BANCO BPM

Policy-on-remuneration report and payouts awarded of Banco BPM Group's staff 2025

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SECTION I
2025 Policy-on-remuneration report

Prepared in accordance with the Bank of Italy Supervisory Regulations (Circular no. 285/2013, 37th update, First Part, Title IV, Chapter 2 "Remuneration and incentive policies and practices"), with art. 123-ter, Legislative Decree 58/1998, as amended, with art. 84-quater of the Issuers' Regulation (Consob resolution no. 11971/1999, as amended) and with IVASS Regulation 38/2018 and related Guidelines

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(Section Corporate Governance - Remuneration Policies).

For approval, to the extent of their sphere of authority, by the Corporate Bodies of the Parent Company – Ordinary Shareholders' Meeting on 30 April 2025

(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).

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Letter from the Chairwoman of the Remuneration Committee

Dear shareholders,

as Chairwoman of the Remuneration Committee, I propose to you the 2025 Remuneration Policy, which is in line with the highest market standards for listed companies and the regulatory framework.

The Banco BPM Group recorded an excellent performance in 2024, which allowed it to increase shareholder remuneration to an all-time high, while maintaining extremely solid capitalisation levels.

As part of the strategy to strengthen and diversify the Group's business model, in addition to continuing the process of strengthening the product factories in the e-money and bancassurance segments, in November 2024 Banco BPM Vita launched a voluntary public takeover bid for all the ordinary shares of Anima Holding. The acquisition of Anima will increase the spectrum of integrated activities in the Banco BPM Group and represents a high-level strategic transaction because it will further change the profile of the Group, which will thus be increasingly focused on generating value through commissions and services. This transaction, combined with the excellent performance in 2024, significantly accelerating the achievement of the 2023-2026 Strategic Plan targets, made it appropriate to update the Plan itself to 2027, which was approved in February 2025.

The remuneration policy is one of the enabling factors that, in accordance with the pay-for-performance principle, supports management's choices towards achieving the ambitious targets of the Strategic Plan.

The work of the Remuneration Committee is part of this context. In order to effectively supervise, control and challenge the remuneration framework, the Committee systematically consulted with the bank's structures, involved the Internal Board Committees on specific issues and took advice from internationally recognised leading companies.

Attracting, motivating and retaining staff, pursuing sustainable success by supporting the Strategic Plan, guiding behaviour: these are the rationales that guided the definition of the remuneration policy.

The pursuit of internal pay equity and the comparison with the external market in terms of competitive remuneration are the main management levers not only to motivate the Group's staff, but also to support generational turnover

The leadership and strategic vision of the Chief Executive Officer, supported by an excellent team, have enabled the consolidation of sustainable results that have exceeded expectations. The 2025 remuneration policy therefore incorporates interventions on top management whose remuneration, while confirming a rigorous approach aimed at generating sustainable value for all stakeholders, has been revised to ensure the continuity and competitiveness required to achieve the ambitious three-year plan to 2027.

The new 2025-2027 Long-Term Incentive (LTI) Plan makes the long-term variable component consistent with the 2027 update of the Strategic Plan, to maintain the alignment of interests between management and shareholders.

Particular attention was paid to the issue of gender neutrality and inclusion. The Group continues to drive a cultural change that, through respect for the individual regardless of role, leads to the recognition and appreciation of diversity in all its meanings.

The initiatives put in place have led to a significant increase in the number of female staff in managerial roles, who accounted 30.7% of the total at the end of 2024, with the prevision of reaching 36% by 2027. Considering, moreover, the implications of EU Directive 2023/970 on pay transparency, Banco BPM has already taken steps to refine its approach to building and measuring the gender pay gap.
The remuneration policy has been the framework for achieving these results and will continue to do so in the future, also taking into account the expectations that have emerged from the dialogue and discussion with you, the shareholders, whom I would like to thank for your willingness and trust.

Manuela Soffientini

Executive summary 2025 Policy-on-remuneration report

Executive summary 2025 Remuneration Policy

PURPOSE

The remuneration policy represents an important management lever to attract, motivate and retain management and staff. This steers behaviour towards reducing the risks taken on (including legal and reputational), protecting customers and increasing loyalty while also being careful to manage 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 2025 Policy defines the guidelines of the remuneration systems to pursue long-term strategies, objectives and results, in line with governance and risk management policies.
The correlation between variable remuneration of staff and ESG (Environmental, Social, Governance) factors is one of the elements of the 2025 Policy. Variable remuneration is therefore related to strategic actions concerning environmental issues, health and safety, human resource management.
The remuneration policy for staff is gender neutral.

GUIDING PRINCIPLES

- Customer protection
- Good risk management
- *Interest of all Stakeholders*
- Correctness of the behavior
- Pursuit of long-term strategies
- Professionalism attraction and retention
- Internal and external equity
- Gender neutrality

Guarantee an adequate remuneration for lasting performance

GOVERNANCE

The approval of the remuneration policy is reserved to the Shareholders' Meeting. Corporate Bodies, internal board committees and company functions are involved in the process of drafting, preparing and approving the policy:

- the Human Resources function ensures technical support to the Corporate Bodies and prepares the supporting documentation;
- the Chief Risk Officer and the Value Planning and Management function identify the strategic and performance objectives to ensure that the remuneration system is consistent with the Company's risk appetite, long-term strategies and objectives;
- the Compliance function verifies the compliance of the remuneration policy with the reference legislative framework;
- the Audit function verifies the correct implementation of the remuneration policy;
- the Board of Directors draws up the remuneration policy with the assistance of the Chief Executive Officer and the Internal Board Committees.

PARENT COMPANY

Corporate bodies
- Shareholders' Meeting
- Board of Directors
- Chief Executive Officer
- Board of Statutory Auditors

Internal Board Committees
- Remuneration Committee
- Internal Control and Risks Committee
- Sustainability Committee

Corporate functions
- Human Resources
- Value Planning and Management
- Administration and Budget
- Secretariat Corporate Affairs
- Participations

Internal control functions
- Chief Risk Officer
- Compliance
- Audit

Since its establishment, Banco BPM has adopted an engagement process with the bank's main investors and proxy advisors in which an overview of remuneration policy issues is also provided and feedback is integrated. The bank also provides a timely response to the questions posed by shareholders, both during the year and at the Shareholders' Meeting to which the Policy-on-remuneration report and payouts awarded is subject to approval. The Shareholders' Meeting approved the 2024 remuneration policy with over 94% of favourable votes.

MAIN NEW FEATURES OF THE 2025 REMUNERATION POLICY

The 2025 Policy is defined on a continuous basis and has considered the judgments expressed by the shareholders on the 2024 Policy. It aligns the forecasts with the new structure of the Group. The changes concern:

- activation of a long-term incentive plan related to performance to be achieved in the three-year period 2025-2027, to support the update of the Strategic Plan with a three-year horizon to 2027 approved by the Board of Directors on 11 February 2025;
- adjustment of the remuneration of the Chief Executive Officer to align with the reference market, also considering the extraordinary results achieved at all-time high.

IDENTIFIED STAFF

The scope of the Group's identified staff is defined in line with the Group's new organisational structure. The percentage incidence with respect to Group staff is almost unchanged.

Identified Staff

204	persons
1%	of Group staff
4	new persons compared to 2024

- Identified staff of Group 127
- Identified staff of legal entity 77

Top Identified Staff

For Parent Company:
Chief Executive Officer, CFO
Co-General Manager, CBO
Co-General Manager, senior operational and executive managers, CRO and First-line managers

For Banca Akros and Banca Aletti:
Chief Executive Officer, General Manager

For Banco BPM Vita and Vera Vita:
Chief Executive Officer

PAY FOR PERFORMANCE (SHORT-TERM INCENTIVE PLAN FOCUS)

The award of the short-term incentive plan (STI) takes into account the profitability, the necessary levels of capital resources and liquidity (entry gates). For the identified staff of functions with control tasks, the award is not subject to profitability indicators, in order to avoid, as envisaged by the Bank of Italy Supervisory Regulations, the incentive being linked to economic results.

ENTRY GATES

Consolidated entry gates

• CET1 ratio • MDA buffer • LCR regulatory • NSFR regulatory	> RAF Risk Trigger threshold
• UOC	> 0

UOC: profit from current operating activities

Company entry gates
in addition to consolidated ones

For Banca Akros and Banca Aletti	
• UOC	> 0
For Banco BPM Vita and Vera Vita	
• Solvency ratio	> RAF Risk Trigger threshold
For Banco BPM Invest	
• UOC	> 0
• liable equity capital	in compliance with provisions regulations increased by a buffer of 25%

The final amount of economic resources available is determined by applying **pre-established rules**, through:

- the **financial adjustment factor**, which compares the result of the consolidated risk adjusted Return on Risk adjusted Capital (RORAC) profitability indicator with the relative Risk Trigger and Risk Appetite thresholds defined within the Risk Appetite Framework. It acts also as an entry gate: **results equal to or lower than the Risk Trigger eliminate economic resources**. In the event of positive verification of the entry gates and simultaneous consolidated accounting loss, the economic resources provided for in the budget are automatically reduced before the application of the financial adjustment factor;
- **non-financial adjustment factor**, correlated to the results of the consolidated ECAP Reputational Risk and Anti-Money Laundering (AML) indicators with respect to the relevant Risk Trigger thresholds defined in the Risk Appetite Framework. **This mechanism can reduce economic resources**.

FINANCIAL FACTOR

Correlated to the value of the RORAC at financial year-end

	The Board of Directors may increase budgeted resources within the limit of the ratio RORAC achieved / RORAC Risk Appetite, with cap at 110% (this is precluded in the event of a loss).
Risk Appetite	
	Budgeted resources are reduced: they are multiplied by the % given by the ratio RORAC achieved / RORAC Risk Appetite.
Midpoint	
	The Parent Company Board of Directors may decide the maximum availability of 50% of the budgeted resources. Any payments cannot regard the identified staff.
Risk Trigger	
	No payment

The **ECAP Reputational Risk** indicator represents the amount of economic capital against reputational risk estimated through an internal model. The status of the Group's reputation is monitored through the collection and analysis of indicators, that may influence, on the basis of their characteristics, the Group's reputation in regard to the main stakeholders (customers, shareholders, market counterparties, regulators, employees, and the financial community) employing reporting and forecasting, and considering stress conditions. The indicators refer to the macro areas of market risk, litigation or sanctions, IT services, Corporate Social Responsibility and regulatory affairs. To understand the reputation of the Group discussed on Internet platforms, the internal model also considers a measure relating to the sentiment in the social-media arena, based on machine learning and artificial intelligence techniques and tools. The estimation methodology also includes the assessment of potential negative economic and financial impacts originating from a sudden deterioration of the Group's image in relation to the possible occurrence of ESG risks.

The **AML** represents the ratio between the number of NDGs (customer identifier) with an expired profile and the total number of NDGs profiles.

NON-FINANCIAL FACTOR

Can reduce the economic resources

		ECAP *Reputational Risk*	
		Result < *Risk Trigger*	**Result ≥ *Risk Trigger***
AML	**Result < *Risk Trigger***	no reduction	-10%
	Result ≥ *Risk Trigger*	-10%	-20%

VARIABLE TO FIXED RATIO

The limit of 2:1 for the ratio between the variable and fixed component of the remuneration for selected figures deemed strategic is confirmed (increase approved by the Shareholders' Meeting of 7 April 2018). Said limit may regard a maximum of 125 people.

2:1	*specific strategic persons selected from top identified staff and finance, corporate, investment banking, private banking staff*
70%	manager responsible for preparing the Company's financial reports
1/3	other staff of functions with control tasks
1:1	other staff

PAYOUT FOR IDENTIFIED STAFF (SHORT TERM INCENTIVE)

The variable remuneration of identified staff is paid over six or five years, divided into an up-front portion and five or four annual deferred portions **subject to the positive verification of future conditions**.

The **up-front portion** is equal to 60%, if the annual variable remuneration is less than € 455,000, or 40%, in cases where it is equal to or greater than € 455,000. 50% of the up-front portion is awarded in Banco BPM ordinary shares.

The **deferred portions** consist of:
- five annual instalments of the same amount, deferred in the five-year period following the year of vesting of the up-front portion, for 55% in Banco BPM ordinary shares, 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 variable remuneration amount paid is equal to or greater than Euro 455,000;
- four equal annual instalments, deferred in the four-year period following the year of vesting of the up-front portion, for 50% in Banco BPM ordinary shares, for identified staff not indicated in the previous point.

For the vested shares, a one-year retention period is envisaged (selling restriction) for both **up-front**, and for deferred shares. The vesting of each deferred portion is subject to fulfilment of the consolidated entry gates envisaged for the short-term incentive plan of the financial year preceding the vesting of the same (malus mechanism).

As required by the Supervisory Provisions of the Bank of Italy, if the annual individual variable remuneration is lower than or equal to € 50,000 and simultaneously lower than or equal to 1/3 of the total annual individual remuneration, the relative amount will be paid in cash and in a lump sum.

OTHER STAFF PAYOUT (SHORT TERM INCENTIVE)

The short-term incentive for the remaining staff is paid in a lump sum.

With a view to staff retention and in line with the "Guidelines on certain aspects of the remuneration requirements of MiFID II", for the recipients of the scorecard in the private banking network, provision is made for the deferred disbursement in the following year of any incentive to be paid for the portion correspondent to 25% of the same.

Payment of the incentive awarded in the case of:
- A: Senior identified staff, variable remuneration < 455,000 €
- B: Senior identified staff or heads of main business lines of Banca Akros or Banca Aletti, directly reporting to the CEO or to the senior management of Banca Akros or Banca Aletti, variable remuneration ≥ 455,000 €
- C: Identified staff included in the heads of main business lines of Banca Akros or Banca Aletti, directly reporting to the CEO or to the senior management of Banca Akros or Banca Aletti, and other identified staff, variable remuneration < 455,000 €
- D: Other identified staff, variable remuneration ≥ 455,000 €

MALUS AND CLAW-BACK PROVISIONS

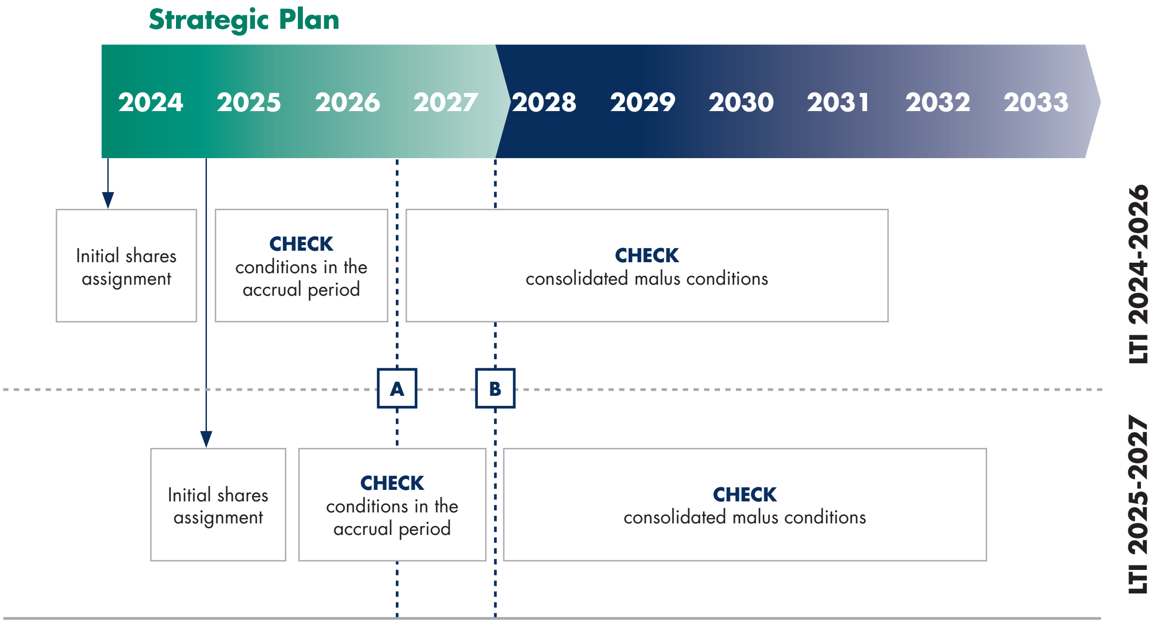
If during the year, any misconduct is ascertained, the action to take is assessed, which may reduce or cancel the variable remuneration for the financial year and may trigger mechanisms to repay the variable remuneration amounts already vested (claw-back clause), from the time of their vesting up to the following five years.

MISCONDUCT

- suspension from office
- non-compliant behavior which resulted in a loss deemed significant
- breaches of the requirements stated pursuant to art. 26 or, when the person is an interested party, pursuant to art. 53 of the Consolidated Bank Law, or pursuant to art. 76 of the Code of Private Insurance
- violation of the obligation not to use personal hedging strategies or insurance on remuneration
- fraudulent or grossly negligent conduct to the detriment of the Group or which resulted in a significant damage to customer

LONG TERM INCENTIVE (LTI)

The Long-Term Incentive plan supports the update of the Strategic Plan to 2027 approved by the Board of Directors on 11 February 2025, to pursue results that create long-term value for all relevant stakeholders, and provides for two assessment periods (2024-2026 LTI plan, approved by the Shareholders' Meeting on 18 April 2024, and 2025-2027 LTI plan, the latter presented to the Shareholders' Meeting on 30 April 2025).



CHECK gates and **CHECK** performance objectives
A LTI 2024-2026
B LTI 2025-2027

The plan is in line with the risk appetite framework and with risk governance and management policies. It is related to financial and non-financial indicators, including ESG targets.
The LTI incentive is paid in full in Banco BPM ordinary shares and commensurate with the conditions and long-term performance objectives of the Group.
After the three years of the accrual period, upon the occurrence of all conditions, the LTI incentive is paid in an up-front portion (40%) and in deferred portions which will be paid after the positive verification of all the conditions envisaged in the vesting period.
The same malus and claw-back conditions as the short-term incentive plan are envisaged.

PLAN CONDITIONS AT THE CONSOLIDATED LEVEL

INDICATOR	2024-2026 LTI	2025-2027 LTI	COMPARISON VALUE
CET 1 ratio (*)	✓	✓	> risk threshold in the last year of the performance period (*) defined in the RAF
Leverage ratio (*)	✓		
MDA buffer (*)	✓	✓	
NSFR regulatory (*)	✓	✓	
UOC (*)	✓	✓	> 0

(*) 2026 for the 2024-2026 LTI plan, 2027 for the 2025-2027 LTI plan.
Failure to fulfil just one of the conditions will mean that the corresponding LTI incentive will not be awarded.

For each year, if the consolidated CET1 ratio < threshold for the short-term incentive plan: -10% shares.

PERFORMANCE OBJECTIVES

No shares are awarded below the minimum levels (floor).
Above the maximum levels (cap) the number of shares to be awarded does not increase further.

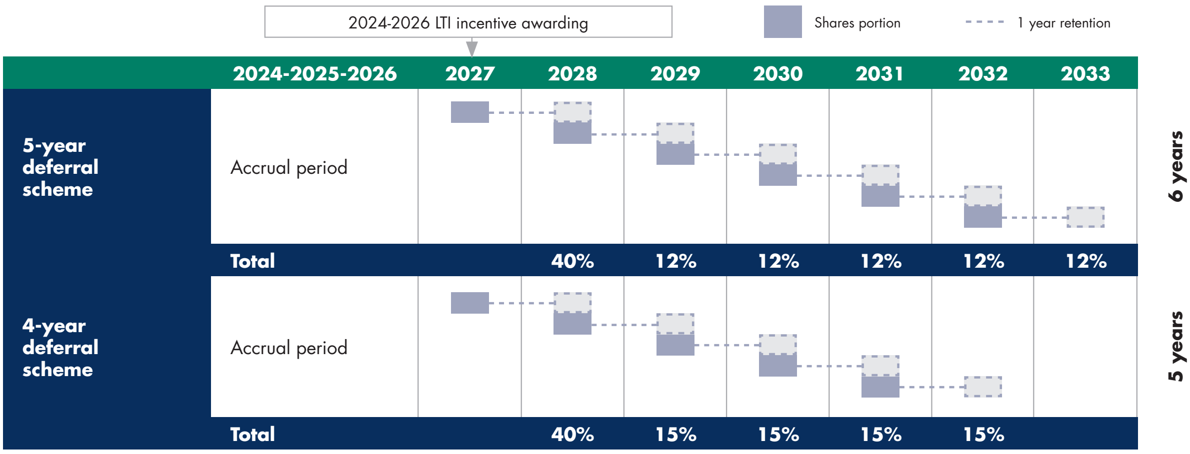
2024-2026 LTI	WEIGHT	FLOOR	CAP
ROTE as at 2026	35%	10%	13,5%
Gross NPE ratio as at 2026	30%	4%	3%
Total Shareholder Return	20%	16%	44%
Increase in women in managerial positions as at 31/12/2026(*)	15%	+15%	+20%
Green, Social & Sustainable bond issues		€ 3.75 bn	€ 5 bn

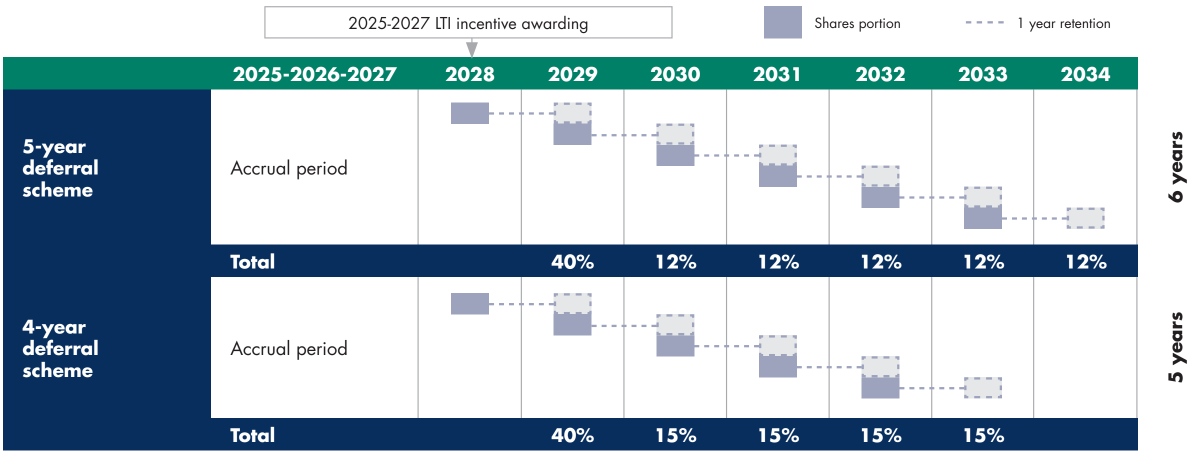
2025-2027 LTI	WEIGHT	FLOOR	CAP
ROE as at 2027	35%	13%	18%
Gross NPE ratio as at 2027	30%	4%	3%
Total Shareholder Return	20%	18%	46%
Increase in women in managerial positions as at 31/12/2027(*)	15%	+11%	+17%
Green, Social & Sustainable bond issues		€ 3.75 bn	€ 5 bn

(*) For the 2024-2026 LTI plan, the increase is with respect to the percentage of female staff out of the total number of managerial roles, recorded on 31/12/2023. For the 2025-2027 LTI plan, the increase is with respect to the percentage of female staff out of the total number of managerial roles, recorded on 31/12/2024 (this percentage is higher than that recorded on 31/12/2023).

