenio	Chairman of the Board of Directors	Holding di Partecipazioni Finanziarie	01/01/2017 - 31/12/2017	€ 10.000

Notes

The list includes the members of the Management Body or the senior management of the companies present in the Banco BPM Banking Group at 31/12/2017 and does not include the employees of the Group that holds positions on the Boards of Directors of the Group companies, offices for which no fixed or variable remuneration is envisaged.

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 over which office was held	Office expiry date	Fixed remuneration						Remuneration for participation in committees			Non-equity variable remuneration		Fringe benefits	Other remunerations	Total	Fair Value of equity remunerations (2) (3)	Severance payments	
				Emoluments resolved by the Shareholders' Meeting	Attendance fees	Expense reimbursement in a lump sum	Payments ex art. 2389	Fixed remuneration from subordinate	Total	Fixed remuneration	Attendance fees	Total	Bonus and other incentives (1)	Profit sharing						
FRATTA PASINI CARLO	Chairman of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements				450.000			450.000								450.000		
	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements	110.000						110.000								110.000		
	Chairman of Charitable BPV-SGSP Donations Committee	01/01/2017-31/12/2017	approv. Financial Statements 2017																	
(I) Payments to the company drafting the financial statements				110.000			450.000			560.000								560.000		
(II) Payments from subsidiaries and related companies																				
(III) Total				110.000			450.000			560.000								560.000		
PAOLONI MAURO	Senior Deputy Chairman of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019				180.000			180.000								180.000		
	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000						110.000								110.000		
	Member of the Executive Committee	10/01/2017-31/12/2017	same duration as the BoD	48.750						48.750								48.750		
(I) Payments to the company drafting the financial statements				158.750			180.000			338.750								338.750		
	Chairman of the Board of Directors BIPIEMME VITA S.p.A.	01/01/2017-31/12/2017	approv. Financial Statements 2019	14.959	2.500		21.772			39.231								39.231		
	Member of the Control and Risk Committee of BIPIEMME VITA S.p.A.	01/01/2017-31/12/2017	approv. Financial Statements 2019							1.000	1.000							1.000		
	Chairman of the Board of Directors of BIPIEMME ASSICURAZIONI S.p.A.	26/04/2017-31/12/2017	approv. Financial Statements 2019	6.841	1.500		13.681			22.022								22.022		
	Member of the Control and Risk Committee of BIPIEMME ASSICURAZIONI S.p.A.	26/04/2017-31/12/2017	approv. Financial Statements 2019							750	750							750		
	Member of the Supervisory Board of BANCA POPOLARE DI...	01/01/2017-31/01/2017								417	417							417		
(II) Payments from subsidiaries and related companies				21.799	4.000		35.453			61.253	417	1.750	2.167					63.419		
(III) Total				180.549	4.000		215.453			400.003	417	1.750	2.167					402.169		

(A) Surname and name	(B) Office held	(C) Period over which office was held	(D) Office expiry date	(1) Fixed remuneration						(2) Remuneration for participation in committees			(3) Non-equity variable remuneration		(4) Fringe benefits	(5) Other remunerations	(6) Total	(7) Fair Value of equity remunerations (2) (3)	(8) Severance payments
				Emoluments resolved by the Shareholders' Meeting	Attendance fees	Expense reimbursement in a lump sum	Payments ex art. 2389	Fixed remuneration from subordinate	Total	Fixed remuneration	Attendance fees	Total	Bonus and other Incentives (1)	Profit sharing					
CASTELLOTTI GUIDO	Deputy Chairman of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019				140.000		140.000							140.000			
	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000							110.000			
	Member of the Executive Committee	10/01/2017-31/12/2017	same duration as the BoD	48.750					48.750							48.750			
II) Payments to the company drafting the financial statements				158.750			140.000		298.750							298.750			
III) Payments from subsidiaries and related companies																			
III) Total				158.750			140.000		298.750							298.750			
COMOLI MAURIZIO	Deputy Chairman of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019				140.000		140.000							140.000			
	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000							110.000			
	Member of the Executive Committee	10/01/2017-31/12/2017	same duration as the BoD	48.750					48.750							48.750			
II) Payments to the company drafting the financial statements				158.750			140.000		298.750							298.750			
III) Payments from subsidiaries and related companies																			
III) Total				158.750			140.000		298.750							298.750			
	Director of AVIPOP ASSICURAZIONI S.p.A.	26/04/2017-31/12/2017	approv. Financial Statements 2019	6.849					6.849							6.849			
	Director of AVIPOP VITA S.p.A.	26/04/2017-31/12/2017	approv. Financial Statements 2019	6.849					6.849							6.849			
III) Payments from subsidiaries and related companies				13.699					13.699							13.699			
III) Total				172.449			140.000		312.449							312.449			
CASTAGNA GIUSEPPE	CEO	01/01/2017-31/12/2017	approv. Financial Statements 2019																
	Member of the Executive Committee	10/01/2017-31/12/2017	same duration as the BoD					1.203.056	1.203.056			249.800	55.173 (a)		1.508.029	249.800			
II) Payments to the company drafting the financial statements								1.203.056	1.203.056			249.800	55.173		1.508.029	249.800			
III) Payments from subsidiaries and related companies																			
III) Total								1.203.056	1.203.056			249.800	55.173		1.508.029	249.800			
ANOLLI MARIO	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000							110.000			
	Member of the Related Parties Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019						4.875		4.875				4.875				
	Chairman of the Internal Control and Risk Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019						87.750		87.750				87.750				
II) Payments to the company drafting the financial statements				110.000					110.000	92.625	92.625				202.625				
III) Payments from subsidiaries and related companies																			
III) Total				110.000					110.000	92.625	92.625				202.625				
	Deputy Chairman	04/04/2017-31/12/2017	approv. Financial Statements 2018	7.425			11.137		18.562						18.562				
	SOCIETA' GESTIONE SERVIZI BP S.c.p.a.																		
III) Payments from subsidiaries and related companies				7.425			11.137		18.562						18.562				
III) Total				117.425			11.137		128.562	92.625	92.625				221.187				

