

PRESS RELEASE

BPER GROUP: Press release pursuant to Art. 84-bis of Consob Regulation No. 11971/1999 and Art. 114 of Legislative Decree No. 58 of 24 February 1998

Information notice concerning the approval by the Board of Directors of Banca popolare dell'Emilia Romagna (hereinafter BPER) on remuneration scheme based on financial instruments for the implementation of the remuneration policies of Bper Group for the year 2016, both documents to be approved by the Shareholders' Meeting.

Modena – 1 March 2016. Following the activities performed by the Remuneration Committee, the Board of Directors of Banca Popolare dell'Emilia Romagna, Parent Company of the BPER Banking Group, has decided to submit the following items to the next Shareholders' Meeting:

- approval of the Remuneration Report pursuant to art. 123-ter of Legislative Decree 58 dated 24 February 1998, relating to the remuneration policies of Banca popolare dell'Emilia Romagna Group for the year 2016 and the yearly information notice on the implementation of remuneration policies for the financial year 2015;
- approval of the compensation scheme pursuant to art. 114-bis of Legislative Decree 58 dated 24 February 1998, implementing the remuneration policies of Banca popolare dell'Emilia Romagna Group for the year 2016.

With reference to these decisions, the following is an explanation of the key elements of the proposed share-based compensation scheme (the "Scheme").

Characteristics and recipients of the Scheme

In line with the Bank of Italy's instructions¹ on remuneration and incentive policies, by adopting the Scheme, the BPER Group aims to bring the interests of the Scheme's recipients into line with those of the Shareholders; the Scheme actually provides for a direct relationship between management's remuneration and growth in the value of the Group.

The Scheme is intended for those employees of the BPER Group identified as "key personnel" according to the definition of the EU Delegated Regulation No. 604 of 4 March 2014, i.e. those whose activity has or could have a major impact on the Bank's risk profile, being recipients of bonuses that at their maximum level could exceed a specific threshold beyond which the assignment of phantom stocks is also envisaged.

¹Circular Letter of the Bank of Italy No. 285, 7th update of 18 November 2014, Title IV Chapter 2 "Remuneration and incentive policies and practices"

This is a translation into English of the original in Italian. The Italian text shall prevail over the English version.

In light of this definition, the potential beneficiaries of the proposed Compensation Scheme are:

- the CEO of the Parent Company, the COO of Sardaleasing and the CEO of Emilia Romagna Factor;
- the General Managers of the Parent Company, of each Italian company in the Group, of the consortium companies BPER Services and Bper Credit Management;
- Executives with strategic responsibilities at the Parent Company: thirteen (13) for the year 2016;
- Executives with strategic responsibilities at Banco di Sardegna: one (1) for the year 2016;
- other “key personnel” of the Parent Company: eleven (11) for the year 2016.
- other “key personnel” of Banco di Sardegna: one (1) for the year 2016.

During 2016, in the event of changes in the positions identified as key personnel, those who take over the position will also be included among the recipients of the Scheme, to the extent that they are entitled to it.

The bonus will be allocated on condition that the BPER Group achieves a certain pre-set level of profitability (known as “entry gates”). The bonus actually disbursed will be related to the individual performance of each recipient of the Scheme, assessed individually on the basis of a set of qualitative or financial indicators established as part of the Group's remuneration policies.

The Scheme will be activated if the bonus calculated in this way exceeds 30,000 euro or 30% of the person's fixed remuneration. This provides for the free allocation of a certain number of phantom stocks, instruments that after any deferral or retention periods entitle the beneficiary to a cash bonus equal to the value of the BPER shares on that date. This value is calculated as a simple average of BPER's official stock prices posted during the two weeks prior to the Board of Directors' meeting that approves the Group results for the year in which the bonus is actually paid.

The Scheme envisages that the bonus element allocated using phantom stocks and deferred over time is split into equal portions and paid over a number of years following the one in which the bonus was allocated. This period of time can vary from a minimum of three years to a maximum of five, depending on the amounts involved, according to a pre-defined scale.

A one-year retention period is envisaged for each deferred instalment, starting from their maturity date and on condition that the entry gates established for the previous financial year have been exceeded. This period gets added on to the deferral period, with the result that the overall time period can range from a minimum of four years to a maximum of six.

As regards the Parent Company's CEO, and others beneficiaries with bonuses exceeding €100 thousand, the allocation of phantom stocks is envisaged both in relation to the portion of the bonus that is allocated with immediate effect, subject to a two-year retention period, and in relation to the portion of the deferred component, in which case the retention period is of one year. The Scheme is also activated in the event of bonuses, even if the amount is lower than the threshold established for the other personnel involved.

On condition that the established entry gates are exceeded, BPER identifies as beneficiaries of the 2016 Scheme only those people who, in accordance with the *ex-post* performance evaluation, have been granted a bonus that is higher than the amount defined by the Parent Company's Board of Directors. It is therefore not possible to determine *ex-ante* the total number of phantom stocks that will be allocated, nor their value or the actual number of beneficiaries.

In light of the results achieved at Group level, with reference to the 2015 Scheme, the allocations decided at today's meeting amounted to 114.250 phantom stock, for a total of € 596 thousand. Note that these results also affect the previous schemes:

- the 2013 Scheme, allowing the maturity of 510 phantom stock for a total of € 3 thousand;
- the 2014 Scheme, allowing the maturity of 1,416 phantom stock for a total of € 7 thousand;

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The notices on the Scheme and the Remuneration Report will be available to the public for consultation by the deadline established by law at the head office of each BPER Group Bank, or at the head office of the Parent Company in Via San Carlo 8/20, Modena, as well as on the Bank's website www.bper.it - Governance – Corporate Bodies – Shareholders' Meeting (or www.gruppobper.it) or on each Group Bank's website.

BANCA POPOLARE DELL'EMILIA ROMAGNA
Società cooperativa

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Investor Relation	General Secretariat	External Relations – Press
Gilberto Borghi Tel. (+39)059/202 2194 gilberto.borghi@bper.it	Emanuele Vasirani Tel. (+39)059/202 2220 emanuele.vasirani@bper.it	Eugenio Tangerini Tel. (+39)059/202 1330 eugenio.tangerini@bper.it
www.bper.it - www.gruppobper.it		

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