



BANCO BPM SHARE-BASED COMPENSATION PLAN

SHORT TERM 2019 INCENTIVE PLAN (ANNUAL)

INFORMATION DOCUMENT

Prepared pursuant to article 114-bis of the Consolidated Financial Law (Italian Legislative Decree no. 58/1998 as subsequently amended) and article 84-bis of the Issuers' Regulations (Consob Regulation no. 11971/1999 as subsequently amended).

(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 information document (**Document**) is provided below:

Banco BPM or Bank or Parent Company – Banco BPM SpA, the Parent Company of the Banco BPM Banking Group;

Subsidiary Companies – Banca Akros, Aletti & C. Banca d'Investimento Mobiliare, Aletti Fiduciaria, Banca Aletti & C. (Suisse), ProFamily, Holding di Partecipazioni Finanziarie BP¹, Release, BPM Covered Bond¹, BPM Covered Bond 2¹, BP Covered Bond¹, Tiepolo Finance¹, Bipielle Bank (Suisse)², FIN.E.R.T.^{1,2}, Ge.Se.So., Bipielle Real Estate and BP Trading Immobiliare¹;

Remuneration Report – report prepared pursuant to article 123-ter of the Consolidated Financial Law and article 84-*quater* of the Issuers' Regulations as well as the relevant Supervisory Provisions issued by the Bank of Italy (Bank of Italy Circular no. 285/2013: 25th revision dated 23 October 2018);

Policy – Remuneration policies for the staff of the Banco BPM Banking group, illustrated in the Remuneration Report;

Consolidated Financial Law (CFL) – Italian Legislative Decree no. 58 of 24 February 1998 as subsequently amended;

Issuers' Regulations – Consob Resolution no. 11971 of 14 May 1999 as subsequently amended;

Identified staff – persons whose professional activity have, or may have, a material impact on the Group's risk profile;

Bonus – the amount of the variable remuneration related to the annual incentive system;

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

Vesting – the effect by which the member of staff becomes the legal owner of the variable remuneration awarded, independent of the instrument used for the payment or of the fact that the payment is either subject to additional retention periods or clawback arrangements.

¹ The following companies: Holding di Partecipazioni Finanziarie BP, BPM Covered Bond, BPM Covered Bond 2, BP Covered Bond, Tiepolo Finance, FIN.E.R.T. and BP Trading Immobiliare, do not have any employees.

² Company in liquidation.

INTRODUCTION

In accordance with the requirements of article 114-bis of the CFL and the provisions of article 84-bis of the Issuers' Regulations concerning information on share-based compensation plans to be disclosed to the market, this Document has been prepared by the Board of Directors of Banco BPM to describe the compensation plan (Plan) under which a part of the bonus of the identified staff of the Banco BPM Banking Group is paid in the form of allocation of ordinary shares of Banco BPM as part of the remuneration policies adopted by the Group under the 2019 annual incentive system.

This Document – prepared in accordance with the requirements of Schedule 7 of Annex 3A of the Issuers' Regulations – is submitted for approval to the Ordinary Shareholders' Meeting of 06 April 2019, as far as regards the disclosure to the public of the terms and conditions established for the Plan and also provides information on the implementation of the compensation plans already approved by previous Ordinary Shareholders' Meetings of the members of Banco BPM (07 April 2018 and 08 April 2017), of the former Banca Popolare di Milano Scarl (30 April 2016, 11 April 2015 and 12 April 2014) and of the former Banco Popolare Soc. Coop. (19 March 2016).

This Document sets out the criteria which must be complied with by the Board of Directors and its proxies in the subsequent implementation phase of the Plan.

The Plan, considering its recipients, is categorised as having "major significance" pursuant to article 84-bis of the Issuers' Regulations.

The document is available to the public at the registered office of Banco BPM, P.za F. Meda 4 Milan, Italy and at Borsa Italiana S.p.A., and may also be consulted on the website of the authorised storage mechanism www.emarketstorage.com and on the Banco BPM website www.bancobpm.it (*Corporate Governance – Remuneration Policy* section).

For further details regarding the information contained in this Document, please consult the 2019 Remuneration Report.

1. Beneficiaries

The potential beneficiaries of the Plan include around 150 persons within the scope of Group identified staff.

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

The potential recipients of the Plan include around 150 individuals at the time of preparation of the Document. These include the following persons whose names must be disclosed pursuant to article 84-bis, paragraph 3 of the Issuers' Regulations and relative Annex 3A, Schedule 7:

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

The names of prospective recipients 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 Subsidiary companies; information on these parties is provided below.

1.2 The categories of employees and external collaborators of the stock issuer, its controlling companies and its subsidiary companies.

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

- top identified staff³ (in top identified staff are included the senior identified staff);
- identified staff not included in the category of top identified staff for whom the ratio of the variable to fixed component of remuneration exceeds 100%;
- certain employees and external collaborators – also considered as identified staff – who may also be awarded a bonus, based on the 2019 incentive system, for an amount exceeding € 50,000 or which is greater than one third of individual Gross Annual Remuneration (GAR).

