BANCO BPM SHARE-BASED COMPENSATION PLAN

2021 SHORT-TERM INCENTIVE PLAN

DISCLOSURE DOCUMENT

Prepared pursuant to article 114-bis of the Consolidated Finance Law (CFL) (Legislative Decree no. 58/1998 as amended) and article 84-bis of the Issuers' Regulation (Consob Resolution no. 11971/1999 as amended and supplemented).

(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).

DEFINITIONS

The meaning of the main terms used in this disclosure document ("**Document**") is provided below:

Banco BPM or Bank or Parent Company – Banco BPM S.p.A., the parent company of the Banco BPM Banking Group;

Group companies - the Parent Company and subsidiary companies controlled by the Banking Group Banco BPM;

Policy-on-remuneration report and payouts awarded of Banco BPM Banking Group's staff – the report prepared pursuant to Supervisory Provisions, of article 123-ter of the Consolidated Finance Law (CFL) and of article 84-quater of the Issuers' Regulation;

Policy - the Remuneration policy, included in Section I of the Policy-on-remuneration report and payouts awarded of Banco BPM Banking Group's staff;

Supervisory Provisions - the Supervisory Provisions contained in the Bank of Italy Circular no. 285/2013, 25th revision, First Part, Title IV, Chapter 2 "Remuneration and incentive policies and practices";

Consolidated Finance Law (CFL) – Legislative Decree no. 58 of 24 February 1998 as amended and supplemented;

Issuers' Regulation - Consob Resolution no. 11971 of 14 May 1999 as amended and supplemented;

Identified staff / Risk takers – individuals whose professional activity has, or can have, a significant impact on the Group's risk profile;

Top identified staff - the CEO, the General Manager (where appointed), the Joint General Managers and the Managers in the first line of management of the Parent Company, the CEO, the General Manager, the Joint General Manager and the Deputy General Manager (where present) of Banca Aletti, of Banca Akros and of ProFamily;

Senior identified staff - CEO, General Manager (where appointed), Joint General Managers and senior operational and executive managers of the Parent Company, managers in the first line of management of the Parent Company not included amongst the company control units reporting directly to the CEO or the Board of Directors, the CEO of Banca Aletti S.p.A. and of Banca Akros S.p.A.;

Internal control functions - the corporate control functions and the manager responsible for preparing the Company's financial reports;

Incentive - the amount of the variable remuneration linked to the Short-Term Incentive (STI) plan;

Award – means the granting of variable remuneration for a specific accrual period, regardless of the actual point in time when the awarded amount is paid;

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

Share allocation – the bank's commitment to an individual to award shares subject to the fulfilment of all specific conditions envisaged in the Short-Term Incentive plan (STI).

INTRODUCTION

In accordance with the requirements of article 114-bis of the Consolidated Finance Law (CFL) and the provisions of article 84-bis of the Issuers' Regulation concerning information to disclose to the market with regard to share-based compensation plans, this Document has been prepared by the Board of Directors of Banco BPM to illustrate the compensation plan (Plan), under which a part of the incentive of the Banco BPM Banking Group's identified staff is awarded in the form of an allocation of Banco BPM ordinary shares, proposed as part of the Policy adopted by the Group with relation to the 2021 Short-Term Incentive (STI) plan.

This Document – prepared in accordance with the requirements of Schedule 7 of Annex 3A of the Issuers' Regulation – is submitted for approval to the ordinary and extraordinary Shareholders' Meeting held on 15 April 2021 with regard to the disclosure to the public of the criteria and conditions established for the Plan and also provides a disclosure relating to the implementation of the compensation plans already approved by previous Ordinary Shareholders' Meeting of Banco BPM (4 April 2020, 6 April 2019, 7 April 2018 and 8 April 2017) and of the former Banca Popolare di Milano S.c.a r.l. (30 April 2016 and 11 April 2015).

This Document illustrates the criteria which the Board of Directors and its proxies must observe in the subsequent implementation phase of the Plan.
Given its beneficiaries, the Plan is classified as "significant" pursuant to article 84-bis of the Issuers' Regulation.
This Document is available to the public at the registered office of Banco BPM, Piazza F. Meda no. 4 Milan, Italy and at Borsa Italiana S.p.A., and is also published on the website of the authorised storage platform www.emarketstorage.com and on the Banco BPM website https://gruppo.bancobpm.it (Corporate Governance section – Remuneration Policies).

Reference should be made to the 2021 Policy for any matters not included herein.

1. Beneficiaries

The Plan has around 160 potential beneficiaries included in the scope of the Group's identified staff on the date of publication of this Document.

1.1 Names of beneficiaries who are members of the Board of Directors or of the Management Board of the share issuer, of the companies controlling the issuer and of the companies directly or indirectly controlled by the same.

