



BANCO BPM SHARE-BASED COMPENSATION PLAN

2022 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 courtesy translation into English of the Board of Directors' Report on the proposed amendments to the Bylaws. 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, 37th 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;

Senior identified staff - members with an executive profile of the Management Body and senior management members of the Parent Company, Banca Akros and Banca Aletti, and managers of the main business lines of the Parent Company;

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

Incentive - the amount of variable remuneration linked to the short-term incentive plan (STI);

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;

Assignment of financial instruments – the bank's commitment to an individual to award financial instruments subject to the fulfilment of the 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 2022 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 7 April 2022 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 Shareholders' Meetings of Banco BPM (15 April 2021, 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).

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 2022 Policy for any matters not included herein.

1. Beneficiaries

The Plan has around 150 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 Management Board of the share issuer, the companies controlling the issuer and the companies directly or indirectly controlled by such.

On the date of publication of this Document, the Plan had around 150 potential beneficiaries. These include the individuals indicated below whose names must be disclosed pursuant to art. 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.

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 staff included in the scope of the Group's identified staff, except in cases where, as required by the Supervisory Provisions, the annual individual variable remuneration awarded is lower than or equal to the materiality threshold of 50,000 Euro and, at the same time, lower than or equal to one third of the total annual 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 "smaller company" pursuant to article 3, paragraph 1f) 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;*
- 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 ¹.
- b) The provision is not applicable.
- c) The provision is not applicable.

¹ Where appointed, also the General Manager of Banco BPM also participates.

1.4 Description and number by category of:

- a) *executives with strategic responsibilities other than those stated in paragraph 1.3b);*
- b) *in the case of “smaller companies”, pursuant to article 3, paragraph 1f), of Regulation no. 17221 of 12 March 2010, the total number of managers 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, 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 2022 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 2022 Short-Term Incentive (STI) plan, in accordance with the Supervisory Provision - 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 (four 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.

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 implementing the Plan.

In drawing up its proposal for approval of the Plan to be submitted to the ordinary and extraordinary Shareholders' Meeting called for 7 April 2022 (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 by-laws, the Ordinary 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 2022 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.

In the event of extraordinary capital operations which envisage the exercise of an option right, the Board of Directors of the Parent Company has the power to assess any consequent adjustments to any share portions that have vested but are not yet available to the beneficiaries.²

The Shareholders' Meeting will be suitably informed should the above events take place.

3.4 Description of the procedures to establish the availability and the assignment of the share upon which the Plan is based.

Subject to the authorisation of the ordinary Shareholders' Meeting of Banco BPM held on 7 April 2022, and in accordance with the applicable legislation and, specifically, the conditions envisaged by art. 5 of Regulation (EU) no. 596/2014 of 16 April 2014 relating to market abuse ("MAR Regulation") (see

² One such example is capital increase.

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 assigned to the beneficiaries of the Plan (estimated number based on the maximum result envisaged by the 2022 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 2023, following a specific resolution of the Board of Directors relating to the successful fulfilment of the conditions for access to the 2022 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 upfront 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 portions, 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 affected directors.

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 2022 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 1 March 2022, the Board of Directors resolved to approve the Plan, to be submitted to the Ordinary and Extraordinary Shareholders' Meeting called for 7 April 2022 (in single session), after acknowledging the Remuneration Committee's opinion of 28 February 2022.

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 assignment and any proposal drawn up by the Remuneration Committee, if applicable, that has been made to such 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 8 February 2022, after acknowledging the opinion of the Remuneration Committee meeting held on 8 February 2022, verified the opening of the entry gates to the 2021 Short-Term Incentive Plan and on 1 March 2022 consequently resolved to implement the Share-based *Compensation Plan of Banco BPM - 2021 Short-Term Incentive Plan*, already approved by the Ordinary Shareholders' Meeting on 15 April 2021, for an amount - which falls within that approved during the shareholders' meeting - estimated as a maximum value of 3.6 million Euro (employee gross amount which corresponds to the bank cost), of which around 1.6 million Euro relating to the portions deferred, depending on the case, over three or five years after 2022, 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 (67 eligible individuals based on information known as at the date of this Document), included in the scope of identified staff for 2021 and the counter value of the relative incentives, will be determined on the basis of individual performance levels achieved with regard to the 2021 Short-Term Incentive plan.