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

a) general managers of the stock issuer;

b) other managers with strategic responsibilities of the stock issuer which is not a “smaller 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 (sum of cash compensation and share 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 stock issuer;

c) individuals controlling the stock issuer who are employees or external collaborators of the stock issuer.

³ Top identified staff: The CEO, General Manager, Co-General Managers and Managers in the first managerial line of the Parent Company, the CEO, General Manager, Co-General Manager and Deputy General Manager (where present) of Aletti & C. Banca d'Investimento Mobiliare, Banca Akros and ProFamily.

- a) The Co-General Managers, Domenico De Angelis and Salvatore Poloni, of Banco BPM are prospective beneficiaries of the Plan.
- b) Not applicable.
- c) Not applicable.

1.4 Description and number by category of:

- a) managers with strategic responsibilities other than those stated in paragraph 1.3;**
- b) in the case of “smaller companies”, pursuant to article 3, paragraph 1, letter f), of Regulation no. 17221 of 12 March 2010, the total number of managers with strategic responsibilities of the stock issuer;**
- c) any categories of employees or external collaborators for which the Plan envisages separate features (for example executives, middle managers, employees, etc.).**
 - a) In addition to list of names provided at points 1.1 and 1.3 letter a), the Plan is also reserved to 8 managers with strategic responsibilities of Banco BPM.
 - b) Not applicable.
 - c) There are no other categories of employees or external collaborators for which the Plan envisages separate features.

2. Rationale behind the Plan

The Group's 2019 incentive system seeks to award staff a bonus to be awarded in the form of cash and ordinary shares of Banco BPM, according to the procedures described below and provided that pre-defined access terms and conditions and specific performance targets are met.

Under the 2019 incentive system, the way in which the bonuses are paid to identified staff - in keeping with current domestic⁴ and EU⁵ regulations - is based on up-front and deferred portions in the form of cash and shares over a multi-year period (three or five years). The share allocation structure envisages a retention period (selling restriction) of one year: the Plan therefore seeks to align the interests of management and shareholders, by remunerating the Group's strategic resources on the basis of medium-long term value creation.

Reference should be made to the Remuneration Report 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.

⁴ Bank of Italy Supervisory Regulations (Circular no. 285/2013, update 25, First Part, Title IV, Chapter 2 “Remuneration and incentive policies and practices”).

⁵ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (“CRDIV”).

3. Procedure for the approval and timing of share allocations

3.1 Scope of the powers and duties delegated by the General 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 Shareholders' Meeting of Banco BPM S.p.A. called for 06 April 2019 (single call), the Bank's Board of Directors has, among other things, defined that the Board Chairman and the CEO separately on behalf of the Board, should be provided with all the necessary powers for implementing the Plan and the power to delegate, taking into account the provisions of the Remuneration Report.

In this respect, pursuant to the company by-laws, the Ordinary Shareholders' Meeting shall *inter alia* approve (i) the remuneration and incentive policies for the Board of Directors, the Board of Statutory Auditors and staff; (ii) any share-based compensation and/or incentive 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 policies and the actual implementation of the incentive system and the Plan, with the collaboration of the Risk, Compliance, Finance, Planning and Control, Administration and Accounts, Corporate Affairs Secretary and Operations, Property and Purchasing functions, each on the basis of its own 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 means of establishing the availability of the stock on which the Plan is based and the way it will be granted.

Subject to the authorisation of the Ordinary Shareholders' Meeting of 06 April 2019, the Bank's Board of Directors may, in compliance with applicable legislation, also of a regulatory nature, and permitted market practices pursuant to article 13 of (EU) Regulation no. 596/2014 ("Permitted Market Practices"), buy back treasury shares to the extent of the maximum number of shares that may be awarded to the Plan's recipients (a number estimated on the basis of the maximum result provided by the 2019 incentive system).

Purchase of the shares shall be carried out on the basis of and in compliance with authorisation from the European Central Bank, pursuant to the applicable provisions of Regulation (EU) no. 575/2013 and of the Delegated Regulation (EU) no. 241/2014.

The mechanism envisages the allocation of ordinary Banco BPM shares held by the Parent Company according to the procedure described below.

In 2020, following a specific resolution of the Board of Directors regarding the achievement of the conditions for access to the 2019 incentive system, and the determination of the financial resources to be awarded to the staff, the Human Resources function of the Parent Company will calculate the individual performance of each prospective recipient. The amounts of the individual up-front and deferred portions in cash and in shares will then be calculated for each bonus awarded and the total number of shares awarded will be determined on the basis of the arithmetic average of the official prices of the shares during the 30 calendar days preceding the day on which the bonus is vested, namely the date of payment of the up-front cash portion.

There is a retention period (sale restriction) on vested shares of one year. For deferred portions, the retention period starts from the moment deferred remuneration is vested. The vesting of the share portions takes place at the same time as the respective cash portions, while actual transfer of ownership 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.

