



BPER:
Gruppo

2023 Report on Remuneration
policy and compensation paid

Executive Summary

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Letter from the Chairperson of the Remuneration Committee



Shareholders,

It is therefore with great pleasure that I present to you, as Chairperson of the Remuneration Committee, the BPER Group's 2023 Report on Remuneration and Compensation Paid in 2022 ("the Report").

2022 was a particularly significant year for BPER Banca, with a number of key events such as successfully completing the integration of Banca Carige and further strengthening of our competitive positioning on a national scale. As a result, we currently have over 5 million customers, ranking as Italy's third largest bank by the number of branches and fourth in terms of total assets.

Market conditions and the macroeconomic framework remain uncertain: the conflict between Russia and Ukraine, an increasingly restrictive monetary policy, the energy crisis and inflationary pressure continue to be felt, requiring a robust and courageous response from customer-centric and sustainability-oriented financial actors.

The BPER Group has shown itself to be resilient and proactive and the 2022-2025 E-volution Business Plan submitted last June is already yielding tangible benefits in terms of streamlining the operating structure and boosting profitability, alongside an improvement in asset quality, while maintaining a strong capital position.

Amid a challenging time for the market, BPER has put its customers and employees at the forefront.

ESG commitment is an integral part of the business strategy and underpins a credible and reliable partnership with customers on the pathway to creating a more sustainable, equitable and inclusive society. Addressing the challenges that the market poses with increasing insistence, also in terms of sustainability, we developed concrete actions in 2022 with specific targets in terms of reducing environmental impacts, supporting customers in the environmental transition, with a focus ultimately on inclusion and management of diversity in addition to the well-being of all employees.

The 2023 Remuneration Policy, aligned with the Business Plan and approved with broad consensus at the Shareholders' Meeting on 5 November 2022, is closely related to the strategic guidelines set out in the Business Plan, with reference to the operating and financial objectives as well as its environmental, social and governance impact. This policy is our key tool for attracting, retaining and motivating people who reflect high performance standards and who act on a day-to-day basis in line with the principles of collaboration, courage, conscience, dialogue and results.

Specifically, in continuity with the update approved in November 2022, the 2023 Remuneration Policy is guided by the following principles:

- alignment between remuneration and sustainable performance, through a variable Remuneration Policy broken down into short- and long-term incentives targeting an increasingly broader segment of the Company's workforce;
- challenging economic and financial objectives that produce a positive impact on the environment and for society, in keeping with the ESG objectives that the Bank has set;
- allocation of the bonus pool with reference to the overall results achieved by the Group or the segment of personnel to which the specific budget relates;
- stringent deferral mechanisms, mix of financial instruments and materiality threshold;
- consolidating safeguards to ensure the gender neutrality envisioned in the Remuneration Policy;
- proactive alignment with the constantly evolving national and European legislative framework.

In conclusion, also taking into account the input received from the proxy advisors and from you Shareholders, we believe that this Report, drawing on the principles of transparency, inclusion and fairness, embodies a policy aimed at recognising merit and the achievement of lasting results, confirming our ongoing enhancement approach while offering an effective and balanced remuneration strategy that supports the Group in pursuit of its goal to create sustainable value over time in the interest of all stakeholders.

I would like to take this opportunity to express my sincere appreciation for the commitment shown by

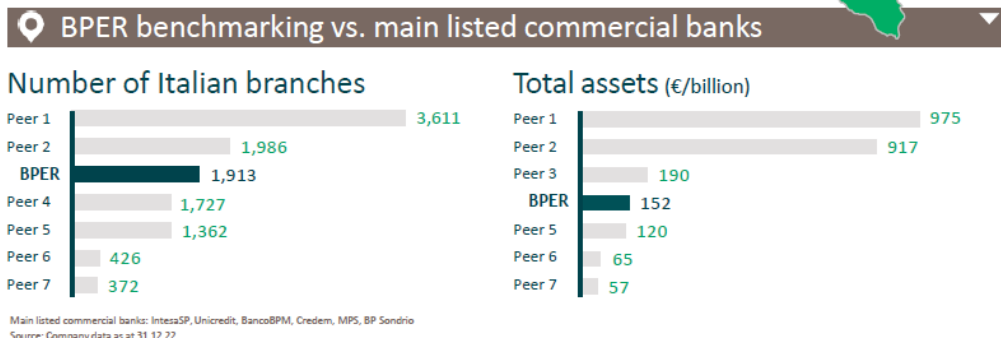
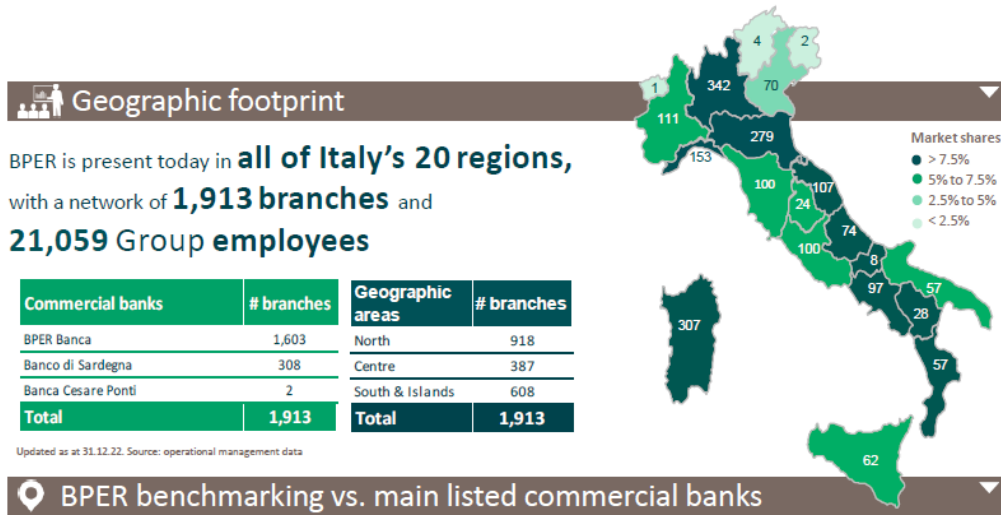
all the Bank's employees in such an extraordinary year.