(A) Surname and name	(B) Office held	(C) Period over which office was held	(D) Office expiry date	(1) Fixed remuneration						(2) Remuneration for participation in committees			(3) Non-equity variable remuneration		(4) Fringe benefits	(5) Other remunerations	(6) Total	(7) Fair Value of equity remunerations (2) (3)	(8) Severance payments	
				Emoluments received by the Shareholders' Meeting	Attendance fees	Expense reimbursement in a lump sum	Payments ex art. 2389	Fixed remuneration from subordinate	Total	Fixed remuneration	Attendance fees	Total	Bonus and other incentives (1)	Profit sharing						
CERQUA MICHELE	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000								110.000			
	Member of the Nomination Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019							9.750		9.750						9.750		
II) Payments to the company drafting the financial statements				110.000					110.000	9.750		9.750					119.750			
III) Payments from subsidiaries and related companies																				
III) Total				110.000					110.000	9.750		9.750					119.750			
D'ECCLISIA RITA LAURA	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000								110.000			
	Member of the Internal Control and Risk Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019							43.875		43.875						43.875		
II) Payments to the company drafting the financial statements				110.000					110.000	43.875		43.875					153.875			
III) Payments from subsidiaries and related companies																				
III) Total				110.000					110.000	43.875		43.875					153.875			
FRASCAROLO CARLO	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000								110.000			
	Chairman of the Nomination Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019							19.500		19.500						19.500		
	Member of the Internal Control and Risk Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019							43.875		43.875						43.875		
	II) Payments to the company drafting the financial statements				110.000					110.000	63.375		63.375					173.375		
	Chairman of PROFAMILY S.p.A.	20/03/2017-31/12/2017	approv. Financial Statements 2017	11.795	2.000		27.521		41.315								41.315			
III) Payments from subsidiaries and related companies				11.795	2.000		27.521		41.315								41.315			
III) Total				121.795	2.000		27.521		151.315	63.375		63.375					214.690			
GALBIATI PAOLA ELISABETTA MARIA	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000								110.000			
	Member of the Remuneration Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019							9.750		9.750						9.750		
II) Payments to the company drafting the financial statements				110.000					110.000	9.750		9.750					119.750			
III) Payments from subsidiaries and related companies																				
III) Total				110.000					110.000	9.750		9.750					119.750			
GALEOTTI CRISTINA	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000								110.000			
	Member of the Nomination Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019							9.750		9.750						9.750		
II) Payments to the company drafting the financial statements				110.000					110.000	9.750		9.750					119.750			
III) Payments from subsidiaries and related companies																				
III) Total				110.000					110.000	9.750		9.750					119.750			
GOLO MARISA	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000								110.000			
	Member of the Related Parties Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019							4.875		4.875						4.875		
II) Payments to the company drafting the financial statements				110.000					110.000	4.875		4.875					114.875			
III) Payments from subsidiaries and related companies																				
III) Total				110.000					110.000	4.875		4.875					114.875			
LONARDI PIERO SERGIO	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000								110.000			
	Member of the Executive Committee	10/01/2017-31/12/2017	same duration as the BoD	48.750					48.750								48.750			
II) Payments to the company drafting the financial statements				158.750					158.750								158.750			
	Director of BIPERWAVE ASSICURAZIONI S.p.A.	26/04/2017-31/12/2017	approv. Financial Statements 2019	6.841	1.500				8.341								8.341			
III) Payments from subsidiaries and related companies				6.841	1.500				8.341								8.341			
III) Total				165.591	1.500				167.091								167.091			

(A) Surname and name	(B) Office held	(C) Period over which office was held	(D) Office expiry date	(1) Fixed remuneration					(2) Remuneration for participation in committees			(3) Non-equity variable remuneration		(4) Fringe benefits	(5) Other remunerations	(6) Total	(7) Fair Value of equity remunerations (2) (3)	(8) Severance payments	
				Emoluments resolved by the Shareholders' Meeting	Attendance fees	Expense reimbursement in a lump sum	Payments ex art. 2389	Fixed remuneration from subordinate	Total	Fixed remuneration	Attendance fees	Total	Bonus and other incentives (1)						Profit sharing
PEDROLLO GIULIO	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000							110.000			
	Member of the Nomination Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019						9.750		9.750					9.750			
(I) Payments to the company drafting the financial statements				110.000					110.000		9.750					119.750			
(II) Payments from subsidiaries and related companies																			
(III) Total				110.000					110.000		9.750					119.750			
RAVANELLI FABIO	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000							110.000			
	Remuneration Committee (Chairman)	10/01/2017-31/12/2017	approv. Financial Statements 2019						19.500		19.500					19.500			
(I) Payments to the company drafting the financial statements				110.000					110.000		19.500					129.500			
(II) Payments from subsidiaries and related companies																			
(III) Total				110.000					110.000		19.500					129.500			
SAVIOTTI PIER FRANCESCO	Director of the Board of Directors	01/01/2017-30/04/2017	approv. Financial Statements 2019	566.667					566.667							566.667 (c)			
	Director of the Board of Directors	01/05/2017-31/12/2017	approv. Financial Statements 2019	73.333					73.333							73.333 (d)			
	Member and Chairman of the Executive Committee	10/01/2017-30/04/2017 01/05/2017-31/12/2017	same duration as the BoD	33.333			106.667		140.000							140.000 (d)			
(I) Payments to the company drafting the financial statements				673.334			106.667		780.000							780.000			
	Director of BANCA AKROS S.p.A.	16/03/2017-31/12/2017	approv. Financial Statements 2019	13.333					13.333							13.333 (e)			
(II) Payments from subsidiaries and related companies				13.333					13.333							13.333			
(III) Total				686.667			106.667		793.334							793.334			
SOFFIENTINI MANUELA	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000							110.000			
	Member of the Remuneration Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019						9.750		9.750					9.750			
(I) Payments paid to the company drafting the financial statements				110.000					110.000		9.750					119.750			
(II) Payments from subsidiaries and related companies																			
(III) Total				110.000					110.000		9.750					119.750			
TORRICELLI COSTANZA	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000					110.000							110.000			
	Member of the Related Parties Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019						4.875		4.875					4.875			
	Member of the Internal Control and Risk Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019						43.875		43.875					43.875			
(I) Payments to the company drafting the financial statements				110.000					110.000		48.750					158.750			
	Director of ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.p.A.	01/01/2017-01/04/2017	01/04/2017	4.932					4.932							4.932			
(II) Payments from subsidiaries and related companies				4.932					4.932							4.932			
(III) Total				114.932					114.932		48.750					163.682			

(A)	(B)	(C)	(D)	(1)						(2)			(3)		(4)	(5)	(6)	(7)	(8)	
Surname and name	Office held	Period over which office was held	Office expiry date	Fixed remuneration						Remuneration for participation in committees			Non-equity variable remuneration		Fringe benefits	Other remunerations	Total	Fair Value of equity remunerations (2) (3)	Severance payments	
				Emoluments resolved by the Shareholders' Meeting	Attendance fees	Expense reimbursement in a lump sum	Payments ex art. 2389	Fixed remuneration from subordinate	Total	Fixed remuneration	Attendance fees	Total	Bonus and other incentives (1)	Profit sharing						
ZUCCHETTI CRISTINA	Director of the Board of Directors	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000						110.000								110.000		
	Chairman of the Related Parties Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019								9.750		9.750					9.750		
	Member of the Remuneration Committee	10/01/2017-31/12/2017	approv. Financial Statements 2019								9.750		9.750					9.750		
(I) Payments to the company drafting the financial statements				110.000						110.000	19.500		19.500					129.500		
(II) Payments from subsidiaries and related companies																				
(III) Total				110.000						110.000	19.500		19.500					129.500		

Notes

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

(2) This value corresponds to what indicated in Table 3A relating to the fair value of financial instruments for the year.