The Board of Directors, after acknowledging the Remuneration Committee's opinion, has determined the Plan's features, which must be submitted to the Ordinary Shareholders' Meeting. Given that the recipients of the 2019 incentive system also include the CEO of Banco BPM, the decisions of the Board of Directors were made in compliance with current legislative, regulatory and company provisions regarding 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 28 February 2019 the Board of Directors approved the Plan for submission to the Ordinary Shareholders' Meeting called for 06 April 2019 (in single session), acknowledging the Remuneration Committee's opinion of 26 February 2019.

3.7 For the purposes of the requirements of article 84-bis, paragraph 5, letter a), the date of the decision taken by the appropriate corporate body on the stock allocation and any proposal drawn up by the Remuneration Committee, if applicable, that has been made to such body

With regard to currently valid Plans approved on the basis of previous resolutions of the shareholders' meetings, on 06 February 2019, acknowledging the opinion of the Remuneration Committee dated 05 February 2019, the Board of Directors verified the opening of the entry gates

to the 2018 incentive system, consequently approving the implementation of the Share-Based Compensation Plan of Banco BPM - Short-Term (annual) 2017 Incentive Plan, already approved by the Ordinary Shareholders' Meeting on 07 April 2018, for an estimated maximum amount – in relation to the amount approved by the Shareholders' Meeting – of € 4.2 million (gross amount for employees that corresponds to bank cost), of which € 1.9 million for deferred portions, according to the case, in the three or five years following 2019. Vesting of the latter amounts is conditional on the positive outcome of *malus* verification defined by the applicable remuneration policies in each case. In this regard, it is noted that the number of recipients (96 on the basis of current information at the date of resolution of the Board of Directors of 06 February 2019) and the actual amount, shall be determined on the basis of individual performance identified in the context of the 2018 incentive system.

If the individual objectives assigned under the 2018 incentive system are achieved, the amounts of the individual up-front and deferred components due in cash and in shares will then be calculated for each bonus awarded and the total number of shares awarded will be determined on the basis of the arithmetic average of the official prices of the shares during the 30 calendar days preceding the day on which the bonus is vested, namely the date of payment of the up-front cash portion.

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

Note that the opening of the entry gates to the 2018 incentive system entails the vesting in 2019 of the share component of the deferred portions of the bonus, related to currently valid share-based compensation plans approved on the basis of previous resolutions of the Shareholders' Meeting of the former Banca Popolare di Milano Scarl, relating to 2014, 2015 and 2016, of the former Banco Popolare Soc. Coop., relating to 2015.

For share portions relating to previous years, the number of ordinary shares of the former Banca Popolare di Milano Scarl awarded have been converted into Banco BPM shares – by virtue of the merger with the former Banco Popolare Soc. Coop. – on the basis of the established conversion rate, namely one Banco BPM share for every 6.386 shares of the former Banca Popolare di Milano Scarl; the ordinary shares of the former Banco Popolare Soc. Coop awarded have also been converted into Banco BPM shares - by virtue of the merger with Banca Popolare di Milano Scarl – on the basis of the established conversion rate, namely one Banco BPM share for each share of the former Banco Popolare Soc. Coop.

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

The official market prices of ordinary Banco BPM shares at the dates referred to in paragraphs 3.6 and 3.7 of this Document were € 1.6895 (Remuneration Committee's meeting of 05 February 2019), € 1.7149 (Board of Directors' meeting of 06 February 2019), € 1.9753 (Remuneration Committee's meeting of 26 February 2019) and € 2.1199 (Board of Directors' meeting of 28 February 2019).

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

j) said allocation and any decisions taken by the Remuneration Committee in this respect, and the publication of inside information as may be applicable pursuant to article 17 of (EU)

regulation 596/2014; for example, in the cases such information is:

not already published and may positively influence market prices,

or

already published and may negatively influence market prices.

On adopting and executing the Plans, disclosures were and will be made to the market as required by the provisions of laws and regulations in force in each case.

Even though the resolutions adopted on share-based compensation plans are 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 the ways in which the stock-based compensation plans are structured.

For the 150 potential recipients of the Plan, at least 50% of the bonus under the 2019 incentive system is awarded through the allocation of Banco BPM ordinary shares, subject to deferral and retention (selling restriction) clauses.

Where the bonus is equal to or greater than € 430,000, the portion subject to deferral is equal to 60% of the bonus itself, whilst it is otherwise 40%.

Duration of the deferral period is five years and more than 50% of the deferral portion is composed of ordinary Banco BPM shares, regardless of the amount awarded, for the senior identified staff; for roles reporting directly to the CEO of Aletti & C. Banca d'Investimento Mobiliare and of Banca Akros, this provision is applicable if the amount allocated is equal to or greater than € 430,000. In the remaining cases, the deferral period is three years.

Each vested portion of shares is subject to a retention clause, with a duration of one year.

