



Banco BPM share-based compensation plan





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2023 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 translation into English of the original document. In case of any discrepancies between the English and the Italian version, the Italian version shall prevail).

Banco BPM share-based compensation plan 2023 Short-Term Incentive Plan

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., parent company of the Banco BPM Group;

Group companies or Group or Banco BPM Group - the Parent Company and the subsidiaries (the companies of the Banco BPM Banking Group and insurance companies);

Policy-on-remuneration report and payouts awarded of Banco BPM Group's staff – the report prepared pursuant to Supervisory Provisions, article 123-ter of the Consolidated Finance Law (CFL) and article 84-quater of the Issuers' Regulation, IVASS Regulation no. 38/2018 and related Guidelines;

Policy – the Remuneration policy, included in Section I of the Policy-on-remuneration report and payouts awarded of Banco BPM Group's staff;

Supervisory Provisions - the Supervisory Provisions contained in the Bank of Italy Circular no. 285/2013, First Part, Title IV, Chapter 2 "Remuneration and incentive policies and practices";

CFL or Consolidated Finance Law – 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 – individuals whose professional activity has, or could have, a significant impact on the risk profile of the Group, the bank or the insurance company;

Senior identified staff - executive members of the Management Body¹ and senior management members² of the Parent Company, Banca Akros and Banca Aletti, and managers of the main business lines of the Parent Company³;

Internal control functions - the functions and the structures of the Parent Company regarding compliance with regulations (Compliance), anti-money laundering, internal audit (Audit), risk control (Chief Risk Officer) and validation (Internal Validation);

Key functions - the functions and structures of the insurance companies regarding compliance with regulations (Compliance), Internal Audit, Risk Management and the actuarial function;

Functions with control tasks - the internal control functions, the financial reporting manager responsible for preparing the Company's financial reports, the basic functions and the anti-money laundering function of the insurance companies;

¹ Chief Executive Officer of the Parent Company, Chief Executive Officer of Banca Akros (if appointed), Chief Executive Officer of Banca Aletti.

² The General Manager (where appointed), the Joint General Managers, the Chief Lending Officer, Chief Innovation Officer and the Head of Corporate & Investment Banking of the Parent Company, the General Manager, the Joint General Manager and the Deputy General Manager (where appointed) of Banca Aletti and Banca Akros.

³ Commercial Manager, Corporate Manager and Finance Manager.

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 periods of maintenance or to return mechanisms;

Assignment of financial instruments – the bank’s commitment to an individual to award shares subject to the fulfilment of the specific conditions envisaged in the Short-Term Incentive plan (STI);

INTRODUCTION

This Document was prepared by the Board of Directors of Banco BPM⁴ to represent the compensation plan (Plan), which envisages the valuation of a part of the Banco BPM Group identified staff incentive through the assignment of Banco BPM ordinary shares. It is proposed as part of the Policy adopted by the Group in relation to the 2023 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 Shareholders’ Meeting scheduled for 20 April 2023 (single call) with regard to the disclosure to the public of the criteria and conditions established for the Plan. It also provides information on the implementation of the compensation plans already approved by the previous Shareholders’ Meetings of Banco BPM (7 April 2022, 15 April 2021, 4 April 2020, 6 April 2019, 7 April 2018 and 8 April 2017).

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”.⁵

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 2023 Policy for any matters not included herein.

⁴ In compliance with the requirements of Art. 114-bis of the Consolidated Finance Law and the provisions of Article 84-bis of the Issuers’ Regulation on information to be disclosed to the market in relation to share-based compensation plans.

⁵ Pursuant to Article 84-bis of the Issuers’ Regulation.

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.

The potential beneficiaries of the Plan are around 150 people at the date of preparation of the Document. Among these, the parties for which the disclosure is required are listed below⁶:

- 1) Giuseppe Castagna - CEO of Banco BPM,
- 2) Alessandro Varaldo - CEO of Banca Aletti S.p.A.
- 3) Domenico Ivan Lapenna - CEO of Banco BPM Vita and Banco BPM Assicurazioni..

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 information provided below.

1.2 The categories of employees and non-employed staff of the share issuer, its controlling companies and its controlled companies.