Let me conclude by thanking you, on behalf of the Committee, for the attention you have shown us and I invite you to read the following pages of this Report, in the hope that your feedback at the Shareholders' Meeting will be positive.

Maria Elena Cappello

Group Profile

During 2022, the BPER Group significantly strengthened its competitive position also thanks to the acquisition of the Carige Group, thus allowing it to rank as Italy's third largest bank by the number of branches and fourth in terms of total assets. The proposed model is that of a modern bank, attentive to the specific needs of people, businesses and territories, and increasingly open to digitalisation, understood as a complementary resource in customer relationships. Today, the Group is present in twenty Italian regions with a network of 1,913 bank branches (in addition to the Luxembourg headquarters of BPER Luxembourg S.A.). The Group has 21,059 employees compared to 18,128 at the end of 2021.

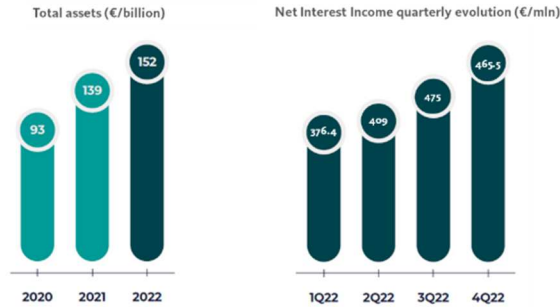


"2022 was a particularly significant year for BPER Banca, marked by important initiatives. First of all, I would like to emphasise the successful completion of the integration of Banca Carige, a transaction that was concluded at the end of November with the merger deed and with the complete migration of the information systems. (...). The Group also intends to strengthen its leadership in the management of ESG issues to become a credible and reliable partner for its customers in the process of creating a more sustainable, equitable and inclusive society (...). We can now focus on consolidating the position achieved by BPER Banca at national level by continuing to implement the actions set out in the Business Plan, mindful that the results achieved will allow us to generate additional value for the benefit of all our stakeholders, albeit in a challenging macroeconomic framework".

Piero Luigi Montani, Chief Executive Officer

The structural growth of ordinary profitability, coupled with strong improvement in the quality of activities and the maintenance of a solid capital position, continue to characterise the BPER Group. The Group's profitability, while yet in the uncertain context that characterised 2022, will continue to be supported by the stability of net commissions and growing revenues that will still benefit from rising interest rates despite the worsening conditions of ECB funding under TLTRO.

In terms of operating costs, the rationalisation and efficiency actions aimed at limiting the impacts from peak inflation and the investment costs envisaged by the new Business Plan is set to continue. Further de-risking made it possible to continue to reduce non-performing loans. And our solid capital position made it possible to propose a double dividend compared to the previous year.



Principles, purposes and Governance

The Group's strategic guidelines and ESG objectives

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2023 is marked by major challenges and by the commitment to pursue the current growth path, continuing to improve the Bank's fundamentals. All this took place under the new Business Plan submitted after BPER signed the contract to acquire a controlling stake in Carige, which was finalised on 3 June 2022. Growth and sustainability are hallmarks of the commitment to generate value for the benefit of all stakeholders.

The BPER Group bases its activities on sound and shared principles summarised below.

To create value for	<p>The Customers</p> <ul style="list-style-type: none"> Awareness of Customers' diverse needs Products offered in an appropriate way to each segment/market Attention to the quality of the relationship Discouraging merely speculative behaviour and financial gambling 	<p>Customer Satisfaction Survey</p> <table border="1"> <thead> <tr> <th>Segment</th> <th>NPS¹</th> </tr> </thead> <tbody> <tr> <td>Family</td> <td>+16</td> </tr> <tr> <td>Personal</td> <td>+13</td> </tr> <tr> <td>Small Business Operators</td> <td>+6</td> </tr> <tr> <td>SME Business</td> <td>+15</td> </tr> </tbody> </table>	Segment	NPS ¹	Family	+16	Personal	+13	Small Business Operators	+6	SME Business	+15
	Segment	NPS ¹										
	Family	+16										
	Personal	+13										
Small Business Operators	+6											
SME Business	+15											
<p>The Shareholders</p> <ul style="list-style-type: none"> Increase in profitability and investment value over time Balanced development Diversification and expansion of the markets served, pursuing opportunities for organic growth and external acquisitions Conscious risk management 	<p>Dividends (€)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Dividends (€)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>0.04</td> </tr> <tr> <td>2022</td> <td>0.06</td> </tr> <tr> <td>2023</td> <td>0.12</td> </tr> </tbody> </table>	Year	Dividends (€)	2021	0.04	2022	0.06	2023	0.12			
Year	Dividends (€)											
2021	0.04											
2022	0.06											
2023	0.12											
<p>The Group's People</p> <ul style="list-style-type: none"> Incentivizing the achievement of superior performance. Developing distinctive skills Stimulating human and professional growth. Implementing a transparent and effective communication system at all levels Providing continuous education 												
<p>The Environment and Community</p> <ul style="list-style-type: none"> Adoption of a business approach aimed at creating value for all stakeholders, with a positive impact on the Environment, the Community as a whole and Governance (ESG Factors) 												

* corresponding page of the 2023 Report on remuneration Policy and compensation paid

¹ The Net Promoter Score is a management tool that can be used to gauge customer loyalty. The figure is expressed in absolute terms and shows an improvement compared to the previous year in all segments.

The path undertaken by the Group is also characterised by a strong commitment to corporate social responsibility, which has resulted in the creation of a dedicated internal Board Sustainability Committee at governance level. The constant activity of the various Company Functions has led to positive and significant impacts in the ESG area, recognised through the main national and international ratings.

With reference to sustainability issues, already extensively integrated into the business model, concrete actions have been identified in the 2022-2025 "e-volution" Business Plan to be targeted across all lines of intervention with the aim of creating shared value.

This is to be achieved through specific targets to reduce environmental impacts, supporting customers in the environmental transition and finally devoting attention to the management of diversity and the inclusion of even the most vulnerable groups.