(3) It should also be noted that for participants in the long-term incentive system 2017-2019 (LTI), the number of shares to be awarded will be determined in 2020, subordinate to the verification of the access gates 2019 and based on the performance actually achieved in the three-year period 2017-2019. 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 that will be awarded, spread during the expected vesting period. The estimated cost of 2017 financial year was recorded in the balance sheet among the staff expenses as a offset to an increase in a specific equity reserve.

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

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

(c) The remuneration for the period 01/01/2017 - 30/04/2017, equal to Euro 566,667.00 was awarded pursuant to the contract stipulated with the former Banco Popolare with expiry date 30/04/2017.

(d) Mr. Saviotti began to receive the fees of Director, Chairman and member of the Executive Committee from 01/05/2017, on expiring of the existing contract with the former Banco Popolare.

(e) The remuneration for the period 16/03/2017 - 30/04/2017, equal to Euro 2,500.00 (not included in the one above indicated), was awarded directly to Banco BPM S.p.A. pursuant to the contract stipulated with the former Banco Popolare with expiry date 30/04/2017.

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) Surname and name	(B) Office held	(C) Period over which office was held	(D) Office expiry date	(1) Fixed remuneration						(2) Remuneration for participation in committees			(3) Non-equity variable remuneration		(4) Fringe benefits	(5) Other remunerations	(6) Total	(7) Fair Value of equity remunerations	(8) Severance payments
				Emoluments resolved by the Shareholders' Meeting	Attendance fees	Expense reimbursement in a lump sum	Payments ex art. 2389	Fixed remuneration from subordinate employment	Total	Fixed remuneration	Attendance fees	Total	Bonus and other incentives	Profit sharing					
PRIORI MARCELLO	Chairman of the Board of Statutory Auditors	01/01/2017-31/12/2017	appr. Financial Statement 2019	160.000						160.000							160.000		
(I) Payments to the company drafting the financial statements				160.000						160.000							160.000		
	Chairman of the Board of Statutory Auditors of BANCA AKROS S.p.A.	01/01/2017-31/12/2017	appr. Financial Statement 2018	42.476	500					42.976	500	500 (*)					43.476		
	Standing Auditor of ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.p.A.	25/10/2017-31/12/2017	appr. Financial Statement 2017	5.701						5.701							5.701		
	Chairman of the Board of Statutory Auditors of BIPIEMME VITA S.p.A.	26/04/2017-31/12/2017	approv. Financial Statements 2019	34.203						34.203							34.203		
	Chairman of the Board of Directors of BIPIEMME ASSICURAZIONI S.p.A.	01/01/2017-25/04/2017	25/04/2017	3.159	750		4.739			8.648	250	250 (**)					8.898		
	Standing Auditor of BIPIEMME ASSICURAZIONI S.p.A.	26/04/2017-31/12/2017	approv. Financial Statements 2019	10.945						10.945							10.945		
(II) Payments from subsidiaries and related companies				96.484	1.250		4.739			102.473	750	750					103.223		
(III) Total				256.484	1.250		4.739			262.473	750	750					263.223		
MOSCONI MARIA LUISA	Standing Auditor	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000						110.000							110.000		
(I) Payments to the company drafting the financial statements				110.000						110.000							110.000		
	Standing Auditor of ALETTI GESTELLE SGR S.p.A.	16/03/2017-27/12/2017	27/12/2017	7.863						7.863							7.863		
	Standing Auditor of BANCA POPOLARE DI MILANO S.p.A.	01/01/2017-17/01/2017	17/01/2017	500						500							500		
(II) Payments from subsidiaries and related companies				8.363						8.363							8.363		
(III) Total				118.363						118.363							118.363		

(A) Surname and name	(B) Office held	(C) Period over which office was held	(D) Office expiry date	(1) Fixed remuneration						(2) Remuneration for participation in committees			(3) Non-equity variable remuneration		(4) Fringe benefits	(5) Other remunerations	(6) Total	(7) Fair Value of equity remunerations	(8) Severance payments
				Emoluments resolved by the Shareholders' Meeting	Attendance fees	Expense reimbursement in a lump sum	Payments ex art. 2389	Fixed remuneration from subordinate employment	Total	Fixed remuneration	Attendance fees	Total	Bonus and other incentives	Profit sharing					
ERBA GABRIELE CAMILLO	Standing Auditor	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000						110.000							110.000		
II) Payments to the company drafting the financial statements				110.000						110.000							110.000		
	Standing Auditor	01/01/2017-31/12/2017	approv. Financial Statements 2017	10.000						10.000							10.000		
	RELEASE S.p.A.																		
	Member of the Supervisory Board ex Legislative Decree 231/01	01/01/2017-31/12/2017	approv. Financial Statements 2017							500		500					500		
	RELEASE S.p.A.																		
	Standing Auditor	30/03/2017-31/12/2017	approv. Financial Statements 2019	18.750	20.000					38.750							38.750		
	ALBA LEASING S.p.A.																		
	Standing Auditor	05/04/2017-31/12/2017	approv. Financial Statements 2019	7.425						7.425							7.425		
	BP PROPERTY MANAGEMENT Srl																		
	Member of the Supervisory Board ex Legislative Decree 231/01	05/04/2017-31/12/2017	approv. Financial Statements 2019							371		371					371		
	BP PROPERTY MANAGEMENT Srl																		
III) Fees from subsidiaries and related companies				36.175	20.000					56.175	871	871					57.046		
III) Total				146.175	20.000					166.175	871	871					167.046		
ROSSI CLAUDIA	Standing Auditor	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000						110.000							110.000		
II) Payments to the company drafting the financial statements				110.000						110.000							110.000		
III) Payments from subsidiaries and related companies																			
III) Total				110.000						110.000							110.000		