In addition to the names listed in point 1.1, the Plan is reserved to staff included in the scope of the identified staff, except in cases where, as required by the 2023 Policy, the annual individual variable remuneration paid is lower than or equal to the materiality threshold of Euro 50,000 and at the same time less than or equal to one third of the total annual individual remuneration.

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

- a) **General Managers of the financial instruments issuer;**
- b) **other managers with strategic responsibilities of the stock issuer which is not a "smaller company" pursuant to article 3, paragraph letter f) 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 financial instruments 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 financial instruments issuer;**
- c) **individuals controlling the stock issuer who are employees or members of the non-employed staff of the stock issuer.**
 - a) The Joint General Managers, Domenico De Angelis and Edoardo Ginevra⁷, of Banco BPM⁸.
 - b) The provision is not applicable.
 - c) The provision is not applicable.

⁶ Pursuant to Art. 84-bis, paragraph 3 of the Issuers' Regulation and related Annex 3A, Schedule 7.

⁷ Subject to the positive assessment of the Fit & Proper requirements by the ECB. The appointment will therefore be finalised with receipt of the approval of the ECB.

⁸ 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 stock issuer;
- c) any 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), the Plan is also reserved to 7 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 2023 Short-Term Incentive (STI) plan of the Banco BPM 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 and specific performance objectives.

In the 2023 Short-Term Incentive (STI) plan, the payment of the incentive to identified staff envisages - in accordance with the Supervisory Provisions - 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 (restriction on sale) 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.⁹

3. APPROVAL PROCEDURE AND TIMING OF ASSIGNMENT OF INSTRUMENTS

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 called for 20 April 2023 (single call), the Bank’s Board of Directors has, inter alia, provided that the Chairman of the Board and the Chief Executive Officer, separately, and with the power to sub-delegate, should be awarded all the necessary powers to implement the Plan, in accordance with the provisions of the Policy.

⁹ As per Article 4, paragraph 112, of Law no. 350 of 24 December 2003.

In this respect, the Ordinary Shareholders' Meeting shall, inter alia, approve (i) the remuneration and incentive policies for Board Directors, Statutory Auditors and staff; (ii) the share-based compensation plans.¹⁰

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 in charge of the administration of the Plan, provides technical assistance to the Corporate Bodies and prepares the preparatory support material for the definition of the Policy and the actual implementation of the 2023 Short Term Incentive (STI) plan. It relies on the collaboration, by competence, of the Chief Risk Officer (CRO), Compliance, Finance, Planning and Control, Administration and Accounts, Company Affairs Secretariat and Operations -and Real Estate.

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 adjustments to any share portions that have vested but are not yet available to the beneficiaries.¹¹

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

3.4 Description of the means of establishing the availability and the assignment of financial instruments on which the Plan is based.

Subject to the authorisation of the ordinary Shareholders' Meeting of Banco BPM scheduled for 20 April 2023 (single call), the Bank's Board of Directors may proceed with the purchase of own shares under an "Own share purchase programme" in order to fulfil its obligations resulting from share option programmes or other assignment of shares to employees or to members of the Management bodies or the Control bodies of the issuer or of an Associated company.¹²

The purchase of own shares must not exceed the quantity identified on the basis of the maximum number of shares that may be allocated to the beneficiaries of the Plan (estimated number based on the maximum result envisaged by the 2023 Short-Term Incentive (STI) plan) and in compliance with the authorisation issued by the European Central Bank.

The mechanism envisages the assignment of Banco BPM ordinary shares held by the Parent Company in accordance with the procedure illustrated below.

In 2024, following a specific resolutions of the Board of Directors relating to the successful fulfilment of the conditions for access to the 2023 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. For each incentive awarded, the amounts of the individual portions (up-front and deferred) both in cash and in shares will

¹⁰ Pursuant to art. 11.3 of the Bylaws

¹¹ One of such examples is capital increase.

¹² In compliance with the applicable legislation and, in particular, the conditions set forth in Article 5 of Regulation (EU) no. 596/2014 of 16 April 2014 on market abuse ("MAR Regulation") (see non-applicability of prohibitions on market abuse).

be determined. 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.

For the vested shares, a one-year retention period is envisaged for both up-front and deferred portions. For the latter, the retention period starts from when the deferred remuneration is accrued. The vesting of the share portions 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 directors concerned.

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 2023 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' general meeting and the date of any proposal made by the Remuneration Committee.