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

The Plan's implementation period runs from the accrual period applicable for measuring the results for the (2019) incentive scheme to the effective availability of the last share-based deferred portion (2024, or 2026 in the case of five annual portions).

4.3 Duration of the Plan.

The Plan ends in 2026.

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

Currently, a maximum amount of € 5,000,000 has been estimated (bank cost); this amount is also the product of stricter rules defined by the Supervisory Provisions of the Bank of Italy, on the basis of the greater percentage for the share component in relation to the total bonus and includes the deferred portions of the bonus that will be vested in the following three or five years only in the case that all the applicable conditions for access are met.

The allocation is distributed across the vesting years as shown in point 4.1.

The maximum number of Banco BPM ordinary shares that can be assigned under the terms of the Plan, shall be quantified on verification of the conditions of access to the 2019 incentive system, on the basis of performance achieved by each potential recipient of the Plan and the official prices identified in the 30 calendar days prior to the date of awarding of the bonus.

4.5 Means of implementing the Plan and implementation clauses, specifying whether the effective allocation 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 Board of Directors of the Parent Company, the activation of the Plan is conditioned, by the following indicators:

- consolidated capital adequacy: Common Equity Tier1 (CET1) ratio;
- consolidated liquidity adequacy: Liquidity Coverage Ratio (LCR) regulatory;
- consolidated profitability: profit from current operating activities before tax (net of non-recurring items)⁶;
- company profitability for the Italian subsidiary Banks of the Group: profit from current operating activities before tax (net of non-recurring items)⁶.

In the event of positive verification of the entry gates, the total of financial resources for the annual incentive system is adjusted firstly on the basis of a financial adjustment factor. This factor does not apply to the portion of the incentive-system financial resources destined for identified staff of the

⁶ For definition, please refer to the Remuneration Report.

functions with control tasks, as defined in the Policy (i.e. identified staff of the following functions: Compliance, Anti-Money Laundering, Audit, Risks, Validation, Human Resources and the Manager in charge of preparation of the company's financial reports), determined by the sum of bonuses potentially vestable, in compliance with the Supervisory Regulations of the Bank of Italy which define that *"incentive mechanisms, if present, shall correspond to the roles assigned and shall be independent of results achieved by the areas subject to auditing; therefore, bonuses linked to economic results should be avoided"*.

The adjustment factor calculated exclusively at consolidated level, based on the indicator of *Return On Risk Adjusted Capital (RORAC)*, adjusts financial resources in relation to the result achieved:

- in the case of a RORAC result equal to or lower than the Risk Trigger threshold, consolidated financial resources are set to zero;
- in the presence of a result higher than the Risk Trigger threshold but lower than the midpoint between the Risk Trigger and Risk Appetite thresholds (hereafter midpoint), the Parent Company's Board of Directors has the authority to decide the potential availability of the financial resources up to a maximum of 50% of their budget value; in this case, the potential payments regarding the incentive system will not be able to relate to the identified staff;
- in the case of a result at least equal to the midpoint but no higher than the Risk Appetite threshold, the value of the consolidated financial resources envisaged in the budget is automatically reduced by applying the percentage given by the relationship between the midpoint result and the Risk Appetite threshold;
- in the presence of a result higher than the Risk Appetite threshold, any increase of the consolidated financial 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 measurement in relation to and within the limit of the relationship between the result achieved and the Risk Appetite threshold, on the basis of evaluations performed on the forecast results prepared by the Planning and Control and Administration and Financial Statements units together with the Risk Unit.

The financial resources of the incentive system are also linked to qualitative and non-financial indicators; the non-financial adjustment factor is introduced, calculated in relation to the values of the consolidated Reputational Risk and Anti Money Laundering (AML) indicators at the end of year, in relation to the relative Alert limits defined in the context of the Risk Appetite Framework for that year.

The Reputational Risk indicator represents the total economic capital against the reputational risk estimated through an internal model. The state of the Group's reputation is monitored through collection and analysis of indicators, both of a quantitative and qualitative nature, that may influence, on the basis of their characteristics, the Group's reputation in regard to the main stakeholders (clients, shareholders, market counterparties, regulators, employees, and the financial community) employing reporting and forecasting, and considering stress conditions. The indicators selected are both internal, i.e. derived from company processes, and external to the Group, i.e. derived from market data, and belong to the following risk areas: Market, Litigation/Sanctioning, IT services, Corporate Social Responsibility, Regulatory Affairs.

The AML indicator represents the ratio between the total number of customers at high risk (maximum classification in the context of the internal Compliance model for the management of money-laundering risk) and the total number of clients.

More specifically:

- in the case of a result equal to or greater⁷ than the Alert limit of both the Reputational Risk and AML indicators, the value of the financial resources is automatically reduced by 20%;
- in the case of a result equal to or greater than the Alert limit of only one of the indicators, 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.