CONDITIONS DURING THE VESTING PERIOD

For each year: consolidated malus conditions relating to the short-term incentive plan





PARENT COMPANY'S CHIEF EXECUTIVE OFFICER

Total remuneration

The Chief Executive Officer's remuneration envisages a mix of fixed and variable components. The variable component is divided between the short-term (STI short-term incentive plan) and the long-term (LTI long-term incentive plan). At the meeting on 13 March 2025, the Board of Directors determined the variable remuneration of the Chief Executive Officer, on the proposal of the Remuneration Committee and with the positive opinion of the Board of Statutory Auditors.The investigation prepared by the Remuneration Committee concerned the evolution of Banco BPM's economic results over the last three years, which showed an important trend of improvement in terms of generated profitability, cost income ratio, de-risking, total return and positioning with respect to sustainability issues. The acquisition of Anima will also increase the range of integrated activities in the Banco BPM Group and will represent a further strategic step towards a highly diversified, more complete and resilient business model, as it is less dependent on the interest rate cycle and more oriented towards generating value through commissions and services.

2022-2024 three-year period

Gross result			Net profit			ROTE		
2022	2024	CAGR	2022	2024	CAGR	2022	2024	Var.
1,289 mil	2,503 mil	+39.4%	685 mil	1,920 mil	+67.4%	7.0%	18.2%	+11.2 pp

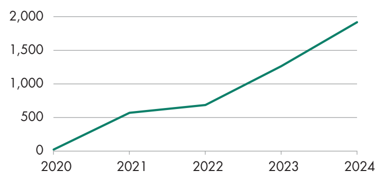
Cost income ratio			Gross stock NPE			Appreciation of the share	Three-year period TSR	Green and social bond emission
2022	2024	Var.	2022	2024	Var.			
54.1%	46.6%	-7.6 pp	4,769 mil	2,855 mil	-40.1%	+195.91%	+285.8%	5.55 bn cumulated

Share of ESG bonds in the Banking Book Corporate			New Medium-Long-Term LowCarbon Financing			Women in managerial positions		
2022	2023	2024	2022	2023	2024	2022	2023	2024
24.2%	29.1%	35.0%	4.807 bn	5.527 bn	5.712 bn	26.1%	29.7%	30.7%

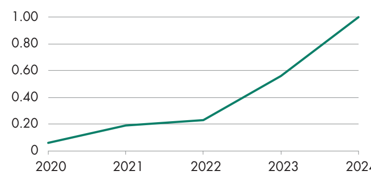
CAGR: Compound Annual Growth Rate (decrease) over the three-year period.
The 2022 Income Statement figures have been restated following the retrospective application of IFRS 17 by the insurance companies held by the Group, as well as IFRS 9 for associates.

In particular, the results for 2024, compared with the previous year, include a growth in profit of more than 50%, a growth in dividend payout to 80% vs. 67%, and an increase in ROTE to 16% from 14.1%. Furthermore, as highlighted in the presentation of the results to the market on 12 February, the total shareholder return (TSR) is over 1000% in the last five years.

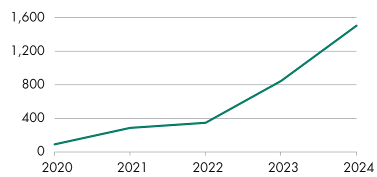
Net profit (€/millions)



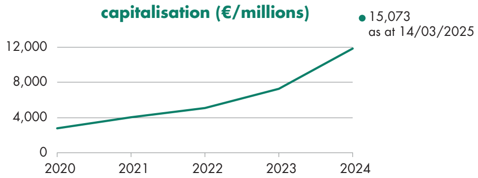
Dividend per share(€)



Total dividend (€/millions)

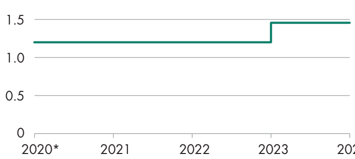


Year-end market capitalisation (€/millions)



Source: Bloomberg

Fixed remuneration of the CEO(€/millions)



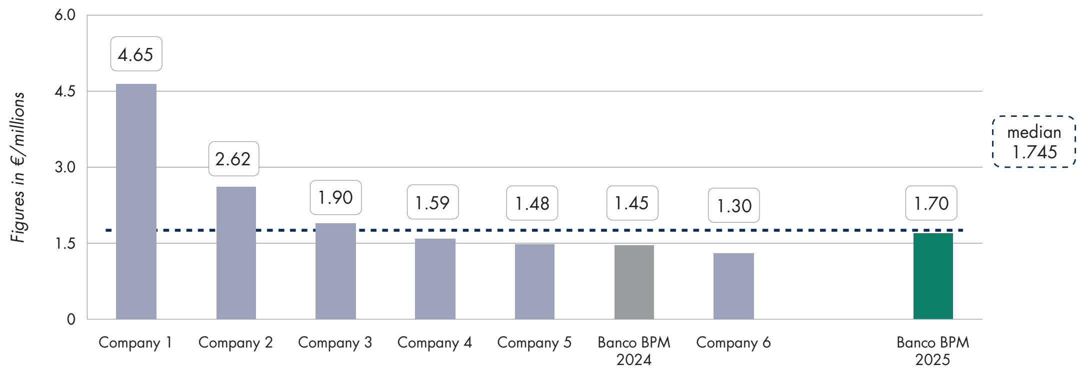
** The fixed remuneration had remained unchanged since the Group was founded in 2017*

Over the last 5 years there has been a significant growth in the value generated, while the fixed remuneration of the Chief Executive Officer has been increased only once since the Group was founded (in eight years), and moreover at an amount below the median market value (approximately -11%).

The Remuneration Committee's investigation also covered the verification of the level of competitiveness of the remuneration components. The verification showed that the misalignment of -11% compared to the market median for fixed remuneration, which still persisted in 2023 after the only increase made since the Group was founded, had further increased to -17%, with a relative positioning in the peer group even lower than that of the Chief Executive Officers of smaller companies.

Considering also the actions on all the Group's staff to enhance their commitment and dedication, for a total of approximately 148 million euros, for contractual increases , the salary review, the company bonus, the welfare bonus and the company productivity bonus, the Board of Directors has decided to set the gross annual fixed remuneration (GAR) at 1.7 million euros from 2025, an amount that is still below the market median value (approximately -3%). The Board of Directors has also decided, in line with the resolutions passed in previous years, to set the maximum variable component of remuneration (i.e. payable only in the event of maximum performance) at two times the fixed component, consistent with what was decided by the Shareholders' Meeting.

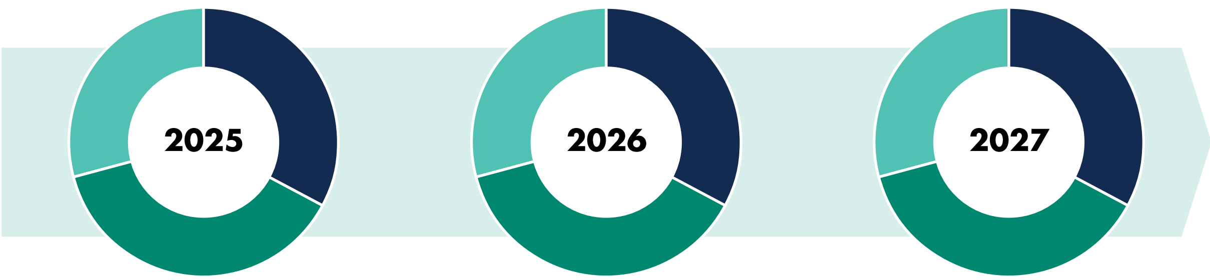
Chief Executive Officer's fixed remuneration - benchmark



Source: Mercer processing of public data

In 2024, the Chief Executive Officer could have received a maximum total remuneration that was less than the market benchmark of -17%. In view of the extraordinary results at an all-time high, which have already exceeded the objectives for 2026, the Board of Directors has defined a remuneration that will fill the gap identified. The fixed remuneration of the Chief Executive Officer remains below the market median (approximately -3%). With the maximum variable remuneration (to be awarded if all short and long-term objectives are fully achieved and which the Chief Executive Officer will receive in six years starting from 2026 and 2028 respectively), the overall remuneration is in line with the market median.

Remuneration components – Incidence compared the cap (2:1)



2025	2026	2027
● fixed remuneration 33%	● fixed remuneration 33%	● fixed remuneration 33%
● STI 38%	● STI 38%	● STI 38%
● (annual pro rata) LTI 29%	● (annual pro rata) LTI 29%	● (annual pro rata) LTI 29%
In compliance with the cap of 2:1	**In compliance with the cap of 2:1**	**In compliance with the cap of 2:1**

Shareholding of the CEO as at 31/12/2024 (number of shares)

1,819,933

The countervalue far exceeds the minimum requirements set in companies that adopt shareholding guidelines (usually between 0.5 and 3 times the fixed gross annual remuneration), based on the official closing price of 13/3/2025.

The maximum number of shares awardable for the LTI plan is determined ex ante based on the maximum opportunity and the arithmetic mean of the official prices of the thirty days preceding the Shareholders' Meeting that approves it. This number is equal to 510,394 for the LTI 2024-2026 plan. For the 2025-2027 LTI plan the number of shares is estimated at 149,208, for the 2025 STI plan it is estimated at 106,349, in both cases based on the official closing price of 13/3/2025 (equal to 9.718 Euros), the date of the BoD resolution to submit the relative compensation plan to the Shareholders' Meeting.

Short term incentive (goal setting STI)

For the Chief Executive Officer of the Parent Company, the same provisions envisaged for the identified staff not belonging to functions with control tasks are applied (consolidated entry gates and financial and non-financial adjustment factors).

Consolidated entry gates

- CET1 ratio
- MDA buffer
- LCR regulatory
- NSFR regulatory
- UOC

Financial factor

- RORAC with prior reduction in case of a consolidated accounting loss

Non-financial factor

- ECAP Reputational Risk
- AML

The objectives assigned for 2025 concern the areas of profitability, credit and asset quality, capital adequacy and ESG (Environmental, Social and Governance). The objectives represent a combination of quantitative and qualitative criteria with respect to the Group's results.
The profitability objectives for 2025 are more ambitious than for 2024 at all levels of the respective result curves, as they are linked to more challenging targets. The risk-based indicators account for 90% of the total. The ESG indicators represent 20% of the total. The result curves of the objectives approved by the Board of Directors are closely related to the Appetite, ensuring full consistency with the RAF framework. The weighted score attributed to each KPI amounts to 80% of the weight assigned in the case of a minimum result and 120% in the case of a maximum result. The amount of the incentive is quantified in proportion to the performance achieved, only if the sum of the weighted scores of the individual KPIs is at least equal to 80% (in that case, the incentive amounts to 80% of the target incentive) and otherwise, the incentive is not awarded. If the maximum performance of 120% is achieved, the incentive amounts to 120% of the target incentive.

performance	**80%**	**100%**	**120%**
Incentive	**76% GAR**	**96% GAR**	**115% GAR**

AREA	OBJECTIVE	WEIGHT	MIN	TARGET	MAX
Profitability	Consolidated RORAC (*)	20%	-10%	*Risk Appetite*	+2.5%
	Consolidated Cost to Income ratio (*)	20%	+5%		-2%
Credit and asset quality	*Credit Policies Indicator (*)*	20%	-2.5%		+2.5%
Capital adequacy	*Maximum Distributable Amount* (MDA) *buffer* (*)	20%	-5%		+3%
ESG (**)	- new medium/long-term low-carbon loans (*) (weight 60%)	10%	-10%	5.97 bn	+5%
	- share of ESG bonds in the owned corporate portfolio (*) (weight 40%)		-2%	37.5%	+1%
Sustainability (**)	Qualitative assessment formulated by the Board of Directors, after consultation with the Remuneration, Internal Control and Risks and Sustainability Committees, on the following drivers: - monitoring and development of areas related to the Net-Zero Banking Alliance - monitoring and development of areas related to the Corporate Sustainability Reporting Directive - monitoring of operational and reputational risks and dissemination of a risk culture - promotion of values and behaviour in line with the corporate culture	10%	in line with expectations	above expectations	excellent

(*) Risk-based objective, RAF indicator.
(**) Objective of ESG nature.

Long term incentive (LTI)

The features of the Long Term Incentive plan are represented on pages 15 and 16.

OTHER PARENT COMPANY'S EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Short term incentive (goal setting STI)

The provisions for the PPR of the reference category (i.e., belonging or not to the functions with control tasks) apply to executives with strategic responsibilities. The variable remuneration is defined within the maximum limit envisaged, having as reference the level of the position, the type of activity carried out also in relation to proximity to the business, the overall individual remuneration with reference to market benchmarks and the need for differentiation for purposes of retention. The objectives assigned represent a combination of quantitative and qualitative criteria.
The weighted score attributed to each KPI amounts to 80% of the weight assigned in case of a minimum result and 120% in case of maximum result. The amount of the incentive is quantified in proportion to the performance achieved, only if the sum of the weighted scores of the individual KPIs is at least equal to 80% (in that case, the incentive amounts to 80% of the target incentive) and otherwise, the incentive is not awarded. If the maximum performance of 120% is achieved, the incentive amounts to 120% of the target incentive.

Functions without control tasks

The objectives assigned to executives with strategic responsibilities not belonging to functions with control tasks, including the Co-General Managers of the Parent Company, regard the areas of profitability, credit and asset quality, capital adequacy and qualitative aspects, with reference to the implementation of ESG initiatives and operational and reputational risk.

Consolidated entry gates

- CET1 ratio
- MDA buffer
- LCR regulatory
- NSFR regulatory
- UOC

Financial factor

- RORAC with prior reduction in case of a consolidated accounting loss

Non-financial factor

- ECAP Reputational Risk
- AML

AREA	INDICATORS	WEIGHT
Cross-departmental objectives	Consolidated RORAC, operational risk indicators	25%
Structural objectives	Indicators related to growth, profitability, productivity or to strategic action directly relating to the scope of responsibility.	55%
ESG	Quantitatively measurable indicators related to the Environmental, Social and Governance area, by way of example, relating to the annual definition of the ESG objectives of the Strategic Plan.	10%
Quality performance	Assessment of specific drivers also referring to the area of sustainability.	10%

The risk-based indicators generally represent at least 45% of the total.

Components of remuneration - Average incidence compared to the cap (2:1)

- fixed remuneration 33%
- STI 28%
- (annual pro rata) LTI 21%

Functions with control tasks

The objectives assigned to the executives with strategic responsibilities of functions with control tasks relate to the verification activities in the areas of competence, risk management and qualitative aspects, with reference to the resolution of findings.

Consolidated entry gates

- CET1 ratio
- MDA buffer
- LCR regulatory
- NSFR regulatory

Non-financial factor

- ECAP Reputational Risk
- AML

AREA	INDICATORS	WEIGHT
Operational excellence or compliance	Indicators related to the effectiveness of control activity and to the resolution of findings, for internal control functions.	30%-35%
Structural objectives	KPIs related to the scope of responsibility or to activities performed with relation to the position, also in reference to the ESG context.	55%-60%
Quality performance	Assessment by the manager, on specific drivers also referring to the area of sustainability.	10%

Risk-based indicators account for at least 25% of the total.

Components of remuneration - Average incidence compared to the cap

- fixed remuneration 75%
- STI 25%

SEVERANCE PAYMENTS

The criteria and limits approved by the Shareholders' Meeting of 20 April 2023 remain unchanged.

Amounts for early termination of employment can be awarded up to a maximum limit of 24 months of fixed remuneration (excluding indemnity for lack of notice, determined by legislative provisions) and for up to a maximum limit of € 3.4 million (employee gross amount). The combination of said maximum limit, the indemnity for lack of notice and any non-competition clauses upon termination of employment gives rise to an amount that falls within the limit of 24 months of remuneration including the short-term variable amount, a criterion commonly used in the Italian market.

Payment will be made upon termination of employment, even in the case of individual agreements entered into in view of the early conclusion of employment **This shall depend on the positive assessment of the capital adequacy and liquidity conditions at consolidated level** relating to the previous year, correlated to the Common Equity Tier 1 (CET1) ratio and the regulatory Liquidity Coverage Ratio (LCR).

The amount is determined by considering each relevant element, and in any event:
- the positive results achieved over time;
- the circumstances that led to the termination, taking into account the interests of the company also to avoid an error of judgement;
- the tasks performed and/or positions held in the course of the employment relationship, also in the sense of risks assumed by the subject;
- the duration of the employment relationship and of the job;
- savings as a result of early termination of employment.

For identified staff, any golden parachute awarded is paid according to the methods adopted for the short-term incentive plan, i.e., over five or six years and partly in shares subject to retention periods.

		LCR REGULATORY		
	CONSOLIDATED INDICATORS	**R > RISK TOLERANCE**	**MIDPOINT (*) ≤ R ≤ RISK TOLERANCE**	**R < MIDPOINT (*)**
CET1 RATIO	**R > RISK TOLERANCE**	Proceed with award.	The Parent Company Board of Directors can decide the potential availability of economic resources.	No award.
CET1 RATIO	**MIDPOINT (*) ≤ R ≤ RISK TOLERANCE**	The Parent Company Board of Directors can decide the potential availability of economic resources.	The Parent Company Board of Directors can decide the potential availability of economic resources.	No award.
CET1 RATIO	**R < MIDPOINT (*)**	No award.	No award.	No award.

(*) Midpoint between the Risk Capacity and Risk Tolerance thresholds.

The Issuers' Regulations require to indicate the elements of the policy that can be temporarily waived in the exceptional circumstances indicated in art. 123-ter of the TUF, in which the derogation is necessary for the pursuit of the long-term interests and sustainability of the Group as a whole or to ensure its ability to remain on the market. In application of this regulation, the possible interventions concern the economic parameters of the short-term incentive and long-term incentive plans. Therefore, the elements of the policy from which a derogation is possible do not include the provisions relating to severance payments.

Section I
2025 Policy-on-remuneration report

Section I
2025 Policy-on-remuneration report

DEFINITIONS

The following definitions are used in this document, subject to that covered by the Supervisory Regulations:

- for Parent Company, Banco BPM parent company of the Banco BPM Group;
- for Group companies, the Parent Company and subsidiary companies (the Banco BPM Banking Group companies and the insurance companies);
- for the Bank of Italy Supervisory Regulations, Circular no. 285/2013 "Supervisory Provisions for Banks", update 37 of 24 November 2021, First Part, Title IV, Chapter 2 "Remuneration and Incentive Policies and Procedures";
- for Staff, where not otherwise specified, the members of Bodies with supervisory, management and control functions, employees and non-employed staff (including financial agents, insurance agents and financial advisers available for outside offers);
- for identified staff – individuals whose professional activity has, or could have, a significant impact on the risk profile of the Group, the bank, the insurance company or the asset management company;
- for other staff, all those not included among the identified staff;
- for internal control functions, the functions and structures of the Parent Company: compliance with regulations (*Compliance*), anti-money laundering, internal audit (*Audit*), risk control (*Chief Risk Officer*), validation (Internal Validation);
- for key functions, the functions and structures of the insurance companies: *Compliance*, Internal *Audit*, *Risk Management*, Actuarial;
- for functions with control tasks, the internal control functions and 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;
- for incentive, the amount of variable remuneration linked to the short-term incentive plan (STI);
- for long-term incentive, the amount of variable remuneration linked to the long-term incentive (LTI) plan;
- for bonus pool, the consolidated financial resources provided for in the annual budget used to pay the incentive;
- for award, the granting of variable remuneration for a specific accrual period, regardless of the actual point in time when the awarded amount is paid;
- for 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 retention periods or to return mechanisms;
- for share assignment, the bank's commitment to an individual to award financial instruments subject to the fulfilment of specific conditions envisaged in the short-term and long-term incentive plans;
- for deferral, any form of postponement, in an established time frame, of the vesting of part of the variable remuneration;
- for UOC, profit from current operating activities before tax 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 2025, 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 an internal process rule;
- for Risk Appetite Framework (RAF), the Group's reference framework that defines risk appetite, tolerance thresholds, limits of risk, risk management policies and the processes needed to define and implement them.

1. REFERENCE LEGISLATIVE FRAMEWORK

In the banking area, on 24 November 2021, the Bank of Italy issued provisions on remuneration policies and practices in banks and banking groups (update 37 of Circular no. 285/2013, hereinafter Bank of Italy Supervisory Regulations), to implement the new contents of Directive 2019/878/EU (CRDV) and the "Guidelines for sound remuneration policies"[1] of the *European Banking Authority* (EBA), which implement the Directive.

On 19 March 2019, the Bank of Italy updated the "Provisions on the transparency of banking and financial transactions and services. Fairness of relationships between intermediaries and customers" (Transparency Provisions) with which, inter alia, the "Guidelines on remuneration policies and practices for staff responsible for offering banking products and for third parties employed in the banking network sale" were implemented, issued by the EBA in September 2016[2].