On 7 March 2023, the Board of Directors approved the Plan to submit to the Ordinary General Shareholders' Meeting called for 20 April 2023 (in single call), acknowledging the Remuneration Committee's opinion of 27 February 2023.

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 allocation and any proposal made by the Remuneration Committee to the aforementioned body

With reference to the Plans, currently valid, approved on the basis of previous Shareholders' Meeting resolutions, on 8 November 2022, the Board of Directors¹³ included among the recipients of the share-based compensation plan (2022 Short Term Incentive Plan), the Chief Executive Officer of Banco BPM Vita and Banco BPM Assicurazioni identified as Group identified staff.

The Board of Directors meeting held on 7 February 2023, after acknowledging the opinion of the Remuneration Committee of 6 February 2023, verified the opening of the entry gates to the 2022 Short-Term Incentive Plan and on 7 March 2023, consequently resolved to implement the Share-based Compensation Plan of Banco BPM (2022 Short-Term Incentive Plan), for an amount - which falls within that approved during the shareholders' meeting - estimated as a maximum value of Euro 4.09 million (employee gross amount which corresponds to the bank cost), of which around Euro 1.86 million relating to the portions deferred, depending on the case, over four or five years after 2023, whose vesting remains subject to the successful fulfilment of the malus conditions

¹³ Following the acquisition of full control of the capital of Banco BPM Vita and, indirectly, of the capital of Banco BPM Assicurazioni (wholly owned by Banco BPM Vita)

envisaged in the remuneration policies in force at the time.¹⁴ In this regard, note that the number of beneficiaries (62 eligible individuals based on information known as at the date of this Document), included in the scope of identified staff for 2022 and the counter value of the relative incentives, will be determined on the basis of individual performance levels achieved with regard to the 2022 Short-Term Incentive plan.

If the individual objectives assigned in the 2022 Short-Term Incentive plan are achieved, the amounts of the individual amounts due (up-front and deferred) in the cash and share components will be determined for each incentive. 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.

For the vested shares, a one-year retention period is envisaged (selling restriction) for both up-front and deferred portions. For the latter, the retention period starts from the moment in which the deferred remuneration is accrued. 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.

The opening of the entry gates to the 2022 annual Short-Term Incentive plan entails the vesting, in 2023, 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 Banco BPM, pertaining to 2017, 2018, 2019, 2020 and 2021 as well as the three-year 2017/2019 incentive plan.

The maximum number of shares estimated to support all existing plans amounts to approximately 12 million shares, which considers (i) the annual incentive for the years 2017, 2018, 2019, 2020, 2021 and 2022 and the 2017-2019 long-term incentive, also including the deferred portions that will accrue from 2024 to 2029, subject to the positive verification of all the conditions envisaged for the vesting and delivery of the shares; (ii) the 2021-2023 Long Term Incentive (LTI) plan, whose incentive will be recognised in 2024, subject to the positive verification of all the conditions envisaged and the performance objectives, and will also be disbursed in deferred portions that will accrue until 2030, subject to the positive verification of all the conditions envisaged for the vesting and delivery of the shares; (iii) the 2022-2024 Long Term Incentive (LTI) plan, whose incentive will be awarded in 2025, subject to the positive verification of all the conditions envisaged and the performance objectives, and will also be disbursed in deferred portions that will accrue until 2031, subject to the positive verification of all the conditions envisaged for the vesting and delivery of the shares; (iii) what can be estimated in relation to the 2023 STI plan.

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 Banco BPM ordinary shares on the dates referred to in paragraphs 3.6 and 3.7 of this Document were Euro 4.21500 (Remuneration Committee meeting of 6 February 2023) and Euro 4.29500 (Board of Directors' meetings of 7 February 2023), Euro 4.08400 (Remuneration Committee meeting of 27 February 2023), Euro 4,16300 (Board of Directors' meeting of 7 March 2023).

¹⁴ Approved by the Ordinary Shareholders' Meeting of 7 April 2022.

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 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 assignment 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 been published yet and may positively influence market prices, or**
 - b. already been 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 stock-based award plans are structured.

For the approximately 150 prospective beneficiaries of the Plan, subject to the provisions of the Supervisory Provisions regarding the relevant threshold, at least 50% of the incentive awarded under the 2023 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%.