On the date of publication of this Document, the Plan had around 160 potential beneficiaries. These include the individuals indicated below whose names must be disclosed pursuant to article 84-bis, paragraph 3 of the Issuers' Regulation and relative Annex 3A, Schedule 7:

1) Giuseppe Castagna - CEO of Banco BPM
2) Marco Federico Turrina - CEO - General Manager of Banca Akros S.p.A.
3) Alessandro Varaldo - CEO of Banca Aletti S.p.A.
4) Massimo Maria Dorenti - CEO - General Manager of ProFamily S.p.A.

The names of potential beneficiaries of the Plan are not provided if the same receive variable remuneration in their capacity as Group employees, even though they hold positions in corporate bodies of Subsidiaries; for these individuals, please refer to the following information.

1.2 The categories of employees and non-employed staff of the share issuer, its controlling companies or its controlled companies.

In addition to the names listed in point 1.1 above, the Plan is reserved to the following categories of staff:

- top identified staff of the Group (Top identified staff includes senior identified staff);
- identified staff not included in the top identified staff bracket, where[1] the ratio between the variable and fixed component of remuneration is greater than 100%;
- certain employees and non-employed staff - also included within the scope of identified staff - who may be awarded an incentive, under the 2021 Short-Term Incentive (STI) plan, for an amount greater than 50,000 euro or a value greater than a third of the fixed component of individual remuneration

1.3 Names of beneficiaries of the Plan who are members of the following groups:

a) general managers of the share issuer;

b) other executives with strategic responsibilities of the share issuer which is not a "small company" pursuant to article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, if they have received total compensation during the year (obtained as the sum of monetary compensation and share-based compensation) that exceeds the highest total compensation received by the members of the board of directors or the management board, and the general managers of the share issuer;

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1 *Ex ante*.

c) individuals controlling the share issuer who are employees or members of the non-employed staff of the share issuer.

a) The Joint General Managers, Domenico De Angelis and Salvatore Poloni, of Banco BPM [2].

b) The provision is not applicable.

c) The provision is not applicable.

1.**4 **Description and number by category of:

a) executives with strategic responsibilities other than those indicated in paragraph 1.3b);

b) in the case of "small companies", pursuant to article 3, paragraph 1f), of Regulation no. 17221 of 12 March 2010, the total number of executives with strategic responsibilities of the share issuer;

c) any other categories of employees or non-employed staff for which the Plan envisages separate features (for example executives, middle managers, white collar employees, etc.).

a) In addition to the references listed in points 1.1 and 1.3, letter a) above, the Plan is also reserved to 6 executives with strategic responsibilities of Banco BPM.

b) The provision is not applicable.

c) There are no other categories of employees or non-employed staff for which the Plan envisages separate features.

2. Rationale behind the Plan

The purpose of the 2021 Short-Term Incentive (STI) plan of the Banco BPM Banking Group is to award staff an incentive to be paid in cash and in Banco BPM ordinary shares, in accordance with the procedures illustrated in this Document here below, subject to the fulfilment of pre-established access conditions, conditions and specific performance objectives.

With regard to the 2021 Short-Term Incentive (STI) plan, in accordance with the applicable national legislative provisions in force[3] - the payment of the incentive to identified staff envisages up-front and deferred portions, in the form of cash and shares, over a long-term period (three or five years). The share assignment structure envisages a retention period (selling restriction) of one year; the purpose of the Plan is therefore to align the interests of management and shareholders by remunerating the Group's identified staff in terms of creating value in the medium/long-term.

Reference should be made to the Policy for details of the reasons underlying the adoption of the Plan.

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[2] Where appointed, also the General Manager of Banco BPM participates.

3 Supervisory Provisions.

At this point it should be noted that no support for the Plan is envisaged to come from the special fund for encouraging employee participation in businesses pursuant to article 4, paragraph 112 of Law no. 350 of 24 December 2003.

3. Approval procedure and timing of the share allocation

3.1 Scope of the powers and duties delegated by the Shareholders' Meeting to the Board of Directors for the implementation of the Plan.

In drawing up its proposal for approval of the Plan to be submitted to the ordinary and extraordinary Shareholders' Meeting called for 15 April 2021 (in single session), the Bank's Board of Directors has, inter alia, provided that the Chairman of the Board and the CEO, separately, and with the power to sub-delegate, should be awarded all the necessary powers for implementing the Plan, in accordance with the provisions of the Policy.

In this respect, pursuant to the bylaws, the Ordinary and Extraordinary Shareholders' Meeting shall, inter alia, approve *(i)* the remuneration and incentive policies for Board Directors, Statutory Auditors and staff; *(ii)* share-based compensation plans.

3.2 Indication of the persons designated to administer the plan and their duties and responsibilities.

In the Parent Company, the Human Resources function is responsible for administering the Plan, providing technical assistance to the corporate bodies and preparing support materials preparatory to the establishment of the remuneration policy and the actual implementation of the 2021 Short-Term Incentive (STI) Plan, with the collaboration of the Risk, Compliance, Finance, Planning and Control, Administration and Accounts, Company Affairs Secretariat and Operations, Real Estate and Purchasing functions, each within the scope of their responsibilities.

3.3 Any existing procedures for revising the Plan including with respect to changes in the basic objectives.

No specific procedures are envisaged for revising the Plan.