With regard to investment services, the Intermediaries Regulation applies, adopted by CONSOB with resolution no. 20307/2018 (art. 93) and most recently updated with Resolution of 28 July 2022, as well as Delegated Regulation 2017/565/EU which supplements Directive 2014/65/EU (MiFID II). The "Guidelines on certain aspects of MiFID II remuneration requirements" issued by the European Securities and Markets Authority (ESMA) are also relevant.

With reference to the insurance sector, on 3 July 2018 the Italian Insurance Authority (IVASS) issued IVASS Regulation no. 38 on the corporate governance of companies and insurance groups, which implements Directive 2009/138/EU (Solvency II), implements the Guidelines of the European Insurance and Occupational Pensions Authority (EIOPA) on the corporate governance system and contains the provisions relating to the remuneration policy.

For the savings management sector, the deed amending the Implementing Regulation of articles 4-undecies and 6, paragraph 1, letters b) and c-bis) of the Consolidated Finance Law.

With regard to listed companies, articles 123-*ter* of Legislative Decree 58/1998 and 84-*quater* of the Issuers' Regulation (CONSOB Resolution no. 11971/1999) apply, which have implemented the provisions contained in the Shareholder Rights Directive 2 (2017/828/EU). In addition, in terms of self-regulation, the Corporate Governance Code of January 2020 applies.

[1] Issued on 2 July 2021.
[2] In December 2016 in the Italian version.

The 2025 Policy complies with the above-mentioned regulatory framework of reference and transposes Delegated Regulation (EU) no. 923/2021 of 25 March 2021, published on 9 June 2021, concerning the technical regulatory standards for the identified staff, and Regulation (EU) 2021/637, concerning the technical standards for drawing up the information on the main elements of the remuneration policy and its related implementation methods.

Please refer to the sections implementing the transparency provisions: par. 2 Purpose and Principles of the 2025 Policy, par. 5.3 Remuneration of External Non-Employed Staff, par. 6.5 Short-term Incentive Plan, par. 6.7 Malus and Claw-Back Mechanisms.

2. PURPOSE AND PRINCIPLES OF THE 2025 POLICY

The remuneration policy represents an important management lever to attract, motivate and retain staff. This steers behaviour towards reducing the risks taken on (including legal and reputational), protecting customers and increasing loyalty while also being careful to manage 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 key stakeholders.
The 2025 Policy defines the guidelines of the remuneration systems to pursue long-term strategies, objectives and results, in line with governance and risk management policies. The correlation between the variable remuneration of management and staff and ESG (Environmental, Social, Governance) factors is one of the elements of the 2025 Policy. Variable remuneration is therefore related to strategic actions concerning environmental issues, health and safety and human resource management.

The 2025 Policy was also drawn up in accordance with the results of the analysis of the remuneration policies of the main competitors to identify the best market practices and establish mechanisms which, in compliance with the legislative framework, enable the Group to attract and retain individuals whose professionalism and expertise meet the Company’s needs, with a view to achieving a competitive advantage and good governance. The peer group consists of Intesa Sanpaolo, UniCredit and BPER Banca.

Pursuing internal fairness as regards remuneration has a profound impact on staff motivation and therefore, on performance; evaluating it with respect to the external labour market enables the best talents to be retained as well as attracting external ones.

For this purpose, the Group has implemented a system for assessing positions with the support of a leading consultancy company using the international IPE (International Position Evaluation) methodology.

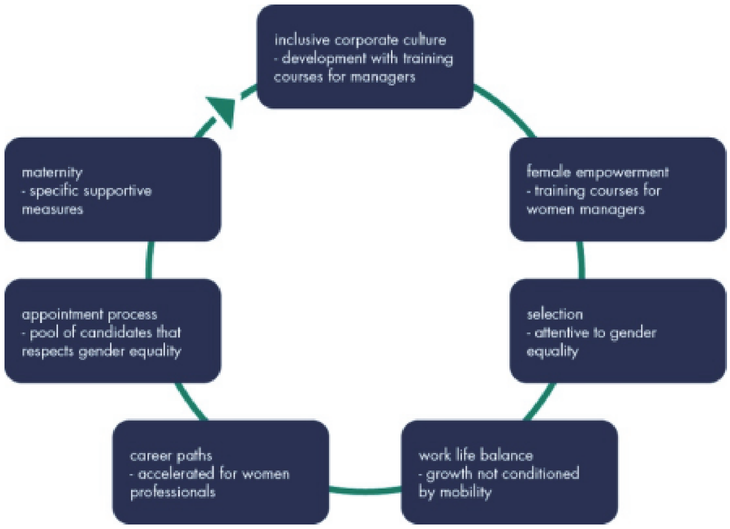
With reference to the population of executives with strategic responsibilities, with the support of an advisory company, an advanced *benchmarking* technique was developed, which integrates a "*broadbanding*" approach, to also factor in the element of *Talent Management* and, in a more targeted manner, the excellence and future potential of *top managers*.
The remuneration comparison is made by considering roles with a fully comparable scope of activities in each *peer* and, to assess the correct market reference, in addition to the positioning of the role of Banco BPM with respect to the quartiles, the *Position Class* (according to the IPE model) of the peers is also assessed as well as the personal history of each *manager* (e.g. *seniority* in the role, professional path, salary growth in the last three years).

Compensation peer group
Intesa Sanpaolo, Unicredit, Banca Popolare dell'Emilia-Romagna, Mediobanca, Poste Italiane and Mediolanum

For other managerial positions, the *peer group* refers to the Italian banking sector; the comparison is carried out by *Position Class* in the reference professional family.

Banco BPM's staff remuneration policy is gender neutral.

In particular, the Group guarantees that the remuneration and incentive systems are independent of gender (as well as any other form of diversity); the principles that the bank adopts in its processes are actually based on the responsibilities fulfilled, the professional skills, the seniority accrued, the merit and the specific requirements of attraction and retention, regardless of gender.
The principle of gender neutrality of staff is part of the Group's people strategy: the objective of promoting inclusion and the enhancement of the talent and diversity of each individual is one of the enabling factors of the Strategic Plan, based on a people-oriented approach to develop their skills and expertise.



Since 2021, the Group has taken steps, earlier than the regulatory requirements, to increase female representation in managerial positions. In this context, it has adopted measures concerning the selection, training and development processes. The initiatives implemented led to a significant increase in female staff in managerial roles, which stands at around +46.9%. The share of female staff in managerial positions is therefore 30.7% at present. In particular, the representation of women in managerial roles has increased at almost all managerial levels, both in the headquarters and in the commercial network, reflecting the bank's huge commitment to creating a correctly balanced pipeline between both genders. In the processes of the identification and validation of candidates for managerial roles, the presence of an adequate number of female profiles is always guaranteed. The Group also expects to further increase the proportion of women in managerial positions by 2027, with a target of 36% in absolute terms.
The *gender pay gap* is measured and monitored on the basis of the regulatory framework. The overall difference between the average remuneration of men and women expressed as a percentage of the average remuneration of men (Raw Gap), albeit being a material indicator, does not take into account the type of work carried out and is therefore affected by the different gender distribution in the organisation (different distribution of women and men among the highest paid roles). Therefore, as required by said regulatory framework which establishes that banks can identify additional methods for recognising and monitoring the gender pay gap, Banco BPM, in line with the best practices observed in banking, has adopted an analysis methodology (Equal Pay for Equal Work) which splits the population into clusters (Job Class): for *managers*, the responsibilities and complexity of the activities managed are considered (according to the international IPE methodology), and for the remaining staff the type of activity carried out. This system makes it possible to verify that staff receive equal remuneration based on the same value of the managerial position or activity carried out, and to identify any gender pay misalignments, in order to identify the actions to be taken.
The Raw Gap of Banco BPM is getting smaller, supported by an improvement in the representativeness of women in managerial roles and the associated remuneration actions and, in the context of generational change, by the exit of men in greater numbers than women. The Equal Pay for Equal Work (calculated as the average of the gender pay gap of each job class weighted by the relative number of people) is decidedly lower than the Raw Gap as it is not affected by the different gender distribution within the organisation. Furthermore, considering the implications of EU Directive 2023/970 on remuneration transparency, Banco BPM has already taken steps to refine its process of constructing and measuring *Equal Pay for Equal Work*, which will be recognised on the basis of a new

architecture of the professions that can enhance a skill-based approach and consider professional complexities and levels of expertise as fundamental elements, also with the aim of guaranteeing fairness and transparency in career progression paths. Lastly, starting from 2025, the Group will adopt additional analysis tools to neutralise pay differences stemming from additional objective factors, to which gender gaps can be attributed. By June 2027, the Group will publish the report on the gender pay gap relating to the 2026 data pursuant to EU Directive 2023/970, which requires an explanation of whether the pay gaps are due to objective and gender-neutral factors characteristic of the company (e.g., level of education, seniority in the role).
As part of the periodic review of the remuneration policy, the Board of Directors, with the support of the Remuneration Committee, evaluates the gender-neutrality of the remuneration policy, and verifies the gender pay gap and its evolution over time.
For further details, please refer to the Group's sustainability reporting.

3. PROCESS OF ADOPTION AND MONITORING OF THE BANCO BPM GROUP REMUNERATION POLICY

3.1. Adoption process

The remuneration policy approval is reserved to the Shareholders' Meeting for companies that adopt the traditional system of management and supervision, such as Banco BPM.
The decision-making process followed to define the policy, bodies and individuals involved in the drafting, preparation and approval thereof are set out below along with the bodies and parties responsible for its correct implementation.

3.1.1 Shareholder's Meeting

For companies governed with the traditional management and supervision model, the law gives the Shareholders' Meeting the power to establish the remuneration of the members of the Board of Directors[3], and the remuneration of the statutory auditors[4]. The Shareholders' Meeting is also responsible for approving the remuneration policy for members of the Board of Directors, statutory auditors and other staff.
In particular, in accordance with the Bank of Italy Supervisory Regulations, the Shareholders' Meeting decides[5] on the approval: (i) of the remuneration policy, including any proposal by the Board of Directors to establish a limit to the ratio between the variable and fixed components of the individual remuneration of identified staff higher than 1:1, but not exceeding the limit established by the regulations in force from time to time; (ii) share-based compensation plan; (iii) criteria for determining payment to be agreed in the case of early termination of employment or office, including fixed limits such as payment in terms of years of fixed remuneration and the maximum amount that results from the implementation thereof, pursuant to the applicable statutory provisions.
Pursuant to the Bank of Italy Supervisory Regulations, the Shareholders' Meeting receives a report, at least annually, on remuneration systems and procedures as well as the way in which remuneration policies are implemented.
The Shareholders' Meeting gives an opinion, in favour or against, on the first section (with a binding decision) and on the second section (with a non-binding decision) of the Report[6].

[3] Articles 2364 and 2389 of the Italian Civil Code.
[4] Article 2402 of the Italian Civil Code.
[5] Pursuant to article 11.3. letter (g) of the Bylaws.
[6] Pursuant to article 123-ter of the Consolidated Finance Law.

3.1.2 Parent Company Board of Directors

Pursuant to the Bylaws[7], the Board of Directors is responsible for supervising business strategy and management.

Pursuant to the Bylaws[8], and subject to the Shareholders' Meeting's responsibilities[9], the Board of Directors establishes – at the suggestion of the Remuneration Committee and taking account of the Board of Statutory Auditors' opinion – the remuneration of members of the Board of Directors appointed to particular offices or responsibilities or delegated responsibilities, or those that are assigned to committees in accordance with the Bylaws.

Subject to the Remuneration Committee's advisory and proposal powers as outlined in paragraph 3.1.4 below, the Board of Directors: (i) shall draw up the remuneration policy, submit it to the Shareholders' Meeting and re-examine it at least annually, and is responsible for its correct implementation, (ii) shall ensure that the remuneration policy is documented and accessible to staff and that they are aware of the consequences of any breaches of regulations or of codes of ethics or of conduct; (iii) shall ensure that the remuneration and incentive systems guarantee compliance with legislation, statutory regulations and any codes of ethics or of conduct, promoting the adoption of behaviour in compliance with the aforementioned; (iv) shall define the remuneration and incentive systems, at least for the executive directors, members of general management (and similar figures), those responsible for main business lines, corporate functions or geographical areas, those who report directly to the Corporate Bodies, the management and staff of higher-level of the internal control functions (and, specifically, ensure that these systems are consistent with the Bank's decisions in terms of risk exposure, strategy, long-term objectives, framework of corporate governance and internal control).

3.1.3 Parent Company Chief Executive Officer

Pursuant to the Bylaws, the Board of Directors appoints a Chief Executive Officer[10] from among its members and confers specific responsibilities and powers upon the appointed person.

The Chief Executive Officer, among other things, supervises and manages staff, applying the Parent Company's and the Group's human resource policies[11]. In this regard, and with reference to this report, on the basis of powers awarded to the Chief Executive Officer, he/she shall have the power – which may be delegated to others – to: (i) make proposals with regard to staff development and management policies as well as to the incentive systems of the Parent Company and subsidiary companies to submit to the approval of the Parent Company's Board of Directors; (ii) hire, promote and define the economic position of the staff of the Parent Company and the subsidiary companies (apart from appointments under the control of the Board of Directors of the Parent Company or the subsidiary companies) in accordance with the remuneration and incentive systems in force at the time.

3.1.4 Remuneration Committee

Pursuant to the Bylaws[12], the Board of Directors shall establish a Remuneration Committee internally, approving the Regulation, which shall determine its responsibilities and operations in accordance with the supervisory regulations.

The Remuneration Committee comprises three non-executive Directors, the majority of whom (one shall be chair) meet the independence requirements provided by article 20.1.6. of the Bylaws. At least one member of the Committee must have suitable knowledge and experience in the financial field or of remuneration policies, to be assessed by the Board of Directors.

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[7] Article 24.1.
[8] Article 22.1.
[9] Article 11.3. of the Bylaws.
[10] Article 28.1.
[11] Pursuant to article 28.2 of the Bylaws.
[12] Article 24.4.1.

The Remuneration Committee is responsible for the functions and tasks assigned by the Corporate Governance Code (which the Bank resolved to observe with board resolution of 14 December 2020) and by the applicable supervisory regulations (in particular Section II, par. 2 of Bank of Italy Supervisory Regulations).
In accordance with the provisions of the Bank of Italy Supervisory Regulations currently in force, the Bylaws and the specific Regulation, specifically, the Remuneration Committee, performs the following duties for the Parent Company, subsidiary banks and the Group's main non-banking companies:

- provides advice and makes proposals regarding the remuneration of directors, statutory auditors, general managers, co-general managers, deputy general managers, the financial reporting manager for the corporate accounting documents, heads of internal control functions and other staff, whose remuneration and incentive systems are decided by the Board of Directors;
- provides advice and makes proposals regarding the determination of the criteria for the remuneration of other identified staff;
- expresses opinions, also based on information received from specialist corporate functions and, specifically, the Human Resources function, on the achievement of performance objectives of the incentive plans and on the fulfilment of the other conditions for payment of remuneration.

For the performance of the assigned tasks, where appropriate, the Committee collaborates and coordinates with the other internal committees of the Board of Directors of the Parent Company and with the similar internal committees of the Boards of Directors of the other Group companies, also through joint meetings, without prejudice to the responsibilities of each committee.

The Committee carries out its functions also with the support of experts, including external, in the areas of risk, capital and liquidity management, to ensure that the incentives underlying the remuneration and incentive system are consistent with the Group's management of these aspects, as set forth in the provisions of the Supervisory Authorities. To this end, the Committee routinely makes use of the corporate risk control structures and, in particular, the Chief Risk Officer and the Compliance Manager. The Committee also has access to all business areas and functions of the Group and has the right to obtain any information, data or copy of documentation necessary for the performance of its duties. The Committee has a budget for specialist external consultants with recognised experience, to perform its duties and exercise its powers in an independent manner.
Further information relating to the Remuneration Committee, including information referring to its operation, is available in the "Report on Corporate Governance and Ownership Structures", published on the website gruppo.bancobpm.it.
Between the end of 2024 and the first few months of 2025, the Committee met 8 times (up to the date of approval of this Report) and carried out evaluation, advisory and/or proposal-making activities – depending on the case – in particular for: (i) the assessment of the impact of non-recurring components on profit from current operating activities before tax and on the Key Performance Indicators, as well as the verification of the conditions of access to the variable components of the remuneration vesting in 2025, on the basis of the results of 2024, implementing the provisions of the reference remuneration policies; (ii) the assessment of the 2024 performance objectives achieved by the Chief Executive Officer of the Parent Company; (iii) the identified staff identification policy for 2025 and the results of its implementation; (iv) the definition of the remuneration policy proposal for the year 2025; (v) the assessment of the reconfirmation of the criteria for determining the amount possibly to be granted in the event of early termination of the employment relationship of staff, including the limits set in terms of annual fixed remuneration and the maximum amount resulting from their application, already

approved by the Shareholders' Meeting; (vi) the 2025-2027 long-term incentive plan; (vii) the criteria for defining the objective-cards of the 2025 short-term incentive plan; (viii) the objectives to assign to the Chief Executive Officer of the Parent Company for the 2025 short-term incentive plan and his/her remuneration; (ix) the analysis of the gender neutrality of the remuneration policy and the verification of the gender pay gap cwith the support of a leading consultancy firm; (x) the project regarding the implications of Directive EU 2023/970 on remuneration transparency.

3.1.5 Internal Control and Risk Committee

Pursuant to the Bylaws[13], the Board of Directors established an internal Control and Risk Committee, approving the Regulation which determine its responsibilities and functioning, in compliance with supervisory provisions.

The Internal Control and Risk Committee comprises five non-executive Directors, all of whom meet the independence requirements provided for in the Bylaws[14]. The members of the Committee must have the knowledge, expertise and experience to be able to fully understand and monitor the Group's risk strategies and guidelines; at least one member must have suitable experience in accounting and financial matters, or in risk management, to be assessed by the Board of Directors at the time of appointment.

The Internal Control and Risk Committee is responsible for the functions envisaged by the Bank of Italy Supervisory Regulations in force from time to time, the Bylaws and the Corporate Governance Code. In particular, it provides support to the Board of Directors of the Parent Company with regard to risks and the internal control system, with responsibility for the group.

With reference to the scope of intervention of the Committee regarding remuneration systems, notwithstanding the authority of the Remuneration Committee, it verifies that the incentives included in the remuneration and incentive system are consistent with the RAF (Risk Appetite Framework) and formulates its own opinion on remuneration for the managers of the internal control functions, consistent with corporate policies.

Further information relating to the Internal Control and Risk Committee is available in the "Report on Corporate Governance and Ownership Structures," published on the website gruppo.bancobpm.it.

In 2025, the Committee examined (i) the consistency of the conditions proposed in the 2025 remuneration policy for access to the variable components of short and long-term remuneration with respect to the RAF approved by the Board of Directors of the Parent Company; (ii) the objectives to be assigned to the Chief Executive Officer of the Parent Company for the 2025 short-term incentive plan; (iii) the 2025-2027 long-term incentive plan.

3.1.6 Sustainability Committee

Pursuant to the Bylaws[15], the Board of Directors established an internal Sustainability Committee, approving the Regulation which determine its responsibilities and functioning, in compliance with supervisory provisions.

The Sustainability Committee comprises three non-executive Directors, the majority of whom meet the independence requirements provided for in the Bylaws[16]. The members of the Committee must have sufficient knowledge, skills and experience to be able to fully understand and monitor the pursuit of the Group's strategies and guidelines in the field of sustainability and in terms of ESG aspects; at least one member must have adequate experience in the field of sustainability, to be ascertained by the Board of Directors at the time of appointment.

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[13] Article 24.4.1.
[14] Article 20.1.6.
[15] Article 24.4.1.
[16] Article 20.1.6.

The Sustainability Committee is responsible for the functions envisaged by the sustainability regulations in force from time to time. In particular, it provides support to the Board of Directors and the other Internal Board Committees of the Parent Company with regard to sustainability, with responsibility for the group.
With reference to the scope of intervention of the Committee in relation to remuneration systems, without prejudice to the remit of the Remuneration Committee, it promotes the adoption of remuneration policies that envisage the integration of the ESG objectives in the incentive plans to enhance the contribution of management to their achievement. It coordinates and discusses these aspects, through its Chairperson, with the Remuneration Committee.
Further information on the Sustainability Committee is available in the "Report on Corporate Governance and Ownership Structures", published on the website gruppo.bancobpm.it.
In 2025, through its Chairperson, as part of the scheduled planning, the Committee examined (i) the 2025-2027 *long-term incentive* plan; (ii) the focus on the KPIs of the short-term incentive plan that fall under the ESG domain; (iii) the verification of the gender pay gap with the support of a leading advisory firm.

3.1.7 Parent Company's corporate functions involved in the process of defining the remuneration policy

In the process of defining the remuneration policy, the Human Resources Department of the Parent Company guarantees technical assistance to the corporate Bodies and prepares the support material for the development of the policy, with the support, each according to their specific purview, of the Chief Risk Officer and the Compliance, Planning and Control, Administration and Budget, Corporate Affairs Secretariat and Shareholdings Functions.
The Chief Risk Officer, with the assistance of the Planning and Value Management function, identifies comparative indicators and values for the strategic and performance objectives, relating to the variable components of remuneration, in order to ensure the consistency of the remuneration and incentive system with respect to the Group's Risk Appetite Framework, the long-term corporate strategies and objectives, linked to the risk-adjusted company results, consistent with the levels of capital and liquidity needed to meet the activities undertaken.

3.2 Monitoring Process

The Parent Company's Compliance function verifies ex ante the consistency of incentive policies and plans with that provided for in the existing legal and supervisory requirements, the Parent Company's Bylaws, internal Group regulations, the Code of Ethics or other standards of conduct applicable to entities of the Group.
The Chief Risk Officer expresses an opinion on the correct activation of risk indicators of a financial and non-financial nature, used for adjustment mechanisms (ex ante and ex post), in the incentive systems, ensuring the reconciliation and consistency with the Group's risk governance.

The Parent Company's Audit function verifies compliance of the procedures implemented by Banco BPM and the Group companies with the approved remuneration policy and the regulations in force at the time. It informs the Board of Directors, the Board of Statutory Auditors of the Parent Company and each subsidiary of the Banking Group and the Shareholders' Meeting of the Parent Company of the results of the checks.

The Parent Company's Board of Statutory Auditors shall assess the relevance of any shortcomings revealed by the above-illustrated monitoring process in order to promptly report the same to the Supervisory Authorities.

