

Remuneration Policy 2023

The remuneration policy represents an important management lever to attract, motivate and retain management and staff. It steers behaviour towards the containment of the risks taken on (including legal and reputational) and customers protection and loyalty, with attention to the management of conflicts of interest. **The policy also pursues sustainable success, which produces long-term value for the benefit of shareholders in the interest of the Group's stakeholders.** The 2023 Policy defines the remuneration system guidelines to pursue the long-term strategies, objectives and results, in accordance with the risk management and governance policies. **The correlation between variable remuneration of staff and ESG (Environmental, Social, Governance) factors is a key element of the 2023 Policy.** Variable remuneration is therefore related to strategic actions concerning environmental issues, health and safety, human resource management, with particular attention to inclusiveness and gender neutrality. The remuneration policy is gender neutral.

Below are the main elements of the ESG policy, referring to the full document approved by the shareholders' meeting on the 20 April 2023 available on the website

https://gruppo.bancobpm.it/download/policy-on-remuneration-report-2023_section-i

1) SHORT TERM INCENTIVE (2023 objectives)

• Group Chief Executive Officer

The objective card of the Chief Executive Officer of the Parent Company provides for ESG financial indicators to be assessed over the annual performance period, referring to the annual declination of the ESG objectives of the Strategic Plan, with a weight of 10% to be added to a further sustainability objective lined to the Thematic Review, the operating and reputational risk and the promotion of the corporate culture, with a weight of 10%.

| | AREA | OBJECTIVE | WEIGHT | MINIMUM | TARGET | MAXIMUM |
|---------------|--------------------------|---|--------|---------|---------------|---------|
| financial KPI | Profitability | Consolidated RORAC ⁷⁷ | 20% | -10% | | +10% |
| | | Consolidated Cost Income to Ratio ⁷⁸ | 20% | +3% | | -3% |
| | Credit and asset quality | Credit Policies Indicator ⁷⁷ | 10% | -2.5% | Risk Appetite | +2.5% |
| | Capital adequacy | Maximum Distributable Amount (MDA) Buffer ⁷⁷ | 20% | -5% | | +5% |
| | Liquidity | Consolidated regulatory Net Stable Funding Ratio (NSFR) ⁷⁷ | 10% | -5% | | +2% |

| | | | | | | |
|-------------------|----------------|---|-----|----------------------------|--------------------|-----------|
| Non-financial KPI | ESG | - share of new loans in green and low-transition risk sectors | 10% | -5% | 58% | +5% |
| | | - share of ESG bonds in Corporate Bond Ownership Portfolio | | -5% | 27% | +5% |
| | | - green or social bond issues | | KPI gate: Euro 800 million | | |
| | Sustainability | Qualitative assessment of the Board of Directors, after consultation with the Remuneration Committee, on the following drivers: <ul style="list-style-type: none"> - monitoring and development of areas related to Thematic Review - monitoring of operational and reputational risk - promotion of values and behaviour in line with the corporate culture | 10% | in line with expectations | above expectations | excellent |

⁷⁷ Risk-based objective, calculated according to the RAF methodology.

⁷⁸ Calculated according to the RAF methodology.

- **Executives with strategic responsibilities**

- The objective-card of executives with strategic responsibilities that **do not belong to functions with control tasks**, including the Joint General Managers, provides for quantitatively measurable ESG indicators, with a weight of 10%, which refer to the annual definition of the ESG objectives of the Strategic Plan, by way of example, those related to shares of new disbursements in green and low-risk transition sectors, corporate bond share of ESG bonds in the proprietary portfolio, green and social bond issues, People Strategy objectives, conclusion of strategic actions related to the Thematic Review, added to the further qualitative objective also related to the issue of sustainability with a weight of 10%;