3.4 Description of the procedures to establish the availability and the allocation of the share on which the Plan is based.

Subject to the authorisation of the ordinary Shareholders' Meeting of Banco BPM held on 15 April 2021, and in accordance with the applicable legislation and, specifically, the conditions envisaged by article 5 of Regulation (EU) no. 596/2014 of 16 April 2014 relating to market abuse ("MAR Regulation") (see non applicability of prohibitions relating to market abuse), the Bank's Board of Directors may proceed with the purchase of own shares under a "Own share purchase programme"

in order to fulfil its obligations resulting from share option programmes or other allocations of shares to employees or to members of the Management bodies or the Control bodies of the issuer or of an Associated company.
The purchase must not exceed the quantity identified on the basis of the maximum number of shares that may be awarded to the beneficiaries of the Plan (estimated number based on the maximum result envisaged by the 2021 Short-Term Incentive (STI) plan) and in compliance with the authorisation of the European Central Bank.

The mechanism envisages the allocation of Banco BPM ordinary shares held by the Parent Company in accordance with the procedure illustrated below.
In 2022, following a specific resolution of the Board of Directors relating to the successful fulfilment of the conditions for access to the 2021 Short-Term Incentive (STI) plan and to the determination of the economic resources to be awarded to staff, the Parent Company's Human Resources department will proceed with the assessment of the individual performance of each potential beneficiary. The amounts of the individual (up-front and deferred) portions due both in cash and in shares will then be calculated for each incentive that is awarded; the total number of shares awarded will be determined on the basis of the arithmetic average of the official prices recorded in the 30 calendar days preceding the date on which the incentive is awarded, namely the vesting date of the up-front portion in cash.

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

3.5 Role performed by each director in determining the features of the plans; any conflicts of interest of the directors concerned.

After acknowledging the opinion of the Remuneration Committee, the Board of Directors has determined the features of the Plan, to be submitted to the Ordinary Shareholders' Meeting.

Considering that the 2021 Short-Term Incentive (STI) plan's beneficiaries also include the CEO of Banco BPM, the decisions of the Board of Directors have been taken in accordance with current legislative, regulatory and company provisions on conflicts of interest.

3.6 For the purposes of the requirements of article 84-bis, paragraph 1, the date of the decision taken by the body responsible for proposing the approval of the plans to the shareholders' meeting and the date of any proposal made by the Remuneration Committee.

On 9 March 2021, the Board of Directors resolved to approve Plan, to be submitted to the Ordinary and Extraordinary Shareholders' Meeting of Banco BPM called for 15 April 2021 (in single session), after acknowledging the Remuneration Committee's opinion of 8 March 2021.

3.7 For the purposes of the requirements of article 84-bis, paragraph 5a), the date of the decision taken by the appropriate corporate body on the share allocation and any proposal made by the Remuneration Committee to the aforementioned body

With reference to the Plans, currently valid, approved on the basis of the previous resolutions of the shareholders' meeting, the Board of Directors meeting held on 9 February 2021, after acknowledging the opinion of the Remuneration Committee meeting held on 5 February 2021, verified the opening of the access gateways to the 2020 Short-Term Incentive Plan and on 9 March 2021 consequently resolved to implement the Share-based Compensation Plan of Banco BPM - 2020 Short-Term Incentive Plan, already approved by the Ordinary Shareholders' Meeting on 4 April 2020, for an amount - which falls within that approved during the shareholders' meeting - estimated as a maximum value of 2.6 million euro (employee gross amount which corresponds to the bank cost), of which around 1.2 million euro relating to the portions deferred, depending on the case, over three or five years after 2021, whose vesting remains subject to the successful fulfilment of the malus conditions envisaged in the remuneration policies in force at the time. In this regard, note that the number of beneficiaries (56 eligible individuals based on information known as at the date of this Document), included in the scope of identified staff for 2020 and the counter value of the relative incentives, will be determined on the basis of individual performance levels achieved with regard to the 2020 Short-Term Incentive plan.

If the individual objectives assigned under the 2020 Short-Term Incentive Plan are achieved, the amounts of the individual (up-front and deferred) portions due both in cash and in shares will then be calculated for each incentive that is awarded; the total number of shares awarded will be determined on the basis of the arithmetic average of the official prices recorded in the 30 calendar days preceding the date on which the incentive is awarded, namely the vesting date of the up-front portion in cash.

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

Note that the opening of the access gateways to the 2020 annual Short-Term Incentive plan entails the vesting, in 2021, of the share component of the deferred portions of the short-term incentive relating to share-based compensation plans, which are valid and approved on the basis of previous resolutions passed by the shareholders' meetings of the former Banca Popolare di Milano S.c.a r.l., pertaining to 2015 and 2016[4] and of Banco BPM pertaining to 2017, 2018 and 2019, as well as the three-year 2017/2019 LTI plan.