3.3 Subsidiary companies

Pursuant to the Bank of Italy Supervisory Regulations, subject to the provisions of paragraph 8.1 (First Part, Title IV, Chapter 2, Section I)[17], the Parent Company establishes the remuneration policy for the banking Group, it ensures its overall consistency, provides the guidelines necessary for its implementation and monitors its correct application; therefore, given that the Parent Company establishes and approves policies as illustrated in the previous paragraphs, within their respective scopes of responsibility, the Board of Directors of each subsidiary incorporates, and the Shareholders' Meeting of each subsidiary bank approves, the Remuneration policy report and compensation awarded. The Board of Directors of the asset management company defines its remuneration policy in line with the criteria and principles established by the Parent Company and in compliance with European and national provisions governing the sector, and presents it to its Shareholders' Meeting for approval.

The Board of Directors of the insurance companies defines the remuneration policy in line with the criteria and principles established by the Parent Company and in compliance with European and national provisions governing the sector. The respective Shareholders' Meetings approve the remuneration policy to the extent of their competence.
The key functions of the insurance companies carry out the control activities referred to in paragraph 3.2 above and report to the Board of Directors and the Shareholders' Meeting to the extent of their competence.

4. IDENTIFICATION OF THE IDENTIFIED STAFF OF THE GROUP

The process for the identification of identified staff is defined based on the Bank of Italy Supervisory Regulations and the Regulatory Technical Standards (RTS) issued by the European Banking Authority and provided for in Delegated Regulation (EU) no. 923/2021 (Regulation) of 14/6/2021, as well as on the application of additional criteria intended to identify any further persons who bear relevant risks for the Group. For the insurance Group, the process is also outlined in compliance with the provisions of IVASS Regulation no. 38 (IVASS Regulation) of 3/7/2018 and, for the asset management company, the provisions of Annex 2, paragraph 3 of the Act amending the implementing regulation of articles 4-undecies and 6, paragraph 1, letters b) and c-bis) of the Consolidated Finance Law (Bank of Italy Measure).

The Parent company's Human Resources function coordinates and formalises the process for the identification of identified staff for the Group on an annual basis, justifying outcomes and ensuring overall coherence, involving, to the extent required, among others in the Parent Company, Enterprise Risk Management, Planning and Value Management and Organisation.
The control process is implemented by the Compliance and Audit functions, according to the scopes as described in paragraph 3.2.
Subject to the opinion of the Remuneration Committee, the Board of Directors of the Parent Company defines the policy relating to the identification process as an integral part of the year's remuneration policy.

[17] The Parent Company makes use of the right of waiver provided therein.

The identification process, governed by internal regulations and implemented for all Group companies, provides for an assessment on an individual basis for Italian banks, insurance companies and the asset management company, and on a consolidated basis for all other subsidiary companies. This process in the banking Group is carried out by the Parent Company by virtue of the outsourcing contracts in place, with the active collaboration of the structures of Banca Aletti and Banca Akros, and in the insurance Group it is carried out by Banco BPM Vita with the coordination of the Parent Company, in application of the specific provisions of the IVASS Regulation.

The key principle underlying the process consists in the assessment of the relevance of each subject in terms of substantial risk-taking, on the basis of the individual position (responsibilities, hierarchical and resolution levels are evaluated, among others, in terms of qualitative criteria, considering the internal organisation of the Group) or of the overall remuneration (quantitative criteria).
The qualitative criteria apply both at the consolidated level and at the legal entity level for the companies that are required to carry out the assessments on an individual basis according to the regulations applicable to them.

The application of the qualitative criteria envisaged in the Supervisory Regulations and in the Regulation to identify the identified staff at Group or legal entity level, taking into account in the latter case the organisational and operational structure of the individual bank, determined the identification of the following positions:
- the members of the management body of the Group's Italian banks;
- the members of Top Management: the General Manager, where appointed, the CFO Co-General Manager in the area of strategic planning and finance, the CBO Co-General Manager in the sales area, the Chief Lending Officer, the Chief Innovation Officer and the Corporate & Investment Banking Manager of the Parent Company, the General Manager, the Co-General Manager and the Deputy General Manager (where appointed) of Banca Aletti and Banca Akros;
- the Chief Risk Officer and the managers of the Compliance and Audit functions of the Parent Company, the staff directly reporting to them[18] (including the director of Internal Validation) and the Director of Anti-Money Laundering;
- the managers responsible for preparing the accounting and corporate documents of the Italian banks of the Group;
- the Chief Executive Officer and the General Manager (where appointed) of the relevant legal entities[19];
- the managers of the relevant operating units[20] and the main business lines;
- the directors of the first managerial line of the Parent Company functions, which include legal affairs, finances, taxation, budgeting, economic analyses, human resources, information technologies and information security;
- members with voting rights, as well as any participant with voting rights, of Parent Company Steering Committees for Finance, New Products and Markets, Risks, Crisis, Investments and ESG;
- the roles with the power to adopt, approve or veto credit risk exposures that correspond to at least 0.5% of the primary Core Tier 1 capital (CET1) of the Group or of the individual Italian banks or the minimum threshold provided for by the Regulation equal to Euro 5 million. The members with voting rights, as well as any participants

[18] The Managers of staff structures are not included in the parameter.

[19] We refer, in particular, to those to which at least 2% of the Group's internal capital has been distributed or deemed as such on the basis of qualitative elements.

[20] For these purposes: (i) those to which at least 2% of the Group's internal capital has been distributed with reference to the assessment at consolidated level, or (ii) those to which at least 2% of the internal capital of the relevant legal entity (for quantitative elements) with reference to the individual assessment has been distributed, or (iii) deemed as such on the basis of qualitative elements.

with voting rights, of the Credit Committee and the NPE Committee of the Parent Company or of any Committees set up in subsidiary companies with a similar decision-making function have also been identified;
- the roles assigned with proxies which can determine market risk exposure pertaining to the trading portfolio amounting to at least 5% of Value at Risk (VaR) envisaged from time to time;
- managers of groups of persons whose total power is equivalent to or higher than levels defined with reference to credit or market risk;
- financial advisors to whom, also due to the coordination of other advisors, managed assets of at least Euro 50 million and equal to or greater than 15% of the Total Financial Asset of Banca Aletti's network of financial advisors are attributable.

The application of the qualitative criteria to the insurance Group in compliance with the IVASS Regulation has determined as identified staff, in addition to the Chief Executive Officer and the General Manager of Banco BPM Vita and Vera Vita and the heads of the key functions (Internal Audit, Risk Management, Compliance and Actuarial), the heads of the functions reporting directly to the Chief Executive Officer[21] or the General Manager[21] and the head of the Anti-Money Laundering function.

The application of the qualitative criteria to the asset management company[22] in compliance with the Bank of Italy Measure determined the Chief Executive Officer and the members of the Board of Directors as identified staff.

In application of the quantitative criteria, those who carry out a professional activity with a significant impact on the risk profile of the legal entity or the relevant business unit in which they operate were identified, and who meet one of the following conditions:
- the total remuneration is equal to Euro 500,000 or more and the average remuneration paid to members of the management body and senior management;
- fall within 0.3% of the Parent Company's staff, who were awarded the highest overall remuneration in the previous financial year.

In order to calculate the overall remuneration, we considered the remuneration awarded during the previous year[23].
In line with the regulatory provisions in force, if there are subjects whose total remuneration meets the quantitative criteria and for which it is necessary to request the prior authorisation of the Supervisory Authority regarding the non-inclusion of key staff in the perimeter, the Parent Company initiates the related administrative procedure.

Despite the distinction between staff belonging and not belonging to the internal control functions considered by the Bank of Italy Supervisory Regulations, the identified staff are classified as:
- Identified staff of the Group, which include the
    - top identified staff: Chief Executive Officer, General Manager (where appointed), CFO Co-General Manager, CBO Co-General Manager, senior operational and executive managers[24], Chief Risk Officer and heads of the first managerial line of the Parent Company, Chief Executive Officer, General Manager, Co-General Manager and Deputy General Manager (if any) of Banca Aletti and Banca Akros, Chief Executive Officer of Banco BPM Vita and of Vera Vita.

[21] The managers of staff structures are not included.
[22] Banco BPM Invest.
[23] Establishing the identified staff for 2025 relates to the 2024 fixed remuneration, the variable remuneration related to the entire 2023 incentive awarded in 2024, the variable remuneration related to the entire 2021-2023 LTI incentive awarded in 2024 and the other variable components of the remuneration paid in 2024.
[24] *Chief Innovation Officer, Head of Corporate & Investment Banking and Chief Lending Officer.*

Top identified staff include the

- senior identified staff: Chief Executive Officer of the Parent Company, Chief Executive Officer of Banca Akros (where appointed) and Chief Executive Officer of Banca Aletti and members of the senior management[25] of the Parent Company, Banca Akros and Banca Aletti, managers for the main business lines of the Parent Company[26];
- identified staff of legal entities: identified staff not included in the previous category, with a substantial impact on the risk profile of a bank, an insurance company or the asset management company.

In 2025, the process put in place led to the identification of 204 people, amounting to approximately 1% of Group staff at 1 January 2025.
The process implemented in 2024 involved the identification of 222 people[27]. Therefore, in the comparison with the results of 2024, for 2025, 4 people are identified who were not in 2024, all for the first time, and 22 people are no longer identified by virtue of termination of the employment relationship or office or due to a change in role or responsibility or changed organisational structure.
The Group's identified staff[28] include 127 people, the identified staff of the legal entities includes 77 people. Six people were identified in Banca Akros and 9 in Banca Aletti.

5. COMPONENTS OF REMUNERATION

5.1 Remuneration of the Group's Corporate Bodies

5.1.1 Remuneration of the Parent Company's Board of Directors members

The Shareholders' Meeting approves the remuneration policy for the members of the Board of Directors and determines their remuneration. Therefore, the members of the Board of Directors receive not only reimbursement of the costs incurred in accordance with their office, but an annual remuneration that the Shareholders' Meeting establishes at the time of their appointment, for a fixed amount for their term in office. The Board of Directors establishes the distribution of remuneration approved by the Shareholders' Meeting, where not specified thereby. The Shareholders' Meeting of 20 April 2023, as part of the renewal of the Board of Directors, including the Chairperson and the Deputy Chairperson, resolved on the fixed remuneration to award to the Members of the Board of Directors for financial years 2023-2024-2025 (until approval of the financial statements as at 31 December 2025), to be allocated on a *pro rata temporis* basis in relation to the actual term in office.
The Board of Directors shall determine the fees[29] to award to the directors with specific duties[30] on the basis of proposals by the Remuneration Committee and having obtained the opinion of the Board of Statutory Auditors. In this regard, on the proposal of the Remuneration Committee and having considered the opinion of the Board of Statutory Auditors, the Board of Directors, at the meeting on 26 April 2023, established the additional fixed components, proportional to the commitment required of the office and

[25] General Manager (if appointed), the CFO Co-General Manager, the CBO Co-General Manager, the Chief Lending Officer, the Chief Innovation Officer and the Head of Corporate & Investment Banking of the Parent Company, the General Manager, the Co-General Manager and the Deputy General Manager (if appointed) of Banca Aletti and Banca Akros;
[26] Sales Manager, Bancassurance Manager and Finance Manager.
[27] For further information on the identified staff for 2024, please refer to Section II, Part 2 (Qualitative disclosure), paragraph "A description of the staff or categories of staff whose professional activities have a material impact on the risk profile of the institution".
[28] Those holding a position in more than one Group company are listed only once.
[29] Pursuant to article 2389, paragraph 3, of the Italian Civil Code
[30] Pursuant to article 22.1. of the Bylaws.

the relative responsibilities, for the period that will end on the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2025.

At the meeting of 13 March 2025, the Board of Directors determined the fixed remuneration of the Chief Executive Officer, at the proposal of the Remuneration Committee and having obtained the opinion of the Board of Statutory Auditors[31].
The preliminary file prepared by the Remuneration Committee considered the progress made in the economic results of Banco BPM over the past three years, and recorded significant improvement in terms of profitability generated, cost/income ratio, de-risking, total return and position in terms of sustainability. In particular, in the three-year period 2022[32]-2024, the compound annual growth rate was +39.4% for gross profit from current operations and +67.4% for net profit; in addition, the change in the three-year period for the ROTE is equal to +11.2 percentage points, for the *Cost/income ratio* is -7.6 percentage points and for the *stock* of gross NPEs it is -40.1%. The *Total return* in the three-year period 2022-2024 is equal to +285.8% and the appreciation of the share is equal to 195.91%. With regard to sustainability, cumulative *green* and *social bond* issues in the three-year period amounted to 5.55 billion, the share of ESG *bonds* out of the *corporate banking book* went from 24.2% to 35%, and new *low-carbon* medium/long-term loans increased from € 4.807 billion to € 5.712 billion, and women accounted for an increased percentage of managerial positions, up from 26.1% to 30.7%. The acquisition of Anima will also increase the spectrum of activities integrated into the Banco BPM Group and will mark a further strategic step towards a highly diversified, more complete and resilient *business* model, as it is less dependent on the interest rate cycle and more geared towards generating value through commissions and services.
The Remuneration Committee preliminary file also considered the level of competitiveness of the remuneration components. The audit revealed that the misalignment of -11% compared to the market median for fixed remuneration, that still remained in 2023, after the only increase that took place since the Group was established, it has further increased to -17%, with a relative positioning, in the *peer group*, also lower than that of the Chief Executive Officers of small companies.
Also considering the initiatives on all the Group's staff to enhance their commitment and dedication, for a total of approximately Euro 148 million, for contractual increases, the salary review, the company bonus, the *welfare* bonus and the company productivity bonus, the Board of Directors has decided to set, from 2025, the fixed gross annual remuneration (GAR) at Euro 1.7 million, an amount that remains below the median market value (approximately -3%). At the same meeting, the Board of Directors also determined, continuing along the lines of the decisions taken in previous years, to define the maximum variable component of remuneration (i.e. only recognised in conjunction with the maximum *performance*) equal to two times of the fixed remuneration, a limit established by the Shareholders' Meeting. Specifically, on the proposal of the Remuneration Committee and with the opinion of the Board of Statutory Auditors, the Board of Directors decided to associate a maximum incentive of Euro 1.95 million to the *short-term incentive* plan 2025, to be paid in 2026 upon verification of the maximum *overperformance* with respect to the *target* of all the objectives assigned, and a maximum incentive of Euro 1.45 million in the 2025-2027 *long-term incentive* plan, to be paid in 2028 in conjunction with the maximum *performance*. Both incentives will be paid over a period of six years, after verification of additional conditions.
The maximum total remuneration is in line with the market median.
The number of shares held by the Chief Executive Officer as at 31 December 2024 amounted to 1,819,933. Their total value far exceeds the minimum requirements set in

[31] In compliance with article 2389 of the Italian Civil Code and article 22.1. of the Bylaws.
[32] The 2022 Income Statement figures have been restated following the retrospective application of IFRS 17 by the Group's insurance Companies, as well as IFRS 9 for associates.

companies that adopt shareholding guidelines (normally between 0.5 and 3 times the fixed gross annual remuneration), based on the official closing price of 13/3/2025.

The remuneration of the Chief Executive Officer originates from his/her contract of employment.

A third-party insurance policy and a cumulative occupational accidents policy are envisaged for members of the Board of Directors.
Neither variable components of the remuneration nor end-of-office payments are envisaged for members of the Board of Directors without individual contracts (Non-executive Directors).
The Chairperson of the Board of Directors' remuneration does not exceed the fixed remuneration of the Chief Executive Officer or the General Manager, where appointed.

5.1.2 Remuneration of the Parent Company's Board of Statutory Auditors

The Shareholders' Meeting approves the remuneration policy for members of the Board of Statutory Auditors and determines the remuneration to be paid for the duration of their office.
Therefore, the Chairperson and the standing members of the Board of Statutory Auditors are entitled – in addition to reimbursement of the expenses incurred in fulfilling their office – to an annual fee which is determined by the Shareholder's Meeting at the time of their appointment, as a fixed amount for their period of office.
The Shareholders' Meeting of 20 April 2023 resolved upon the remuneration to award to the members of the Board of Statutory Auditors, including the Chairperson, for the financial years 2023-2024-2025 (until approval of the financial statements as at 31 December 2025), to be allocated on a *pro rata temporis* basis in relation to the actual term in office.
The outgoing Board of Statutory Auditors has made available to the Shareholders the document on the qualitative-quantitative composition of the Board of Statutory Auditors, aimed at identifying the qualitative-quantitative profile deemed optimal to ensure an adequate collective composition of the Control Body, in order to provide instructions and recommendations to the Shareholders' Meeting of Banco BPM in anticipation of the renewal for the years 2023-2025. The outgoing Board of Statutory Auditors paid attention to the proper functioning of the Body and the contribution of each member to the internal dialogue[33] and, confirming the previous assessments, made a reference estimate to assess the minimum time deemed necessary for the effective performance of the assignment. The estimate (also subsequently confirmed) envisages 100 days per year for the Chairperson of the Board of Statutory Auditors and 80 for each Statutory Auditor.
A third-party insurance policy and cumulative occupational accidents policy are envisaged for members of the Board of Statutory Auditors.
With regard to the Bank of Italy Supervisory Regulations, members of the Board of Statutory Auditors shall not receive any variable remuneration.
The Board of Statutory Auditors is not currently assigned the powers pursuant to article 6, paragraph 1, letter b, Italian Legislative Decree no. 231/2001. The Board of Directors of Banco BPM, in its meeting of 10 January 2017, decided not to make use of the powers envisaged in paragraph 4-*bis* of said article, and actually appointed a specific Supervisory Body (SB) to which it assigned the duty to monitor, among other things, the compliance and functioning of the organisational, management and control model, as well as ensuring its update and of the consequent powers and duties. The Parent Company's Supervisory Body provides for the appointment of a statutory auditor from among its members; an additional fee is therefore paid to this person as decided by the

[33] In compliance with article 16 of Ministerial Decree 169/2020.

Board of Directors, in addition to reimbursement for the expenses incurred in fulfilling their office.

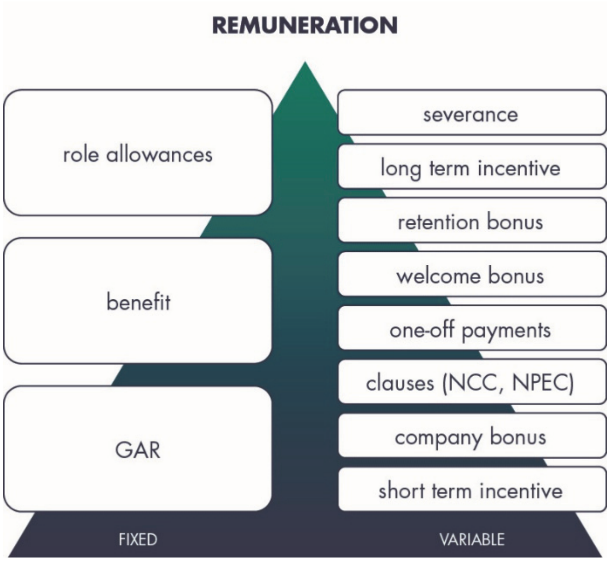
5.1.3 Remuneration of members of Corporate Bodies of subsidiary companies

Provision is made for fixed remuneration differentiated in relation to their respective offices within their respective organisations for members of corporate bodies of subsidiary companies, in addition to reimbursement for out-of-pocket expenses and possible attendance fees, where resolved by their respective Shareholders' Meetings.
This remuneration is approved by the respective Ordinary Shareholders' Meetings, according to the Bylaws, for members of the Board of Directors and the Board of Statutory Auditors of subsidiary companies.
No provision is made for variable remuneration components for members of the Boards of Directors without individual contracts.
In accordance with prevailing laws, the members of the Board of Statutory Auditors of the Group's subsidiary companies shall not receive any variable remuneration. If they also hold the office as member of the Supervisory Body established pursuant to Legislative Decree 231/2001, additional remuneration shall be assigned for the office held, determined in compliance with the Guidelines approved by the Board of Directors of the Parent Company.
The fee of the Chairperson of the Board of Directors of each subsidiary bank shall not exceed the fixed remuneration awarded to the head of the body with the function of managing the subsidiary company (Chief Executive Officer or General Manager).
Lastly, a policy for third-party liability is stipulated for representatives of subsidiary companies.

5.2 Remuneration of the Group's employees

The remuneration of the Group's employees is divided into fixed and variable components.

The fixed component reflects professional experience, organisational responsibilities and technical expertise, according to a principle of equal opportunities and fair pay.
The variable component shall be related to performance and makes it possible to value the Staff, awarding the individual contribution upon achievement of the results: the conditions needed for its award shall be compliance with the law, long-term results, conduct marked by diligence, transparency and fairness in relations with customers and sound and proper risk management. The criteria used to assess increases in the fixed and variable components of remuneration comply with the remuneration requirements of MiFID II and do not create conflicts of interest that encourage staff to act against the interests of customers.



To ensure competitiveness in the reference market in terms of the Group's ability to attract and retain individuals whose professionalism and expertise meet the needs of the company, constant attention is paid to calibrating total compensation considering seniority and experience in the position, pursuing a balance between the objective of alignment with market values and the need to differentiate for the purpose of retention. The comparison with the external market is made by participating in surveys on remuneration and, for managerial positions, also through specific remuneration benchmarks that refer to competitors in the same sector, as provided by a prime consulting company (see paragraph 2).

FIXED REMUNERATION[34]

GAR	The gross annual remuneration components, determined by the relative labour contracts based on the National Collective Labour Agreement (CCNL) and any second-level contracts in force at the time or any agreements with the Social Partners. Changes to the fixed component are represented by promotions to a higher level of remuneration or to a higher category, based on an actual increase in responsibilities, and by personal allowances, awarded *ad personam* for continuing deserving performance.
Role allowances	It is possible to assign role allowances, consisting of an increase in remuneration, paid on a monthly basis and subject to holding a specific position. This remuneration is predetermined, permanent, until the recipient changes the role for which the allowance was granted, does not provide incentives for risk-taking and is not revocable, is not discretionary, and reflects the level of professional experience and seniority. It is therefore assigned on the basis of predefined criteria, governed by company rules.
Benefits	Benefits for personal and family use granted by the Parent Company and its subsidiary companies to their employees, resulting from national agreements and/or from second-level contracts and/or related to specific internal reference policies. The most important benefits concern the following areas: corporate welfare, supplementary pensions and healthcare. The Group's employees, according to the specific nature of the company to which they belong and/or the company of origin, also benefit from advantages when using bank services and insurance coverage.