| AREA | INDICATORS | EXAMPLES | RANGE OF WEIGHT ⁸⁰ |
|--------------------------|--|--|-------------------------------|
| Risk based ⁸¹ | Indicators related to a first or second pillar risk measurement or included in the Risk Appetite Framework insofar as linked, even indirectly, to the management of credit risk and financial risk or indicators related to the management of regulatory, legal, operational and conduct risk. | Consolidated RORAC, MDA buffer, capital indicators, ECAP Reputational Risk, operational risk indicators, credit policy compliance indicators | 20%-45% |
| ESG | Quantitatively measurable indicators related to the Environmental, Social and Governance dimension. | Annual definition of the ESG objectives of the Strategic Plan, objectives linked to the Thematic Review | 10% |
| Structural objectives | Indicators related to growth, profitability, productivity or to strategic action directly relating to the scope of responsibility. | Net interest and other banking income, non-performing loan indicators, consolidated cost to income ratio, managerial projects and initiatives defined in the Annual Plan, digitalisation, market consensus, enhancement of the real estate and equity investments portfolio, customer satisfaction | 35%-60% |
| Quality performance | Assessment of specific drivers also referring to the area of sustainability. | | 10% |

80 As a guideline.

81 The indicators taken from the Risk Appetite Framework are calculated according to the RAF method.

- The objective-card of the managers with strategic responsibility of functions **with control tasks** provides for any quantitatively measurable non-financial ESG indicators, with a minimum weight of 10%, which may, by way of example, be related to the priority execution of activities relating to the ESG area envisaged in the annual plans or the conclusion of project actions related to the Thematic Review.

| AREA | INDICATORS | RANGE OF WEIGHT ⁸³ |
|--------------------------------------|---|-------------------------------|
| Risk based ⁸⁴ | Related to the SREP area. | 25% |
| Operational excellence or compliance | Indicators related to the effectiveness of control activity and to the resolution of findings, for internal control functions. | 15% |
| Structural objectives | KPI related to the scope of responsibility or to activities performed with relation to the position, also with reference to the ESG area, such as by way of example, the preparation of the annual audit plan or specific projects also related to the entry into force of new legislation. | 50%-65% |
| Quality performance | Assessment of specific drivers also referring to the area of sustainability. | 10% |

83 As a guideline.

84 The indicators taken from the Risk Appetite Framework are calculated according to the RAF method.

- for the **remaining identified staff in the retail and corporate commercial network**, the objective card provides quantitatively measurable ESG indicators with a weight of 10%,

broken down on the individual perimeters of competence, which incentivise the share of new disbursements in green and low-risk transition sectors;

- for the **remaining identified staff**, the objective card may provide for the assignment of quantitatively measurable ESG indicators, with a weight of 10%, by way of example, those related to the implementation of projects aimed at supporting the ESG strategy set out in the 2021-2024 Strategic Plan, the annual declination of ESG objectives of said plan and the conclusion of strategic actions related to the Thematic Review.

The objective related to the share of new disbursements in green and low transition risk sectors, the annual definition of the objective of the Strategic Plan, is also assigned to the managers and staff of the commercial functions and to all the roles of the retail and corporate networks that coordinate, manage or support customers belonging to the assigned segment (corporate, companies).

As part of the Short-Term Incentive Plan, through the ECAP Reputational Risk indicator that represents the amount of economic capital with respect to the reputational risk estimated using an internal model, the non-financial adjustment factor could reduce the economic resources of all staff in the event of a sudden deterioration of the Group's image, also in relation to the possible occurrence of ESG risks.

LONG TERM INCENTIVE (2021-2023 and 2022-2024 objectives)

The long-term incentive plan supports the 2021-2024 Strategic Plan, to pursue results that create long-term value for shareholders and all relevant stakeholders and provides for two assessment periods (2021-2023 LTI plan and 2022-2024 LTI plan). The scope of the beneficiaries of the LTI plan includes around 60 positions relating to the Group's identified staff (excluding those belonging to functions with control tasks), selected on the basis of the level of the position and the impact on the business, including the Chief Executive Officer and executives with strategic responsibilities of the Parent Company. The incentive correlated to the LTI plan (LTI incentive) is fully assigned in Banco BPM ordinary shares (performance shares).

In order to determine the number of shares to award (LTI incentive) at the end of each performance period, verification of the level of achievement of the performance objectives represented below is required, selected from the main objectives of the Group's Strategic Plan.