The deferred portions consist of:

- five annual portions of the same amount, for 55% in ordinary Banco BPM shares, deferred in the five-year period following the year of vesting of the up-front portion, for:
 - senior identified staff;
 - the managers of main business lines of Banca Akros or Banca Aletti directly reporting to the Chief Executive Officer or senior management of Banca Akros or Banca Aletti, if the individual variable remuneration amount paid is equal to or greater than Euro 435,000;¹⁵
- four annual portions of the same amount, for 50% in Banco BPM ordinary shares, for identified staff not included in the previous point, deferred in the four-year period following the year of vesting of the up-front portion.

For more details, refer to the Policy.

¹⁵ Head of Investment Banking of Banca Akros and Head of Coordination of the Private Banking Network of Banca Aletti.

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 year of reference for the reporting of the results of the 2023 Short-Term Incentive (STI) plan to the effective availability of the last deferred portion in shares (2029 or 2030 in the case of five annual portions).

4.3 Termination of the Plan.

The Plan will end in 2030.

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.

At present, an expected charge of Euro 5 million has been estimated. This amount includes the deferred portion of the incentive that will accrue in the next four or five years only when all the access conditions envisaged from time to time are met.

The assignment is distributed across the vesting years as illustrated in point 4.1.

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 2023 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 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 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 ratio (CET1) and MDA buffer, 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: UOC¹⁶ greater than zero;
- in addition, profitability at corporate level for Banca Aletti and Banca Akros: UOC¹⁶ greater than zero;
- in addition, Solvency ratio at corporate level for Banco BPM Vita and Banco BPM Assicurazioni: in both cases¹⁷ higher than the respective risk trigger threshold defined in the Risk Appetite Framework.

¹⁶ Profit from current operations gross of taxes net of non-recurring items identified for the purpose of complying with Consob Communication no. DEM/6064293 of 28 July 2006 and reported in the Directors' Report on Group Management for the year 2023, minus any gains or losses resulting from the fair value measurement of the certificates issued. The method used to calculate the UOC is regulated by a specific internal rule;

¹⁷ Calculation based on the average of quarterly observations.

The award of the incentive to identified staff of control functions is not subject to profitability and solvency indicators, to avoid, as envisaged by Supervisory Provisions, it being linked to economic results.

In the case of positive verification of the access gates, in accordance with the methods described below, a financial adjustment factor is applied to the economic resources of the Short-Term Incentive plan defined in the budget for the year, the size of which is proportional to the consolidated risk adjusted profitability indicator Return on Risk Adjusted Capital (RORAC)¹⁸ obtained at the end of the financial year in comparison with the relevant Risk Trigger and Risk Appetite thresholds defined in the scope of the Risk Appetite Framework for said financial year. It may result in the reduction to zero of the economic resources or their increase, in the latter case subject to the approval of the Board of Directors of the Parent Company, which determines the exact extent, in any case within the limit of a predefined 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 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 association with the Planning and Control functions, and with the Chief Risk Officer.

If a consolidated loss for the year is recorded, a reduction mechanism is applied, before the application of the financial adjustment factor, which affects the economic resources envisaged in the annual budget for the 2023 Short-Term Incentive (STI) plan. If the entry gates to the 2023 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 2023 Short-Term Incentive (STI) plan addressed to identified staff of control functions to avoid the incentive being linked to economic results.

¹⁸ Both the final balance value and the comparison thresholds are determined as a relationship between the financial year's results, represented by the net income as at 31/12 calculated net of non-recurring items and without considering the amount of the bonus pool, and the capital requirement recorded at year-end calculated as a percentage of Risk Weighted Assets (RWA), consistent with the CET1 ratio objective determined at the time of the annual budget. The method used to calculate the result for the year is governed by internal rules.

A non-financial adjustment factor is also applied to the economic resources of the Short-Term Incentive plan (STI 2023) - 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%;¹⁹
- 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, the performance assessment method is adopted, which provides for the assignment, at the start-up of the system, of an objective-card to be compared with the results achieved at the end of the year. Each objective is assigned a weight in percentage terms on the total and a result curve on achievement levels (minimum, target and maximum). The result obtained by each KPI determines a weighted score, in a variable recognition curve between a minimum and a maximum achievable. The sum of the weighted scores obtained corresponds to the performance achieved in proportion to which, only if at least equal to a pre-established minimum score, the amount of the incentive is quantified; in any case, the latter cannot exceed a pre-established maximum level.