(A) Surname and name	(B) Office held	(C) Period over which office was held	(D) Office expiry date	(1) Fixed remuneration						(2) Remuneration for participation in committees			(3) Non-equity variable remuneration		(4) Fringe benefits	(5) Other remunerations	(6) Total	(7) Fair Value of equity remunerations	(8) Severance payments
				Emoluments resolved by the Shareholders' Meeting	Attendance fees	Expense reimbursement in a lump sum	Payments ex art. 2389	Fixed remuneration from subordinate employment	Total	Fixed remuneration	Attendance fees	Total	Bonus and other incentives	Profit sharing					
SONATO ALFONSO	Standing Auditor	01/01/2017-31/12/2017	approv. Financial Statements 2019	110.000						110.000							110.000		
	Member of the Supervisory Board pursuant to Legislative Decree 231/01	10/01/2017-31/12/2017	approv. Financial Statements 2019 (until expiry date of the Standing Auditor's mandate)							27.300		27.300					27.300		
(I) Payments to the company drafting the financial statements				110.000						110.000	27.300	27.300					137.300		
	Chairman of the Board of Statutory Auditors	01/01/2017-31/12/2017	approv. Financial Statements 2017	45.900						45.900							45.900		
	ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.P.A.																		
	Member of the Supervisory Board pursuant to ex Legislative Decree 231/01	11/10/2017-31/12/2017	17/07/2018							551		551					551		
	ALETTI & C. BANCA DI INVESTIMENTO MOBILIARE S.P.A.																		
	Standing Auditor	05/04/2017-31/12/2017	approv. Financial Statements 2019	7.425						7.425							7.425		
	BP PROPERTY MANAGEMENT Srl																		
	Member of the Supervisory Board pursuant to ex Legislative Decree 231/01	05/04/2017-31/12/2017	approv. Financial Statements 2019							371		371					371		
	BP PROPERTY MANAGEMENT Srl																		
(III) Payments from subsidiaries and related companies				53.325						53.325	922	922					54.247		
(III) Total				163.325						163.325	28.222	28.222					191.547		

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 over which office was held	(D) Office expiry date	(1) Fixed remuneration						(2) Remuneration for participation in committees			(3) Non-equity variable remuneration		(4) Fringe benefits	(5) Other remunerations	(6) Total	(7) Fair Value of equity remunerations (2) (3)	(8) Severance payments
				Emoluments resolved by the Shareholders' Meeting	Attendance fees	Expense reimbursement in a lump sum	Payments ex art. 2389	Fixed remuneration from subordinate employment	Total	Fixed remuneration	Attendance fees	Total	Bonus and other incentives (1)	Profit sharing					
FARONI MAURIZIO	Executive	01/01/2017-31/12/2017	with permanent contract					701.944	701.944				70.705		5.631 (a)		778.280	70.705	
	General Manager	01/01/2017-31/12/2017																	
(I) Payments to the company drafting the financial statements								701.944	701.944				70.705		5.631		778.280	70.705	
	Director of BANCA AKROS S.p.A.	16/03/2017-31/12/2017	approv. Financial Statements 2019	(b)															
(II) Payments from subsidiaries and related companies																			
(III) Total								701.944	701.944				70.705		5.631		778.280	70.705	
DE ANGELIS DOMENICO	Executive	01/01/2017-31/12/2017	with permanent contract					700.642	700.642				76.501		28.270 (a)		805.413	76.501	
	Co-General Manager	01/01/2017-31/12/2017																	
(I) Payments to the company drafting the financial statements								700.642	700.642				76.501		28.270		805.413	76.501	
	Director of BANCA POPOLARE DI MILANO S.p.A.	18/01/2017-31/12/2017	approv. Financial Statements 2019	(b)															
(II) Payments from subsidiaries and related companies																			
(III) Total								700.642	700.642				76.501		28.270		805.413	76.501	
POLONI SALVATORE	Executive	01/01/2017-31/12/2017	with permanent contract					405.769	405.769				85.843		18.605 (a)		510.217	85.843	
	Co-General Manager	01/01/2017-31/12/2017																	
(I) Payments to the company drafting the financial statements								405.769	405.769				85.843		18.605		510.217	85.843	
	Deputy Chairman of Board of Directors of BANCA POPOLARE DI MILANO S.p.A.	01/01/2017-17/01/2017	17/01/2017	(b)															
	Director of BANCA POPOLARE DI MILANO S.p.A.	18/01/2017-31/12/2017	approv. Financial Statements 2019	(b)															
	Director of BANCA AKROS S.p.A.	01/01/2017-31/12/2017	approv. Financial Statements 2019	(b)															
	Director of SOCIETA' GESTIONE SERVIZI BP Soc.Cons. p.A.	04/04/2017-31/12/2017	approv. Financial Statements 2018	(b)															
(II) Payments from subsidiaries and related companies																			
(III) Total								405.769	405.769				85.843		18.605		510.217	85.843	

Notes

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

(2) This value corresponds to what indicated in Table 3A relating to the fair value of financial instruments for the year.

(3) It should also be noted that for participants in the long-term incentive system 2017-2019 (LTI), the number of shares to be awarded will be determined in 2020, subordinate to the verification of the access gates 2019 and based on the performance actually achieved in the three-year period 2017-2019. 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 that will be awarded, spread during the expected vesting period. The estimated cost of 2017 financial year was recorded in the balance sheet among the staff expenses as a offset to an increase in a specific equity reserve.

(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)

9 OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	(1)						(2)			(3)		(4)	(5)	(6)	(7)	(8)
	Fixed remuneration						Remuneration for participation in committees			Non-equity variable remuneration		Fringe benefits (1)	Other remunerations	Total	Fair Value of equity remunerations (3) (4)	Severance payments
	Emoluments resolved by the Shareholders' Meeting	Attendance fees	Expense reimbursement in a lump sum	Payments ex art. 2389	Fixed remuneration from subordinate employment (1)	Total	Fixed remuneration	Attendance fees	Total	Bonus and other incentives (2)	Profit sharing					
(I) Payments to the company drafting the financial					2.559.309	2.559.309				262.952		106.795		2.929.056	250.065	
(II) Payments from subsidiaries and related companies (5)																
(III) Total					2.559.309	2.559.309				262.952		106.795		2.929.056	250.065	

Notes

(1) It includes the whole fixed remuneration paid in 2017, also for those identified for a fraction of a year.

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

(3) This value corresponds to what indicated in Table 3A relating to the fair value of financial instruments for the year.

(4) It should also be noted that for participants in the long-term incentive system 2017-2019 (LTI), the number of shares to be awarded will be determined in 2020, subordinate to the verification of the access gates 2019 and based on the performance actually achieved in the three-year period 2017-2019. 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 that will be awarded, spread during the expected vesting period. The estimated cost of 2017 financial year was recorded in the balance sheet among the staff expenses as a offset to an increase in a specific equity reserve (see the notes to the consolidated financial statements - Part I - Share-based payment agreements).