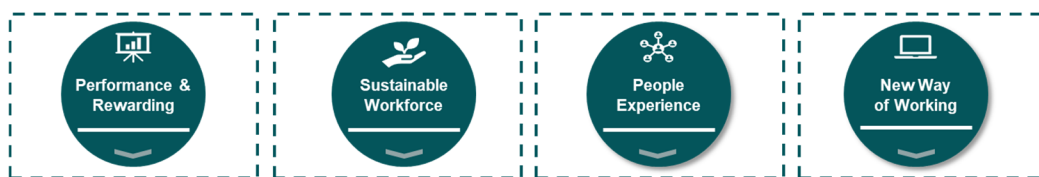
The new Plan will make it possible to evolve towards a business model more focused on core activities, making the most of the "product companies" with greater efficiency and a strong drive towards digitalisation guided by sustainability logics for the benefit of all stakeholders.



The BPER Group puts people at the forefront of its business world and therefore promotes fairness and objectivity values while undertaking to protect the highest expression of individual potential as a distinctive feature. The Group has always devoted great attention to Human Resources and targets in particular the creation of pathways to enhance value and develop professional and personal skills.

Employees are a crucial resource for the Group to grow since they are the first to affirm its values, providing customers with excellent services and products and maintaining relationships based on mutual trust.

"People at the Forefront" is one of the five evolutionary pillars of the Business Plan. In line with the plan, four areas of intervention were identified to develop and unite the human capital of BPER, namely:



Alignment of Remuneration Policies to the sustainability strategy

The 2023 Remuneration Policy contributes to the corporate objective of creating value for shareholders, employees, customers and all stakeholders, ensuring consistency between remuneration, results achieved, expected development guidelines as well as sound and prudent management of risks, in addition to regulatory compliance. The enhancement of people and the creation of value for the entire ecosystem in which BPER operates underpin the Group's ESG topics and, therefore, the systems designed to incentivise the achievement of our short- and long-term goals.

Therefore, the performance and reward policies have been progressively aligned with the Group's sustainability strategies. In this direction, the following should be noted in particular for this year:

- integrating ESG priorities into short and long-term incentive plans, in order to ensure a climate of sharing and overall accountability of Management on company priorities in this area: the **2023 MBO Plan** sees an increase in the weighting of the ESG components among the objectives assigned, which rose to 20% compared to 15% in 2022.

The objectives are confirmed in continuity with 2022 both for the CEO/GM and C-Level Managers. The **2022-2025 LTI Plan** also has sustainability objectives (with a 15% weight) divided into 4 fundamental guidelines: Sustainable Finance, Energy Transition, Diversity & inclusion, and Training projects;

- the introduction of controls to ensure the gender neutrality of the Remuneration Policy: starting from 2022, the Group adopted a model for the granular analysis of remuneration data related to the role held. The monitoring of the Gender Pay Gaps carried out periodically, also to assess any corrective actions. In line with this logic, enhancement of the diversity features of each person and attention to the development of female leadership remain specific objectives for those who hold positions of responsibility.

In continuity with the past, the following are also confirmed:

- the "Pay for Sustainable Performance" orientation with a particular focus on the multi-year horizon;
- the presence of common Entry Gates to the incentive systems linked to indicators that ensure the sustainability of the systems from an economic-financial standpoint;
- the financing of incentive schemes with "bonus pool funding" systems closely related to alignment with the Group's income and capital strength;
- analyses and comparisons with the market to verify and ensure internal pay fairness.



Remuneration and incentive governance system

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The BPER Group has established a governance process to regulate the definition, implementation and management of its remuneration policies. This process will involve various control bodies and business functions at different levels, according to their sphere of competence. The Group also periodically turns to external and independent consultancy companies with recognised expertise in remuneration and incentives.

Definition of the remuneration and incentive policies

CORPORATE BODIES	BUSINESS FUNCTIONS
Shareholders' Meeting	CHRO - Human Resources
Board of Directors	Planning and Control Management
Remuneration Committee	CRO - Risk Management
Control and Risk Committee	CCO - Compliance
Sustainability Committee	CAO - Internal Audit

Remuneration policy

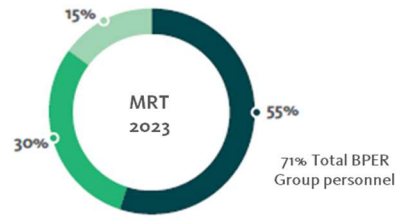
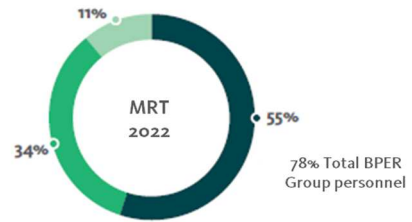
Report recipients

The remuneration policies, differentiated by category of Personnel, are structured in order to ensure maximum effectiveness in line with the type and objectives of the reference corporate function.

The Recipients of the remuneration policies are:

- Corporate Bodies;
- Chief Executive Officer and General Manager;
- Material Risk Takers²;
- MRTs of the Control Functions³;
- Remaining personnel (not included in the MRT scope);
- External collaborators

In addition, the Remuneration Policies include details relating to certain Group entities; specifically, these are Arca Fondi SGR, Optima SIM S.p.A. and BPER Bank Luxembourg.

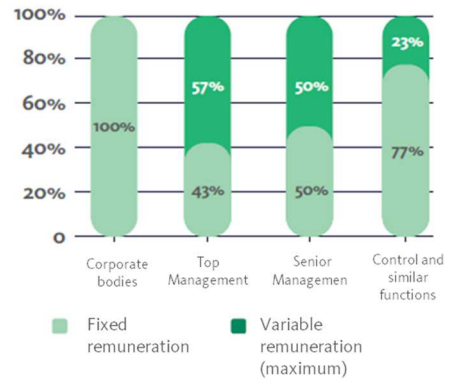


■ MRTs ■ Non-executive Directors ■ MRTs - Control Functions

Pay Mix

The remuneration packages are defined in order to strike an adequate balance between fixed and variable components, with a view to strong alignment between managerial behaviour and the creation of value for shareholders in the medium-long term.