The vesting of each deferred portion of the incentive is subject to total compliance with the consolidated entry gates and with the relative threshold comparative values envisaged by the Short-Term Incentive plan of the year preceding the year of vesting of the same, in consideration of the Staff category to which they belong in the same year. This ex-post correction system is, therefore, a mechanism that operates during the deferral period, before the actual accrual of the deferred portions of the incentive.

With regard to misconduct and the application of malus and claw-backs, please refer to the provisions contained in the 2023 Policy.

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, 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. 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 in the event of extraordinary capital operations which envisage the exercise of an option right.²⁰

¹⁹ The greater the value recorded, the greater the risk for the Group.

²⁰ One of such examples is capital increase.

4.7 Description of any termination clauses concerning the assignment of the Plan in the event that the beneficiaries carry out hedging transactions that make it possible to neutralise any selling restrictions on the shares assigned, including in the form of options, or on the shares resulting from the exercise of said 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 aspects that may alter or undermine the risk alignment effects embedded in their remuneration arrangements.

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

In the event of the termination of employment, the up-front portion and the deferred portions are paid 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.²¹

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 termination of the employment relationship for any reason or grounds, including access to the solidarity fund, that entail termination within the first half of 2023.

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.

²¹ Pro-quota based on the twelfths of presence in service during the year, determined in accordance with internal regulations.

4.12 Indication of the estimated liability for the company at the date of the related allocation, calculated on the basis of the terms and conditions already established, stated by total amount and in relation to each of the Plan's instruments.

An expected requirement of Euro 5 million has been estimated, but the precise calculation shall depend on the fulfilment of the conditions to access the 2023 Short-Term Incentive (STI) plan and the performance levels achieved by the potential beneficiaries of the Plan.

4.13 Indication of any dilutive effects on capital caused by the awarding 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 2023 Policy for any matters not included herein.

7 March 2023
The Board of Directors

STOCK-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 tables (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)	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 RESOLUTION OF THE SHAREHOLDERS' MEETING	TYPE OF FINANCIAL INSTRUMENT	NUMBER OF FINANCIAL INSTRUMENTS	ASSIGNMENT DATE	PURCHASE PRICE OF INSTRUMENTS, IF RELEVANT	MARKET PRICE ON ASSIGNMENT	VESTING PERIOD					
Giuseppe Castagna	CEO of Banco BPM	2022 PLAN (07/04/2022)	Banco BPM Ordinary Shares	148,054 (1)	27/06/2023 (2)	NA	€ 4.29500 (3)	2022-2028					
		2021 PLAN (15/04/2021)	Banco BPM Ordinary Shares	128,957	27/06/2022	NA	€ 2.94920	2021-2027					
		2020 PLAN (04/04/2020)	Banco BPM Ordinary Shares	76,372	25/06/2021	NA	€ 2.93977	2020-2026					
		2019 PLAN (06/04/2019)	Banco BPM Ordinary Shares	147,964	26/06/2020	NA	€ 1.30886	2019-2025					
		2018 PLAN (07/04/2018)	Banco BPM Ordinary Shares	75,146	27/06/2019	NA	€ 1.69337	2018-2024					
		2017 PLAN (08/04/2017)	Banco BPM Ordinary Shares	14,473	27/06/2018	NA	€ 2.40421	2017-2023					
		2022-2024 LTI PLAN (07/04/2022)	Banco BPM Ordinary Shares	444,339	07/04/2022 (4)	NA	€ 2.70064 (5)	2022-2030					
		2021-2023 LTI PLAN (15/04/2021)	Banco BPM Ordinary Shares	1,490,498	15/04/2021 (4)	NA	€ 2.41530 (6)	2021-2029					
		2017-2019 LTI PLAN (08/04/2017)	Banco BPM Ordinary Shares	94,562	08/04/2017 (4)	NA	€ 2.66491 (7)	2017-2023					
		Marco Federico Turrina	CEO - General Manager of Banco Alpi (Up to 2/12/2022)	2022 PLAN (07/04/2022)	Banco BPM Ordinary Shares	24,974 (8)	27/06/2023 (2)	NA	€ 4.29500 (3)	2022-2028			
				2021 PLAN (15/04/2021)	Banco BPM Ordinary Shares	11,735	27/06/2022	NA	€ 2.94920	2021-2027			
				2020 PLAN (04/04/2020)	Banco BPM Ordinary Shares	8,762	25/06/2021	NA	€ 2.93977	2020-2026			
				2019 PLAN (06/04/2019)	Banco BPM Ordinary Shares	19,903	26/06/2020	NA	€ 1.30886	2019-2025			
2021-2023 LTI PLAN (15/04/2021)	Banco BPM Ordinary Shares			124,208	15/04/2021 (4)	NA	€ 2.41530 (6)	2021-2029					
2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	14,184	08/04/2017 (4)	NA	€ 2.66491 (7)	2017-2023							