(5) For the offices held in the Boards of Directors of the subsidiaries representing the Group itself, 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)

(A)	(B)	(1)	Financial instruments granted in previous years and not vested during the period		Financial instruments granted during the period					(9)	Financial instruments vested during the period and grantable (1)		(12)
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(10)	(11)	
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	CEO of BANCO BPM												
(I) Payments to the company drafting the financial statements		2017 (8/04/2017) (a)			92.386 Ordinary Shares of Banco BPM	290.000	2017-2023	27/02/2018	3,390		36.954 Ordinary Shares of Banco BPM	116.000	116.000
			2016 former Gruppo Bipiemme (30/04/2016)	58.782 Ordinary Shares of Banco BPM	2016-2022						14.695 Ordinary Shares of Banco BPM	46.128	45.000
		2015 former Gruppo Bipiemme (11/04/2015)		57.407 Ordinary Shares of Banco BPM (b)	2015-2021						19.135 Ordinary Shares of Banco BPM (b)	60.065	48.000
			2014 former Gruppo Bipiemme (12/04/2014) (c)	13.354 Ordinary Shares of Banco BPM (b)	2014-2020						6.677 Ordinary Shares of Banco BPM (b)	20.959	40.800
(II) Payments from subsidiaries and related companies													
(III) Total			129.543		92.386	290.000					77.461	243.151	249.800

(A)	(B)	Financial instruments granted in previous years and not vested during the period			Financial instruments granted during the period						Financial instruments vested during the period and not granted	Financial instruments vested during the period and grantable (1)		Financial instruments accrued in the period (2)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		(10)	(11)	
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 of BANCO BPM													
(I) Payments to the company drafting the financial statements		2017 (8/04/2017) (a)			56.312 Ordinary Shares of Banco BPM	176.763	2017-2023	27/02/2018	3,1390		22.525 Ordinary Shares of Banco BPM	70.705	70.705	
		2015 former Gruppo Banco Popolare (11/04/2015)	6.003 Ordinary Shares of Banco BPM (d)	2015-2019										
(II) Payments from subsidiaries and related companies														
(III) Total			6.003		56.312	176.763					22.525	70.705	70.705	
DE ANGELIS DOMENICO	Co-General Manager of BANCO BPM													
(I) Payments to the company drafting the financial statements		2017 (8/04/2017) (a)			40.618 Ordinary Shares of Banco BPM	127.501	2017-2021	27/02/2018	3,1390		24.371 Ordinary Shares of Banco BPM	76.501	76.501	
		2015 former Gruppo Banco Popolare (11/04/2015)	5.361 Ordinary Shares of Banco BPM (d)	2015-2019										
(II) Payments from subsidiaries and related companies														
(III) Total			5.361		40.618	127.501					24.371	76.501	76.501	

(A)	(B)	(1)	Financial instruments granted in previous years and not vested during the period		Financial instruments granted during the period					Financial instruments vested during the period and not granted	Financial instruments vested during the period and grantable (1)		Financial instruments accrued in the period (2)
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	
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 of BANCO BPM												
(I) Payments to the company drafting the financial statements		2017 (8/04/2017) (a)			40.618 Ordinary Shares of Banco BPM	127.501	2017-2021	27/02/2018	3,1390		24.371 Ordinary Shares of Banco BPM	76.501	76.501
		2016 former Gruppo Bipiemme (30/04/2016)	6.101 Ordinary Shares of Banco BPM	2016-2020							3.051 Ordinary Shares of Banco BPM	9.577	9.343
(II) Payments from subsidiaries and related companies													
(III) Total			6.101		40.618	127.501					27.422	86.078	85.843
SAVIOTTI PIER FRANCESCO	Director of the Board of Directors of BANCO BPM												
(I) Payments to the company drafting the financial statements		2015 former Gruppo Banco Popolare (11/04/2015)	10.230 Ordinary Shares of Banco BPM (d)	2015-2019									
(II) Payments from subsidiaries and related companies													
(III) Total			10.230										

(A)	(B)	(1)	Financial instruments granted in previous years and not vested during the period		Financial instruments granted during the period					(9)	Financial instruments vested during the period and grantable (1)		(12)
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(10)	(11)	
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
9 OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES													
(I) Payments to the company drafting the financial statements		2017 (8/04/2017) (a)			12.452 Ordinary Shares of Banco BPM	352.987	2017-2021	27/02/2018	3,390		67.471 Ordinary Shares of Banco BPM	211.792	211.792
		2016 former Gruppo Bipiemme (30/04/2016)	12.988 Ordinary Shares of Banco BPM	2016-2020							6.494 Ordinary Shares of Banco BPM	20.385	19.887
		2015 former Gruppo Bipiemme (11/04/2015)	4.646 Ordinary Shares of Banco BPM (b)	2015-2019							4.645 Ordinary Shares of Banco BPM (b)	14.581	14.336
		2015 former Gruppo Banco Popolare (11/04/2015)	28.593 Ordinary Shares of Banco BPM (d)	2015-2019									
		2014 former Gruppo Bipiemme (12/04/2014) (c)									671 Ordinary Shares of Banco BPM (b)	2.106	4.050
(II) Payments from subsidiaries and related companies													
(III) Total			46.227		12.452	352.987					79.281	248.864	250.065

Notes

- (1) The shares will be effectively available to the beneficiaries at a later time after the retention period ends.
- (2) For participants in the long-term incentive system 2017-2019 (LTI), the number of shares to be awarded will be determined in 2020, subordinate to the verification of the access gates 2019 and based on the performance actually achieved in the three-year period 2017-2019. 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 that will be awarded, spread during the expected vesting period. The estimated cost of 2017 financial year was recorded in the balance sheet among the staff expenses as a offset to an increase in a specific equity reserve.
- (3) For each plan, the date of the Shareholders' Meeting that approved the Remuneration Policies for the relevant year is reported.
- (4) Official market price recorded on 27/02/2018; the actual number of shares will be determined at a later date, following the resolutions of the Ordinary Shareholders' Meeting called for 7 April 2018.
- (5) Calculated at the official market price recorded on 02/27/2018.
- (a) The number of shares is estimated on the basis of the official market price recorded on 27/02/2018; the actual number of shares will be determined at a later date, following the resolutions of the Ordinary Shareholders' Meeting called for 7 April 2018.
- (b) The awarded ordinary shares of the former Banca Popolare di Milano have been converted into Banco BPM shares, by virtue of the merger with the former Banco Popolare, based on the value established for the exchange of 1 Banco BPM share for every 6.386 shares of the former Banca Popolare di Milano.
- (c) Approval date of the 2014 Remuneration Policies, following which the 2014 Incentive System was activated.
- (d) The awarded ordinary shares of the former Banco Popolare 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.