In the event of a change in the financial resources of the incentive system following the application of the financial and non-financial adjustment factors, the same change is also applied to the portions assigned to identified staff that do not belong to function with control tasks, determined as the total of potentially vestable bonuses; in the event of a change in the financial resources of the incentive system following application of the non-financial adjustment factor, the same changes is applied to the portions assigned to identified staff belonging to functions with control tasks, determined as the total of potentially vestable bonuses. If the financial resources of the incentive system following application of the adjustment factors are insufficient to cover the total amount of bonuses calculated on the basis of performance achieved, an equalisation mechanism will be applied. This consists of the proportional reduction by the same percentage as the individual bonuses in relation to the identified staff category (whether or not belonging to functions with control tasks).

An individual means of assessment (Management by Objectives – MBO) is associated with each recipient by assigning objectives at the beginning of the incentive system, which are then

⁷ The greater the value recorded, the greater the risk for the Group.

compared with the results achieved at year end; the objective cards include both performance indicators (quantitative/economic, planning or efficiency) and qualitative indicators (e.g. customer satisfaction, professional assessment, managerial assessment), with an accrual period of one year; in the identified staff MBO, at least one indicator adjusted for risk or linked to risk management is always included.

In addition to the occurrence of the above-mentioned access conditions for the award of the bonus the MBO must at least reach the minimum result defined.

The vesting of each of the deferred portions of the bonus is subject to full compliance with the consolidated entry gates conditions and the relative comparison thresholds prescribed for the year prior to that of vesting, taking into account the staff category to which a person belongs in that year; this system of ex-post correction is therefore a mechanism that operates in the deferral period before the actual vesting of the deferred portions of the bonus.

The variable components of the remuneration of all staff is subject to the ex post correction system (malus) described below.

In the event of identification during the financial year of the misconduct defined below, the Board of Directors, for parties it has appointed, and the CEO (or delegate thereof) for the remaining parties, shall assess the extent of the measures to adopt on the basis of (i) the bonus relating to the financial year and, (ii) the deferred portions of bonuses relative to previous financial years vested with reference to the same financial year. The conduct in question is:

- any measure leading to suspension from service and from the payment of remuneration (in setting the extent of suspension from service and payment of remuneration, the relative malus has also already been assessed, i.e. exclusion of the variable components of remuneration as per points (i) and (ii));
- conduct which does not comply with legal, regulatory or by-law provisions or with codes of ethics or conduct applicable to the bank, leading to a significant loss for the company or the Group or for customers;
- violations of the requirements stated pursuant to article 26 or, when the entity is an interested party, pursuant to article 53 of the Consolidated Bank Law;
- violation of the obligation not to use personal cover or insurance strategies regarding remuneration or other aspects that can change or nullify effects of risk alignment, inherent in their remuneration arrangements;
- fraudulent or grossly negligent conduct causing damage to the company or the Group.

With reference to the said misconduct and in relation to the bonus (or portions thereof), the Board of Directors of the Parent Company for parties that it appoints directly, and the CEO (or delegate

thereof) for the remaining parties, has the authority to re-evaluate repayment of amounts already vested, for a period of five years from when they were vested.

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;

Portions of shares vested are subject to a retention period (sale restriction) of one year, that runs from vesting to payment of the relative portion in cash.

Any rights and/or dividends are only vested at the end of the retention period, that is with reference to the period following the transfer to the recipient's securities portfolio.

In the case of extraordinary capital operations which provide for the exercising of an option right, the Board of Directors of the Parent Company may assess the resulting adjustments to any share components that have vested but are not yet available to the recipients.

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

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

The Group's staff may not use personal hedging strategies or insurance on remuneration or on other items that may alter or undermine the effects of risk alignment embedded in their remuneration arrangements.

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

Neither the up-front nor the deferred portions are vested on the termination of the employment contract or relationship (without prejudice to specific provisions included in individual or collective agreements or in company agreements or those based on unilateral company decisions, while a case-by-case assessment is always necessary, based on the timing of the termination).

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. The Group is in any case entitled to assess whether to require the return from the interested parties, of any amounts that may have already been paid as bonuses or portions thereof (clawback clause) as provided in the Remuneration Policies in force in each case.

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.

Not applicable.

4.12 Indication of the estimated cost to the company at the date of the relative allocation, 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 amount of € 5,000,000 has been estimated (bank cost), although it is not currently possible to quantify the exact expected cost, as this depends on whether the conditions of access to the 2019 incentive system are met, and the performance achieved by each of the potential recipients of the Plan.

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

Given the means by which it is implemented, adopting the Plan will not lead to any dilutive effects on the Group’s capital.

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

With the exception of the retention (selling restriction) period, there are no restrictions 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.

28 February 2019

The Board of Directors

Annex: “Share-based compensation plans” tables.