If the individual objectives assigned under the 2021 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 upfront 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 entry gates to the 2021 annual Short-Term Incentive plan entails the vesting, in 2022, 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 2016³ and of Banco BPM pertaining to 2017, 2018, 2019 and 2020, as well as the three-year 2017-2019 LTI plan.

The maximum number of shares estimated to support all the existing Plans amounts to approximately 13 million, which considers (i) the annual incentive for the years 2016, 2017, 2018, 2019, 2020 and 2021 and the long-term 2017-2019 incentive, also including the deferred portions to vest between 2023 and 2028, provided that the conditions envisaged for the vesting and delivery of the shares have been met; (ii) the 2021-2023 Long Term Incentive (LTI) Plan, whose incentive will be awarded in 2024, provided that the foreseen conditions and the performance objectives have been met, and which will be disbursed in deferred portions to vest until 2030, provided that the conditions envisaged for the vesting and delivery of the shares have been met; (iii) to the extent that can be estimated in relation to the 2022 STI Plan and the 2022-2024 LTI Plan.

³ The ordinary shares of the former Banca Popolare di Milano S.c.a r.l. awarded have been converted into Banco BPM shares, by virtue of the merger with former Banco Popolare Soc. Coop., based on the value established for the share swap equal to 1 Banco BPM share for every 6.386 shares of the former Banca Popolare di Milano S.c.a r.l.

3.8 The market price 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 2.9940 Euro (Remuneration Committee and Board of Directors meetings of 8 February 2022), 3.0810 Euro (Remuneration Committee meeting of 28 February 2022), and and 2.8740 Euro (Board of Directors meeting of 1 March 2022).

3.9 In the case of plans based on share traded on regulated markets, as part of the steps taken to identify the timing with which the share will be granted 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 grant 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 already published and may positively influence market prices,*
 - or*
 - b. already published and may negatively influence market prices.*

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

4.1 Description of the ways in which the share-based award plans are structured.

Without prejudice to the Supervisory Provisions concerning the materiality threshold, for the approximately 150 prospective beneficiaries of the Plan, at least 50% of the incentive under the 2022 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 portion of the incentive is awarded in Banco BPM ordinary shares.

If the incentive awarded is equal to or greater than 435,000 Euro, the deferred portion corresponds to 60% of the same incentive, otherwise it is 40%.

Other deferred portions consist of:

- five annual portions of the same amount deferred in the five-year period following the year in which the up-front portion vests, 55% in Banco BPM ordinary shares, for the senior identified

staff, regardless of the amount of the incentive awarded, and for the managers of the main business lines of Banca Aletti or Banca Akros reporting directly to the Chief Executive Officer or senior management of Banca Akros or Banca Aletti, in the event that the amount of the annual individual variable remuneration awarded is equal to or greater than 435,000 Euro;

- four annual portions of the same amount deferred in the four-year period following the year of vesting of the up-front portion, 50% of which in Banco BPM ordinary shares, for the identified staff not indicated in the previous point.

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 2022 Short-Term Incentive (STI) plan to the effective availability of the last deferred portion in shares (2028 or 2029 in the case of five annual portions).

4.3 Termination of the Plan.

The Plan will end in 2029.

4.4 Maximum number of shares, including in the form of options, assigned in each fiscal year for persons identified by name or for the stated categories.

At present, a maximum requirement of 4.5 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 four 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 2022 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 Means of implementing the Plan and implementation clauses, specifying whether the effective attribution of the shares depends on the occurrence of conditions or the achievement of specific results, including performance; description of those 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 *MDA buffer 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;
- profitability at consolidated level: UOC⁴ greater than zero;
- in addition, company profitability for Banca Aletti and Banca Akros: UOC⁴ 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 entry gates 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

⁴ Profit from current operating activities before tax (net of non-recurring items), the profit from current operating activities before tax, without the non-recurring items identified for the purposes of compliance with CONSOB Communication no. DEM/6064293 of 28 July 2006 and reported in the Directors' Report on Group Management for the year 2022, as well as without any gains or losses resulting from the fair value measurement of the certificates issued. The method used to calculate non-recurring items is regulated by a specific rule of an internal process;

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 Administration and Budget function, in collaboration with the Planning and Control and Risk functions.