[34] Remuneration may include additional items, classified as fixed and variable components in compliance with applicable regulations.

VARIABLE REMUNERATION[34]

Incentives	Incentives linked to the short-term incentive plan on an annual basis, awarded in accordance with that provided in chapter 6.
LTI incentive	Incentives linked to long-term incentive plans, referred to in paragraph 6.8. Additional long-term incentive mechanisms can be adopted at the asset management company, in accordance with the applicable sector regulations.
Company Bonus - National Collective Labour Agreement	Variable component linked to economic results and/or specific objectives, for non-executive staff of the banking Group companies that apply the National Credit Agreement. This payment shall depend on full compliance with the following conditions identified on 31/12 on a consolidated basis: (i) the Common Equity Tier 1 (CET1) ratio is higher than the relative Risk Trigger threshold[35] defined in the Risk Appetite Framework[36]; (ii) the regulatory Liquidity Coverage Ratio (LCR) is higher than the relative Risk Trigger threshold[35] defined in the Risk Appetite Framework[36]; (iii) the profit from current operating activities before tax is positive. Said component is included in the calculation of the ratio between the variable and fixed component of the remuneration and is awarded in compliance with the provisions of chapter 6 regarding the application of the malus and claw-back mechanisms[37]. The criteria and methods used to establish and disburse[38] this remuneration are subject to information, comparison and/or negotiation with the Social Partners.
Company Bonus for productivity	Variable component related to economic results and/or specific objectives, for insurance companies that apply the ANIA National Collective Labour Agreement "Regulation of relations between insurance companies and non-executive employees" and make provision for said entitlement in the second-level contract. This payment shall depend on full compliance with the following conditions identified on 31/12 on a consolidated basis: (i) the Common Equity Tier 1 (CET1) ratio is higher than the relative Risk Trigger threshold[35] defined in the Risk Appetite Framework[36]; (ii) the regulatory Liquidity Coverage Ratio (LCR) is higher than the relative Risk Trigger threshold[35] defined in the Risk Appetite Framework[36]; (iii) the profit from current operating activities before tax is positive. The criteria and methods used to establish and disburse[39] this remuneration are subject to information, comparison and/or negotiation with the Social Partners.
One-off payments	Limited to other staff of Group companies, therefore excluding identified staff established for the reference year and for the previous year[40], modest awards may be made relating to specific extraordinary situations. These payments are subordinate to full compliance with the following conditions, as identified in the last quarterly report available on a consolidated basis: (i) the Common Equity Tier 1 (CET1) ratio is higher than the relative Risk Trigger threshold[41] as defined in the Risk Appetite Framework[42]; (ii) the regulatory Liquidity Coverage Ratio (LCR) is higher than the relative Risk Trigger threshold[41] defined in the Risk Appetite Framework[42]; (iii) the profit from current operating activities before tax is positive. The maximum limit of impact of these payments is set at 10% of the fixed component of individual remuneration. The total amount of resources to be dedicated to these payments cannot exceed the limit of 0.2% of the recurring staff cost[43], envisaged in the budget of the financial year in question. The process for any award is coordinated by the Human Resources function, which submits the proposal to the CEO (or delegate of the same).
Welcome bonus	Any disbursements paid on an exceptional basis to newly hired staff in the Group, limited to the first year of employment. Their use can only be assessed in cases of recruitment of people of high standing or top professionals in the reference market, with a view to *attracting* talents. These payments, if not paid on an one-off basis upon hiring, are included in the calculation of the ratio between the variable and fixed component of the remuneration[44].

[35] Risk Trigger threshold means the lower point of the Risk Appetite objective area, in line with the RAF framework.
[36] Expected value on 31/12 of the same financial year.
[37] See paragraph 6.7.
[38] By way of example, the use of cash or welfare services could be envisaged.
[39] By way of example, the use of cash or welfare services could be envisaged.
[40] As identified on process activation date.
[41] Risk Trigger threshold means the lower point of the Risk Appetite objective area, in line with the RAF framework.
[42] Expected value on 31/12 of the same financial year.
[43] Staff cost identified in the budget of the reference financial year, excluding the following variable remuneration components: bonus pool, company bonus - CCNL (National Collective Labour Agreement), pro rata cost of long-term incentive and one-off payment.
[44] See paragraph 6.1.

VARIABLE REMUNERATION[34]

Retention bonus	Any disbursements related to the staff remaining, subject to their presence on a certain date or until a certain event. The amount, which cannot constitute the preponderant part of the total individual variable remuneration, is awarded upon the successful verification of the event to which it is related, in compliance with the capital and liquidity adequacy conditions referred to in paragraph 6.10, is included in the calculation to determine the ratio between the variable and fixed component of the remuneration[45], disbursed in accordance with the terms envisaged for the relevant category of staff at the time of award[46], and is subject to the malus and claw-back mechanisms[47]. As permitted by the Bank of Italy Supervisory Regulations, in exceptional and duly justified cases[48], the same person may be awarded multiple retention bonuses.
Arrangements	Any payments regarding non-competition clauses or notice period extension clauses. These payments are made whilst in employment or on termination of the same, in accordance[49] with the provisions of paragraph 6.10 (including the capital adequacy and liquidity conditions), and, with reference to identified staff, are included in the calculation of the ratio between the variable and fixed component of the remuneration[45].
Carried interest	Incentive mechanism that can be adopted in asset management companies. These are instruments that involve proportionally higher profit sharing than that of other investors, regulated in the remuneration policy prepared by the SGR, in line with the applicable sector regulations and with the principles set out in the Group Policy. This component is not included in the calculation of the ratio between the variable and fixed components[50] of remuneration and, in compliance with the principle of proportionality, can be paid entirely up-front[51] as multi-year variable remuneration strictly correlated to the results of the funds managed and already in itself deferred in consideration of the life cycle of the same funds.
Severance	Any additional termination amounts (golden parachute in the case of identified staff). These payments are made in accordance with the provisions of paragraph 6.10 (including the capital adequacy and liquidity conditions), and, with reference to identified staff, are included in the calculation of the ratio between the variable and fixed components of the remuneration[52].

The award of guaranteed variable remuneration is not envisaged[53].
There are no stability clauses.
There are no discretionary pension benefits provided for as things stand. If introduced, they will be attributed to the beneficiaries in compliance with current legislation[54].

The system that allows the award of retention bonuses, non-competition clauses and notice period extension clauses also in stress situations respects the spirit of the requirements set forth in the guidelines for institutions to improve the possibility of resolution (in force since 1 January 2024), which require banks to adopt retention plans to preserve business continuity even during the resolution phase.

All remuneration measures, even if not expressly indicated in this paragraph, as long as in compliance with the provisions in force at the time, are implemented subject to prior approval, both on the merits and in economic terms, by the Chief Executive Officer of the Parent Company, or any delegates of the same[55].
Generally, unless stated otherwise in the individual's employment contract, the Group's staff do not receive remuneration for positions held in Corporate Bodies of subsidiary companies and/or investee companies as designated by the Group: this remuneration is

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45 See paragraph 6.1.
46 See paragraph 6.6.
47 See paragraph 6.7 point 2.
48 For example, the payment of retention bonuses occurs at different times and there are specific reasons for the award of each of them.
49 Without prejudice to the specific conditions envisaged by the Bank of Italy Supervisory Regulations.
50 In compliance with the provisions of note 16 of Annex II to the Bank of Italy Measure.
51 As an exception to the rules set forth in paragraph 6.2., point 4) of Annex II to the Bank of Italy Measure.
52 Unless defined in application of the predefined formula contained in paragraph 6.10. See Paragraph 6.1 for the ratio between variable and fixed components of remuneration.
53 Without prejudice to any welcome bonus.
54 See Bank of Italy Supervisory Regulations, Section III, paragraph 2.2.1.
55 Mandate assigned by the Parent Company's Board of Directors or by the Parent Company's Chief Executive Officer to implement all the formalities, deeds and requirements of the remuneration policy.

paid in full to the company to which they belong by the company in which the position is held and the incentive is not linked to said positions.
No remuneration is awarded to employees of the Parent Company and of subsidiary companies who are members of the Supervisory Body (pursuant to Italian Legislative Decree 231/2001).

5.3 Remuneration of external non-employed staff

The remuneration of Group external non-employed staff is regulated by the respective contracts.

For non-employed staff that belong to the category of financial advisers authorised for off-premises sales and financial agents, the remuneration comprises a recurring component which may include, depending on the case, commission from entry fees and/or management fees and/or linked to the contribution of assured revenue and/or to units and/or to brokered volumes. A welcome bonus may be awarded only for the first year of employment in the Group. A non-recurring component of remuneration is envisaged for the non-employed staff identified as identified staff, also in the form of commissions for incentive purposes, with a view to directing commercial activities to reach specific objectives. Any award of non-recurring components of the remuneration for incentive purposes is subject to compliance with the achievement of a minimum performance relating to pre-defined objectives, meeting capital adequacy, liquidity and profitability conditions (entry gates) defined in paragraph 6.3, takes the risk into account, shall be made according to the payment procedures envisaged for identified staff[56] and is subject to the application of malus and claw-back mechanisms[57].

Any payment of non-recurring components of the remuneration for external non-employed staff not belonging to the category of financial agents, insurance agents and financial advisers authorised for off premises sales is subject to the conditions defined in chapter 6, including the application of malus and claw-back mechanisms[58].

In accordance with the short-term incentive plan guidelines of the Group[59], for all the non-employed staff, any non-recurring component of the remuneration is linked to quantitative indicators and qualitative indicators expressed with criteria that can be quantitatively measured (including but not limited to the risk involved in its different meanings, the compliance with the legislation and regulations, customer protection and loyalty, product quality, quality of the service provided, limiting complaints and legal or reputational risks). The Compliance function must verify these criteria, pursuant to that indicated in paragraph 3.2.

With reference to financial agents, the provisions on transparency of banking and financial operations and services defined in paragraph 6.5 apply.

All remuneration measures, even if not expressly indicated in the paragraphs above, as long as in compliance with the provisions in force at the time, are implemented subject to prior approval, both on the merits and in economic terms, by the Chief Executive Officer of the Parent Company or any delegates of the same[60].

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[56] See paragraph 6.6.2.
[57] See paragraph 6.7 point 2.
[58] See paragraph 6.7 point 2.
[59] See paragraph 6.5.
[60] Mandate assigned by the Parent Company's Board of Directors or by the Parent Company's Chief Executive Officer to implement all the formalities, deeds and requirements of the remuneration policy.

6. CHARACTERISTICS OF THE REMUNERATION AND INCENTIVE SYSTEM

The characteristics of the remuneration and incentive system are illustrated below, taking into consideration strict criteria in evaluating results achieved, in accordance with current regulatory provisions. No variable remuneration component is envisaged for members of the Board of Directors – other than the Chief Executive Officer – without a specific individual contract and for members of the Board of Statutory Auditors.

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. To ensure compliance with the aforementioned, the Audit function shall sample the custody and administration accounts held by the Group in the remuneration policy control process[61], for at least the identified staff who are holders or joint-holders. Any violations found shall be considered to be misconduct[62]. Based on Bank of Italy Supervisory Regulations, with the process activated by the Parent Company's Human Resources function, the bank requests identified staff of the banking Group to notify the existence or opening of custody and administration accounts at other intermediaries.

No Group initiatives for Staff which may affect risk alignment mechanisms are envisaged, including in the incentive plans. Any initiatives reserved for specific categories of the commercial network, to support the Group's strategy, will be defined in compliance with the provisions in force and in line with the criteria and principles established in the *Policy*[63].

With the Issuers' Regulation, CONSOB requires indication in the policy of the applicable process and the elements of the policy that can be temporarily waived in the exceptional circumstances indicated by article 123-ter of the Consolidated Finance Law, in which waiver is necessary for the purposes of pursuing the long-term interests and sustainability of the Group as a whole, or to ensure its ability to remain on the market. In application of this rule, the Board of Directors, in compliance with the procedure for Related Parties Transactions, as applicable, adopted by the Group in implementation of the related CONSOB regulations, having heard the opinion of the Remuneration Committee and, for the areas of competence, the Internal Control and Risk Committee, may intervene on the economic parameters of the short-term incentive and long-term incentive plans. The elements of the policy that can be waived therefore do not include the amounts for the early termination of the employment relationship. Any changes thereto are presented, the following year, in Section II of the Report on remuneration policy and compensation awarded.

6.1 Ratio between variable and fixed components of remuneration

For the purpose of determining the ratio between the variable and fixed component of the remuneration[64], the set of elements indicated in paragraphs 5.2 and 5.3 are taken into account with reference, respectively, to variable or non-recurring remuneration and fixed or recurring remuneration.

[61] See paragraph 3.2.
[62] See paragraph 6.7.
[63] They would be financed by a portion of the profitability generated.
[64] Without prejudice to the specific conditions envisaged by the Bank of Italy Supervisory Regulations.

The upper limit of the variable/fixed component ratio of Group Staff is:

- 2:1 for specific figures deemed to be strategic and selected from top identified staff and finance, corporate, investment banking and private banking staff, as resolved by the Ordinary Shareholder's Meeting of 7 April 2018 (see infra);
- 70% for the financial reporting manager in charge of preparing the corporate accounting documents;
- 1/3 for staff belonging to functions with control tasks[65] not included in the previous point;
- 1:1 for all staff not included in the categories above;

With reference to profiles assigned to it by legislation and Bylaws, the Ordinary Shareholder's Meeting held on 7 April 2018 approved an increase in the upper limit for general criteria (1:1) of up to 2:1 (as permitted by the Bank of Italy) for specific figures as listed in the previous paragraph (maximum 125 people). The proposal submitted to said Shareholders' Meeting was made necessary to use all managerial leverage to attract and retain individuals in the Group whose professionalism and expertise meet the needs of the company, with a view to achieving a competitive advantage and good governance. In this regard, considering that the main competitors had already increased the upper limit of the ratio of variable to fixed remuneration to 2:1, matching market practice enables the Group to have greater compensation leverage to act on total compensation. In accordance with the Bank of Italy Supervisory Regulations, this topic will not be submitted once again to the Shareholders' Meeting for approval since the conditions for the increase, the staff to which it refers and the measure of the limit of the ratio of variable to fixed components of remuneration remain unchanged, as resolved by the Ordinary Shareholders' Meeting of 7 April 2018.

6.2 Determination of the bonus pool

The Group's bonus pool[66] represents part of the consolidated staff costs, approved by the Parent Company's Board of Directors at the end of the Group's budgeting process.
Its annual amount is defined on the basis of time series, budget profit forecasts, as well as the remuneration of shareholders target. The bonus pool is set also considering the Group's capitalisation and liquidity objectives. In the event of a recessionary phase, the annual amount cannot, in any case, exceed the limit of 20% of the consolidated profit from current operating activities before tax (net of non-recurring items)[67] envisaged in the budget.

6.3 Connection to results

The award of the incentive considers the profitability, the levels of capital resources and the necessary liquidity (hereinafter entry gates), is parametrised to performance indicators measured net of risks (hereinafter the financial and non-financial adjustment factor), considers the quality of the performance achieved and is implemented in accordance with the guidance issued by the Supervisory Authority.

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[65] See Definitions.
[66] Excluding financial agents, insurance agents and financial advisers authorised for off premises sales, for whom a dedicated bonus pool may be envisaged, approved by the Chief Executive Officer of the Parent Company.
[67] Profit from current operating activities before tax (net of non-recurring items identified for the purpose of complying with CONSOB Communication no. DEM/6064293 of 28 July 2006) estimate, calculated without the amount of said bonus pool.

In accordance with the Risk Appetite Framework approved by the Parent Company's Board of Directors, the award of the incentive for identified staff and other staff shall depend on the indicators and relative comparative values shown in the following table.

AREA	INDICATOR	COMPARISON VALUE	VALID FOR	IT APPLIES TO
Capital adequacy	CET 1 ratio - consolidated level -	> Risk Trigger threshold defined in the RAF	Group company	– Identified staff – Other staff
	MDA buffer - consolidated level -	> Risk Trigger threshold defined in the RAF	Group company	– Identified staff – Other staff
	Solvency ratio[68] - company level -	> Risk Trigger threshold defined in the RAF	– Banco BPM Vita – Vera Vita	– Identified staff not belonging to functions with control tasks[69] – other staff[70]
	Regulatory capital - company level -	compliant with the regulatory provisions increased by a buffer of 25%	– Banco BPM Invest	– Identified staff – other staff
Liquidity adequacy	Regulatory LCR - consolidated level -	> Risk Trigger threshold defined in the RAF	Group company	– Identified staff – other staff
	Regulatory NSFR - consolidated level -	> Risk Trigger threshold defined in the RAF	Group company	– Identified staff – other staff
Profitability	UOC - consolidated level -	> 0	Group company	– Identified staff not belonging to functions with control tasks – other staff
	UOC - company level -	> 0	– Banca Akros – Banca Aletti	– Identified staff not belonging to functions with control tasks – other staff
	UOC[71] - company level -	> 0	– Banco BPM Invest	– Identified staff – other staff

The award of the incentive to identified staff of control functions is not subject to profitability indicators, to avoid it being linked to economic results, as provided for by the provisions.

6.4 Adjustment factor

After verification of the entry gates[72], but before any payment, the amount of the economic resources of the short-term incentive plan[73] actually available is determined on the basis of the economic results recorded (financial adjustment factor), as well as qualitative indicators of a non-financial nature (non-financial adjustment factor), in line with the Group risk appetite framework.

[68] Average of quarterly observations.
[69] To avoid potential conflicts of interest arising.
[70] Refers to management staff.
[71] In the presence of a negative gross result, the Board of Directors of Banco BPM Invest, at the behest of the Board of Directors of the Parent Company, may resolve the allocation of a variable component, provided that its total amount does not limit the company's ability to maintain an amount of regulatory capital compliant with the regulatory provisions increased by a buffer of 25%.
[72] See paragraph 6.3.
[73] Excluding any economic resources for incentive purposes for financial agents, insurance agents and financial advisers authorised for off premises sales.

6.4.1 Financial adjustment factor

A financial adjustment factor is applied to the economic resources of the short-term incentive plan defined in the budget for the financial year (bonus pool), the size of which is proportional to the consolidated Return on Risk Adjusted Capital (RORAC) profitability indicator obtained at the end of the financial year in comparison with the Risk Trigger and Risk Appetite thresholds defined in the Risk Appetite Framework for the year[74]. It may result in the reduction to zero of the economic resources or their increase, and in the latter case if approved by the Board of Directors of the Parent Company, which determines the exact amount. More specifically, the factors to apply are shown in the table below.

RORAC RECORDED (R)	FINANCIAL ADJUSTMENT FACTOR TO MULTIPLY BY THE FINANCIAL RESOURCES OF THE SHORT-TERM INCENTIVE PLAN[75]
R **≤ RORAC** ***Risk Trigger***	0%
RORAC ***Risk Trigger*** **<** ***R*** **< midpoint[76]**	The Parent Company's Board of Directors may decide to approve a disbursement of up to a maximum amount equal to 50% of the financial resources envisaged in the budget. Any payments cannot regard the identified staff.
midpoint[76] ≤ ***R*** **≤ RORAC Risk Appetite**	% given by the ratio RORAC recorded/RORAC Risk Appetite.
R **> RORAC** ***Risk Appetite***	Percentage determined by the Parent Company's Board of Directors in relation to and within the ratio RORAC recorded/RORAC Risk Appetite, with a fixed cap of 110%.

If a consolidated loss for the year is recorded, a reduction mechanism is applied, before the financial adjustment factor, which reduces the economic resources envisaged in the annual budget for the short-term incentive plan. More specifically, if the entry gates to the short-term incentive plan are successfully passed and, at the same time, a consolidated loss for the year is recorded, the economic resources in the budget for the 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 may not increase the economic resources.
The factor linked to the RORAC and 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 short-term incentive plan for the identified staff of functions with control tasks, to avoid the incentive being linked to economic results.

6.4.2 Non-financial adjustment factor

A non-financial adjustment factor is applied to the economic resources of the short-term incentive plan, which factor is correlated to the values of the consolidated ECAP Reputational Risk and Anti Money Laundering (AML) indicators at year-end, in relation with the relative Risk Trigger thresholds defined in the Risk Appetite Framework for the year.

The ECAP Reputational Risk indicator represents the amount of economic capital against reputational risk estimated through an internal model. The status of the Group's reputation is monitored through the collection and analysis of indicators that may influence the Group's reputation in regard to the main stakeholders (customers, shareholders, market counterparties, regulators, employees, and the financial community) employing reporting

[74] Both the final balance value and the comparison thresholds are determined as the ratio between the financial year's results, represented by the net income as at 31/12 calculated net of items removed to calculate the UOC (profit from current operating activities) (see Definitions) and without the amount of the bonus pool, and the capital requirement recorded at year-end calculated as a percentage of risk-weighted assets considering the target CET 1 ratio. The method used to calculate the result for the year is governed by internal regulations.
[75] The factor does not affect the portion of the financial resources of the short-term incentive plan assigned to identified staff of functions with control tasks.
[76] Midpoint between Risk Trigger and Risk Appetite.

and forecasting, and considering stress conditions. The indicators selected relate to the macro areas of market risk, litigation or sanctioning, IT services, corporate social responsibility, regulatory affairs, and are internal, i.e. derived from company processes, and external to the Group, i.e. derived from market data. In order to measure the Group's reputation on the most popular internet platforms (e.g. X, Facebook, blogs, press agencies, etc.), a measurement relating to the sentiment in the social media sphere is provided for in the internal model. Specific engines, based on machine learning and artificial intelligence techniques and tools, monitor the discussions circulating on the main social platforms, assess the relevance and significance of the opinions expressed, associate the messages to the stakeholders affected and measure the sentiment expressed towards the Group; this sentiment, suitably classified, is considered to integrate the reputational measure obtained with traditional models. The estimation methodology adopted also includes the assessment of potential negative economic and financial impacts originating from a sudden deterioration of the Bank's image in relation to the possible occurrence of ESG (Environmental, Social, Governance) risks. The model is therefore consistent with the relevant provisions of the Supervisory Authority, as it allows the potential deterioration of the Group's reputation to be identified if it is perceived by its various stakeholders as not being adequately sensitive to environmental, social or governance issues.
The AML represents the ratio between the number of NDGs[77] with an expired profile and the total number of NDGs profiled.