The maximum estimated number of shares required to cover all existing plans is around 14 million (annual incentive for 2015, 2016, 2017, 2018, 2019 and 2020 and long-term incentive for 2017/2019), which considers the deferred portions that will vest from 2022 to 2027, subject to the successful fulfilment of all of the conditions envisaged for the vesting and, in addition, the amount estimated for the 2021 STI plan and the 2021/2023 LTI plan.

3.8 The market price recorded on the above-mentioned dates of the shares on which the plans are based, if traded on regulated markets.

The official market prices of Banco BPM ordinary shares on the dates referred to in paragraphs 3.6 and 3.7 of this Document were 2.0300 euro (Remuneration Committee meeting of 5 February 2021) and 2.1740 euro (Board of Directors' meeting of 9 February 2021), 2.2930 euro (Remuneration Committee meeting of 8 March 2021), 2.3230 euro (Board of Directors' meeting of 9 March 2021).

3.9 In the case of plans based on shares traded on regulated markets, as part of the steps taken to identify the timing with which the shares will be allocated in implementation of the plans, in what terms and by what means the issuer has taken account of a possible time clash between:

- ***i) said allocation and any decisions taken by the Remuneration Committee in this respect, and***
- ***ii) the publication of any significant information pursuant to article 17 of Regulation (EU) no. 596/2014; for example, in the event said information has:***
  - ***a. not been published yet and may positively influence market prices,***
  - ***or***
  - ***b. already been published and may negatively influence market prices.***

4 The number of ordinary shares of the former Banca Popolare di Milano S.c.a r.l. awarded were converted into Banco BPM shares – by virtue of the merger with the former Banco Popolare Soc. Coop. - based on the value established for the share swap of 1 Banco BPM share for every 6.386 shares of the former Banca Popolare di Milano S.c.a r.l.

When adopting and implementing the Plans, disclosures are made to the market as required by the legislative and regulatory provisions in force at the time.

Even though the resolutions adopted on share-based compensation plans have been examined in advance by the Remuneration Committee so that it may issue its opinion to the Board of Directors, disclosures to the market, where due, are made at the same time as the latter adopts its resolution.

4. Characteristics of the shares awarded under the Plans

4.1 Description of how the share-based compensation plans are structured.

For the 160 prospective beneficiaries of the Plan, at least 50% of the incentive under the 2021 Short-Term Incentive (STI) plan is awarded through the allocation of Banco BPM ordinary shares, subject to deferral and retention (selling restriction) clauses.
Each share portion vested is subject to a retention clause of one year.
50% of the up-front incentive portion is awarded in the form of Banco BPM ordinary shares.
If the incentive awarded is equal to or greater than 430,000 euro, the deferred portion corresponds to 60% of the same incentive, otherwise it is 40%.
For senior identified staff, regardless of the amount awarded, the deferral period will have a duration of five years, and 55% of the deferred portion is comprised by Banco BPM ordinary shares; for direct reports of the CEO of Banca Aletti and of Banca Akros, said provision is applied of the amount awarded is equal to or greater than 430,000 euro. In the remaining cases, the incentive awarded is deferred for three years, 50% of which is ordinary shares of Banco BPM.
For more details, refer to the Policy.

4.2 Indication of the effective implementation period of the Plan with respect to any different cycles envisaged.

The Plan's implementation period runs from the year of reference for the reporting of the results of the 2021 Short-Term Incentive (STI) plan to the effective availability of the last deferred portion in shares (2026 or 2028 in the case of five annual portions).

4.3 End of the Plan.

The Plan will end in 2028.

4.4 Maximum number of shares, including that in the form of options, allocated in each fiscal year to named individuals or to specific categories.

At present, a maximum requirement of 5 million euro has been estimated; this amount also results from the application of stricter rules required by Supervisory Provisions with regard to the higher percentage of the share component with regard to the total incentive awarded and include the deferred portions of the incentive that will vest in the following three or five years only if all of the access conditions envisaged at the time are fulfilled.

The assignment is distributed across the vesting years as illustrated in point 4.1 above.

The maximum number of Banco BPM ordinary shares that will be allocated under the Plan, will be quantified on fulfilment of the access conditions of the 2021 Short-Term Incentive (STI) plan, on the basis of the performance achieved by each of the beneficiaries of the Plan and dependent on the official prices recorded in the 30 calendar days prior to the award date.

4.5 Procedures and clauses for the implementation of the Plan, specifying whether the effective assignment of the shares depends on the fulfilment of conditions or the achievement of specific results, including performance; description of said conditions and results.

In accordance with the Risk Appetite Framework approved by the Parent Company's Board of Directors, the activation of the Plan is dependent on the following indicators and relative comparative values:

- consolidated capital adequacy: Common Equity Tier1 (CET1) phased-in ratio and Leverage ratio phased-in, in both cases higher than the respective risk trigger threshold defined in the Risk Appetite Framework;
- consolidated liquidity adequacy: Regulatory Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in both cases higher than the respective risk trigger threshold defined in the Risk Appetite Framework;
- consolidated profitability: profit from current operating activities before tax (net of non-recurring items), greater than zero;
- in addition, company profitability for Banca Aletti and Banca Akros: profit from current operating activities before tax (net of non-recurring items), greater than zero.