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

(euro)

A	B	(1)	(2)			(3)			(4)
Surname and Name	Office held	Plan (1)	Bonus for the year			Bonus of previous years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Disbursable /Disbursed	Deferred	Deferral period	No longer disbursa ble	Disbursable/Disbu rased	Still deferred	
CASTAGNA GIUSEPPE	CEO of BANCO BPM								
(I) Payments to the company drafting the financial statements		2017 (8/04/2017)	116.000	174.000	2018-2023				
		2016 former Gruppo Bipiemme					45.000	180.000	
		2015 former Gruppo Bipiemme					48.000	144.000	
		2014 former Gruppo Bipiemme (a)					40.800	81.600	
(II) Payments from subsidiaries and related companies									
(III) Total			116.000	174.000			133.800	405.600	

A	B	(1)	(2)			(3)			(4)
Surname and Name	Office held	Plan (1)	Bonus for the year			Bonus of previous years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Disbursable /Disbursed	Deferred	Deferral period	No longer disbursable	Disbursable/Disbursed	Still deferred	
FARONI MAURIZIO	General Manager of BANCO BPM								
(I) Payments to the company drafting the financial statements		2017 (8/04/2017)	70.705	106.058	2018-2023				
		2015 former Gruppo Banco Popolare (11/04/2015)						85.808	
(II) Payments from subsidiaries and related companies									
(III) Total			70.705	106.058				85.808	
DE ANGELIS DOMENICO	Co-General Manager of BANCO BPM								
(I) Payments to the company drafting the financial statements		2017 (8/04/2017)	76.501	51.000	2018-2021				
		2015 former Gruppo Banco Popolare (11/04/2015)						76.632	
(II) Payments from subsidiaries and related companies									
(III) Total			76.501	51.000				76.632	

A	B	(1)	(2)			(3)			(4)
Surname and Name	Office held	Plan (1)	Bonus for the year			Bonus of previous years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Disbursable /Disbursed	Deferred	Deferral period	No longer disbursable	Disbursable/Disbursed	Still deferred	
POLONI SALVATORE	Co-General Manager of BANCO BPM								
(I) Payments to the company drafting the financial statements		2017 (8/04/2017)	76.501	51.000	2018-2021				
		2016 former Gruppo Bipiemme					9.342	18.683	
(II) Payments from subsidiaries and related companies									
(III) Total			76.501	51.000			9.342	18.683	
SAVIOTTI PIER FRANCESCO	Director of the Board of Directors of BANCO BPM								
(I) Payments to the company drafting the financial statements		2015 former Gruppo Banco Popolare (11/04/2015)						146.240	
(II) Payments from subsidiaries and related companies									
(III) Total								146.240	

A	B	(1)	(2)			(3)			(4)
Surname and Name	Office held	Plan (1)	Bonus for the year			Bonus of previous years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Disbursable /Disbursed	Deferred	Deferral period	No longer disbursable	Disbursable/Disbursed	Still deferred	
9 OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES									
(I) Payments to the company drafting the financial statements		2017 (8/04/2017)	211.792	141.195	2018-2021				
		2016 former Gruppo Bipiemme					19.887	39.774	
		2015 former Gruppo Bipiemme (11/04/2015)					21.695	21.695	
		2015 former Gruppo Banco Popolare (11/04/2015)						231.327	
		2014 former Gruppo Bipiemme					9.577		
(II) Payments from subsidiaries and related companies									
(III) Total									
			211.792	141.195			51.160	292.797	

Notes

(1) For each plan, the date of the Shareholders' Meeting that approved the Remuneration Policies for the relevant year is reported.

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

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

Surname and Name	Office held	Investee company	Number of shares held at 01/01/2017 (1)		Number of shares (purchased/subscribed) from 01/01/2017 to 31/12/2017		Number of shares (sold/expired) from 01/01/2017 to 31/12/2017		Number of shares held at 31/12/2017	
			Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)
FRATTA PASINI CARLO	Chairman of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	260.406	58.375	20.000	-	-	-	280.406	58.375
PAOLONI MAURO	Senior Deputy Chairman of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	15	21.176	-	-	-	-	15	21.176
CASTELLOTTI GUIDO	Deputy Chairman of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	4.565	32.000	-	10.000	-	-	4.565	42.000
COMOLI MAURIZIO	Deputy Chairman of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	12.449	124.588	-	-	-	-	12.449	124.588
CASTAGNA GIUSEPPE	Director of the Board of Directors from 01/01/2017 to 31/12/2017 CEO from 01/01/2017 to 31/12/2017	Banco BPM - Shares	142.499	-	128.933 ⁽³⁾	9.000	-	9.000	271.432	-
ANOLLI MARIO	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	1.172	782	-	-	-	-	1.172	782
CERQUA MICHELE	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	313	-	-	-	-	-	313	-
D'ECCLESIA RITA LAURA	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	500	-	-	-	-	-	500	-
FRASCAROLO CARLO	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	10.271	-	-	-	-	-	10.271	-
GALBIATI PAOLA ELISABETTA MARIA	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	327	783	-	-	-	-	327	783

Board of Directors (cont)

Surname and Name	Office held	Investee company	Number of shares held at 01/01/2017 (1)		Number of shares (purchased/subscribed) from 01/01/2017 to 31/12/2017		Number of shares (sold/expired) from 01/01/2017 to 31/12/2017		Number of shares held at 31/12/2017	
			Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)
GALEOTTI CRISTINA	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	100	7.822	-	-	-	-	100	7.822
GOLO MARISA	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	6.052	5.439.213	-	10.740.730	-	-	6.052	16.179.943
LONARDI PIERO SERGIO	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	59.359	138	-	-	-	-	59.359	138
PEDROLLO GIULIO	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	5.361	430.000	-	-	-	-	5.361	430.000
RAVANELLI FABIO	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	143.257	116.042	100.000	-	-	-	243.257	116.042
SAVIOTTI PIER FRANCESCO	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	228.565	-	-	-	-	-	228.565	-
SOFFIENTINI MANUELA	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	313	-	-	-	-	-	313	-
TORRICELLI COSTANZA	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	1.186	-	2.000	-	-	-	3.186	-
ZUCCHETTI CRISTINA	Director of the Board of Directors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	38.885	60.109	-	-	-	-	38.885	60.109

Board of Statutory Auditors

Surname and Name	Office held	Investee company	Number of shares held at 01/01/2017 (1)		Number of shares (purchased/subscribed) from 01/01/2017 to 31/12/2017		Number of shares (sold/expired) from 01/01/2017 to 31/12/2017		Number of shares held at 31/12/2017	
			Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)
PRIORI MARCELLO	Chairman of the Board of Statutory Auditors from 01/01/2017 to 31/12/2017	Banco BPM - Shares	11.997	1.930	-	-	-	-	11.997	1.930
MOSCONI MARIA LUISA	Standing Auditor from 01/01/2017 to 31/12/2017	Banco BPM - Shares	1.020	-	-	-	-	-	1.020	-
ERBA GABRIELE CAMILLO	Standing Auditor from 01/01/2017 to 31/12/2017	Banco BPM - Shares	3.955	160	-	1.000	-	-	3.955	1.160
ROSSI CLAUDIA	Standing Auditor from 01/01/2017 to 31/12/2017	Banco BPM - Shares	1.000	-	-	-	-	-	1.000	-
SONATO ALFONSO	Standing Auditor from 01/01/2017 to 31/12/2017	Banco BPM - Shares	30.305	25.673	-	-	-	-	30.305	25.673