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' Meeting resolutions

Please note that the persons indicated in the tables (by name or category) are not yet legal owners of the Banco BPM shares indicated, but will become owners during the vesting period only in the case of satisfaction of the predefined conditions for each individual plan.

| Name and Surname or Category | Office held (to be entered only for those whose names are displayed) | FRAME 1 | | | | | | |
|------------------------------|--|--|-------------------------------|---------------------------------|-----------------|---------------------------|--|----------------|
| | | Financial instruments other than stock options | | | | | | |
| | | Section 1 Shares relating to currently valid plans approved based on previous Shareholders' Meeting resolutions | | | | | | |
| | | Date of the Shareholders' Meeting Resolution | Type of financial instruments | Number of Financial Instruments | Assignment date | Instrument Purchase Price | Market price at the time of assignment | Vesting Period |
| Giuseppe Castagna | CEO of Banco BPM | 2018 Plan (07/04/2018) | Ordinary Shares of Banco BPM | 297.510 (1) | 27/06/2019 (2) | ND | € 1,71490 (3) | 2018-2024 |
| | | 2017 Plan (08/04/2017) | Ordinary Shares of Banco BPM | 72.373 | 27/06/2018 | ND | € 2,40421 | 2017-2023 |
| | | Former Bipiemme Group 2016 Plan (30/04/2016) | Ordinary Shares of Banco BPM | 58.782 | (4) | ND | (4) | 2016-2022 |
| | | Former Bipiemme Group 2015 Plan (11/04/2015) | Ordinary Shares of Banco BPM | 57.407 | (4) | ND | (4) | 2015-2021 |
| | | Former Bipiemme Group 2014 Plan (12/04/2014) (5) | Ordinary Shares of Banco BPM | 13.354 | (4) | ND | (4) | 2014-2020 |
| | | 2017-2019 LTI Plan (08/04/2017) | Ordinary Shares of Banco BPM | 675.445 (6) | 08/04/2017 (7) | ND | € 2,66491 (8) | 2017-2023 |
| Pier Francesco Saviotti | Director of Bank BPM | Former Banco Popolare Group 2015 Plan (19/03/2016) | Ordinary Shares of Banco BPM | 10.230 | (4) | ND | (4) | 2015-2019 |
| Marco Federico Turrina | CEO - General Manager of Banca Akros | 2018 Plan (07/04/2018) | Ordinary Shares of Banco BPM | 51.023 (9) | 27/06/2019 (2) | ND | € 1,71490 (3) | 2018-2022 |
| | | 2017 Plan (08/04/2017) | Ordinary Shares of Banco BPM | 16.887 | 27/06/2018 | ND | € 2,40421 | 2017-2021 |
| | | Former Bipiemme Group 2016 Plan (30/04/2016) | Ordinary Shares of Banco BPM | 24.151 | (4) | ND | (4) | 2016-2022 |
| | | Former Bipiemme Group 2015 Plan (11/04/2015) | Ordinary Shares of Banco BPM | 21.873 | (4) | ND | (4) | 2015-2021 |
| | | Former Bipiemme Group 2014 Plan (12/04/2014) (5) | Ordinary Shares of Banco BPM | 7.457 | (4) | ND | (4) | 2014-2020 |
| | | 2017-2019 LTI Plan (08/04/2017) | Ordinary Shares of Banco BPM | 101.317 (6) | 08/04/2017 (7) | ND | € 2,66491 (8) | 2017-2023 |

(continued)

Please note that the persons indicated in the tables (by name or category) are not yet legal owners of the Banco BPM shares indicated, but will become owners during the vesting period only in the case of satisfaction of the predefined conditions for each individual plan.