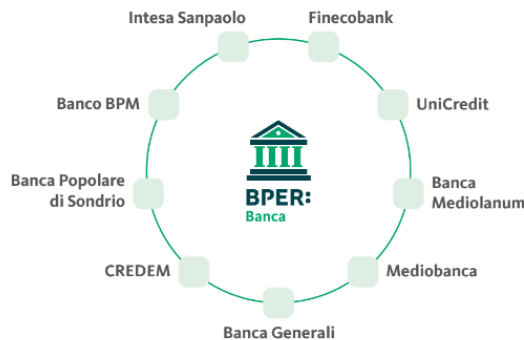
Ordinary pay-mix (on an annual basis)



Part of the variable remuneration, as required by current legislation, is paid out in financial instruments

Benchmarking

In defining its remuneration policies, with particular reference to the monitoring of the main practices of the market, the Group typically compares itself with a panel of listed banking groups, mostly subject to the Single European Supervisory Mechanism relating to the FTSE MIB or the Mid Cap Index, belonging to the same business sector and size such as to ensure that the peer group is balanced and suitable for the needs of the analysis.



² Including ESRs, excluding members of the Board of Statutory Auditors and non-executive members of the Board of Directors

³ See preceding note.

Fixed Remuneration

Envisaged for all levels of responsibility and calibrated according to specific factors such as the complexity of the role, measured by adopting appropriate valuation methodologies, individual responsibilities, professionalism and experience;

Fixed remuneration, which is constantly monitored for internal and external equity, is determined with reference to the members of the Board of Directors, also in relation to the particular positions held in the various Group companies and participation in Board Committees; For Non-Executive Directors and the Board of Statutory Auditors, it represents the total remuneration paid annually.

In general, for all personnel, the definition of remuneration levels is conducted in compliance with the principle of sound and prudent management of the Bank, with a view to sustainability and taking into due consideration the gender neutrality principle of remuneration policies.

Fixed remuneration may be supplemented by fringe benefits which, depending on the type, may be applied to all employees or, on the other hand, aimed at specific positions or roles.

Variable remuneration

The variable incentive systems, an integral part of the remuneration package for the company workforce, are structured in such a way as to ensure maximum consistency with the strategic objectives in accordance with the respective legal provisions. With particular reference to Material Risk Takers, a short-term variable component (known as MBO) and, for some selected key resources, long-term (so-called LTI). Depending on the amount of the vested bonus, the variable remuneration systems provide for different payout and deferral methods.

Incentive systems are also envisaged for the control and similar functions. For these resources, the incentive systems are linked to role objectives and, in any case, are not related to economic results.

In line with the regulatory requirements and the resolutions adopted at the Shareholders' Meeting held in 2020, the ratio between variable and fixed remuneration is set at 2:1 for all MRTs. This is done in order to offer competitive compensation packages to strategic professionals, ensure that there are sufficient resources to achieve the corporate objectives and make payments ahead or in the event of early termination of employment or term of office within the maximum limits laid down in the Remuneration Policies. This ratio does not apply to personnel belonging to the SGR within the Group, for whom the regulations envisage the possible application of different limits.

For the rest of the personnel, a maximum ratio between the components of remuneration of 1:1 is usually adopted, with the exception of MRTs of control functions or similar activities, whose variable remuneration cannot exceed one third of their fixed remuneration.

In limited and specific circumstances, the Group also sets the maximum variable/fixed ratio at 2:1 for the rest of personnel as well (excluding the control and similar functions once again).

The table below shows the short and long-term variable incentive levels (target and maximum) defined for MRTs and for Control Functions. It should be noted that these limits are valid under ordinary procedure and are without prejudice to specific situations in which the Bank may decide to use the entire regulatory limit.

Classes	Short-term target bonus		Long-term annual bonus ⁴	
	maximum	bonus	maximum	bonus
	(% annual gross income)	(% annual gross income)	(% annual gross income)	(% annual gross income)
CEO/GM	45%	59%	60%	72%
Top Management	40%-45%	53%-59%	60%	72%
Senior management	30%-40%	40%-53%	40%	48%
MRT - high-end	25%-30%	33%-40%	-	-
Other MRTs	15%	20%	-	-
Control functions	15%-30%	15%-30%	-	-

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The remuneration of managers other than MRTs also consists of a fixed component and a variable component. Such remuneration is generally limited and is paid according to logic selectivity and correlation to particularly significant results.

This approach also applies to Executives with the necessary features.

A significant portion of this personnel benefits from incentive schemes⁵ linked to both qualitative and quantitative criteria. The most important relate to the network, to private bankers and Corporate Banking.⁶

⁴ The bonus opportunity on a four-year basis is as follows: 240% (maximum 288%) target for CEO/GM and Top management, 160% (maximum 192%) for Senior management.

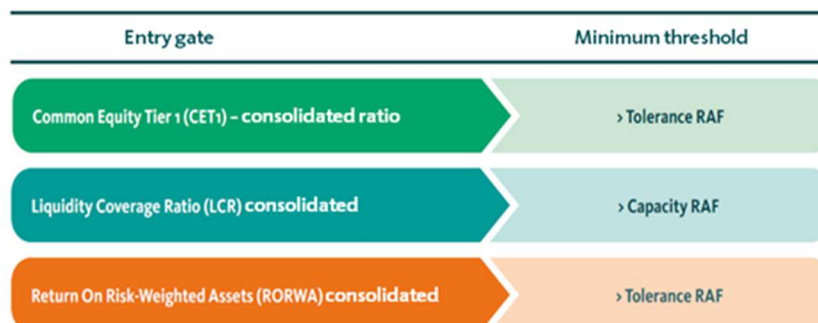
⁵ The allocation of bonuses linked to exceptional situations, to supplement the provisions of the incentive systems, is not excluded.

⁶ Specific MBO systems are envisaged for some professionals belonging to the Group Banks and Companies.

Entry Gates

In order to discourage excessive risk-taking which can lead to a deterioration in the Group's "state of health", also in compliance with the Bank of Italy's regulatory requirements, payout of the bonus pool, whatever the amount, is without exception subject to compliance with certain metrics, called Entry Gates, which are related to the capital, liquidity and risk-adjusted return ratios.