The award of the incentive to identified staff of control functions is not subject to profitability indicators, in order to avoid, as envisaged by Supervisory Provisions, that the same is linked to economic results.

If the access gateways are successfully fulfilled, a financial adjustment factor, the size of which is proportional to the consolidated value of the risk adjusted Return on Risk Adjusted Capital (RORAC) profitability indicator recorded at the end of the financial year in comparison with the relevant Risk Trigger and Risk Appetite thresholds defined in the Risk Appetite Framework for the same financial year, is applied to the economic resources of the Short-Term Incentive plan defined in the budget for the year; this may entail decreasing them to zero or increasing them, in the latter case subject to the approval of the Parent Company Board of Directors, which will also determine the exact amount, in any event within the pre-established cap.

The adjustment factor aligns the economic resources to the return on risk adjusted capital recorded:

– if the RORAC is equal to or lower than the Risk Trigger threshold, the consolidated economic resources are set to zero;
– if the result is higher than the Risk Trigger threshold, but lower than the midpoint between the Risk Trigger and Risk Appetite thresholds (hereafter midpoint), the Parent Company's Board of Directors has the power to decide the potential availability of economic resources up to a maximum of 50% of their budget value; in this case, any payments cannot regard identified staff;
– in the case of a result at least equal to the midpoint, but not higher than the Risk Appetite threshold, the value of the consolidated economic resources forecast in the budget is automatically reduced by applying the percentage given by the ratio of the midpoint result to the Risk Appetite threshold;
– if the result is higher than the Risk Appetite threshold, any increase of the consolidated economic resources up to the expected cap of 110% of their value in the budget is subject to a decision by the Parent Company's Board of Directors, which also determines the exact amount in relation to and within the limit of the ratio of the result achieved to the Risk Appetite threshold, based on measurements made on statements of results by the Planning and control and Administration and Budget functions, in collaboration with the Risk Function.

If a consolidated loss for the year is recorded, a reduction mechanism is applied, in advance with respect to the application of the financial adjustment factor, which affects the economic resources envisaged in the annual budget for the 2021 Short-Term Incentive (STI) plan. More specifically, if the access gateways to the 2021 Short-Term Incentive (STI) plan are successfully fulfilled and, at the same time, a consolidated loss for the year is recorded, the economic resources in the budget pertaining to said plan are reduced by the amount of the loss up to a maximum reduction of 20% of said resources. In this circumstance, the subsequent application of the financial adjustment factor will not result in an increase of the economic resources.

The provisions relating to the factor linked to RORAC and to the reduction mechanism in the case of a consolidated loss for the year, do not apply to the portion of the economic resources of the 2021 Short-Term Incentive (STI) plan addressed to identified staff of control functions, in order to avoid that the incentive is linked to economic results.

A non-financial adjustment factor is applied to the economic resources of the 2021 Short-Term Incentive (STI) plan - according to the procedures illustrated below. Said factor is correlated to the values of the consolidated ECAP Reputational Risk and Anti Money Laundering (AML) indicators at year-end, in relation to the relative Alert thresholds defined in the Risk Appetite Framework for the same year.
The ECAP Reputational Risk indicator represents the total economic capital against the reputational risk estimated through an internal model. The AML represents the ratio between the total number of high-risk customers (maximum classification in the context of the internal Anti-recycling model for the management of money-laundering risk) and the total number of customers.

More specifically:

- in the case of a result equal to or greater than[5] the Alert threshold of both the Reputational Risk and AML indicators, the value of the economic resources is automatically reduced by 20%;
- in the case of a result equal to or greater than the Alert threshold of only one of the Reputational Risk or AML indicators, the value of the economic resources is automatically reduced by 10%;
- in the remaining cases, the economic resources are not reduced.

For the beneficiaries of the 2021 STI plan, performance is assessed by means of the assignment, at the start of the scheme, of a schedule of objectives to be compared with the results achieved at year-end; each objective is given a weight in terms of percentage of the total and a results curve on levels of achievement (minimum, target and maximum); the result obtained by each KPI determines a weighted score, on an award curve that varies between a minimum and maximum that can be achieved; the sum of the weighted scores obtained corresponds to the performance achieved in proportion to which, only if at least equal to a fixed minimum score, the amount of the incentive is quantified; in any event, the latter cannot surpass a fixed upper limit.

The vesting of each deferred portion of the incentive is subject to total compliance with the consolidated access gateways and the relative threshold comparison values envisaged for the short-term incentive system of the year preceding the year of the vesting of the same, in consideration of the Staff category in the same year; this ex post correction system is, therefore, a mechanism that operates in the deferral period, before the effective vesting of deferred incentive portions.

If during the course of the year, any misconduct is ascertained, the Parent Company Board of Directors, for individuals directly appointed by the same, or the Chief Executive Officer of the Parent

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

Company (or their proxy) for remaining individuals, decides what action to take as regards the incentive (which may entail its reduction or cancellation).