Please note that the individuals indicated in the tables (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 RESOLUTION OF THE SHAREHOLDERS' MEETING		TYPE OF FINANCIAL INSTRUMENT	NUMBER OF FINANCIAL INSTRUMENTS	ASSIGNMENT DATE	PURCHASE PRICE OF INSTRUMENTS, IF RELEVANT	MARKET PRICE ON ASSIGNMENT	VESTING PERIOD			
Alessandro Varaldo	CEO of Banco Alelli	2022 PLAN (07/04/2022)	Banco BPM Ordinary Shares	21,861 (8)	27/06/2023 (2)	NA	€ 4.29500 (3)	2022-2028		
		2021 PLAN (15/04/2021)	Banco BPM Ordinary Shares	12,284	27/06/2022	NA	€ 2.94920	2021-2027		
		2020 PLAN (04/04/2020)	Banco BPM Ordinary Shares	7,302	25/06/2021	NA	€ 2.93977	2020-2026		
		2019 PLAN (06/04/2019)	Banco BPM Ordinary Shares	13,269	26/06/2020	NA	€ 1.30886	2019-2025		
		2022-2024 LTI PLAN (07/04/2022)	Banco BPM Ordinary Shares	37,028	07/04/2022 (4)	NA	€ 2.70064 (5)	2022-2030		
		2021-2023 LTI PLAN (15/04/2021)	Banco BPM Ordinary Shares	124,208	15/04/2021 (4)	NA	€ 2.41530 (6)	2021-2029		
		2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	3,940	08/04/2017 (4)	NA	€ 2.66491 (7)	2017-2023		
		2022 PLAN (07/04/2022)	Banco BPM Ordinary Shares	9,779 (8)	27/06/2023 (2)	NA	€ 4.29500 (3)	2022-2027		
		2022 PLAN (07/04/2022)	Banco BPM Ordinary Shares	47,980 (8)	27/06/2023 (2)	NA	€ 4.29500 (3)	2022-2028		
		2021 PLAN (15/04/2021)	Banco BPM Ordinary Shares	24,504	27/06/2022	NA	€ 2.94920	2021-2027		
Domenico De Angelis	Joint General Manager of Banco BPM	2020 PLAN (04/04/2020)	Banco BPM Ordinary Shares	11,201	25/06/2021	NA	€ 2.93977	2020-2026		
		2019 PLAN (06/04/2019)	Banco BPM Ordinary Shares	22,812	26/06/2020	NA	€ 1.30886	2019-2025		
		2022-2024 LTI PLAN (07/04/2022)	Banco BPM Ordinary Shares	203,655	07/04/2022 (4)	NA	€ 2.70064 (5)	2022-2030		
		2021-2023 LTI PLAN (15/04/2021)	Banco BPM Ordinary Shares	683,145	15/04/2021 (4)	NA	€ 2.41530 (6)	2021-2029		
		2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	28,369	08/04/2017 (4)	NA	€ 2.66491 (7)	2017-2023		
		2022 PLAN (07/04/2022)	Banco BPM Ordinary Shares	66,789 (8)	27/06/2023 (2)	NA	€ 4.29500 (3)	2022-2028		
		2021 PLAN (15/04/2021)	Banco BPM Ordinary Shares	53,046	27/06/2022	NA	€ 2.94920	2021-2027		
		2020 PLAN (04/04/2020)	Banco BPM Ordinary Shares	19,094	25/06/2021	NA	€ 2.93977	2020-2026		
		2019 PLAN (06/04/2019)	Banco BPM Ordinary Shares	37,748	26/06/2020	NA	€ 1.30886	2019-2025		
		2018 PLAN (07/04/2018)	Banco BPM Ordinary Shares	28,656	27/06/2019	NA	€ 1.69337	2018-2024		
Salvatore Poleni	Joint General Manager of Banco BPM (up to 31/12/2022)	2021-2023 LTI PLAN (15/04/2021)	Banco BPM Ordinary Shares	455,430	15/04/2021 (4)	NA	€ 2.41530 (6)	2021-2029		
		2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	28,369	08/04/2017 (4)	NA	€ 2.66491 (7)	2017-2023		