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 2022 Short-Term Incentive (STI) plan. More specifically, if the entry gates to the 2022 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 2022 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 also applied to the economic resources of the 2022 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 amount of economic capital against reputational risk estimated through an internal model. The AML represents the ratio between total high-risk customers (maximum classification within the internal model for the management of the Money Laundering risk) and total customers.

More specifically:

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

For the beneficiaries of the 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 entry gates 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 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 by-laws, 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;

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

- infringements⁶ 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 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 Parent Company Board of Directors may assess any consequent adjustments to any share portions that have vested but are not yet available to the beneficiaries.⁷

4.7 Description of any termination clauses concerning the attribution of the Plan in the case in which the beneficiaries carry out hedging operations that enable any prohibitions on the sale of the assigned shares, including in the form of options, or on the sale of the shares resulting from exercising such options, to be circumvented.

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

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

⁷ One such example is capital increase.

Group Staff may not use personal hedging strategies or insurance on remuneration or on other aspects to 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 employment, both the up-front portion and the deferred portions are paid⁸ in the case of retirement, access to the solidarity fund, death, specific provisions contained in individual contracts or in individual agreements to terminate employment, 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 that envisages termination in the first half of 2022.

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 for the possibility of “redemption” by Banco BPM of the shares forming part of the Plan, provided pursuant to articles 2357 and following of the Italian civil code; indication of the beneficiaries of the redemption stating whether such is only applicable to specific employee categories; the effects of the termination of the employment relationship on such 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 buy-back of the shares pursuant to article 2358 of the Italian civil code.

The provision is not applicable.

4.12 Indication of the estimated cost to the company at the date of the relative award, as may be calculated from the terms and conditions already established, stated by total amount and in relation to each of the Plan’s shares.

A maximum requirement of 4.5 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

⁸ Pro-quota on the basis of presence during the twelfth-month period of service during the year, determined in accordance with internal regulations.

conditions to access the 2022 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 attribution 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 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 complete assessment of their value.

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

Reference should be made to the 2022 Policy for any matters not included herein.