Misconduct is defined as follows:

- order for suspension from office and from payment of remuneration starting from a date. This entails exclusion from receiving the cited variable components of remuneration;
- conduct which does not comply with provisions of the law, regulations or the bylaws, or with codes of ethics or conduct applicable to the bank, which has led to a significant loss for a Group company or for customers;
- infringements[6] of the obligations imposed pursuant to article 26 or, when the individual is an interested party, pursuant to article 53 of Legislative Decree no. 385/1993 (Consolidated Banking Law);
- infringements of the obligation not to use personal hedging strategies or insurance on remuneration or on other aspects to alter or undermine the risk alignment effects embedded in the remuneration mechanisms;
- fraudulent or grossly negligent conduct causing damage to a Group company;
- conduct that has led or contributed to significant damage to customers or a significant infringement of the rules contained in Title VI of the Consolidated Banking Law, of the relative implementing provisions or of codes of ethics or of conduct to protect customers applicable to the bank.

In the event of misconduct as described above, the Parent Company Board of Directors, for individuals directly appointed by the same, or the Chief Executive Officer of the Parent Company (or their proxy), for remaining individuals, also reserve the right to activate mechanisms for the return of previously vested amounts or portions thereof from the time of their vesting for the following five years.

4.6 Indication of any restrictions on the availability of the shares with specific reference to the time periods within which the subsequent transfer to the company or third parties is permitted or prohibited;

The shares are bound to a retention period (selling restriction) of one year, both for up-front and deferred shares, which starts from the vesting of the corresponding portion in cash.

Any rights and/or dividends only vest at the end of the retention period, i.e. with reference to the period following the transfer to the beneficiary's securities portfolio.

In the event of extraordinary capital operations which envisage the exercise of an option right, the Board of Directors of the Parent Company may assess any consequent adjustments to share portions that have vested but are not yet available to the beneficiaries.

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6 For example in cases of infringements of professionalism, integrity and independence requirements.

4.7 Description of any termination clauses concerning the assignment of the Plan in the event that the beneficiaries carry out hedging transactions that make it possible to neutralise any selling restrictions on the shares assigned, including in the form of options, or on the shares resulting from the exercise of said options.

The Plan does not contain any termination clauses of the above nature.

Group Staff may not use personal hedging strategies or insurance on remuneration or on other aspects to alter or undermine the risk alignment effects embedded in their remuneration mechanisms.

4.8 Description of the effects caused by the termination of the employment relationship.

In the event of the termination of the employment relationship, both the up-front portion and the deferred portion are paid in the case of retirement, access to the solidarity fund, death, specific provisions contained in individual contracts or in individual agreements to terminate the employment relationship, without prejudice to cases in which all rights are lost.

The loss of all rights is envisaged if the employment relationship is terminated due to resignation, dismissal for just cause or justified subjective grounds as well as terminations of the employment relationship for any reason or grounds, including access to the solidarity fund, defined within the first half of 2021 that envisages termination in the first half of 2021.

4.9 Indication of any situations in which the Plan is cancelled.

The Plan does not provide for any causes for cancellation other than those discussed in paragraph 4.5.

4.10 Reasons relating to the possible provision of a "redemption" by Banco BPM of the shares covered by the Plan, laid down in accordance with articles 2357 et seq. of the Italian Civil Code; indication of the beneficiaries of the redemption stating whether the same is only applicable to specific employee categories; the effects of the termination of the employment relationship on said redemption.

The Plan does not provide for redemption by Banco BPM or any other Group company of the shares forming part of the Plan.

4.11 Any loans or other benefits granted for the purchase of the shares pursuant to article 2358 of the Italian civil code.

The provision is not applicable.

4.12 Indication of the estimated liability for the company at the date of the related allocation, calculated on the basis of the terms and conditions already established, stated by total amount and in relation to each of the Plan's instruments.

A maximum requirement of 5 million euro has been estimated, even though it is not possible, at present, to quantify the exact liability envisaged, as its calculation depends on the fulfilment of the conditions to access the 2021 Short-Term Incentive (STI) plan and the performance levels achieved by each of the potential beneficiaries of the Plan.

4.13 Indication of any dilutive effects on capital caused by the assignment of the shares.

Given the means by which it is implemented, the adoption of the Plan will not have any dilutive effects on the Group's capital resulting from share capital increases.

4.14 Any envisaged restrictions on the exercise of voting rights and on the assignment of dividend rights.

With the exception of the retention period (selling restriction), there are no restrictions envisaged for the exercise of on voting rights or on the assignment of dividend rights.

4.15 If the shares are not traded on regulated markets, the information required to make a full assessment of their value.

The Plan envisages the sole use of shares traded on regulated markets.

Reference should be made to the 2021 Policy for any matters not included herein.