For the 2021-2023 LTI plan, the verification will be carried out at the end of 2023.

| AREA | 2021-2023 LTI PERFORMANCE OBJECTIVES | WEIGHT | FLOOR | CAP |
|---------------------------------|---|-------------------|--------|-------------------|
| Profitability | ROTE ⁹⁵ at 2023 | 35% | 5% | 7% |
| Asset quality | Gross NPE ratio ⁹⁵ as at 2023 | 35% | 6.9% | 5.4% |
| Value creation for shareholders | Total Shareholder Return (TSR) ⁹⁶ vs peers ⁹⁷ | 15% | median | > 70%ile |
| ESG | Standard Ethics Rating ⁹⁸ | | EE | EE+ |
| | Increase of women in managerial positions as at 31/12/2023 ¹⁰⁰ | 15% ⁹⁹ | +15% | +33% |
| | Emissions of CO ₂ ¹⁰¹ | | -50% | carbon neutrality |
| | Social initiatives (hours) ¹⁰² | | 6,000 | 8,000 |

95 Calculated according to the RAF methodology.

96 In order to calculate the TSR, the average price of shares is considered respectively in the three months prior to the date of 31/12/2020 (excluded) and 31/12/2023 (excluded).

97 The TSR of Banco BPM is compared in terms of relative positioning with respect to the peer group comprising: Intesa Sanpaolo, Unicredit, Mediobanca, Banca Popolare dell'Emilia Romagna, Banca Generali, Fineco Bank, Credito Emiliano, Banca Mediolanum, Poste Italiane and Azimut Holding. If, following an extraordinary operation or similar event, the data and/or the information of one of more members of the peer group are not available, the Parent Company's Board of Directors has the power to assess potential replacements, prioritising 1) Banca Popolare di Sondrio, 2) Unipolsai.

98 At the launch of the plan, the Group had an EE- rating.

99 Each ESG objective is equally weighted.

100 Compared to 1 July 2021.

101 Compared to 2019.

102 Hours dedicated in the period of 2021-2023 to developing the financial awareness of customers, with specific reference to the female world; to meetings with customers to create a culture of sustainable finance and to company volunteering in support of Non-profit Associations.

For the 2022-2024 LTI plan, due diligence is performed at the end of 2024.

| AREA | 2022-2024 LTI PERFORMANCE OBJECTIVES | WEIGHT | FLOOR | CAP |
|---------------------------------|--|--------------------|--------------------|--------|
| Profitability | ROTE ¹⁰³ at 2024 | 35% | 7% | 9% |
| Asset quality | Gross NPE ratio ¹⁰³ as at 2024 | 35% | 6.3% | 4.8% |
| Value creation for shareholders | Total Shareholder Return (TSR) ¹⁰⁴ | 15% | 18% ¹⁰⁵ | 48% |
| ESG | Standard Ethics Rating ¹⁰⁶ | | EE+ | EEE- |
| | Percentage of women in managerial positions as at 31/12/2024 | 15% ¹⁰⁷ | 28% | 30% |
| | Social initiatives (hours) ¹⁰⁸ | | 10,000 | 12,000 |

103 Calculated according to the RAF methodology.

104 Banco BPM's TSR is compared in absolute terms with the floor and cap achievement levels. For the purpose of calculating the TSR, the average share price will be considered in the December 2021-January 2022 period and in the December 2024-January 2025 period, respectively.

105 In the event of a result below the threshold, the floor level will be awarded if Banco BPM's TSR is higher than the average of the TSR of the peer group consisting of: Intesa Sanpaolo, Unicredit, Banca Popolare dell'Emilia Romagna, Credito Emiliano, Banca Popolare di Sondrio, and Monte dei Paschi di Siena.

106 At present the group has a rating of EE.

107 Each ESG objective is equally weighted.

108 Hours dedicated in the period of the Strategic Plan to the development of financial awareness of customers with specific attention to the female world, to meetings with corporate customers aimed at creating a culture of sustainable finance and corporate volunteering in support of non-profit associations.