



NEWS RELEASE

GENERAL SHAREHOLDERS' MEETING OF BANCO BPM S.p.A.

- **Approved: annual reports as at 31 December 2016 of Banco Popolare - Società cooperativa and of Banca Popolare di Milano - Società cooperativa a responsabilità limitata**
- **Approved Banco BPM Banking Group's 2017 Remuneration report**
- **Approved share-based compensation Plans of Banco BPM S.p.A.: short-term incentive plan – annual (2017) and long-term incentive plan - three-yearly (2017-2019)**
- **Approved authorization request for the purchase and sale of own shares**
- **Adopted General Meeting Rules**

Novara, 8 April 2017 – The General Shareholders' Meeting of Banco BPM S.p.A., with an attendance of almost 7 thousand shareholders (more than 1 thousand attending in person), accounting for about 36% of the share capital, has approved by a very large majority all the items on the agenda.

APPROVAL OF THE ANNUAL REPORTS AS AT 31 DECEMBER 2016 OF BANCO POPOLARE - SOCIETÀ COOPERATIVA AND OF BANCA POPOLARE DI MILANO - SOCIETÀ COOPERATIVA A RESPONSABILITÀ LIMITATA

The Shareholders convened in the General Annual Meeting have resolved:

1. to approve the annual report as at 31 December 2016 of Banco Popolare - Società Cooperativa, made up of balance sheet, income statement, explanatory notes and related attachments and the executive report on operations, reporting a net loss of Euro 1,308,697,770
2. to approve the annual report as at 31 December 2016 of Banca Popolare di Milano Scarl, made up of balance sheet, income statement, explanatory notes and related attachments and the executive report on operations, reporting a net income of Euro 65,722,447;

3. to carry forward the Euro 1,242,975,323 net loss (resulting by summing the year-end results of Banco Popolare - Società Cooperativa and of Banca Popolare di Milano Scarl);

For further details, please refer to the News release published on 10 February for the approval of the draft annual reports of the two banks. Summarized below are the key items drawn from the consolidated financial statements of Gruppo Banco Popolare and Gruppo Banca Popolare di Milano.

Gruppo Banco Popolare and Gruppo Banca Popolare di Milano closed the financial year 2016, respectively, with a net loss of €1,681.7 million and a net profit of € 72.7 million, which – net of non-recurring items – come to -€ 1,133.7 million and € 195.2 million. The results posted by Gruppo Banco Popolare reflect the higher impairments associated with the strengthening of coverage ratios under the integration plan (roughly € 1,600 million).

2016 RESULTS OF GRUPPO BANCO POPOLARE (EX BP):

Key balance sheet items

- Customer loans € 75.8 billion;
- Direct customer funding € 85.0 billion, including € 4.6 billion certificates;
- Indirect customer funding € 69.2 billion, of which:
 - AuM € 36.4 billion
 - AuC € 32.8 billion

Key income statement items

- Total income 3,060 million, € 3,035 million net of non-recurring items;
- Operating costs 2,488 million, including € 378.5 million non-recurring charges. Net of non-recurring charges, total operating costs go down to € 2,109 million.
- Gross operating profit € 572.4 million, rising to € 925.7 million net of non-recurring items;
- Loan loss provisions € 2,539 million, of which roughly € 1,600¹ million related to the strengthening of coverage ratios under the integration plan;

2016 RESULTS OF GRUPPO BPM (EX BPM):

Key balance sheet items

- Customer loans € 34.8 billion;
- Direct customer funding € 36.5 billion;
- Indirect customer funding € 32.6 billion di cui:

¹ Round estimates of the impact from discontinuity in the NPL evaluation process in the Financial Year.

- AuM € 22.1 billion;
- AuC € 10.5 billion.

Key income statement items

- Total income € 1,604.1 million, € 1,667.2 million net of non-recurring items;
- Operating costs € 1,269.2 million, including € 296.4 million non-recurring costs. Net of non-recurring costs, total operating costs go down to € 972.8 million;
- Gross operating profit € 334.9 million, which increases to € 647.5 million net of non-recurring costs;
- Loan loss provisions € 420.3 million;

APPROVAL OF THE 2017 REMUNERATION REPORT OF BANCO BPM BANKING GROUP

The Shareholders have examined and taken cognizance of the information contained in the Directors' Report on the Remuneration Report of Banco BPM Banking Group – prepared pursuant to article 123-ter of Lgs.D. 58/1998 (“**TUF**”), to Consob's Regulation no. 11971/1999 and following amendments and additions (“**Issuers Regulation**”), and to the current Supervisory Regulations of the Bank of Italy – and approved it.

The Remuneration Report: (i) delivers information regarding the 2017 remuneration and incentive policies, applicable to all employees of Banco BPM Banking Group and, as regards the two former banking groups, (ii) illustrates the implementation of the remuneration policies in financial year 2016; (iii) makes the required disclosures, in compliance with the Supervisory Regulations and with the Issuers Regulation.

In particular, the Shareholders: (a) have approved, also pursuant to article 1.3 letter (g) of the Articles of Association, the remuneration and incentive policies for Directors, Statutory Auditors and employees; (b) have approved the criteria to determine the compensation to be paid in case of early employment or appointment termination, including compensation limits in terms of years of fixed compensation and the attendant maximum amount; (c) expressed their opinion, in accordance with and within the limits defined by article 123-ter, paragraph 6, TUF, in favor of the related sections of the Remuneration Report.

