



NEWS RELEASE

Banco BPM S.p.A. share-based compensation plan, for 150 potential beneficiaries among the executive members of the Board of Directors and employees and non-employed staff of Gruppo Banco BPM.

At least 50% of the incentive awarded through Banco BPM shares to be subject to deferral and retention clauses.

Approved share buy-back and disposal proposal

Milan, 28 February 2019 – Banco BPM announces that the Board of Directors today has approved the main outlines of a Banco BPM share-based compensation plan (hereinafter the "Plan"), pursuant to articles 114-bis of Lgs. D. no. 58/98 (hereinafter "TUF") and 84-bis of Consob's Regulation no. 11971/1999 and following amendments and additions (hereinafter the "Issuers Regulation"), as well as to applicable regulations, to be submitted to the approval of the forthcoming Annual General Meeting to be held on 6 April 2019.

The Plan is proposed as part of the 2019 remuneration policies adopted by the Group, to align management and shareholder interests, by compensating the Group key resources based on the medium-to-long term value creation.

Under the Plan, a share of the variable compensation component under the annual incentive scheme (2019) is paid through a stock grant in Banco BPM ordinary shares. The potential beneficiaries of the Plan are about 150 people from among the executive members of the Board of Directors, the employees and the non-employed staff of the Banking group Banco BPM, falling under the key personnel category.

The Plan implementation is contingent upon the achievement of predetermined access conditions aimed at ensuring the Group's profitability, capital stability and liquidity. The amount of financial resources is moreover adjusted based on a risk-adjusted profitability financial ratio and on a non-financial ratio tied to the Group's reputational risk with the main stakeholders, where Corporate Social Responsibility plays a salient role, and to the money-laundering risk.

For the prospective beneficiaries of the Plan - in compliance with applicable regulations - at least 50% of the bonus, provided that also specific performance targets are met, is awarded through a stock grant in Banco BPM ordinary shares, subject to deferral clauses of three or five years and a retention clause with a lock-up period of one year.

The estimated maximum requirement is euro 5 million (cost for the bank): this amount includes the deferred bonus tranches that may accrue in the following three-five years provided that all the terms and conditions for their accrual over this time period are met.

Approval of the share buy-back and disposal proposal

The Board of Directors resolved to submit the request to authorize share buy-back and disposal transactions to the forthcoming Shareholders' Meeting to be held on 6 April 2019, in compliance with applicable laws and regulations, in order to implement the remuneration policies adopted by the Bank, in compliance with the accepted market practices pursuant to EU Regulation no. 596/2014. More specifically, they require that for the Group's key personnel, part of the up-front bonus tranche and part of the deferred bonus tranche be granted in shares of the Bank.

In any case, all purchase and sale transactions will be carried out in accordance with applicable laws and regulations, guaranteeing the fair treatment of shareholders.

Without prejudice to article 2357, paragraph 1, of the Italian Civil Code, the requested authorization refers to the purchase of own shares, up to a number of Banco BPM ordinary shares corresponding to an amount no greater than euro 5 million.

The stock repurchase authorization is requested up until the Shareholders' Meeting convened to approve the 2019 Annual Report, without prejudice to the provisions under art. 2357, paragraph 2, of the Italian civil code. The authorization to dispose of own shares is requested with no time limits.

In compliance with the provisions of the Italian Civil Code and with article 3, paragraph 2 of EC Delegated Regulation (EU) 2016/1052 of 8 March 2016, the purchase price of each own share must be no lower than 15% or no higher than 15% of the official price reported by the stock on the Italian MTA (Mercato Telematico Azionario) the day before the purchase.

As to the sale of repurchased shares, to be carried out in any case in compliance with the applicable prescriptive regulations, only the minimum price at which the shares can be sold to third parties is defined, which in any case may not be less than 95% of the official price average reported by the stock on the Italian MTA (Mercato Telematico Azionario) over the three days prior to the sale. This price limit can be overridden in case of stock grants under the remuneration policies adopted by the Bank and, in any case, stock awards (or stock options) under equity-based compensation plans.

Repurchases shall be executed in compliance with article 132 of TUF and article 144-bis of the Issuers Regulation; more specifically, purchases shall be executed on the open market, in compliance with the operational procedures that bar the direct matching between bids and specific offers, or through additional procedures allowed by the regulations applicable at any time, with due consideration to the need to abide by the principle of fair treatment of shareholders.

Share repurchases shall be performed under and in compliance with the authorization by the European Central Bank. To date, Banco BPM holds no. 4,004,510 own shares in its portfolio.

The executive reports of the Board of Directors and the information document regarding the Plan shall be made available to the public according to the terms and procedures required under the applicable laws.

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