The 2023 Entry Gates, all of which have to be achieved concurrently, are as follows⁷:



Failure to achieve even only one of the Entry Gates means that no bonus will be paid out under the short-term incentive system (MBO). The same indicators are also envisaged for activation of the 2022-2025 LTI Plan (with the measurement period ending on 31 December 2025).

Variable remuneration of the Chief Executive Officer and General Manager

Short-term incentive system – MBO 2023

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The MBO incentive system provides for the identification of a bonus pool which represents the maximum amount of bonuses payable. The bonus pool for the Chief Executive Officer and General Manager and for MRTs is set at Group level. The amount of the bonus pool for MRTs is correlated to the results achieved, in terms of pre-tax Group Profit, and constitutes a maximum limit.

After checking that the Entry Gates have been exceeded, as noted above, the bonus allocation and the extent of the related variable remuneration are defined by evaluating individual performances using a process that includes the analysis of multiple qualitative and quantitative indicators.

Also for 2023, the scorecard of the Chief Executive Officer and General Manager consists of both quantitative and qualitative targets.

CEO and GM SCORECARD	2023 MBO	Payout (min-target-max)
Operating and financial objectives	80%	
Group Gross Profit (€/Mln)	40%	50%-100%-150%
Group Gross NPE Ratio (%)	20%	50%-100%-120%
Group Fully Phased CET1 ratio (%)	20%	50%-100%-120%
ESG objectives	20%	50%-100%-120%

Composite metric including six objectives considered strategic in the short term as an enabling factor for achieving the ESG targets attributable to areas of the Business Plan:

- **Assets under management:** increase in investments focused on ESG
- **Green Credit Ceiling:** provision of credit earmarked for investments in the field of sustainability (ESG)
- **Implementation of BEMS (Building Energy Management System):** increase in coverage on the Bank's branches of solutions designed to monitor and optimise the energy performance of buildings
- **Net Zero Banking Alliance:** calculation of the carbon footprint of loan and investment portfolios; definition of decarbonisation targets by 2030 and 2050 for high emissions sectors; implementation of monitoring tools for indirect emissions generated by the company value chain (so-called Scope 3)
- **Advancement in the path of diversity, equity and inclusion:** early achievement of the intermediate objectives set in the Business Plan with regard to the categories of managers and Executives
- **ESG Ratings:** maintenance of the current Moody's ESG Solution, S&P ESG Evaluation and CDP ratings

⁷ CET1 and LCR are binding for all MBO systems, RORWA does not apply to the Control Functions.

The aforementioned objectives have a percentage weighting on the individual bonus and their assessment is based on increasing thresholds from the minimum level to the target (between 50% and 100%), from the target to the maximum level (between 100% and 120%⁸).

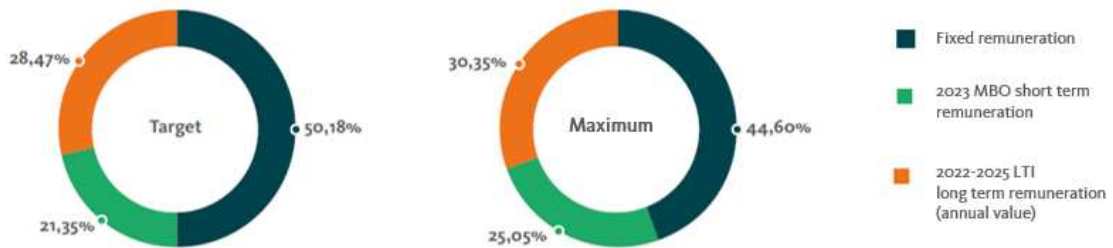
For ESG objectives, the minimum, target and maximum thresholds are represented, respectively, by the achievement of 4⁹, 5 or 6 objectives. Each individual objective is on/off based on precise deliverables. Therefore, the payout curve is 50% -100% -120%.

Once the results have been measured, the system provides for the application by the Board of Directors of risk-adjusted parameters based on those contained in the Risk Appetite Framework (RAF), with an assessment aimed at defining any adjustments with respect to the vested incentive. Upon achievement of the objectives set out in the CEO and GM's personal scorecard, the adjustments can reduce the vested bonus by up to 50%.

RAF ADJUSTMENTS (in order of impact)
CET1% Transitional
LCR (%)
Cost Income
Economic Capital Adequacy Ratio
MREL TREA%

The potential short-term bonus for the CEO and General Manager is capped at 59% of their fixed remuneration.

The pay mix relating to the remuneration of the CEO/GM, considering the maximum level of both annual and long-term variable remuneration, is therefore as follows.



The maximum variable remuneration pay-out, on maximum achievement of the assigned objectives, remains well below the maximum limit of 2:1 with respect to fixed remuneration.

The method for paying out vested bonuses after the final calculation of the results of the scorecard has been set by the Board of Directors in line with the regulatory requirements, with the dual aim of achieving alignment with the ex-post risk and supporting the medium and long-term orientation, as well as managing to correlate the variable component with the actual results and the risks assumed. Starting from the 2021 financial year, the Board decided, in order to align the MBO system to the best market practices and to the requests of investors and proxy advisors, to use BPER Banca shares for the financial instrument component.

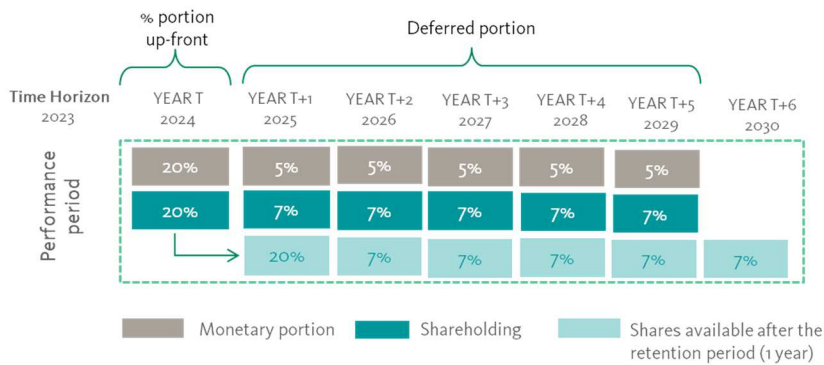
Payment of the bonus of the Chief Executive Officer and General Manager, in line with the above, envisages that 45% (40% in the case of a "particularly high amount") is allocated at the vesting date of the bonus (up-front portion) while the remaining 55% (60% in the case of a "particularly high amount") is deferred in equal annual instalments over 5 years. The deferral scheme in the event of a "particularly high amount" bonus is shown below¹⁰:

⁸ With the exception of Group Gross Profit, the maximum level of which is 150%, see the Table CEO and GM Scorecard.