| Name and Surname or Category | Office held (to be entered only for those whose names are displayed) | FRAME 1 | | | | | | |
|------------------------------|--|---|-------------------------------|---------------------------------|-----------------|---------------------------|--|----------------|
| | | Financial instruments other than stock options | | | | | | |
| | | Section 1 | | | | | | |
| | | Shares relating to currently valid plans approved based on previous Shareholders' Meeting resolutions | | | | | | |
| | | Date of the Shareholders' Meeting Resolution | Type of financial instruments | Number of Financial Instruments | Assignment date | Instrument Purchase Price | Market price at the time of assignment | Vesting Period |
| Alessandro Varaldo | CEO of Banca Aletti | 2017-2019 LTI Plan (08/04/2017) | Ordinary Shares of Banco BPM | 28.144 (6) | 08/04/2017 (7) | ND | € 2,66491 (8) | 2017-2023 |
| Massimo Maria Dorenti | CEO - General Manager of ProFamily | 2018 Plan (07/04/2018) | Ordinary Shares of Banco BPM | 6.949 (1) | 27/06/2019 (2) | ND | € 1,71490 (3) | 2018-2022 |
| | | 2017 Plan (08/04/2017) | Ordinary Shares of Banco BPM | 509 | 27/06/2018 | ND | € 2,40421 | 2017-2021 |
| Domenico De Angelis | Co-General Manager of Banco BPM | 2018 Plan (07/04/2018) | Ordinary Shares of Banco BPM | 60.987 (1) | 27/06/2019 (2) | ND | € 1,71490 (3) | 2018-2022 |
| | | 2017 Plan (08/04/2017) | Ordinary Shares of Banco BPM | 21.213 | 27/06/2018 | ND | € 2,40421 | 2017-2021 |
| | | Former Banco Popolare Group 2015 Plan (19/03/2016) | Ordinary Shares of Banco BPM | 5.361 | (4) | ND | (4) | 2015-2019 |
| | | 2017-2019 LTI Plan (08/04/2017) | Ordinary Shares of Banco BPM | 202.633 (6) | 08/04/2017 (7) | ND | € 2,66491 (8) | 2017-2023 |
| Salvatore Poloni | Co-General Manager of Banco BPM | 2018 Plan (07/04/2018) | Ordinary Shares of Banco BPM | 117.896 (1) | 27/06/2019 (2) | ND | € 1,71490 (3) | 2018-2024 |
| | | 2017 Plan (08/04/2017) | Ordinary Shares of Banco BPM | 21.213 | 27/06/2018 | ND | € 2,40421 | 2017-2021 |
| | | Former Bipiemme Group 2016 Plan (30/04/2016) | Ordinary Shares of Banco BPM | 6.101 | (4) | ND | (4) | 2016-2020 |
| | | 2017-2019 LTI Plan (08/04/2017) | Ordinary Shares of Banco BPM | 202.633 (6) | 08/04/2017 (7) | ND | € 2,66491 (8) | 2017-2023 |

(continued)

Please note that the persons indicated in the tables (by name or category) are not yet legal owners of the Banco BPM shares indicated, but will become owners during the vesting period only in the case of satisfaction of the predefined conditions for each individual plan.

| Name and Surname or Category | Office held (to be entered only for those whose names are displayed) | FRAME 1 | | | | | | |
|--|--|---|-------------------------------|---------------------------------|-----------------|---------------------------|--|----------------|
| | | Financial instruments other than stock options | | | | | | |
| | | Section 1 | | | | | | |
| | | Shares relating to currently valid plans approved based on previous Shareholders' Meeting resolutions | | | | | | |
| | | Date of the Shareholders' Meeting Resolution | Type of financial instruments | Number of Financial Instruments | Assignment date | Instrument Purchase Price | Market price at the time of assignment | Vesting Period |
| 9 Executives with strategic responsibilities | | 2018 Plan (07/04/2018) | Ordinary Shares of Banco BPM | 321.687 (9) | 27/06/2019 (2) | ND | € 1,71490 (3) | 2018-2022 |
| 81 Other Plan beneficiaries | | 2018 Plan (07/04/2018) | Ordinary Shares of Banco BPM | 1.105.412 (9) | 27/06/2019 (2) | ND | € 1,71490 (3) | 2018-2022 |
| 6 Executives with strategic responsibilities | | 2017 Plan (08/04/2017) | Ordinary Shares of Banco BPM | 45.749 | 27/06/2018 | ND | € 2,40421 | 2017-2021 |
| 35 Other Plan beneficiaries | | 2017 Plan (08/04/2017) | Ordinary Shares of Banco BPM | 143.870 | 27/06/2018 | ND | € 2,40421 | 2017-2021 |
| 4 Executives with strategic responsibilities | | Former Bipiemme Group 2016 Plan (30/04/2016) | Ordinary Shares of Banco BPM | 15.170 | (4) | ND | (4) | 2016-2020 |
| 9 Other Plan beneficiaries | | Former Bipiemme Group 2016 Plan (30/04/2016) | Ordinary Shares of Banco BPM | 28.953 | (4) | ND | (4) | 2016-2020 |
| 3 Executives with strategic responsibilities | | Former Bipiemme Group 2015 Plan (11/04/2015) | Ordinary Shares of Banco BPM | 6.089 | (4) | ND | (4) | 2015-2019 |
| 11 Other Plan beneficiaries | | Former Bipiemme Group 2015 Plan (11/04/2015) | Ordinary Shares of Banco BPM | 18.942 | (4) | ND | (4) | 2015-2019 |
| 5 Executives with strategic responsibilities | | Former Banco Popolare Group 2015 Plan (19/03/2016) | Ordinary Shares of Banco BPM | 26.005 | (4) | ND | (4) | 2015-2019 |
| 32 Other Plan beneficiaries | | Former Banco Popolare Group 2015 Plan (19/03/2016) | Ordinary Shares of Banco BPM | 46.061 | (4) | ND | (4) | 2015-2019 |
| 1 Other Plan beneficiary | | Former Bipiemme Group 2014 Plan (12/04/2014) (5) | Ordinary Shares of Banco BPM | 3.978 | (4) | ND | (4) | 2014-2020 |
| 5 Executives with strategic responsibilities | | 2017-2019 LTI Plan (08/04/2017) | Ordinary Shares of Banco BPM | 300.198 (6) | 08/04/2017 (7) | ND | € 2,66491 (8) | 2017-2023 |
| 31 Other Plan beneficiaries | | 2017-2019 LTI Plan (08/04/2017) | Ordinary Shares of Banco BPM | 838.677 (6) | 08/04/2017 (7) | ND | € 2,66491 (8) | 2017-2023 |