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Please note that the individuals indicated in the tables (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 RESOLUTION OF THE SHAREHOLDERS' MEETING	TYPE OF FINANCIAL INSTRUMENT	NUMBER OF FINANCIAL INSTRUMENTS	ASSIGNMENT DATE	PURCHASE PRICE OF INSTRUMENTS, IF RELEVANT	MARKET PRICE ON ASSIGNMENT	VESTING PERIOD			
5 Executives with strategic responsibilities		2022 PLAN (07/04/2022)	Banco BPM Ordinary Shares	107,247	(8)	27/06/2023	(2)	NA	€ 4.29500	(3)	2022-2028	(9)
51 Other Plan beneficiaries			Banco BPM Ordinary Shares	535,062	(8)	27/06/2023	(2)	NA	€ 4.29500	(3)	2022-2028	(10)
1 Executive with strategic responsibilities		2021 PLAN (15/04/2021)	Banco BPM Ordinary Shares	21,652		27/06/2022		NA	€ 2.94920		2021-2027	
4 Executives with strategic responsibilities			Banco BPM Ordinary Shares	22,437		27/06/2022		NA	€ 2.94920		2021-2025	
5 Other Plan beneficiaries			Banco BPM Ordinary Shares	34,980		27/06/2022		NA	€ 2.94920		2021-2027	
56 Other Plan beneficiaries			Banco BPM Ordinary Shares	290,955		27/06/2022		NA	€ 2.94920		2021-2025	
1 Executive with strategic responsibilities		2020 PLAN (04/04/2020)	Banco BPM Ordinary Shares	12,729		25/06/2021		NA	€ 2.93977		2020-2026	
4 Executives with strategic responsibilities			Banco BPM Ordinary Shares	8,461		25/06/2021		NA	€ 2.93977		2020-2024	
4 Other Plan beneficiaries			Banco BPM Ordinary Shares	9,022		25/06/2021		NA	€ 2.93977		2020-2026	
32 Other Plan beneficiaries			Banco BPM Ordinary Shares	89,720		25/06/2021		NA	€ 2.93977		2020-2024	
1 Executive with strategic responsibilities		2019 PLAN (06/04/2019)	Banco BPM Ordinary Shares	29,859		26/06/2020		NA	€ 1.30886		2019-2025	
3 Executives with strategic responsibilities			Banco BPM Ordinary Shares	6,677		26/06/2020		NA	€ 1.30886		2019-2023	
4 Other Plan beneficiaries			Banco BPM Ordinary Shares	19,550		26/06/2020		NA	€ 1.30886		2019-2025	
52 Other Plan beneficiaries			Banco BPM Ordinary Shares	170,680		26/06/2020		NA	€ 1.30886		2019-2023	
2 Executives with strategic responsibilities		2022-2024 LTI PLAN (07/04/2022)	Banco BPM Ordinary Shares	166,627		07/04/2022	(4)	NA	€ 2.70064	(5)	2022-2030	
4 Other Plan beneficiaries			Banco BPM Ordinary Shares	166,626		07/04/2022	(4)	NA	€ 2.70064	(5)	2022-2030	
37 Other Plan beneficiaries			Banco BPM Ordinary Shares	725,754		07/04/2022	(4)	NA	€ 2.70064	(5)	2022-2029	
2 Executives with strategic responsibilities		2021-2023 LTI PLAN (15/04/2021)	Banco BPM Ordinary Shares	495,833		15/04/2021	(4)	NA	€ 2.41530	(6)	2021-2029	
4 Other Plan beneficiaries			Banco BPM Ordinary Shares	211,155		15/04/2021	(4)	NA	€ 2.41530	(6)	2021-2029	
38 Other Plan beneficiaries			Banco BPM Ordinary Shares	2,782,264		15/04/2021	(4)	NA	€ 2.41530	(6)	2021-2027	
1 Executive with strategic responsibilities		2017-2019 LTI (08/04/2017)	Banco BPM Ordinary Shares	7,880		08/04/2017	(4)	NA	€ 2.66491	(7)	2017-2023	
29 Other Plan beneficiaries			Banco BPM Ordinary Shares	112,423		08/04/2017	(4)	NA	€ 2.66491	(7)	2017-2023	