⁹ Of the first five objectives.

¹⁰ In the BPER Banca Group, the variable remuneration level, which represents a "particularly high amount", is €435,000, calculated on the basis of the provisions of Bank of Italy Circular No. 285/2013. The amount is updated at least every three years.

MBO deferral scheme for particularly high amounts



The variable components are subjected to ex-post adjustment mechanisms (malus and claw-back) in order to reflect the performance levels net of the risks actually undertaken, taking into account individual behaviour.

The up-front and deferred portions are subject to malus rules that can reduce the portion to zero in the event of failure to achieve the Entry Gates for the financial year preceding the year of payment of each deferred portion. The malus mechanism also applies in cases where claw-back clauses are activated.

There is no option to pay bonuses on a discretionary basis.

Long-Term Incentive System – 2022-2025 LTI Plan

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In 2022 the Group introduced a variable long-term incentive system based on a 4-year period of performance assessment, consistent with the objectives and duration of the Group's 2022-2025 "E-volution" Strategic Plan.

The LTI Plan, intended for around 50 of the Group's top managers considered key to the success of the Business Plan, provides for clear and predetermined performance conditions, verified during and at the end of the plan. The bonus is awarded at the end of the performance evaluation period.

The incentive system provides for the identification of a bonus pool which represents the maximum amount of bonuses payable. The bonus pool for the CEO and MRTs is set at Group level. The amount of the bonus pool is related to the results achieved and constitutes a maximum limit. Its distribution is entirely subject to compliance with certain Entry Gates, based on indicators of capital strength, liquidity and risk-adjusted profitability.

As noted above, Entry Gates for the 2022-2025 LTI Plan, all of which have to be achieved concurrently, are in line with those established for the MBO Plan. Failure to achieve even only one of the Entry Gates means that no bonus will be paid out under this long-term incentive scheme. If all of these Entry Gates are achieved, the LTI Plan provides for an assessment of the Group's KPIs at the end of the four-year vesting period (2025). Continuous monitoring of the indicators is carried out during the four-year period to verify compliance with the objectives of the Strategic Plan.

Based on this approach, the bonus amount is determined in proportion to the results achieved.

For the four-year period 2022-2025, the LTI Plan scorecard, the same for all recipients, consists of profitability, operational efficiency, risk management and ESG objectives. The target values of the KPIs of the Long-Term Incentive Plan, shown below, are consistent with the figures shown in the 2022-2025 Strategic Plan¹¹, approved by the Board of Directors on 9 June 2022 and communicated to the market on 10 June 2022. Following this event, the duration of the vesting period of the LTI Plan¹² (originally structured over three years) was also aligned with the four-year period of the new Strategic Plan.

The measurement and weighting mechanism of the LTI Plan, which is meant to balance the various types of objectives and support the motivation and incentive to achieve company results within a framework of sound and prudent risk management and ESG sustainability.

¹¹ Following the finalisation, on 3 June 2022, of the acquisition from the Interbank Deposit Protection Fund (IDPF) and the Voluntary Intervention Scheme (VIS), of a 79.418% stake in Banca Carige S.p.A.

¹² The amendments to the LTI Plan, on the proposal of the Board of Directors, with a positive opinion of the Remuneration Committee, were submitted for approval, in a separate item on the Agenda, to the Shareholders' Meeting called for 5 November 2022. On that occasion, the updated version of the 2022 Remuneration Report, previously approved on 20 April 2022, was also submitted for approval.

2022-2025 LTI scorecard

KPIs	WEIGHT	TARGET ³
ROTE as at 31/12/2025	50%	10%
Cost/Income as at 31/12/2025	20%	58%
Gross NPE Ratio at 31/12/2025	15%	3.6%
ESG	15%	100%

In particular, the ESG target (15% weight) is composed of:

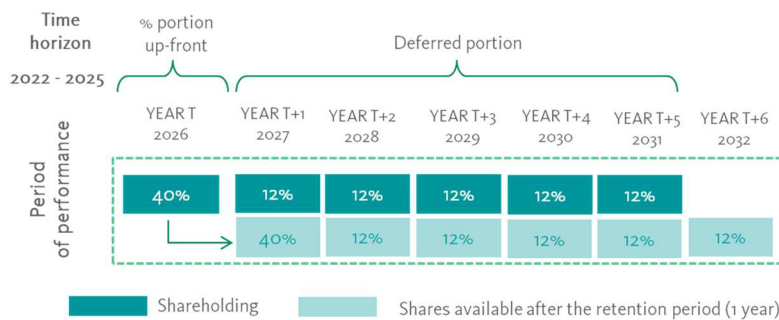
Area (Weight)	Objective	Target
Sustainable Finance (25%)	Green loans	€7 billion disbursed to businesses and households by 2025
Energy Transition (25%)	Reduction of CO2 emissions	-23% emissions by 2025
Diversity and Inclusion (25%)	Gender gaps: less represented gender between Middle Managers and Executives	25% female Executives and 33% female managers (Executives and Middle Managers) by 2025
"Future" Project (25%)	Increase of financial education programmes and rollout of a youth inclusion project	Qualitative judgement assigned by the Board of Directors for the overall assessment of the project ⁴

These objectives have a percentage weighting on the individual bonus and their evaluation is based on progressive thresholds (from the minimum level of achievement to the target level), which correspond to bonus percentages equal to 70% below the target and rising to between 100% and 120% with an associated linear interpolation mechanism for payouts.