General Management

Surname and Name	Office held	Investee company	Number of shares held at 01/01/2017 (1)		Number of shares (purchased/subscribed) from 01/01/2017 to 31/12/2017		Number of shares (sold/expired) from 01/01/2017 to 31/12/2017		Number of shares held at 31/12/2017	
			Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)	Direct holding	Indirect holding (2)
FARONI MAURIZIO	General Manager from 01/01/2017 to 31/12/2017	Banco BPM - Shares	124.497	-	-	-	-	-	124.497	-
DE ANGELIS DOMENICO	Co-General Manager from 01/01/2017 to 31/12/2017	Banco BPM - Shares	76.731	1.058	-	-	-	-	76.731	1.058
POLONI SALVATORE	Co-General Manager from 01/01/2017 to 31/12/2017	Banco BPM - Shares	-	-	-	-	-	-	-	-

Notes

(1) the figures shown in the column take into account the following exchange ratios applied by virtue of the merger of the former Banco Popolare – Società Cooperativa ("BP") and of the former Banca Popolare di Milano S.c.a.r.l. ("BPM") through the incorporation of Banco BPM S.p.A.: (i) 1 Banco BPM share for each BP share; (ii) 1 Banco BPM share for each 6.386 BPM shares.

(2) Indirect ownership (meaning the scope envisaged by the provisions set forth in article 84-quarter of the Issuers' Regulation adopted by Consob with Resolution 11971 of 14 May 1999 and subsequent amendments and updates, 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 envisaged by the second paragraph of the article in question, namely an income not exceeding euro 2,840.51, before deductible costs, are considered dependent.
- Legal persons:
 - 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) established to the benefit of the Representative or of 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 by Closely Related Persons).

(3) Of which 28,933 shares allocated on the basis of share-based compensation plans.

Table 2 – Shares held by other executives with strategic responsibilities

Other executives with strategic responsibilities (1)	Investee company		Number of shares held at 01/01/2017 and/or at the appointment date (2)		Number of shares (purchased/subscribed) from 01/01/2017 to 31/12/2017		Number of shares (sold/expired) from 01/01/2017 to 31/12/2017		Number of shares held at 31/12/2017	
			Direct holding	Indirect holding (3)	Direct holding	Indirect holding (3)	Direct holding	Indirect holding (3)	Direct holding	Indirect holding (3)
N. 9	Banco BPM	Shares	92.506	313	11,690 (4)	-	13.432	-	90.764	313

Notes

(1) These are 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.

(2) See note (1) Table 1.

(3) See note (2) Table 1.

(4) Of which 3,690 shares allocated to an executive on the basis of share-based compensation plans.

SECTION III

Results of audits of internal control functions.

1.Evaluation of the compliance function with regards to the compliance of the 2018 Remuneration Report with the reference legislative framework

The Compliance Department of Banco BPM has been asked to examine the Remuneration Report of the Banco BPM Banking Group for 2018, in accordance with that set out by Bank of Italy in Circular no. 285 "Supervisory provisions for Banks", which, with regard to the definition of remuneration policies, envisages the involvement of the function in question to assess the regulatory compliance of the latter. The document in question contains:

- 2018 Remuneration policies (Policies);
- Implementation of 2017 remuneration policies;
- Results of audits of internal control functions.

2018 Remuneration policies

The analysis conducted originates from a legislative framework that has practically not changed with respect to that used as reference for the 2017 remunerative and incentive policies.

The topics analysed, in line with the evaluation of compliance issued by the office in question in 2017, will be illustrated according to the order prescribed in the various chapters of the Bank of Italy Circular no. 285/2013 and subsequent updates (hereinafter also "Provisions").

Title IV, Chapter 2, Section I of Bank of Italy Circular no. 285/2013

General provisions

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

Identification of identified staff

The qualitative and quantitative criteria provided by the reference regulations will be taken into consideration for the identification of identified staff. These parties are consequently subject to particular rules and criteria relative to the remaining staff.

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

Addressees of the provisions and application to banking groups

The policies defining guidelines for the Group staff remuneration and incentive systems are correctly established by the ParentCo and are addressed to all companies of the Group consistent with the characteristics of the latter and all its members; the ParentCo provides for what is necessary to implement the policies so defined, verifying their correct application.

Title IV, Chapter 2, Section II – Role and responsibility of the Shareholders' Meeting and the Corporate Bodies

Role of the Shareholders' Meeting, the Corporate Bodies, and the internal control functions

The responsibilities assigned by the Policies to the Shareholder's Meeting, in coherence with the current Bylaws, are in compliance with the dictates of the Provisions.

Besides matters reserved for the approval of the Board, it expects to receive annual information on remuneration and incentive systems and practices, and the formulation of non-binding opinions limited to the provisions of Article 123-ter, paragraph 6, of the Consolidated Finance Act.

Similar considerations can be formulated by the Board of Directors and the Remuneration Committee, whose roles and responsibilities are carried out in observance of the regulatory provisions and internal regulations in terms of the functioning of the cited Committee.

Within the policies there is also evidence of the overall consistency of the activities carried out in the process of definition of the same policies by the Chief Executive Officer, the corporate functions of the parent company, and of the subsidiaries.

The process of control of the remuneration system is also described, that involves the functions of control, which bring to the awareness of the Board of Directors and the Board of Auditors the results of the relevant verification.

Title IV, Chapter 2, Section III – Structure of the remuneration and incentive system

Definition and structure of the variable component

The remuneration structure is strictly split into fixed and variable portions; a parameter is provided for the latter based on risk-adjusted performance indicators, consistent with the Risk Appetite Framework, as well as qualitative indicators.

For 2018, with respect to the forecasts of the 2017 remuneration policies and given the results communicated to the writer by the Remuneration Policies office, in turn originating from the Planning and Control function regarding the fact that it is not possible to obtain accurate final income results for the individual Group companies with regard to the budgets that will be approved by the respective Board of Directors, given the significant reorganisations envisaged for 2018 (including: the incorporation of BPM S.p.A. into the ParentCo and the transfers of business divisions between Banca Akros and Banca Aletti), the payment of bonuses is conditional to surpassing thresholds (entry gates) measured exclusively at consolidated level (entry gates to the

bonus pool; entry gates to the one-off amount of the bonus system and adjustment ratio of the resources for the annual incentive system).