1 March 2022

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) 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
Giuseppe Castagna	CEO of Banco BPM	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	189,780 (1)	27/06/2022 (2)	ND	€ 2.99400 (3)	2021-2027
		2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	95,465	25/06/2021	ND	€ 2.93977	2020-2026
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	197,285	26/06/2020	ND	€ 1.30886	2019-2025
		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	112,718	27/06/2019	ND	€ 1.69337	2018-2024
		2017 Plan (08/04/2017)	Banco BPM Ordinary Shares	28,948	27/06/2018	ND	€ 2.40421	2017-2023
		2016 Former Bipiemme Group (30/04/2016)	Banco BPM Ordinary Shares	14,697	(4)	ND	(4)	2016-2022
		2021-2023 LTI Plan (15/04/2021)	Banco BPM Ordinary Shares	1,490,498	15/04/2021 (5)	ND	€ 2.41530 (6)	2021-2029
		2017-2019 LTI Plan (08/04/2017)	Banco BPM Ordinary Shares	189,124	08/04/2017 (5)	ND	€ 2.66491 (7)	2017-2023
Marco Federico Turrina	CEO - General Manager of Banca Akros	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	25,415 (1)	27/06/2022 (2)	ND	€ 2.99400 (3)	2021-2027
		2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	10,952	25/06/2021	ND	€ 2.93977	2020-2026
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	26,537	26/06/2020	ND	€ 1.30886	2019-2025
		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	7,591	27/06/2019	ND	€ 1.69337	2018-2022
		2016 Former Bipiemme Group (30/04/2016)	Banco BPM Ordinary Shares	6,037	(4)	ND	(4)	2016-2022
		2021-2023 LTI Plan (15/04/2021)	Banco BPM Ordinary Shares	186,312	15/04/2021 (5)	ND	€ 2.41530 (6)	2021-2029
		2017-2019 LTI Plan (08/04/2017)	Banco BPM Ordinary Shares	28,368	08/04/2017 (5)	ND	€ 2.66491 (7)	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	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	26,748 (1)	27/06/2022 (2)	ND	€ 2.99400 (3)	2021-2027
		2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	9,127	25/06/2021	ND	€ 2.93977	2020-2026
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	17,691	26/06/2020	ND	€ 1.30886	2019-2025
		2021-2023 LTI Plan (15/04/2021)	Banco BPM Ordinary Shares	124,208	15/04/2021 (5)	ND	€ 2.41530 (6)	2021-2029
		2017-2019 LTI Plan (08/04/2017)	Banco BPM Ordinary Shares	7,880	08/04/2017 (5)	ND	€ 2.66491 (7)	2017-2023
Domenico De Angelis	Joint General Manager of Banco BPM	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	53,072 (1)	27/06/2022 (2)	ND	€ 2.99400 (3)	2021-2027
		2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	14,001	25/06/2021	ND	€ 2.93977	2020-2026
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	30,415	26/06/2020	ND	€ 1.30886	2019-2025
		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	8,235	27/06/2019	ND	€ 1.69337	2018-2022
		2021-2023 LTI Plan (15/04/2021)	Banco BPM Ordinary Shares	683,145	15/04/2021 (5)	ND	€ 2.41530 (6)	2021-2029
		2017-2019 LTI Plan (08/04/2017)	Banco BPM Ordinary Shares	56,738	08/04/2017 (5)	ND	€ 2.66491 (7)	2017-2023
Salvatore Poloni	Joint General Manager of Banco BPM	2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	78,066 (1)	27/06/2022 (2)	ND	€ 2.99400 (3)	2021-2027
		2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	23,867	25/06/2021	ND	€ 2.93977	2020-2026
		2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	50,330	26/06/2020	ND	€ 1.30886	2019-2025
		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	42,983	27/06/2019	ND	€ 1.69337	2018-2024
		2021-2023 LTI Plan (15/04/2021)	Banco BPM Ordinary Shares	683,145	15/04/2021 (5)	ND	€ 2.41530 (6)	2021-2029
		2017-2019 LTI Plan (08/04/2017)	Banco BPM Ordinary Shares	56,738	08/04/2017 (5)	ND	€ 2.66491 (7)	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
n.6 Executives with strategic responsibilities		2021 Plan (15/04/2021)	Banco BPM Ordinary Shares	136,652 (8)	27/06/2022 (2)	ND	€ 2.99400 (3)	2021-2027 (9)
n.56 Other Plan beneficiaries			Banco BPM Ordinary Shares	697,294 (8)	27/06/2022 (2)	ND	€ 2.99400 (3)	2021-2027 (10)
n.1 Executives with strategic responsibilities		2020 Plan (04/04/2020)	Banco BPM Ordinary Shares	15,911	25/06/2021	ND	€ 2.93977	2020-2026
n.4 Other Plan beneficiaries			Banco BPM Ordinary Shares	11,276	25/06/2021	ND	€ 2.93977	2020-2026
n.4 Executives with strategic responsibilities			Banco BPM Ordinary Shares	12,689	25/06/2021	ND	€ 2.93977	2020-2024
n.36 Other Plan beneficiaries			Banco BPM Ordinary Shares	153,769	25/06/2021	ND	€ 2.93977	2020-2024
n.1 Executives with strategic responsibilities			2019 Plan (06/04/2019)	Banco BPM Ordinary Shares	39,812	26/06/2020	ND	€ 1.30886
n.4 Other Plan beneficiaries		Banco BPM Ordinary Shares		26,064	26/06/2020	ND	€ 1.30886	2019-2025
n.3 Executives with strategic responsibilities		Banco BPM Ordinary Shares		13,353	26/06/2020	ND	€ 1.30886	2019-2023
n.56 Other Plan beneficiaries		Banco BPM Ordinary Shares		362,658	26/06/2020	ND	€ 1.30886	2019-2023
n.3 Executives with strategic responsibilities		2018 Plan (07/04/2018)	Banco BPM Ordinary Shares	12,683	27/06/2019	ND	€ 1.69337	2018-2022
n.37 Other Plan beneficiaries			Banco BPM Ordinary Shares	97,612	27/06/2019	ND	€ 1.69337	2018-2022
n.2 Executives with strategic responsibilities		2021-2023 LTI Plan (15/04/2021)	Banco BPM Ordinary Shares	558,937	15/04/2021 (5)	ND	€ 2.41530 (6)	2021-2029
n.3 Other Plan beneficiaries			Banco BPM Ordinary Shares	149,051	15/04/2021 (5)	ND	€ 2.41530 (6)	2021-2029
n.39 Other Plan beneficiaries			Banco BPM Ordinary Shares	2,813,316	15/04/2021 (5)	ND	€ 2.41530 (6)	2021-2027
n.1 Executives with strategic responsibilities		2017-2019 LTI Plan (08/04/2017)	Banco BPM Ordinary Shares	15,760	08/04/2017 (5)	ND	€ 2.66491 (7)	2017-2023
n.30 Other Plan beneficiaries			Banco BPM Ordinary Shares	235,354	08/04/2017 (5)	ND	€ 2.66491 (7)	2017-2023