The Chairman of the Board of Directors and the Chief Executive Officer have been given the mandate, each severally and with powers of sub-delegation, to correctly and immediately execute today's resolution, together with all the associated and/or consequent acts and formalities.

APPROVAL OF THE SHARE-BASED COMPENSATION PLANS OF BANCO BPM S.P.A.: ANNUAL INCENTIVE SCHEME (2017) AND THREE-YEAR INCENTIVE SCHEME (2017-2019)

As part of the remuneration and incentive policies adopted by the Group covering the annual 2017 Incentive Scheme, the Shareholders have approved the Annual Plan - prepared pursuant to article 114-bis of TUF and to article 84-bis of the Issuers Regulation – according to which, part of the variable compensation is paid in shares, through the granting of Banco BPM S.p.A. ordinary shares to executive members of the Board of Directors and to employed and non-employed staff of the Banco BPM Banking Group, falling under the category of “key personnel”.

Under the Plan - contingent on the occurrence of conditions precedent triggering the activation of the incentive scheme and on the achievement of specific performance targets - 50% of the bonus under the 2017 Incentive Scheme is recognized to the prospective beneficiaries through the free-

of-charge grant of Banco BPM S.p.A. ordinary shares, subject to deferral clauses (three or five years) and retention clauses.

As part of the Remuneration Policies adopted by the Group covering the long-term 2017-2019 Incentive Scheme, Shareholders have also approved the Three-year Plan - prepared pursuant to article 114-bis of TUF and to article 84-bis of the Issuers Regulation - according to which, part of the variable compensation of executive members of the Board of Directors and of employed and non-employed staff of the Banco BPM Banking Group falling under the category of Group senior managers, is paid in the form of free-of-charge grants of Banco BPM S.p.A. ordinary shares.

For the prospective beneficiaries of the Three-year Plan, the bonus under the long-term 2017-2019 Incentive Scheme shall be recognized - contingent on the occurrence of conditions precedent triggering the activation of the incentive scheme and on the achievement of specific performance targets - through the free-of-charge grant of Banco BPM ordinary shares, subject to deferral clauses (three years) and retention clauses.

With respect to both Compensation Plans, the Chairman, on behalf of the Board of Directors, and the Chief Executive Officer have been given the mandate, each severally and with powers of sub-delegation, to correctly and immediately execute today's resolution, together with all the associated and/or consequent acts and formalities.

APPROVAL OF THE AUTHORIZATION REQUEST FOR THE PURCHASE AND SALE OF OWN SHARES

Having taken cognizance of the Directors' Report covering the authorization request to purchase and sell own shares and the current legal and regulatory requirements, without prejudice to applicable laws and regulations in effect at any given time, the Shareholders have resolved to authorize – in keeping with the market practices permitted under art. 180, paragraph 1, letter c), of TUF, starting on the date of today's General Meeting until the General Shareholders' Meeting convened to approve the 2017 Annual Report, and in any case without prejudice to the 18 (eighteen) month limit provided for under article 2357, paragraph 2, of the Italian Civil Code – the purchase, in one or more tranches, of Banco BPM ordinary shares up to an amount no greater than 1% of the share capital – which, to date, corresponds to max. no. 15,151,821 shares – as well as their disposal.

Notably, the purpose of the authorization is to: *i*) implement – also by setting up a “share reserve” - the remuneration and incentive policies adopted by the Group (including, when applicable, the compensation and incentive policies adopted in prior years by former Banco Popolare Banking Group and/or by former Banca Popolare di Milano Banking Group); *ii*) allow the implementation of ordinary brokering activities necessary to favor the circulation of shares and a regular trading activity; *iii*) allow the disposal of shares that the competent boards of the Bank, without prejudice to any decision regarding the redemption limitation or exclusion for shares for which the withdrawal right has been exercised by Registered or ordinary Shareholders of former Banco Popolare Soc. Coop. and/or former Banca Popolare di Milano Scarl further to the resolutions passed by their Shareholders in the General Meetings held on 15 October 2016, should decide, subject to the required authorizations under the law, to purchase in accordance with and by effect of article 2437-quater, paragraph 5, of the Italian Civil Code.

The Shareholders have authorized the Chairman, on behalf of the Board of Directors, as well as the Chief Executive Officer and the General Manager, each severally and with powers of sub-delegation, to purchase and sell own shares for the purposes and within the limits specified in the above-mentioned Directors' Report and in compliance with applicable laws in effect at any given time. The exercise of the mandate shall be subject to ECB's authorization pursuant to the applicable provisions of Regulation (EU) no. 575/2013 and of the delegated regulation (EU) no. 241/2014 and, in any case, in compliance with any other applicable law, with due consideration to the need to abide by the principle of a fair treatment of Shareholders.

ADOPTION OF THE GENERAL MEETING RULES

Pursuant to art. 11.3, letter (h), of the corporate Articles of Association, the Shareholders have approved the text of the General Meeting Rules as proposed by the Board of Directors.

The General Meeting Rules provide the procedures to be followed to conduct orderly and functional general meetings, in compliance with the Corporate Governance Code of Borsa Italiana adopted by Banco BPM S.p.A..

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For further details, please refer to the news releases published on 28 February, 8 and 17 March 2017 and to the supporting documentation made available at the Head office, Borsa Italiana and published on the website of Banco BPM (www.bancobpm.it, "Corporate Governance – Shareholders' Meetings" and "Investor Relations – Financial statements and Reports" sections), as well as on the website of the authorized central storage mechanism www.emarketstorage.com, in compliance with the terms and procedures under the law.

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