9 March 2021 The Board of Directors

Share-based compensation plans - Table 1 of Schedule 7 of Annex 3A of Regulation no.11971/1999

Section 1 – Shares relating to currently valid plans approved on the basis of previous shareholders’ resolutions

Please note that the individuals indicated in the table (by name or included in categories) <u>are not yet legitimate owners</u> of the Banco BPM shares indicated, but will become owners during the vesting period, only if the pre-established conditions for each individual plan are successfully fulfilled.

Name and surname or category	Office held (to be indicated only for named individuals)	FRAME 1						
		Financial instruments other than stock options						
		Section 1 Shares relating to currently valid plans approved on the basis of previous shareholders’ Meeting resolutions						
		Date of the Shareholders' Meeting Resolution	Type of financial instrument	Number of financial instruments	Date of assignment	Purchase price of instruments, if relevant	Market price on assignment	Vesting period
Giuseppe Castagna	CEO of Banco BPM	2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	219.411 (1)	25/06/2021 (2)	NA	€ 2,17400 (3)	2020-2026
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	246.606	26/06/2020	NA	€ 1,30886	2019-2025
		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	150.290	27/06/2019	NA	€ 1,69337	2018-2024
		2017 Plan (08/04/2017)	Banco BPM Ordinary Shares	43.423	27/06/2018	NA	€ 2,40421	2017-2023
		2016 Former Bipiemme Group (30/04/2016)	Banco BPM Ordinary Shares	29.392	(4)	NA	(4)	2016-2022
		2015 Former Bipiemme Group (11/04/2015)	Banco BPM Ordinary Shares	19.136	(4)	NA	(4)	2015-2021
		2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	283.686	08/04/2017 (5)	NA	€ 2,66491 (6)	2017-2023
Marco Federico Turrina	CEO - General Manager of Banca Akros	2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	37.045 (1)	25/06/2021 (2)	NA	€ 2,17400 (3)	2020-2026
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	33.171	26/06/2020	NA	€ 1,30886	2019-2025
		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	15.181	27/06/2019	NA	€ 1,69337	2018-2022
		2017 Plan (08/04/2017)	Banco BPM Ordinary Shares	5.629	27/06/2018	NA	€ 2,40421	2017-2021
		2016 Former Bipiemme Group (30/04/2016)	Banco BPM Ordinary Shares	12.075	(4)	NA	(4)	2016-2022
		2015 Former Bipiemme Group (11/04/2015)	Banco BPM Ordinary Shares	7.291	(4)	NA	(4)	2015-2021
		2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	42.552	08/04/2017 (5)	NA	€ 2,66491 (6)	2017-2023

(cont.)

Please note that the individuals indicated in the table (by name or included in categories) are not yet legitimate owners of the Banco BPM shares indicated, but will become owners during the vesting period, only if the pre-established conditions for each individual plan are successfully fulfilled.

Name and surname or category	Office held (to be indicated only for named individuals)	FRAME 1						
		Financial instruments other than stock options						
		Section 1 Shares relating to currently valid plans approved on the basis of previous shareholders' Meeting resolutions						
		Date of the Shareholders' Meeting Resolution	Type of financial instrument	Number of financial instruments	Date of assignment	Purchase price of instruments, if relevant	Market price on assignment	Vesting period
Alessandro Varaldo	CEO of Banca Aletti	2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	30.871 (1)	25/06/2021 (2)	NA	€ 2,17400 (3)	2020-2026
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	22.113	26/06/2020	NA	€ 1,30886	2019-2025
		2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	11.820	08/04/2017 (5)	NA	€ 2,66491 (6)	2017-2023
Massimo Maria Dorenti	CEO - General Manager of ProFamily	2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	5.175 (1)	25/06/2021 (2)	NA	€ 2,17400 (3)	2020-2024
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	3.545	26/06/2020	NA	€ 1,30886	2019-2023
		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	1.877	27/06/2019	NA	€ 1,69337	2018-2022
		2017 Plan (08/04/2017)	Banco BPM Ordinary Shares	169	27/06/2018	NA	€ 2,40421	2017-2021
Domenico De Angelis	Joint General Manager of Banco BPM	2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	47.360 (1)	25/06/2021 (2)	NA	€ 2,17400 (3)	2020-2026
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	38.018	26/06/2020	NA	€ 1,30886	2019-2025
		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	16.470	27/06/2019	NA	€ 1,69337	2018-2022
		2017 Plan (08/04/2017)	Banco BPM Ordinary Shares	7.071	27/06/2018	NA	€ 2,40421	2017-2021
		2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	85.107	08/04/2017 (5)	NA	€ 2,66491 (6)	2017-2023
Salvatore Poloni	Joint General Manager of Banco BPM	2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	80.727 (1)	25/06/2021 (2)	NA	€ 2,17400 (3)	2020-2026
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	62.912	26/06/2020	NA	€ 1,30886	2019-2025
		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	57.310	27/06/2019	NA	€ 1,69337	2018-2024
		2017 Plan (08/04/2017)	Banco BPM Ordinary Shares	7.071	27/06/2018	NA	€ 2,40421	2017-2021
		2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	85.107	08/04/2017 (5)	NA	€ 2,66491 (6)	2017-2023

(cont.)