Notes

- (1) Amounts estimated on the basis of the benchmark price on 06 February 2019 (date of Board of Directors meeting approving implementation of the 2018 Compensation Plan).
- (2) Actual allocation will take place upon vesting of the relative up-front portion in cash.
- (3) Price calculated at 06 February 2019 (date of Board of Directors meeting approving implementation of the 2018 Compensation Plan).
- (4) Allocations performed prior to the merger between the former Banco Popolare Soc. Coop and the former Banca Popolare di Milano Scarl. The ordinary shares of the former Banco Popolare Soc. Coop. have been converted into Banco BPM shares, based on the value established for the exchange of 1 Banco BPM share for every 1 share of the former Banco Popolare Soc. Coop.; the shares of the former Banca Popolare di Milano Scarl were converted to Banco BPM shares, on the basis of the value established for the exchange of 1 Banco BPM share for every 6.386 shares of the former Banca Popolare di Milano Scarl.
- (5) Date of approval of the 2014 Remuneration Policies on the basis of which the 2014 Incentive System was activated.
- (6) Number of shares for which actual allocation is subject to satisfaction, during the vesting period, of specific conditions defined by the plan and that may determine reduction down to zero: in 2020 verification of the 2019 entry gates and of performance achieved in the three-year period 2017-2019; in 2021, 2022 and 2023 verification of the 2020, 2021 and 2022 access gateways, respectively. For accounting purposes, as the LTI system is configured as an "equity settled" plan, in accordance with accounting principle IFRS 2 "Share-based payments", an estimate has been made of the cost relating to the shares assigned, to be redistributed over the defined vesting period. The estimated cost of financial year 2018 was € 0.94 million. This cost was recorded in the balance sheet among the staff expenses as an offset to an increase in a specific equity reserve.
- (7) Date of the Shareholders' Meeting that approved the plan.
- (8) Arithmetic mean of the official prices recorded in the 30 calendar days prior to the date of the Ordinary Shareholders' Meeting on 08 April 2017.
- (9) Amounts estimated on the basis of the target bonuses and benchmark price on 06 February 2019 (date of Board of Directors meeting approving implementation of the 2018 Compensation Plan).

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 entered only for those whose names are displayed) | FRAME 1 Financial instruments other than stock options | | | | | | |
|--|--|--|----------------------------------|---------------------------------------|--------------------|------------------------------|--|-------------------|
| | | Section 2 Newly assigned instruments based on the resolution form the Board of Directors on 28/02/2019 proposed to the Shareholders' Meeting | | | | | | |
| | | Date of the Shareholders' Meeting resolution | Type of financial instruments | Number of Financial Instruments | Assignment date | Instrument Purchase Price | Market price at the time of assignment | Vesting Period |
| Giuseppe Castagna | CEO of Banco BPM | 2019 Plan (06/04/2019) | Ordinary Shares of Banco BPM | ND | 2020 | ND | ND | 2019-2025 |
| Marco Federico Turrina | CEO - General Manager of Banca Akros | 2019 Plan (06/04/2019) | Ordinary Shares of Banco BPM | ND | 2020 | ND | ND | 2019-2025 |
| Alessandro Varaldo | CEO of Banca Aletti | 2019 Plan (06/04/2019) | Ordinary Shares of Banco BPM | ND | 2020 | ND | ND | 2019-2025 |
| Massimo Maria Dorenti | CEO - General Manager of ProFamily | 2019 Plan (06/04/2019) | Ordinary Shares of Banco BPM | ND | 2020 | ND | ND | 2019-2023 |
| Domenico De Angelis | Co-General Manager of Banco BPM | 2019 Plan (06/04/2019) | Ordinary Shares of Banco BPM | ND | 2020 | ND | ND | 2019-2025 |
| Salvatore Poloni | Co-General Manager of Banco BPM | 2019 Plan (06/04/2019) | Ordinary Shares of Banco BPM | ND | 2020 | ND | ND | 2019-2025 |
| 4 Executives with strategic responsibilities | | 2019 Plan (06/04/2019) | Ordinary Shares of Banco BPM | ND | 2020 | ND | ND | 2019-2025 |
| 4 Executives with strategic responsibilities | | 2019 Plan (06/04/2019) | Ordinary Shares of Banco BPM | ND | 2020 | ND | ND | 2019-2023 |
| 136 Other Plan beneficiaries | | 2019 Plan (06/04/2019) | Ordinary Shares of Banco BPM | ND | 2020 | ND | ND | 2019-2025 |
| | | 2019 Plan (06/04/2019) | Ordinary Shares of Banco BPM | ND | 2020 | ND | ND | 2019-2023 |