- (1) Values estimated on the basis of the performance achieved and the listing used as reference on 8 February 2022.
- (2) The actual assignment will take place at the time of vesting of the respective up-front portion in cash.
- (3) Listing of 8 February 2022.
- (4) Assignments 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 Shareholders' Meeting which approved the plan.
- (6) Arithmetic average of official share prices reported in the month prior to the date of the shareholders' meeting of 15 April 2021.
- (7) Arithmetic average of official share prices reported in the month prior to the date of the shareholders' meeting of 8 April 2017.
- (8) Estimate on the basis of the performance calculated as of 22 February 2022 and the listing used as reference as of 8 February 2022.
- (9) Of which 4 executives with strategic responsibilities have a 2021-2025 vesting period.
- (10) Of which 52 subjects have a 2021-2025 vesting period.

Share-based compensation plans

Table 1 of schedule 7 of Annex 3A of Regulation no. 11971/1999

Section 2 – Newly-assigned 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 1/03/2022 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	2022 PLAN (7/04/2022)	Banco BPM Ordinary Shares	NA	2023	ND	NA	2022-2028
Marco Federico Turrina	CEO - General Manager of Banca Akros	2022 PLAN (7/04/2022)	Banco BPM Ordinary Shares	NA	2023	ND	NA	2022-2028
Alessandro Varaldo	CEO of Banca Aletti	2022 PLAN (7/04/2022)	Banco BPM Ordinary Shares	NA	2023	ND	NA	2022-2028
Domenico De Angelis	Joint General Manager of Banco BPM	2022 PLAN (7/04/2022)	Banco BPM Ordinary Shares	NA	2023	ND	NA	2022-2028
Salvatore Poloni	Joint General Manager of Banco BPM	2022 PLAN (7/04/2022)	Banco BPM Ordinary Shares	NA	2023	ND	NA	2022-2028
2 Executives with strategic responsibilities		2022 PLAN (7/04/2022)	Banco BPM Ordinary Shares	NA	2023	ND	NA	2022-2028
4 Executives with strategic responsibilities		2022 PLAN (7/04/2022)	Banco BPM Ordinary Shares	NA	2023	ND	NA	2022-2027
4 Other Plan beneficiaries		2022 PLAN (7/04/2022)	Banco BPM Ordinary Shares	NA	2023	ND	NA	2022-2028
135 Other Plan beneficiaries		2022 PLAN (7/04/2022)	Banco BPM Ordinary Shares	NA	2023	ND	NA	2022-2027