Please note that the individuals indicated in the table (by name or included in categories) are not yet legitimate owners of the Banco BPM shares indicated, but will become owners during the vesting period, only if the pre-established conditions for each individual plan are successfully fulfilled.

Name and surname or category	Office held (to be indicated only for named individuals)	FRAME 1						
		Financial instruments other than stock options						
		Section 1 Shares relating to currently valid plans approved on the basis of previous shareholders' Meeting resolutions						
		Date of the Shareholders' Meeting Resolution	Type of financial instrument	Number of financial instruments	Date of assignment	Purchase price of instruments, if relevant	Market price on assignment	Vesting period
6 Executives with strategic responsibilities		2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	134.599 (7)	25/06/2021 (2)	NA	€ 2,17400 (3)	2020-2026 (8)
44 Other Plan beneficiaries			Banco BPM Ordinary Shares	631.242 (7)	25/06/2021 (2)	NA	€ 2,17400 (3)	2020-2026 (9)
2 Executives with strategic responsibilities		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	81.124	26/06/2020	NA	€ 1,30886	2019-2025
4 Other Plan beneficiaries			Banco BPM Ordinary Shares	32.578	26/06/2020	NA	€ 1,30886	2019-2025
3 Executives with strategic responsibilities			Banco BPM Ordinary Shares	20.029	26/06/2020	NA	€ 1,30886	2019-2023
60 Other Plan beneficiaries			Banco BPM Ordinary Shares	574.167	26/06/2020	NA	€ 1,30886	2019-2023
4 Executives with strategic responsibilities		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	39.319	27/06/2019	NA	€ 1,69337	2018-2022
37 Other Plan beneficiaries			Banco BPM Ordinary Shares	194.861	27/06/2019	NA	€ 1,69337	2018-2022
3 Executives with strategic responsibilities		2017 Plan (08/04/2017)	Banco BPM Ordinary Shares	5.886	27/06/2018	NA	€ 2,40421	2017-2021
35 Other Plan beneficiaries			Banco BPM Ordinary Shares	53.557	27/06/2018	NA	€ 2,40421	2017-2021
2 Executives with strategic responsibilities		2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	47.280	08/04/2017 (5)	NA	€ 2,66491 (6)	2017-2023
32 Other Plan beneficiaries			Banco BPM Ordinary Shares	362.487	08/04/2017 (5)	NA	€ 2,66491 (6)	2017-2023

(1) Amounts estimated on the basis of the performance achieved and the share price of 9 February 2021 used as reference.

(2) Actual allocation will take place upon vesting of the relative up-front portion in cash.

(3) Price on 9 February 2021.

(4) Allocations made before the merger between the former Banco Popolare Soc. Coop. and the former Banca Popolare di Milano Scarl. The shares of the former Banca Popolare di Milano Scarl were converted into Banco BPM shares based on the value established for the share swap equal to 1 Banco BPM share for every 6.386 shares of the former Banco Popolare di Milano Scarl.

(5) Date of the Shareholders' Meeting that approved the plan.

(6) Arithmetic average of official share prices reported in the 30 calendar days prior to the date of the ordinary Shareholders' meeting of 8 April 2017.

(7) Estimate on the basis of the performance achieved calculated at 28 February 2021 and the share price of 9 February 2021 used as reference.

(8) Of which 4 executives with strategic responsibilities have vesting periods of 2020-2024.

(9) Of which 40 individuals have vesting periods of 2020-2024.

Share-based compensation plans - Table 1 of Schedule 7 of Annex 3A of Regulation no.11971/1999
Section 2 – Newly-allocated shares

Name and surname or category	Office held (to be indicated only for named individuals)	FRAME 1 Financial instruments other than stock options — Section 2 Newly-assigned shares based on the resolution: of the Board of Directors of 9/03/2021 proposed to the Shareholders' Meeting						
		Date of the relative resolution of the shareholders' meeting	Type of financial instrument	Number of financial instruments	Allocation date	Purchase price of instruments, if relevant	Market price on allocation	Vesting period
Giuseppe Castagna	CEO of Banco BPM	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	NA	2022	NA	NA	2021-2027
Marco Federico Turrina	CEO - General Manager of Banca Akros	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	NA	2022	NA	NA	2021-2027
Alessandro Varaldo	CEO of Banca Aletti	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	NA	2022	NA	NA	2021-2027
Massimo Maria Dorenti	CEO - General Manager of ProFamily	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	NA	2022	NA	NA	2021-2025
Domenico De Angelis	Joint General Manager of Banco BPM	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	NA	2022	NA	NA	2021-2027
Salvatore Poloni	Joint General Manager of Banco BPM	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	NA	2022	NA	NA	2021-2027
2 Executives with strategic responsibilities		2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	NA	2022	NA	NA	2021-2027
4 Executives with strategic responsibilities		2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	NA	2022	NA	NA	2021-2025
148 Other Plan beneficiaries		2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	NA	2022	NA	NA	2021-2027
		2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	NA	2022	NA	NA	2021-2025