The payout of bonuses to the Chief Executive Officer and General Manager, consistent with the foregoing paragraph, is structured as follows: at the end of the four-year period, in case of positive performance, 45% is granted at the bonus allocation date (up-front portion), but subject to the 1-year retention period, as required by current legislation. The other 55% is deferred in equal annual portions over 5 years, during which it is unavailable (1-year retention period).⁵

Bonuses are subject to ex-post adjustment, malus and claw-back conditions, as for short-term incentive schemes. Below is a graphic depiction of the above.

LTI deferral scheme for particularly high amounts



With a view to strengthening the pay for sustainable performance link, the extension of the obligations to maintain the financial instruments arising from the LTI Plan was envisaged as early as 2022 through the introduction of **Share Ownership Guidelines** for the Chief Executive Officer and Executives with Strategic Responsibilities (ESRs) of BPER Banca.

³ The quantitative KPI targets were approved by the Board of Directors on 9 June and disclosed to the market on 10 June (see page 2 of the press release, available at the following link: https://istituzionale.bper.it/documents/133577364/0/BPER_Industrial_Piano_22-25_S.pdf)

⁴ Following the opinion expressed by the Sustainability Committee, on the basis of the evidence for the overall assessment of the project, produced by an independent external company, or on the basis of an Impact Report with evidence of the project SROI and value generated for each stakeholder, also in reference to national and international sustainability standards.

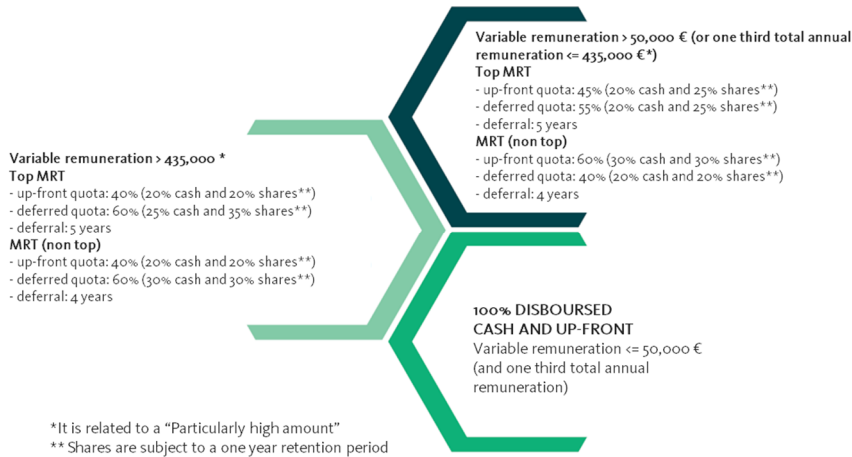
⁵ If the vested bonus is higher than the variable amount, the up-front portion drops to 40% and the deferred portion rises to 60%.

MRT Remuneration

The resources falling within the scope of MRTs are recipients of the MBO 2023 system, as well as the Chief Executive Officer and General Manager. Some figures are also recipients of the long-term variable incentive system (2022-2025 LTI Plan).

The individual MRT scorecard is derived from the Strategy Scorecard assigned to the CEO/GM, is linked to results consistent with the role held and the responsibilities assumed and is structured according to quantitative and qualitative objectives among which ESG KPIs are of specific importance.

The payment methods for vested bonuses differ according to the amount of the total variable remuneration and whether or not they fall within the scope of top MRTs according to the following scheme:



Once the results have been measured, also in this case, as for the CEO and GM, a check is envisaged for the risk-adjusted parameters and those contained within the Risk Appetite Framework (RAF) that act as an adjustment with respect to the vested incentive.

There is no option to pay bonuses on a discretionary basis.

All vested incentives are subject to malus and claw-back clauses.

Remuneration of Control Functions

page 39

The remuneration of those in charge of Control Functions within the scope of the MRTs is composed of a fixed component supplemented by a specific function indemnity and a variable component which can be up to a maximum of 33% of the fixed component. The latter does not depend on meeting financial targets, but is related to the specific objectives of the function, in order to safeguard the independence that is required of these functions. The size of the bonus pool, defined within the MBO incentive scheme, is not related to the operating and financial results achieved, but is set as a fixed amount. Unlike what applies for MRTs, the payment of bonuses for the Control Functions is subject only to the Entry Gates based on capital (CET1) and liquidity (LCR) ratios.

Once the Entry Gates have been passed, the amount of the annual bonus is linked to position-related objectives, both quantitative and/or qualitative.

People in this category have applied to them Entry Gates and the afore-mentioned rules for deferment of the variable portion, use of financial instruments and the malus and claw-back clauses defined for the other MRTs.

The figures belonging to the Control Functions are not recipients of the 2022-2025 LTI Plan.

Compensation granted on termination of employment of MRTs (or in the absence thereof)

pages 43-44

If there are cases involving termination of employment on the initiative and/or interest of the Group, in a unilateral or consensual form, additional compensation may be envisaged as a leaving indemnity or in the case of early retirement (for whatever reason) or paid for the settlement of a current or potential dispute, in order to avoid the risk of a court ruling against the Group.¹⁶

The amount of such additional remuneration cannot exceed 2 years of fixed remuneration – arising from the executive employment relationship and any directorships – and will be subject to a maximum limit of €2.4 million (gross per employee).

In any case, without prejudice to the foregoing, with reference to the Chief Executive Officer, the General Manager and

¹⁶ In addition to any other amounts awarded on the basis of non-competition agreements, or by way of amounts paid in lieu of notice.

Executives with Strategic Responsibilities, the total amount of additional remuneration, of any no-competition agreements and amounts paid in lieu of notice cannot exceed 2 years of total remuneration⁷.

The remuneration in question shall take account of the performance achieved over time and the risks taken on by the person concerned and by the Company.

These additional amounts of remuneration must therefore be defined taking into account, in addition to the purposes set out above, an overall assessment of the person's work in the various positions held, the presence or absence of individual sanctions imposed by the Supervisory Authority, having particular regard to the levels of capitalisation and liquidity of the Group (specifically, reference is made to the fact that at the time of signing the agreement on compensation, the Bank's liquidity and capital exceed the minimum requirements laid down by the Supervisory Authorities).⁸

The Supervisory Provisions of the Bank of Italy also provide for the possibility of using a **predefined formula**, contained in the bank's Remuneration Policy, which defines the amount to be paid for early termination of office or early termination of the employment relationship, as part of an agreement between the Bank and the staff, in any case reached, for the settlement of a current or potential dispute. The additional fees determined by applying this formula are not included in the calculation of the aforementioned maximum limit of incidence of the variable component with respect to the fixed component.