(1) Value estimated on the basis of the performance achieved and the listing taken as a reference as at 7 February 2023.

(2) The actual allocation will take place at the time of accrual of the respective up-front portion in cash.

(3) Listing of 7 February 2023.

(4) Date of Shareholders' Meeting which approved the plan.

(5) Arithmetic average of the official prices reported in the 30 calendar days prior to the date of the Shareholders' Meeting of 7 April 2022.

(6) Arithmetic average of the official prices reported in the 30 calendar days prior to the date of the Shareholders' Meeting of 15 April 2021.

(7) Arithmetic average of the official prices reported in the 30 calendar days prior to the date of the Shareholders' Meeting of 8 April 2017.

(8) Estimate based on the performance calculated as at 23 February 2023 and the listing taken as a reference as at 7 February 2023.

(9) Of which 3 executives with strategic responsibilities have vesting period 2022-2027.

(10) Of which 47 individuals have a vesting period of 2022-2027.

STOCK-BASED COMPENSATION PLANS

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

Section 2 – Newly-granted shares

NAME AND SURNAME OR CATEGORY	OFFICE HELD (TO BE INDICATED ONLY FOR NAMED INDIVIDUALS)	FRAME 1					FINANCIAL INSTRUMENTS OTHER THAN STOCK OPTIONS				
		DATE OF THE RELATIVE RESOLUTION OF THE SHAREHOLDERS' MEETING	TYPE OF FINANCIAL INSTRUMENT	NUMBER OF FINANCIAL INSTRUMENTS	ASSIGNMENT DATE	PURCHASE PRICE OF INSTRUMENTS, IF RELEVANT	MARKET PRICE ON ASSIGNMENT	VESTING PERIOD			
SECTION 2											
NEWLY GRANTED SHARES ON THE BASIS OF THE DECISION OF THE BOARD OF DIRECTORS OF 7/03/2023 PROPOSED FOR THE SHAREHOLDERS' MEETING											
Giuseppe Castagna	CEO of Banco BPM	2023 PLAN (20/04/2023)	Banco BPM Ordinary Shares	NA	2024	NA	NA	2023-2029			
Alessandro Varaldo	CEO of Banca Aletri	2023 PLAN (20/04/2023)	Banco BPM Ordinary Shares	NA	2024	NA	NA	2023-2029			
Domenico Ivan Lapenna	CEO of Banco BPM Vita and Banco BPM Assicurazioni	2023 PLAN (20/04/2023)	Banco BPM Ordinary Shares	NA	2024	NA	NA	2023-2028			
Domenico De Angelis	CFO Joint General Manager of Banco BPM	2023 PLAN (20/04/2023)	Banco BPM Ordinary Shares	NA	2024	NA	NA	2023-2029			
Edoardo Maria Ginevra	CFO Joint General Manager of Banco BPM (1)	2023 PLAN (20/04/2023)	Banco BPM Ordinary Shares	NA	2024	NA	NA	2023-2029			
3 Executives with strategic responsibilities		2023 PLAN (20/04/2023)	Banco BPM Ordinary Shares	NA	2024	NA	NA	2023-2029			
4 Executives with strategic responsibilities		2023 PLAN (20/04/2023)	Banco BPM Ordinary Shares	NA	2024	NA	NA	2023-2028			
5 Other Plan beneficiaries		2023 PLAN (20/04/2023)	Banco BPM Ordinary Shares	NA	2024	NA	NA	2023-2029			
133 Other Plan beneficiaries		2023 PLAN (20/04/2023)	Banco BPM Ordinary Shares	NA	2024	NA	NA	2023-2028			

(1) Subject to the positive assessment of the Fit & Proper requirements by the ECB. The appointment will therefore be finalised with receipt of the approval of the ECB.