The application of the non-financial adjustment factor may reduce the economic resources of the short-term incentive plan for all Staff, including identified staff of functions with control tasks.

Specifically, the factors to be applied are shown in the following table (the higher the value, the greater the risk that the Group is assuming).

		ECAP REPUTATIONAL RISK	
		Result < Risk Trigger	**Result ≥ Risk Trigger**
AML	**Result < Risk Trigger**	no reduction	-10%
	Result ≥ Risk Trigger	-10%	-20%

6.4.3 Equalisation mechanism
If the economic resources[78] of the short-term incentive plan, following application of the financial and non-financial adjustment factors, are not enough with respect to the total amount of incentives calculated on the basis of performance achieved, an equalisation mechanism will be applied that will reduce, on a proportional basis, the individual incentives by the same percentage.

[77] Identifier of the customer, for internal use in each bank.
[78] Excluding any economic resources for incentive purposes for financial agents, insurance agents and financial advisers authorised for off premises sales.

6.5 Short-term incentive plan

The short-term incentive plan consists of the set of entry gates referred to in paragraph 6.3, the financial and non-financial adjustment factors referred to in paragraph 6.4 and the principles and methods of implementation, outlined in this paragraph, which are applied in the assignment of annual objectives. These elements, on the whole, ensure correlation with company and individual performance, connection with risks (including legal and reputational risks), compatibility with the Group's capital and liquidity levels, and orientation towards medium-long-term results, consistency with the strategies for monitoring and managing non-performing loans and compliance with the rules.

The short-term incentive plan, in addition to providing for the assessment of the quantitative performances, is characterised by mechanisms aimed at monitoring risk, the compliance of behaviour vis-à-vis the reference (internal and external) laws from time to time in force, the respect of customers and the maximisation of their satisfaction, and the avoidance of potential conflicts of interest.

Said purpose is mainly pursued by means of joint action on the following aspects:

- the use of qualitative parameters that impact on the quantification of the incentive and are expressed with quantitatively measurable criteria, aimed at measuring customer satisfaction, operational excellence, excellence in the service offered, compliance with regulations (including but not limited to the results of the customer satisfaction survey, the number of complaints, the adequacy of customer advice, compliance with rules and regulations, the assessment of qualitative performance understood as an assessment of active behaviour). For the objective cards of the commercial networks, the incidence of these elements on the total represents on average about one quarter. Therefore, also in compliance with the regulations on transparency with specific reference to networks, the short-term incentive plan is not based exclusively on commercial objectives;
- with reference to risk containment, the allocation:
  - for commercial networks, wherever applicable, of objectives pertaining to the control of credit risk profiles and capital;
  - for identified staff, where this does not generate a potential conflict of interest, of risk-based KPIs, consistent with the risks assumed by people in relation to the responsibilities and activities carried out, in alignment with the Risk Appetite Framework. In this context, special attention is paid to the monitoring of operational risk;
- the provision of malus and claw-back mechanisms[79], which affect the incentive until it is eliminated, to discourage misconduct, further align the interests of staff with those of customers and adjust the variable remuneration if unlawful conduct towards the customer is ascertained.

Customer satisfaction is measured through an indicator that measures the level of satisfaction based on loyalty in the company-customer relationship, assessed through the customer's propensity to recommend the bank to friends and colleagues. The registration

[79] See paragraph 6.7.

and calculations of the indicators are carried out by a leading external company and are based on both telephone interviews and web questionnaires provided to customers.

To support the dissemination of corporate culture on ESG (*Environmental, Social, Governance*) issues, the incentive system provides for an increasingly widespread assignment of diversified KPIs related to these areas; please refer to paragraph 6.9 for further information on the inclusion of ESG objectives in variable remuneration.

With reference to the area of transparency of banking and financial transactions and services, in the networks' short-term incentive plan[80]:

- there is no incentive to place unsuitable products in relation to customers' financial needs;
- the joint sale of an optional contract and the loan agreement is not encouraged or rewarded to a greater extent than the sale of the two separate contracts;
- there is no incentive to offer a specific product, or a specific category or combination of products, when this could be detrimental to the customer;
- there is no incentive to offer a specific product which entails higher costs than another product which is also adequate, consistent and useful in relation to the interests, objectives and characteristics of the customer.

For staff responsible for handling complaints, any incentives take into account, among other things, the results achieved in the handling of complaints and the quality of customer relations.

These provisions, implemented since the establishment of the Group, promote a corporate culture oriented towards fairness in the performance of its responsibilities and activities and at the same time towards risk management, favouring a context of lower potential impact on operational and conduct risks. They make it possible to aim for operational excellence and excellence in the service offered, essential elements to meet the increasingly high expectations of customers, in compliance with the regulations.

The structure of the incentive systems in place for staff, and in particular for identified staff, as well as the method of payment of incentives[81] are therefore in line with the MiFID regulations, also with reference to the exclusion of mechanisms that may encourage them to favour their own interests or the interests of the company to the potential detriment of any customer.

For identified staff established on the basis of their responsibilities and incentive beneficiaries[82], and for specific staff of the Group sales networks[83], the performance assessment method provides for the assignment, at the start of the system, of an objective-card to compare with results achieved at the end of the year. In the remaining cases[82], the assessment is carried out by the head of the pertinent structure upon achievement of the qualitative and quantitative objectives.

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[80] These provisions apply to "identified persons" as defined in the "Provisions on the transparency of banking and financial transactions and services. Fairness of relationships between intermediaries and customers", i.e., the staff offering products to customers, interacting with them (5,922 persons on the date of drafting the document, of which 5,706 in the Retail Banking business area and 216 in the Investment Banking business area), as well as those to whom they report hierarchically (1,374 persons on the date of drafting the document of which 1,331 in the Retail Banking business area and 43 in the Investment Banking business area). The remuneration policy developed pursuant to the transparency provisions also relates to credit intermediaries (19 credit intermediaries) who collaborate with the Group.

[81] See paragraph 6.6.

[82] Subject to specificities in the insurance sector consistent with sector regulations.

[83] The list of individuals to receive an objective-card is not exhaustive.

The objective-card includes a predefined number of indicators, which focus on priority objectives. Each indicator 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 awarding curve between a minimum and a maximum achievable. The sum of the weighted scores 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, which cannot exceed a pre-established maximum level, is quantified.
For recipients of objective cards, the value of the incentive is calculated, in consideration of the financial resources, with reference to the level of the position, the type of activity performed, also in relation to the proximity to the business, the individual's total remuneration with reference to market benchmarks and the need for differentiation for retention purposes.

The process to define and manage the short-term incentive plan is regulated by the Group's internal regulations, so that staff are informed as to how the system works. The Remuneration Committee plays an active role, in particular to verify its alignment with the risks assumed, with the support of the Internal Control and Risk Committee. On the basis of the opinion prepared by the Internal Control and Risk Committee and the Board of Statutory Auditors, the Board of Directors ascertains the absence of potential conflicts of interest with regard to the objective cards of the identified staff of the internal control functions.

6.5.1 Short-term incentive plan of the Parent Company's Chief Executive Officer

The objectives assigned to the Chief Executive Officer for 2025 concern the areas of profitability, credit and asset quality, capital adequacy and ESG (Environmental, Social and Governance). The objectives differ from those set out in the LTI plans and represent a combination of quantitative and qualitative criteria with respect to the Group's results. The quantitative objectives are taken from the Risk Appetite Framework approved by the Board of Directors of the Parent Company for the year, make provision for result curves applied by the Board of Directors, closely linked to the Appetite and consistent with the RAF also with respect to risk limits. The profitability targets for 2025 are more ambitious than in 2024 in all levels of the respective result curves, being linked to more challenging targets. The risk-based indicators[84] represent 90% of the total. The ESG indicators represent a total of 20%. The qualitative indicator, with a weight of 10% of the total, makes provision for an assessment formulated by the Board of Directors, after consulting the Remuneration Committee, the Internal Control and Risk Committee and the Sustainability Committee, with respect to predefined drivers based on objective elements (for example, project documentation, *Risk Appetite Monitoring* reports, results achieved).

[84] The following are classified as *risk-based*KPIs: (i) RAF indicators relating to or correlated with first or second pillar risk measures, (ii) indicators relating to the plan of activities related to the spread of the risk culture, including RAF indicators related to it or included in the risk culture dashboard, (iii) indicators indirectly linked to the *Risk Appetite Framework* referring to the resolution of *findings* or the activity plan and related methodologies, (iv) additional RAF indicators.

AREA	OBJECTIVE	WEIGHT	MINIMUM	TARGET	MAXIMUM
Profitability	Consolidated RORAC[85]	20%	-10%	*Risk Appetite*	+2.5%
	Consolidated Cost/Income ratio[85]	20%	+5%		-2%
Credit and asset quality	*Credit Policies Indicator*[85]	20%	-2.5%		+2.5%
Capital adequacy	*Maximum Distributable Amount* (MDA) *Buffer*[85]	20%	-5%		+3%
ESG[86]	- new *Low-Carbon* medium/long-term loans[85] (weight 60%)	10%	-10%	5.97 billion	+5%
	- share of ESG bonds in the owned corporate portfolio[85] (weight 40%)		-2%	37.5%	+1%
Sustainability[86]	Qualitative assessment formulated by the Board of Directors, after consultation with the Remuneration, Internal Control and Risk and Sustainability Committees, on the following drivers: – monitoring and development of areas related to the Net-Zero Banking Alliance – monitoring and development of areas related to the *Corporate Sustainability Reporting Directive* – monitoring of operational and reputational risks and dissemination of a risk culture – promotion of values and behaviour in line with the corporate culture	10%	in line with expectations	above expectations	excellent

The weighted score attributed to each KPI amounts to 80% of the weight assigned in the case of a minimum result and 120% in the case of a maximum result. The amount of the incentive is quantified in proportion to the performance achieved, only if the sum of the weighted scores of the individual KPIs is at least equal to 80% (in that case, the incentive amounts to 80% of the target incentive) and otherwise, the incentive is not awarded. If the maximum performance of 120% is achieved, the incentive amounts to 120% of the target incentive.

The amount of the incentive associated with the 2025 objectives for the Chief Executive Officer can amount to a maximum of 115% of his/her gross annual remuneration (GAR), when achieving maximum performance.

performance	**80%**	**100%**	**120%**
incentive	**76% GAR**	**96% GAR**	**115% GAR**

Regarding the conditions for the award of the incentive, the same provisions envisaged for the identified staff not belonging to functions with control tasks (chapter 6) apply.

[85] Risk-based objective, RAF indicator.
[86] ESG objective.

6.5.2 Short-term incentive plan of other executives with strategic responsibilities of the Parent Company

The objective-card for Parent Company executives with strategic responsibilities is defined on the basis of schedules clustered by staff category, which envisage both across-the-board KPIs, correlated to the Group's main objectives, and KPIs relating to specific areas of responsibility. The assignment of company indicators defined for the Chief Executive Officer of the Parent Company may be envisaged, where this does not generate a potential conflict of interest. The weighted score attributed to each KPI amounts to 80% of the weight assigned in the case of a minimum result and 120% in the case of a maximum result. The amount of the incentive is quantified in proportion to the performance achieved, only if the sum of the weighted scores of the individual KPIs is at least equal to 80% (in that case, the incentive amounts to 80% of the target incentive) and otherwise, the incentive is not awarded. If the maximum performance of 120% is achieved, the incentive amounts to 120% of the target incentive.

The objective card of executives with strategic responsibilities that do not belong to functions with control tasks, including the Co-General Managers of the Parent Company, may regard areas of profitability, credit and asset quality, capital adequacy, ESG and qualitative aspects, with reference to operational and reputational risk. The amount of the maximum incentive[87] associated with the 2025 objectives is defined according to the criteria illustrated in paragraph 6.5 and in compliance with the limits indicated in paragraph 6.1.

Components of remuneration
Average incidence compared to the cap (2:1)

AREA	INDICATORS	EXAMPLES	RANGE OF WEIGHT[88]
Cross-departmental objectives		Consolidated RORAC, operational risk indicators	25%
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, capital indicators, MDA buffer, consolidated cost/income ratio, indicators of compliance with credit policies or in the non-performing loan domain, digitalisation, managerial projects and initiatives included in annual planning, enhancement of the real estate and equity investments portfolio, customer satisfaction	55%
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 Net-Zero Banking Alliance	10%
Quality performance	Assessment of specific drivers also referring to the area of sustainability.		10%

[87] Namely awarded when achieving maximum performance.
[88] As a guideline.

The risk-based indicators represent at least 45% of the total.

The objective card of the executives with strategic responsibilities of functions with control tasks include KPIs relating to the verification activities in the areas of competence, risk management and qualitative aspects, with particular reference to the resolution of findings and remarks. The amount of the maximum incentive[89] associated with the 2025 objectives is defined according to the criteria illustrated in paragraph 6.5 and in compliance with the limits indicated in paragraph 6.1.

Components of remuneration
Average incidence compared to the cap

AREA	INDICATORS	RANGE OF WEIGHT[90]
Operational excellence or compliance	Indicators related to the effectiveness of control activity, to the resolution of findings and remarks and to the risk culture, for internal control functions.	30%-35%
Structural objectives	KPIs 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.	55%-60%
Quality performance	Assessment of specific drivers also referring to the area of sustainability.	10%

The risk-based indicators represent at least 25% of the total.

As regards the conditions for the award of the incentive, the provisions envisaged for the identified staff in chapter 6, for the reference category (namely belonging or not belonging to functions with control tasks) are applicable.

6.6 Payment of incentive

The procedures for the payment of incentives to the Group's Staff are described in the following paragraphs.

6.6.1 Payment of incentive of other staff

The incentive for other staff is paid in cash and on a one-time basis, by the month of July of the year following the relevant year.

With a view to staff retention and in line with the ESMA guidelines on certain aspects of the remuneration requirements of MiFID II, for the recipients of the objective-cards in the private banking network, provision is made for the deferred disbursement in the following year of any incentive to be awarded for the portion corresponding to 25% of the same.

[89] Namely awarded when achieving maximum performance.
[90] As a guideline.

In the event of the termination of employment, both the up-front portion and the deferred portions of the incentive are paid[91] 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. 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 2025.

6.6.2 Payment of incentive of identified staff

The incentive for identified staff[92] established in the year, is paid over a period of six or five years, and is divided into an up-front portion and five or four annual deferred portions, conditional to the fulfilment of future conditions.
The up-front portion, to be assigned by July of the year following the pertinent year, irrespective of the beneficiary, is equal to:

- 60% of the incentive awarded, in cases where the annual individual variable remuneration is less than Euro 455,000;
- 40% of the incentive awarded, in cases where the annual individual variable remuneration is equal to or greater than Euro 455,000.

For the Group, the figure of Euro 455,000 is a particularly high variable remuneration level, determined according to criteria set forth in Bank of Italy Supervisory Regulations[93].
50% of the up-front portion of the incentive is awarded in Banco BPM ordinary shares.

Other deferred portions consist of:

- five annual instalments of the same amount, deferred in the five-year period following the year of vesting of the up-front portion, for 55% in Banco BPM ordinary shares, 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 awarded is equal to or greater than Euro 455.000;
- four annual instalments of the same amount, deferred in the four-year period following the year of vesting of the up-front portion, for 50% in Banco BPM ordinary shares, for identified staff not included in the previous point.

The deferred portions are allocated by the end of July of each year.

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

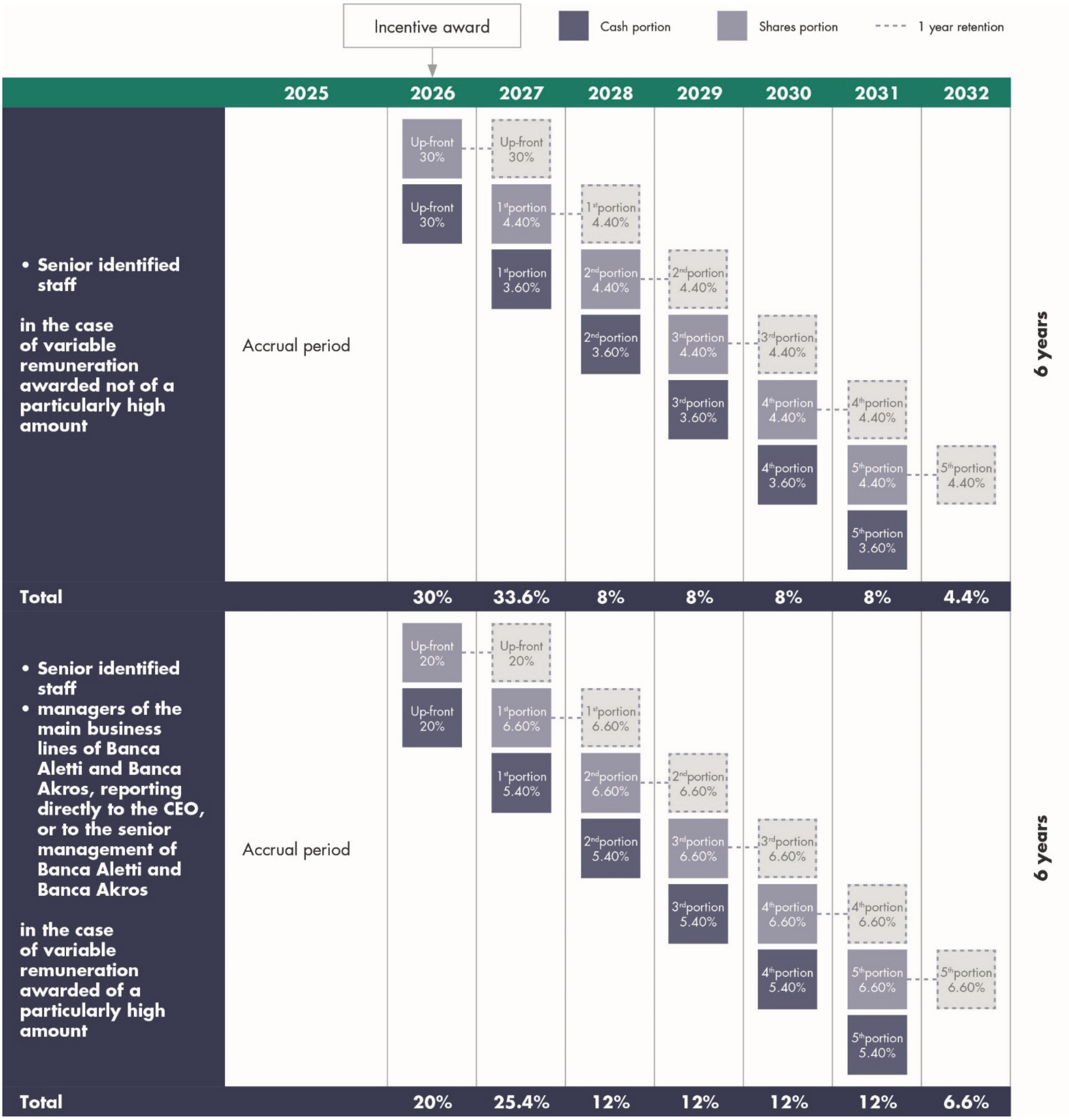
[92] With the exception of Group employees who hold positions in the Boards of Directors of subsidiary companies in representation of the Group itself, if the employees do not receive any fixed or variable remuneration for said positions. In such cases, the provisions relating to the payment of the incentive of the remaining staff apply (see paragraph 6.6.1).

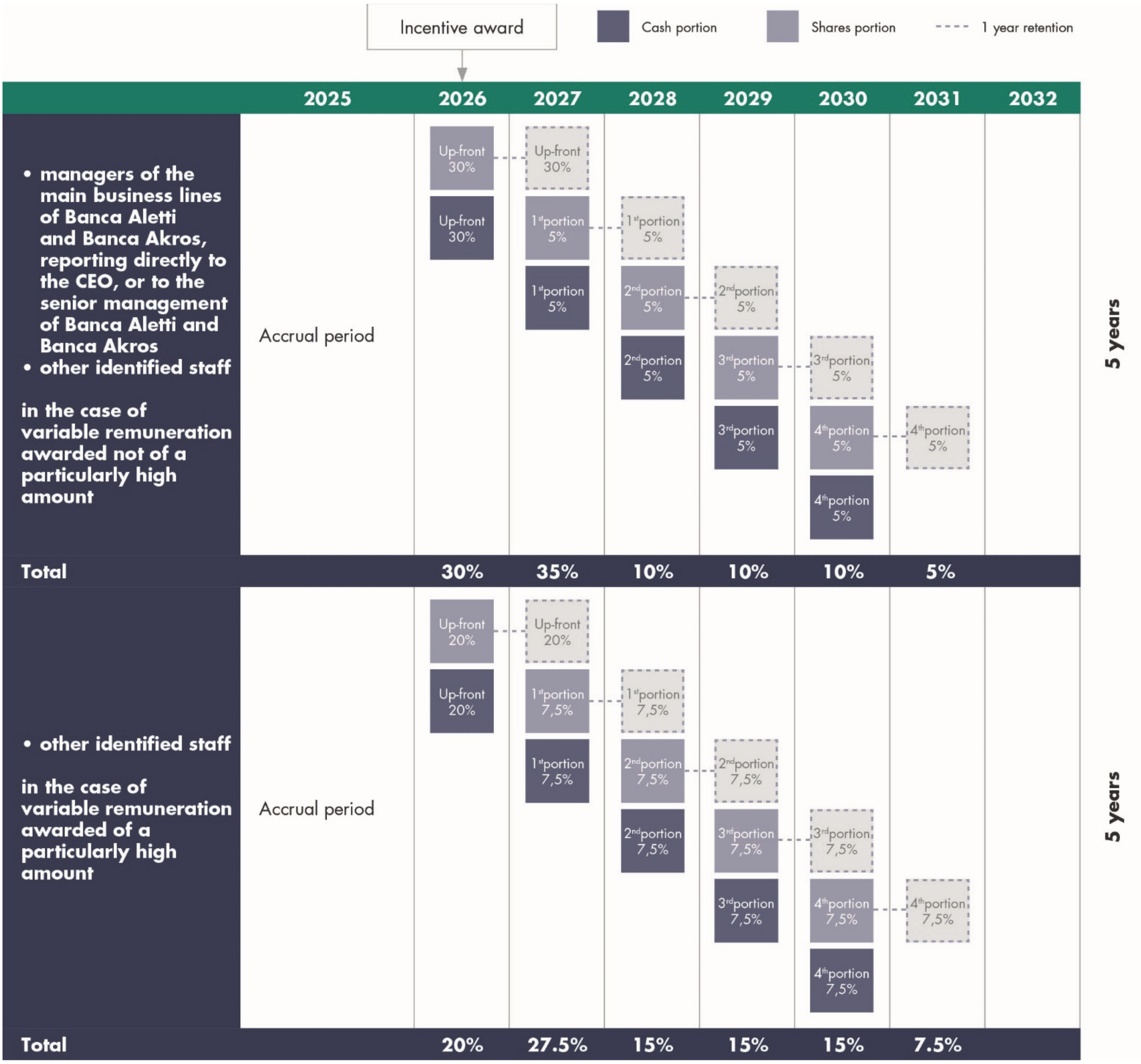
[93] See Part One, Title IV, Chapter 2, Section III, Paragraph 2: "Particularly high variable remuneration amount means the lower of: i) 25% of the total average remuneration of the Italian high earners, resulting from the most recent report published by the EBA; ii) 10 times the total average remuneration of the bank's employees".