Any forms of guaranteed variable remuneration, limited to the first year of employment and paid in exceptional circumstances (welcome bonus), as permitted by the Supervisory Provisions, are correctly treated.

The payment of the variable component to identified staff occurs partially up-front and partially (under the form of admissible financial instruments) according to mechanisms and time-frames of deferment and retention as well as, in general, according to procedures in line with the reference regulations (for example, malus and claw-back systems).

In line with the provisions of the 2017 remuneration policy, the long-term incentive (LTI) mechanism on a three-year basis, related to the objectives of the 2016-2019 Strategic Plan was considered significant. This mechanism respects the regulatory prescriptions in terms of variable remuneration and also, inter alia, in relation to the deferment of payment of the relative portions. In this latter regard, the rationale for the deferment for a maximum of 3 years, regardless of the overall amount of the incentive, lies in the manner in which the same is paid (exclusively through financial instruments) and in effecting the same deferment for the term of the three-year period.

Relationship between variable component and fixed component

According to the provisions of the Bylaws, an increase to 2:1 of the relationship between the variable and fixed component of remuneration for "selected parties retained strategic", was envisaged and will be submitted to the Shareholders' Meeting for approval, in accordance with the provisions of the Bank of Italy Circular 285/13, which in Part I - Title IV - Chapter 2 - Section III regarding "Structure of remuneration and incentive systems", in paragraph 1.2, expressly establishes the terms and the procedures to adopt for this increase to be permitted.

Termination of employment, termination of position, and pension arrangements

The "golden parachutes" (remuneration agreed in view of, or on the occasion of, the early conclusion of the employment or early termination of the position) appear correctly identified in the structure, in addition to being connected to qualitative/quantitative indicators and subject to adequate deferral and correction mechanisms.

The criteria for the determination thereof will be subject to approval by the Shareholders' Meeting, consistent with the Bylaws.

Remuneration of non-executive directors, members of the Body with control functions and members of the internal control functions

These are in conformity with the remuneration provided by the Policies for the following categories of party:

- The Chairman of the Board of Director's emolument does not exceed the fixed remuneration received by the Chief Executive Officer or the General Manager;
- members of the Board of Statutory Auditors, for which any form of variable remuneration is strictly precluded;
- staff belonging to the internal control functions, whose variable component is reduced in terms of a percentage of fixed component, and is not directly parameterised to profitability indicators in areas subject to control.

The writer reserves the right to further examine the specific regulation of the incentive system in depth, with particular attention to any provision of incentives for non-executive directors and for the Chairman of the Board of Directors.

Title IV, Chapter 2, Section IV – Remuneration policy for specific categories

The policies provide for a section dedicated to the treatment of remuneration of external partners of the Group.

In this regard, the recurring components of remuneration were distinguished (stable and ordinary element of remuneration, equal to the fixed remuneration for employees) from non-recurring (in incentive value, equivalent to the variable remuneration of staff).

Title IV, Chapter 2, Sections V and VI- Provisions of a particular character and disclosure and transmission of data obligations

The remuneration report, that will be published on the Group website, contains the information to be made public under Article 450 of the CRR (EU Regulation 575/2013).

Implementation of 2017 remuneration policies (Banco BPM Banking Group)

The second part of the document, regarding the implementation of the remuneration policies for 2017, also appears to comply with the reference legislation, insofar as it contains the elements to be presented at the General Shareholder's Meeting.

It retains the verification pertaining to the internal audit function with regards to the contents of this section and the compliance with the practices implemented by the individual Group companies with respect to the Policies.

By virtue of the above, it is deemed that the proposed remuneration and incentive policies for 2018 comply with said legislation.

The writing function reserves the right to subsequently examine the specific regulation of the incentive system, any other internal regulations for the implementation of policies and any individual contracts and regulations.

2.Verification of the internal audit function on the consistency of the practices adopted for remuneration in 2017

The Audit function of the Banco BPM Group reports on the annual audits of the remuneration and incentive system conducted on the basis of the Supervisory regulations in force (see Bank of Italy Circular 285, update VII of 18 November 2014, Part I, Title IV Chapter 2, Section II, paragraph 3, which adopted the “CRD IV package”) of the Delegated Regulation (EU) no. 604/2014, as well as in the perspective of updates provided by the “Guidelines on sound remuneration policies” issued by the EBA (European Bank Authority - GL 22/25015).

The activities regarded verifying the consistency of the practices adopted on matters of remuneration of the “2017 Remuneration Policies for Banco BPM Banking Group Staff” (2017 Policy) such as approved by the Ordinary Shareholders' Meeting on 8 April 2017 with specific reference to the investigation conducted regarding:

- the remuneration set-up (definition of the 2017 Policy and application of the same);
- the payment made in 2017 of the variable remuneration component relative to 2016 performance (up-front portion) as well as deferred portions pertinent to previous financial years vested in 2017.

The audits regarded all companies of the Banco BPM Banking Group for which the 2017 incentive system was defined and the relative results of the audits conducted out that were brought to the attention of the corporate bodies (Remuneration Committee, Board of Directors, Board of Statutory Auditors) and the authorised corporate functions of the individual Companies.

With reference to the 2017 Policy, the following areas were audited: the development of the fundamental rules and the principles of the Group's remuneration system, the structuring of the 2017 incentive system, the process of identifying the identified staff (IS), the definition of the bonus pool and of the related individual bonuses, as well as the action taken by the Group regarding harmonising remuneration, benefits and stability/notice extension agreements.

With regard to the implementation of the 2016 incentive system, in July 2017, the incentive accrued on the basis of the performance achieved by staff of the former BPM Group only in 2016 was paid. The payment of the accrued amounts took place in compliance with the rules established in the 2016 Remuneration Policies of the former BPM Banking Group at the time (“2016 Policy”).

No payments were made to staff of the former Banco Popolare Group as the conditions to access the variable components of remuneration were not met. In this regard, although the results for the

risk capital and liquidity of the former Banco Popolare Group, met the set objectives, the loss for the 2016 financial year prevented the bonus system being activated for all Group staff, including the identified staff and consequently the bonus pool was cancelled.

With regard to initiatives taken on fixed remuneration in 2017, promotions and economic awards were finalised for the employees of the Banco BPM Banking Group. The initiatives in question were, on one hand, consistent with the provisions of the 2017 Policy, which envisage a close connection between the level of responsibility and remuneration with respect to the internal benchmark, on the other hand, they complied with the correct decision-making and authorisation procedures envisaged.

Information on stock-based compensation plan

The information document⁴⁸ 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.

⁴⁸ The information document is not an integral part of the Remuneration Report.