There is a retention period (selling restriction) on the shares vested of one year both for the up-front shares and for deferred shares; for the latter, the retention period starts from the moment the deferred remuneration is vested (vesting takes place with the respective monetary shares).
The shares of the up-front and deferred portions will be subject to taxation, using the so-called normal value as reference, corresponding to the arithmetic mean of official prices recorded thirty calendar days before the date on which each portion will be transferred into the beneficiary's security portfolio.
Any rights and/or dividends will only vest with reference to the period following the transfer to the beneficiary's securities portfolio. In the event of extraordinary capital operations which envisage the exercise of an option right[94], 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.

[94] One of such examples is share capital increase.

The tables show the breakdown and amount of the incentive portions recognised, in relation to the year of payment of the monetary portions and the year of end *of retention* of the shares.





The up-front portion and the deferred portions are subject to malus and claw-back mechanisms, as set forth in paragraph 6.7.

In the event of the termination of employment, both the up-front portion and the deferred portions are paid[95] 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. 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 2025.

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

As required by the Bank of Italy Supervisory Regulations, in cases where the annual individual variable remuneration is lower than or equal to the significance threshold of Euro 50,000, and, at the same time, lower than or equal to one third of the total annual individual remuneration, the relative amount is paid out in cash and in a lump sum.

6.7 Malus and claw-back mechanisms

Payments of variable remuneration components are subject to the ex-post correction system (malus) described below:

1. The vesting of each deferred portion of the incentive awarded to identified staff is subject to total compliance with the consolidated entry gates and with the relative threshold comparative values envisaged for the short-term incentive plan of the year preceding the year of vesting of the same for the relevant Staff category in the same year. This *ex-post* correction system, therefore, operates in the deferral period, before the actual vesting of the deferred portions of the incentive;
2. in the case of ascertainment, during the year, of misconduct of the identified staff and other staff, the Board of Directors of the Parent Company and/or the subsidiary companies and/or the Chief Executive Officer of the Parent Company (or their delegate), each to the extent of their responsibility, shall assess what action to take (which may entail its reduction or cancellation) in relation to the incentive and to the company bonus for the year, the deferred portions of incentives relating to previous years vesting with reference to the same year and to any retention bonuses.
   Misconduct is defined as follows:
   - provision of suspension from office and from payment of remuneration starting from one day. This excludes receipt of the above-mentioned variable remuneration components;
   - conduct which does not comply with legal, regulatory or by-law provisions or with codes of ethics or conduct applicable, leading to a significant loss for the company or the Group or for customers;
   - breaches[96] of the requirements stated pursuant to article 26 or, when the entity is an affected party, pursuant to article 53 of the Consolidated Banking Law;
   - violations of the obligations imposed pursuant to article 76 of the Private Insurance Code (CAP) - Requirements of professionalism, integrity and independence of company representatives and persons who perform key functions;
   - infringements[96] of the obligations imposed pursuant to article 13 or, when the individual is an affected party, pursuant to article 6, paragraphs 2-octies and 2-novies of the Consolidated Finance Law;
   - infringements of the obligation not to use personal hedging strategies or insurance on remuneration or on other aspects to alter or undermine the risk alignment effects embedded in the remuneration mechanisms;
   - fraudulent or grossly negligent conduct causing damage to a company or the Group;
   - conduct that has led or contributed to significant damage to customers or a significant infringement of the rules contained in title VI of the Consolidated Banking Law, of the relative implementing provisions or the set of legal provisions or codes of ethics or of conduct to protect customers applicable to the bank.

In the event of misconduct as described in point 2, the Board of Directors of the Parent Company and/or the subsidiary companies and/or the Chief Executive Officer of the Parent Company (or their delegate), each to the extent of their responsibility, also reserve the right to activate mechanisms for the return of previously vested amounts of the incentive

[96] For example in cases of infringements of professionalism, integrity and independence requirements.

or portions thereof, of the company bonus and retention bonus (claw-back clause), from the time of their vesting up to the following five years.

With reference to the Group, the Parent Company's Human Resources function, with the relevant corporate functions of the same and of subsidiary companies, verifies the potential existence of conditions that determine the non-awarding or non-vesting or return of already vested amounts and evaluates any cases to submit to the decision of the Board of Directors of the Parent Company and/or the subsidiary companies and/or the Chief Executive Officer of the Parent Company (or their delegate), each to the extent of their responsibility.
The company has the right to offset the amounts subject to the request for repayment with those due for any reason to the interested party. In this case, the offsetting will take effect from the moment of communication of the exercise of the compensatory power by the company to the interested party, without prejudice to any other action provided for by law to protect the company itself.

6.8 Long-term incentive (LTI)

The Shareholder's Meeting of 18 April 2024 approved a long-term incentive plan (2024-2026 LTI plan) related to the performance to be achieved in the 2024-2026 three-year period.
On 11 February 2025, the update of the Strategic Plan to 2027 was approved.
To support the Strategic Plan and pursue results that create long-term value for shareholders and all relevant stakeholders, the Bank decided to submit a Long-Term Incentive Plan (2025-2027 LTI) to the Shareholders' Meeting of 30 April 2025) related to the performance to be achieved in the three-year period 2025-2027.

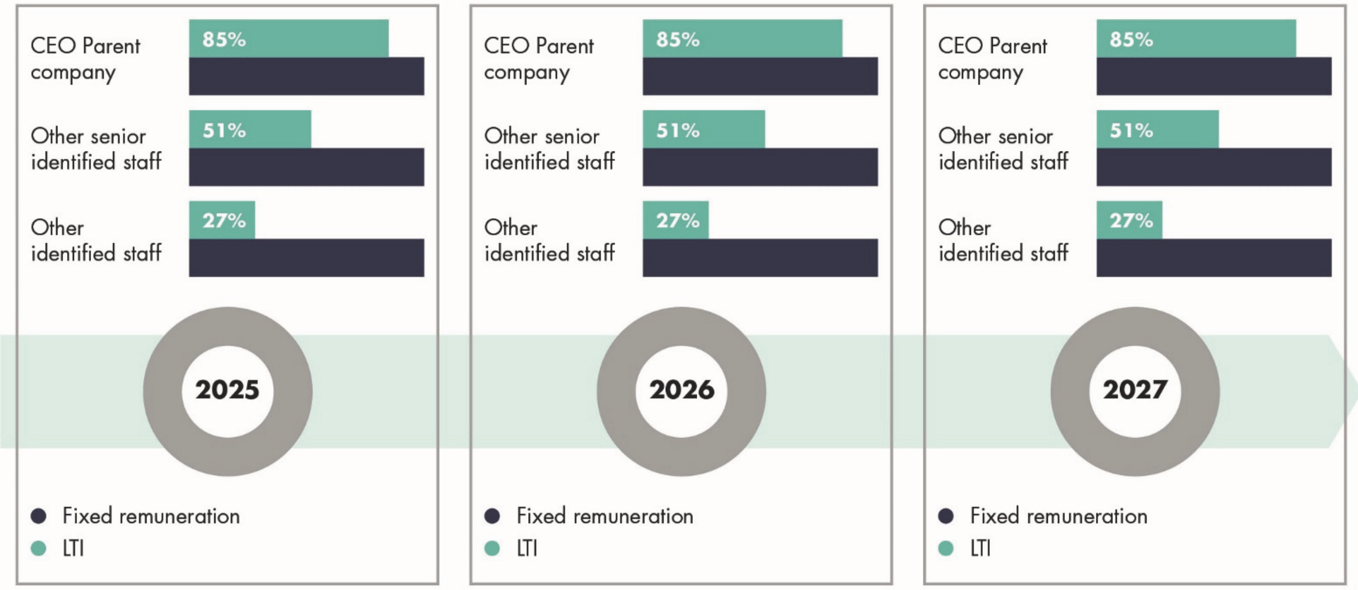
The scope of the beneficiaries of the LTI plan includes around 85 positions (excluding those belonging to functions with control tasks), selected on the basis of the level of the position, the impact on the business or for retention purposes. The beneficiary roles include the Chief Executive Officer 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) and is proportional to the level of achievement of the conditions and of the performance objectives referred to in the paragraphs below.

6.8.1 Criteria for determining the costs of the LTI plan

Without prejudice to the cost of the 2024-2026 LTI plan authorised by the Shareholders' Meeting of 18 April 2024, the expected cost of the 2025-2027 LTI plan is approximately Euro 8.5 million.
For beneficiaries of the system, the maximum individual amount is calculated on the basis of the level of the position, the proximity to the business, the individual's total remuneration with reference to the benchmarks, as well as the need for differentiation also for retention purposes.
The number of shares to be assigned[97] to each beneficiary of the 2025-2027 LTI plan[98] is determined *ex ante*, based on the arithmetic mean of the official prices recorded in the thirty calendar days prior to the date of the resolution of the Shareholders' Meeting to approve the Share-based Compensation Plan (Ordinary Shareholders' Meeting of 30 April 2025).

[97] See Definitions. The assignment of financial instruments refers to the bank's commitment to a person to award financial instruments subject to the fulfilment of specific conditions envisaged in the short/long-term incentive plans.
[98] The assignment of the shares of the 2024-2026 LTI plan took place at the start of the plan itself.

Average impact of the LTI incentive on fixed remuneration over the three-year period 2025-2027



Togheter with the incentive of the short term incentive plan, the variable remuneration respects each year the cap to the ratio of variable to fixed remuneration provided for the staff category

6.8.2 Operating mechanism of the LTI plan

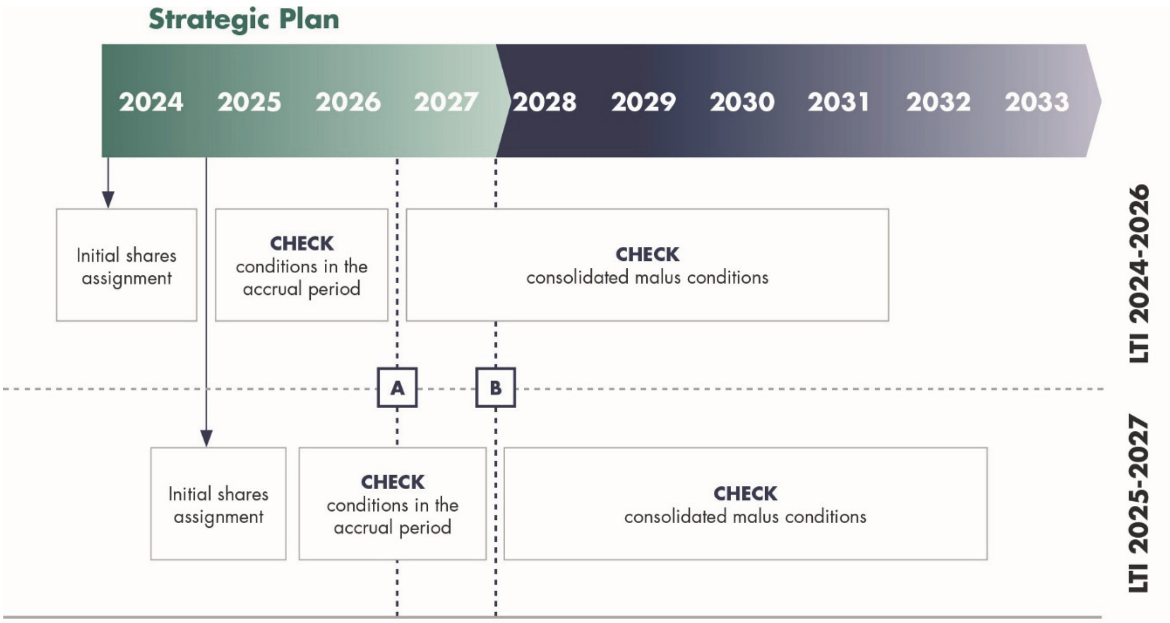
The rules that govern the system are clear and pre-established.

The award of the LTI requires meeting conditions to be verified during the course and at the end of the plan (see paragraph 6.8.2.1) and long-term performance objectives of the bank (see paragraph 6.8.2.2). The LTI plan provides for minimum levels (floors) below which no shares are awarded, and maximum levels (caps) above which the number of shares to be awarded does not increase further.

For all beneficiaries, the shares awarded at the end of the accrual period are assigned over the course of the vesting period in up-front and deferred portions, the latter subject to consolidated subsequent malus conditions (see paragraph 6.8.2.4). All shares are subject to one year of retention (selling restriction) from the vesting of each portion (see paragraph 6.8.2.4).

The maximum duration of each plan is ten years[99].

[99] Including the year in which the *retention* period of the last portion in shares will end. The 2024-2026 LTI ends in 2033 and the 2025-2027 LTI ends in 2034.



CHECK gates and **CHECK** performance objectives
A LTI 2024-2026
B LTI 2025-2027

6.8.2.1 LTI plan conditions

The award of the LTI incentive is subject to indicators and relative comparative values at consolidated level (hereinafter entry gates):

INDICATOR AT A CONSOLIDATED LEVEL	2024-2026 LTI	2025-2027 LTI	COMPARISON VALUE
CET1 *ratio*[100] (a)	√	√	> Risk threshold in the last year of the *performance*period (a) defined in the RAF
Leverage ratio[100] (a)	√		
MDA buffer (a)	√	√	
Regulatory NSFR (a)	√	√	
UOC[101] (a)	√	√	> 0

(a) 2026 for the 2024-2026 LTI plan, 2027 for the 2025-2027 LTI plan.

Failure to achieve even one of the conditions shall mean that the related LTI plan will not be activated and the corresponding LTI incentive will not be awarded.
For each financial year of the accrual period of each plan, in the event that the entry gate of the short-term incentive plan related to the Common Equity Tier 1 (CET1) ratio is lower than the relative threshold, the number of shares initially assigned for the reference plan shall be cut by 10%.

6.8.2.2 Performance objectives

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 indicated below is required, selected from the main objectives of the Group's Strategic Plan or correlated to the creation of value for shareholders.

[100] The indicator is determined by considering the impact of the regulations in force at the time of the calculation.
[101] Determined as specified in reference to the short-term incentive plan of the last year of the accrual period.

For the 2024-2026 LTI plan, the verification is performed at the end of 2026.

AREA	2024-2026 LTI PERFORMANCE OBJECTIVES	WEIGHT	FLOOR	CAP
Profitability	ROTE[102] as at 2026	35%	10%	13.5%
Asset quality	Gross NPE ratio[103] as at 2026	30%	4%	3%
Value creation for shareholders	*Total Shareholder Return* (TSR)[104]	20%	16%[105]	44%
ESG	Increase in women in managerial positions as at 31/12/2026[106]	15%[107]	+15%	+20%
	Green, Social & Sustainable bond issues		€ 3.75 billion	€ 5 billion

For the 2025-2027 LTI plan, the verification is performed at the end of 2027.

AREA	2025-2027 LTI PERFORMANCE OBJECTIVES	WEIGHT	FLOOR	CAP
Profitability	ROE[102] to 2027	35%	13%	18%
Asset quality	*Gross* NPE *ratio*[103] as at 2027	30%	4.0%	3.0%
Value creation for shareholders	*Total Shareholder Return* (TSR)[108]	20%	18%[109]	46%
ESG	Increase in women in managerial positions as at 31/12/2027[110]	15%[107]	+11%	+17%[111]
	Green, Social & Sustainable bond issues		€ 3.75 billion	€ 5 billion

The result of each objective is measured by linear interpolation in a range that envisages a minimum level (floor) and a maximum level (cap) of achievement. The number of shares that may be awarded for each objective is correlated to the relative percentage to be applied to the initial allocation, which may be reduced in the event of the conditions arising over the course of the plan (see paragraph 6.8.2.1) and corresponds to:

- 100% if the objective is achieved at least at the maximum level;
- 50% if achieved at the minimum level;
- zero if a level lower than the minimum is achieved;
- a value determined by linear interpolation between floor and cap.

[102] In line with the Strategic Plan and the Risk Appetite Framework

[103] In line with the Strategic Plan and the Risk Appetite Framework This is the gross NPE ratio indicator of the Strategic Plan.

[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 2023-January 2024 period and in the December 2026-January 2027 period, respectively. The TSR is calculated considering the reinvestment of the dividend in the security.

[105] In the event of a result below the threshold, the floor level will be in any case 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] Percentage increase in the percentage incidence of women in managerial roles out of total managerial roles, recorded as at 31/12/2023.

[107] Each ESG objective is equally weighted.

[108] 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 2024-January 2025 period and in the December 2027-January 2028 period, respectively. The TSR is calculated considering the reinvestment of the dividend in the security.

[109] In the event of a result below the threshold, the floor level will be in any case 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.

[110] Percentage increase in the percentage of women in managerial roles out of total managerial roles, recorded as at 31/12/2024, with reference to companies in the Group perimeter as at 1 January 2025.

[111] This increase determines a share of female staff in managerial roles equal to the 2027 target of the Strategic Plan (36%).

The sum of the number of shares that may be awarded for each objective determines the LTI.

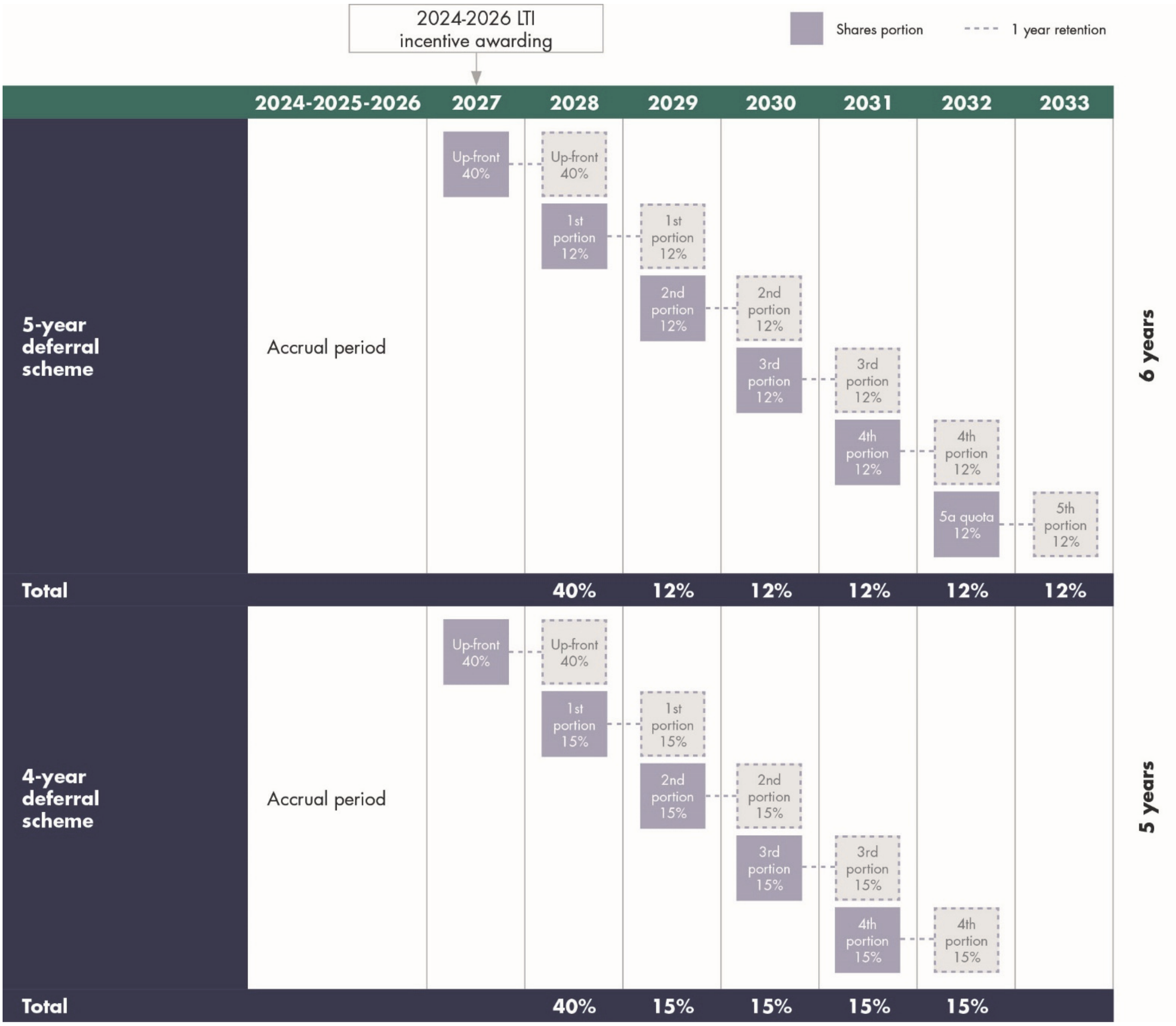
6.8.2.3 Payment of the LTI incentive

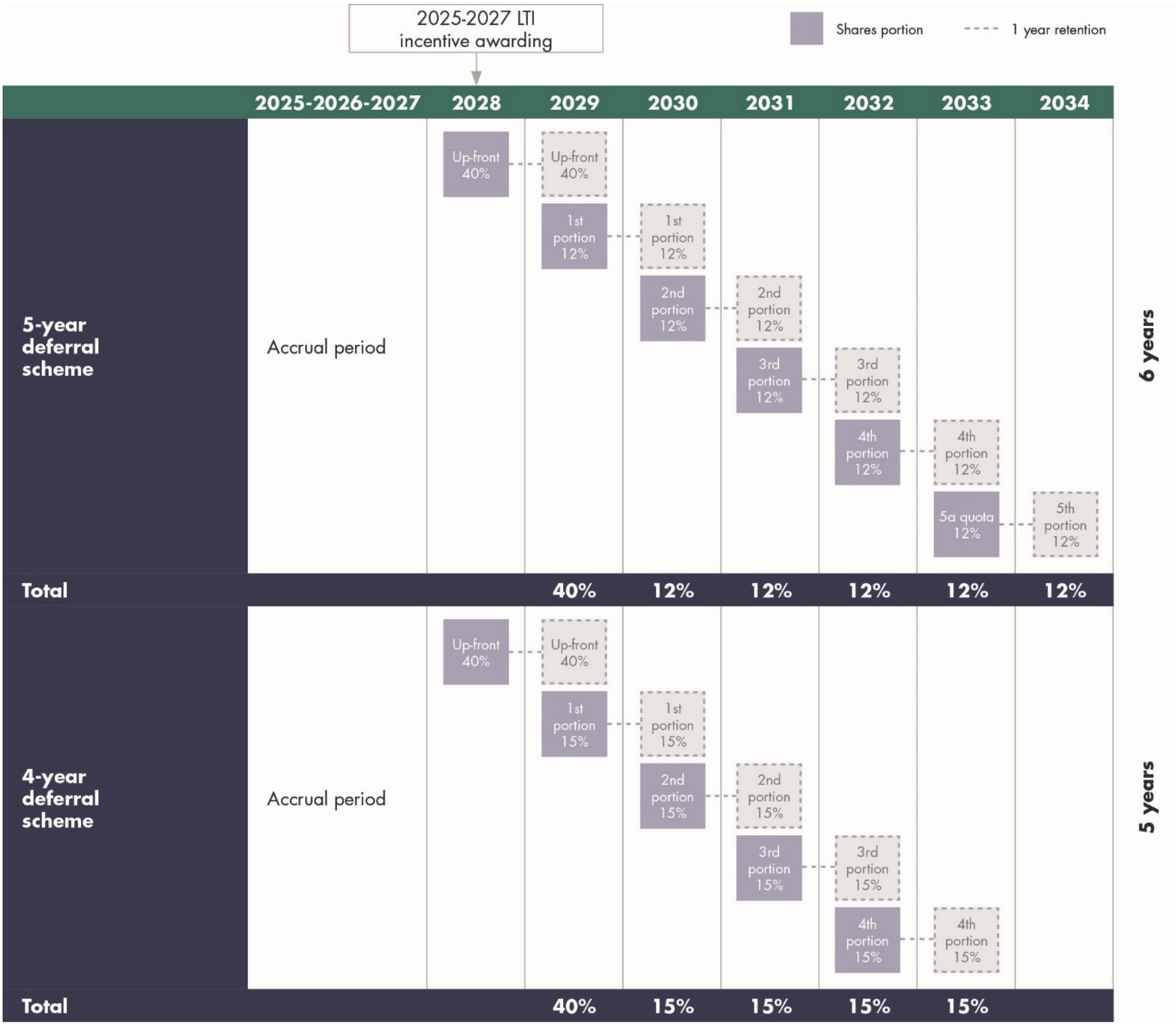
The LTI incentive is paid[112] in an up-front portion and in equal annual deferred portions. For the 2024-2026 LTI incentive, the provisions in force at the time of its adoption apply and the provisions of the 2024 Remuneration Policy remain in place. The 2025-2027 LTI incentive is paid in an up-front portion of 40% and in equal annual deferred portions, in accordance with the provisions of the 2025 short-term incentive plan.

For the vested shares, a one-year retention period is envisaged (selling restriction), which takes effect from the vesting[112].
The shares of the up-front and deferred portions will be subject to taxation, using the normal value as reference, corresponding to the arithmetic mean of official prices recorded thirty calendar days before the date on which each portion will be transferred into the beneficiary's security portfolio.
Any rights and/or dividends will only vest with reference to the period following the transfer to the beneficiary's securities portfolio.

[112] The Supervisory Provisions regarding the relevance threshold apply.

The tables show the amount of the LTI portions, in relation to the year of the end of retention.





In the event of termination of employment, both the up-front portion and the deferred portions are paid on a pro-rata basis[113] 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. The loss of all rights is envisaged in the event of termination of the employment relationship due to resignation, dismissal for just cause or justified subjective reason. In addition, the provisions of paragraph 6.8.3 apply.

6.8.2.4 Malus and claw-back mechanisms

The LTI is subject to the same malus and claw-back conditions provided for the short-term incentive plan by the Group's remuneration policy in force at the time.

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[113] Pro *quota* on an annual basis according to the date of termination during the performance period, it being understood that for terminations in 2025 and in 2026, the 2025-2027 LTI shall not be awarded. Payment will be made according to the same methods for staff in service who are beneficiaries of the LTI plan, in compliance with the maximum limit of incidence of the total variable remuneration over the fixed portion.

6.8.3 Treatment in the case of extraordinary events

In the event of changes in the long-term objectives or of regulatory changes that impact the Group or extraordinary corporate events, the Board of Directors of the Parent Company has the power to approve any changes and/or additions to the rules of the plan that are deemed necessary and/or appropriate to render it consistent with the changed context.

In the event of extraordinary capital operations which envisage the exercise of an option right[114], the Board of Directors of the Parent Company has the power to assess any consequent adjustments to any share portions that have vested but are not yet available to the beneficiaries.

Finally, if company control should change, early pro rata liquidation in cash[115] on an annual basis shall be carried out in favour of the beneficiaries in service, in compliance with the upper limit of the total variable remuneration with regard to the fixed remuneration and with the deferral methods established by the LTI plan.

In the event of a significant change in the ownership structure, the Board of Directors will consider adopting a similar solution.

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

6.9 Environmental, social and governance (ESG) objectives in the context of variable remuneration

At the instigation of the Sustainability Committee and the ESG Committee and in light of requests from the Regulators, expectations of the financial market and the best practices of national and international competitors, the Group has also set out its sustainability ambitions in the Strategic Plan, with the objective of integrating ESG issues in the operations of all businesses in which it is active. For further information, refer to the Sustainability section of the Group website gruppo.bancobpm.it.

More specifically, the process of integrating the ESG strategy into the Group's governance models is also a hugely important part of the remuneration policy, with reference to incentive mechanisms. The combination of objectives relating to the banking business, such as profitability, credit and asset quality, capital adequacy, along with ESG metrics is considered a key factor in strengthening the Group's results in the medium-term, as it makes it possible to combine staff satisfaction and socio-environmental sustainability.

In particular, by way of example, it should be noted that in the environmental domain, after becoming a member of the *Net-Zero Banking Alliance* (NZBA) in March 2023, Banco BPM took steps to align its loan and securities portfolios with the objective of the European *Green Deal* to eliminate net greenhouse gas emissions by 2050, by identifying 5 highly emissive sectors ("priority sectors: *oil & gas, power generation, cement, automotive, coal*) and setting, for each of them, the intermediate decarbonisation targets to 2030, communicated to the market on 9 August 2024.

The implementation of projects in this area and the annual definition of the ESG objectives of the Strategic Plan are encouraged through specific KPIs of the 2025 short-term incentive plan.

[114] One such examples is capital increase.

[115] The shares will be valued at the most recent official price prior to the delisting or issue of new instruments or, if the instrument is not extinguished, the most recent official price prior to notification of the corporate transaction to the market.

In particular, with reference to the short-term incentive plan, the objective card:

- of the Chief Executive Officer of the Parent Company requires ESG financial indicators to be assessed over the annual performance period, referring to the annual definition of the ESG objectives of the Strategic Plan, with a weight of 10%, augmented by an additional sustainability objective for the areas related to the Net-Zero Banking Alliance, the Corporate Sustainability Reporting Directive, the operational and reputational risk, the dissemination of a risk culture and the promotion of a corporate ethos, with a weight of 10% (see paragraph 6.5.1);
- of executives with strategic responsibilities 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 at the conclusion of project actions;
- of the other executives with strategic responsibilities 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 a non-exhaustive example, those related to "new Low-Carbon medium/long-term loans", "share of ESG bonds in the owned corporate portfolio", People Strategy objectives, conclusion of strategic actions related to the Net-Zero Banking Alliance, augmented by an additional qualitative objective also related to sustainability with a weight of 10%;
- for the remaining identified staff in the retail and corporate commercial network, it provides quantitatively measurable ESG indicators with a weight of 10%, broken down on the individual perimeters of competence, which incentivise "new Low-Carbon medium/long-term loans";
- of the remaining identified staff, it may provide for the assignment of quantitatively measurable ESG indicators, with a weight of 10%, by way of a non-exhaustive example, related to the annual definition of the ESG objectives of the Strategic Plan and the conclusion of project actions related to the Net-Zero Banking Alliance.

For the retail network, the *Short-Term Incentive* plan makes provision, continuing with the approach of last year, for a mechanism linked to customer profiling that also integrates the acquisition of customer ESG preferences. For the private network, considering the level of maturity achieved with reference to the ESG dimension, provision is made for a mechanism related to the consistency of the portfolio with the ESG preferences expressed by customers.
The objective related to "new Low-Carbon medium/long-term loans", the annual definition of the Strategic Plan objective, is also assigned to managers and staff of the sales functions and to the entire sales chain that manages corporate, business, small business, private and institutional customers, to promote an ESG commercial offers in support of the process of achieving the Plan objectives.

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. As an example, the model developed internally for calculating the indicator considers elements of physical, transition and conduct risks (greenwashing), as well as other elements of environmental risk (e.g. loss of biodiversity, pollution, rising sea levels, etc.). The model also considers any sanctions imposed on Group companies relating to climate and environmental issues, participation in campaigns or initiatives that damage the bank's image, the receipt of customer complaints related to environmental and sustainability issues, entering into agreements with counterparties with a low ESG reputation and the downgrading of the rating due to non-compliance with sustainability standards.

In the long-term incentive plan, the performance objectives include ESG metrics related to the main objectives of the Strategic Plan, with reference to the areas of People Strategy, and Green, Social & Sustainable Bond issues (see paragraph 6.8.2.2).

6.10 Severance payments

The criteria and limits approved by the Shareholders' Meeting of 20 April 2023, reviewed by the Board of Directors at the meeting of 13 March 2025 and fully reconfirmed, remain unchanged.

The Shareholders' Meeting of the Parent Company approves criteria for determining any amount to be given in case of early termination of employment, for all Staff, including any limits set in terms of years of fixed remuneration.
Said criteria and limits are applied to all Group companies; these are approved by the Shareholders' Meeting of Banca Akros and Banca Aletti.

As provided for by the relevant provisions, agreements stipulated for early termination of employment do not include amounts determined by the ruling of a court or arbitration, severance pay established by general employment contract legislation and indemnity for lack of notice. In the latter two cases, this holds true when the amount is determined according to limits established by legislation[116].
The golden parachute is any agreement pertaining to identified staff.

Amounts for early termination of employment can be awarded up to a maximum limit of 24 months of fixed remuneration (excluding indemnity for lack of notice, determined by legislative provisions) and for up to a maximum value of Euro 3.4 million (employee gross amount).
The combination of said maximum limit, the indemnity for lack of notice as determined by laws and any non-competition clauses upon termination of employment gives rise to an amount that falls within the limit of 24 months of remuneration including the short-term variable amount, a criterion commonly used in the Italian market.

The Parent Company has the unilateral right to establish agreements of this nature, in compliance with the following and with legislation in force at the time.

The award process requires the Parent Company's Human Resources function to submit a report, previously assessed by the Internal Audit function:
- for parties under the responsibility of the Board of Directors of the Parent Company and/or a subsidiary company, to the Remuneration Committee which, in turn, prepares the proposal to submit to the Board of the Parent Company and/or the subsidiary company, each to the extent of their responsibility (with reference to the managers of the internal control functions, it is also evaluated in advance by the Internal Control and Risk Committee and by the Board of Statutory Auditors);
- for remaining persons, to the Chief Executive Officer (or delegate).

Identified staff and other staff are awarded upon termination in accordance with that illustrated below, without prejudice to the specific conditions envisaged by the Bank of

[116] Said items do not constitute variable remuneration and are not subject to criteria and limits established by the Shareholders' Meeting.

Italy Supervisory Regulations[117]; this applies even if a member of Staff has signed an individual agreement with the Group for the early termination of employment.

The award of amounts for early termination of employment is subject to the fulfilment of the conditions, with reference to the previous year, correlated to the capital adequacy indicator at a consolidated level Common Equity Tier 1 (CET1) ratio and the regulatory liquidity adequacy indicator at a consolidated level Liquidity Coverage Ratio (LCR).

The table summarises the conditions for the award of amounts for early termination of employment in relation to the results (R) achieved.

Consolidated indicators		**LCR *REGULATORY***		
		R > *RISK TOLERANCE*[118]	**MIDPOINT[119] ≤ R ≤ RISK TOLERANCE**	**R < MIDPOINT[119]**
CET1 RATIO	**R > RISK TOLERANCE[118]**	Proceed with award	The Parent Company's Board of Directors can decide on the potential availability of economic resources	No award
	MIDPOINT[120] ≤ R ≤ *RISK TOLERANCE*	The Parent Company's Board of Directors can decide on the potential availability of economic resources	The Parent Company's Board of Directors can decide on the potential availability of economic resources	No award
	R < MIDPOINT[120]	No award	No award	No award

The amount is determined considering each relevant element, and in any event:
- the positive results achieved over time;
- the circumstances that led to the termination, taking into account the interests of the company also to avoid an error of judgement;
- the tasks performed and/or positions held in the course of the employment relationship, also in the sense of risks assumed by the subject;
- the duration of the employment relationship and of the job;
- savings as a result of early termination of employment.

The ascertainment of fraudulent behaviour or gross negligence relating to the three calendar years preceding the termination does not allow for the award of amounts for the early termination of the employment relationship. The assessment of the significance of the fault is carried out by the Board of Directors of the Parent Company and/or the subsidiary companies and/or by the Chief Executive Officer of the Parent Company (or his/her delegate), each to the extent of their responsibility. They also reserve the right to assess any additional misconduct[121] ascertained in the three calendar years prior to the termination.

[117] See Section III, paragraphs 2.2.2 and 2.2.3.
[118] Risk Tolerance threshold means the lower point of the tolerance area, in line with the RAF framework.
[119] Midpoint between Risk Capacity and Risk Tolerance thresholds.
[120] Midpoint between Risk Capacity and Risk Tolerance thresholds. Without prejudice, in the case of the CET1 ratio, to the provisions on distribution limits (see paragraph 6.11).
[121] See paragraph 6.7.

The amount awarded to identified staff, in the case of the early termination of employment[122], is calculated within the upper limit of the variable/fixed component ratio with reference to the last year of employment, without prejudice to the specific conditions envisaged by the Bank of Italy Supervisory Regulations.[123]
The Bank of Italy Supervisory Regulations also envisage the option to use a predefined formula, contained in the bank's remuneration policy, which defines the amount to be awarded for early termination of employment, within the context of an agreement between the bank and staff, at any stage of legal proceedings, for the resolution of a current or potential dispute. As provided for by Bank of Italy Supervisory Regulations, if defined by means of the application of said formula, the amount is not included in the calculation of the upper limit of the variable/fixed component ratio.
The formula adopted by Banco BPM regards identified staff and envisages that the amount is equal to:

- for top identified staff: 24 months of fixed remuneration;
- for other identified staff with more than 10 years of seniority in the Group or in the insurance company: 24 months of fixed remuneration;
- for other identified staff not included under previous points: 18 months of fixed remuneration.

The amounts referred to above may be subject to the following reductions:

- setting to zero, upon ascertainment of fraudulent conduct or gross negligence in the three calendar years prior to termination. The seriousness of such conduct is assessed by the Board of Directors of the Parent Company and/or the subsidiary companies and/or the Chief Executive Officer of the Parent Company (or their delegate), each to the extent of their responsibility;
- reduction of 12 months of fixed remuneration in the event of failure to achieve individual performance in at least one of the two calendar years preceding termination;
- 50% reduction if the employee has been operating in the Group or in the insurance company for less than three calendar years at the moment of termination, or otherwise, a 25% reduction if at the moment of termination he/she has held his/her current position[124] for less than two calendar years.

The employment contracts of executives with strategic responsibilities, including the Chief Executive Officer, are permanent contracts and the notice period, where applicable, is regulated by the National Collective Labour Agreement for the credit sector. Among the executives with strategic responsibilities, the Chief Executive Officer and the Co-General Managers have signed individual agreements with the bank regarding the early termination of employment. In particular, the main terms of the signed agreements and the amount of the related allowances are consistent with what is reported in this paragraph.

Irrespective of the method used to define the amount, payment thereof occurs according to the same methods provided for by the short-term incentive plan, defined in the remuneration policy in force on the date of termination, with reference to the last position for which payment of the amount was assessed, without prejudice to specific conditions envisaged by the Bank of Italy Supervisory Regulations[125]. Therefore, disbursement takes place:

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[122] Including any non-competition clauses, if it goes beyond the specific case envisaged by Bank of Italy Supervisory Regulations.
[123] See Section III, paragraphs 2.2.2 and 2.2.3.
[124] Also applies to any similar positions (by way of example, change of position within the first line of management).
[125] See Section III, paragraphs 2.2.2 and 2.2.3.

- for other staff, in cash and on a one-time basis;
- for identified staff (golden parachute):
  - in an up-front portion, amounting to 60% in the event the amount is lower than the particularly high amount established in the remuneration policy in force for the award, or 40% under all other circumstances;
  - in five deferred annual instalments of the same amount, for the senior identified staff, regardless of the amount awarded, and for the heads of the main business lines of Banca Akros or Banca Aletti reporting directly to the Chief Executive Officer or senior management of Banca Akros and Banca Aletti, in the event that the amount of the annual individual variable remuneration awarded is equal to or greater than the particularly high amount established in the remuneration policy in force at the award, or in four deferred annual portions in the remaining cases;
  - the up-front portion vests on termination of the employment relationship and is allocated within the time limits provided for in the individual agreements; the deferred portions vest annually, the first after twelve months from the disbursement of the up-front portion, the subsequent ones at the same interval from the vesting of the previous portion;
  - with regard to the up-front portion, 50% in cash and 50% in Banco BPM ordinary shares;
  - with regard to each deferred portion, the component in Banco BPM ordinary shares is 55%, if the deferment in five years is applied, or 50%, in the remaining cases;
  - there is a retention period (selling restriction) on the shares vested of one year; for the deferred shares, the retention period starts from the moment the deferred remuneration is accrued (vesting takes place with the respective monetary shares). The carrying value of the allocated shares, the up-front portion and deferred portions, will be equal to the normal value, equal to the arithmetic average of official prices recorded in the thirty calendar days preceding the date on which each portion will be transferred to the beneficiary's portfolio. Any rights and/or dividends will only vest with reference to the period following the transfer to the securities portfolio;
- both for identified staff and other staff, only in the absence of ascertained fraudulent conduct or gross negligence committed by the person who has terminated his/her employment. Confirmation of such conduct entails the cancellation of the portions not yet disbursed (malus) and the return of those already disbursed (claw-back). The assessment of the degree of negligence is carried out by the Board of Directors of the Parent Company and/or the subsidiary companies and/or the Chief Executive Officer of the Parent Company (or his/her delegate), each to the extent of their responsibility; this assessment takes place from the moment of vesting of units and for the next five years.

In general, as regards the members of management bodies, general managers and other executives with strategic responsibilities, the maintenance of non-monetary benefits is not envisaged, nor the stipulation of consulting contracts for a period following the termination of employment.

With reference to any non-competition clauses or notice period extension clauses stipulated whilst in employment, with regard to identified staff and other staff, the following provisions apply[126], without prejudice to specific conditions envisaged by Bank of Italy Supervisory Regulations[127]:

- the process for any award involves the preparation of an evaluation by the Human Resources Department of the Parent Company, to be submitted to the Board of

[126] In force since 2019.
[127] See Section III, paragraphs 2.2.2 and 2.2.3.

Directors of the Parent Company and/or the subsidiary companies and/or the Chief Executive Officer of the Parent Company (or his/her delegate), each to the extent of their responsibility;

- monthly payments are subject to the fulfilment of the capital and liquidity adequacy conditions in force for the early termination of employment amounts, as described in this paragraph;
- payment is also subject to the absence of fraudulent conduct or gross negligence. The seriousness of such conduct is assessed by the Board of Directors of the Parent Company and/or the subsidiary companies and/or the Chief Executive Officer of the Parent Company (or his/her delegate), each to the extent of their responsibility (malus); under such circumstances, the return of the amounts may also be considered (claw-back). Both malus and claw-backs affect the payment of amounts with reference to the year in which ascertainment occurs; claw-back may be exercised from the time of payment and for the following five years;
- the annual amount paid to a person identified as belonging to the identified staff category is calculated within the upper limit of the variable/fixed remuneration ratio for each year;
- the total amount awarded in the year to a person that qualifies as identified staff will be paid up to the equivalent amount of the up-front portion in cash for the full amount of variable remuneration awarded[128].

In 2024, a specific agreement was signed with the Trade Union Organisations regarding what is known as the "solidarity fund", applicable to employees of every level and category, including executives; through said agreement, inter alia, the amount to disburse to staff following the termination of employment is also regulated.

6.11 Limits to distribution

If the requirements referred to in articles 141 or 141-ter of the CRD are not met, or in the situations referred to in article 16-bis of directive 2014/59/EU (BRRD), variable remuneration may be awarded and/or paid within the limits and at the conditions indicated in the implementing provisions of the above-cited articles.
In any event, all decisions regarding dividends and variable remuneration must take into account the recommendations made by the European Central Bank and IVASS, also for the insurance companies.

[128] Including the long-term incentive (the latter when and if awarded).