The Group may therefore apply, in the presence of the relative prerequisites, the predefined formulas for MRTs that are set out in the 2023 Report on the Remuneration Policy, to which reference is made for details.

Remuneration of the personnel of the SGR

pages 44-45

The Banking Group includes a company operating in the asset management sector (UCITS-AIF) subject to sector regulations and the specific provisions of the broader consolidated banking regulatory framework.

This subsidiary prepares the Remuneration and Incentives Policy for its personnel in application of the principles and objectives embodied in the Group's Remuneration Policy, having regard for the applicable regulatory requirements.

For the personnel of the SGR identified among the Group's MRTs, in line with the exceptions envisaged in Circular No. 285 of the Bank of Italy in force, the specific criteria described in the Remuneration Policy apply with particular reference to: deferral rules (percentages and time horizon of deferral); percentage in financial instruments awarded, in line with sector forecasts, in fund units; materiality threshold for the application of deferrals and portions in financial instruments; malus and claw-back rules; policy of remuneration allocated at the time of termination of the employment relationship or the office of MRTs.

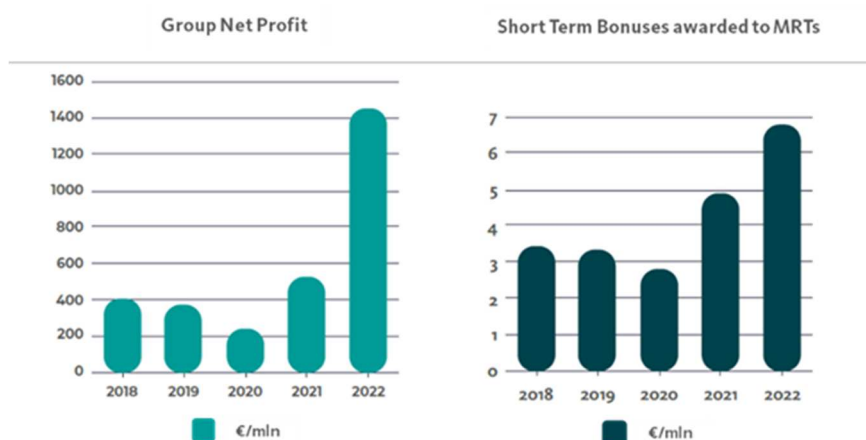
Pay-for-performance

pages 51-54

The remuneration policies are designed with the aim of ensuring alignment between the results actually achieved and the remuneration paid. In this sense, the BPER Group policy envisages variable incentive systems based on measurable, clear performance indicators directly linked to Group and individual objectives, with different methods and weightings depending on the role, responsibilities and professional classification.

Net profit for the year pertaining to the Parent Company in 2022 was €1,449 million (ordinary proforma of €503 million), up sharply compared to the previous year.

As in prior years, implementation of the 2022 remuneration policy confirmed the consistency of the incentives earned with respect to the results achieved, as shown in the following MRT tables.

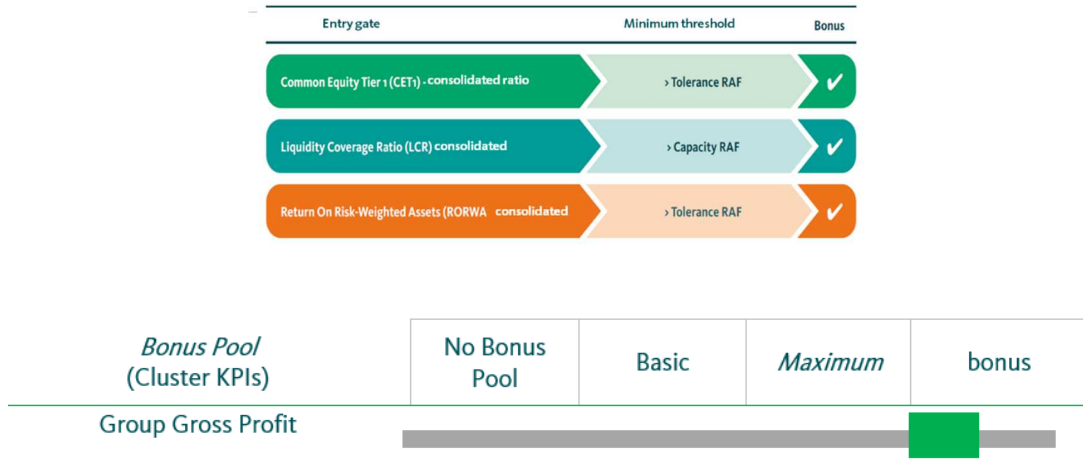


⁷ The amount of one year's salary used to calculate this total is determined by considering the current fixed remuneration plus the average of the incentives actually awarded in the last three years prior to termination, including the portion of incentives paid in shares. Variable remuneration derived from long-term incentive plans is excluded.

⁸ This provision also applies to other personnel

Results of the 2022 MBO System

As envisaged by the process of the 2022 MBO system, the Board of Directors verified that the Group passed the Entry Gates¹⁹ and the capacity of the total allocation (Bonus Pool) allocated to the 2022 variable remuneration schemes for MRTs.



With regard to individual performance, it was found that in the 2022 MBO scheme for the Chief Executive Officer and General Manager, the 5 specific indicators on which the system is based reached and exceeded the levels envisaged to contribute to the incentive system, ranging between the target threshold and the maximum level achievable.

INDIVIDUAL PERFORMANCE	Indicator	Weight	performance vs target	MBO BOARD LEVEL			MBO data sheet result
				Min	Target	max	
Economic and financial KPIs (85%)	Group Gross Profit	30%	118% (+86.3 € / mln)				143%
	Group Gross NPE Ratio (%)	20%	91% (-0.22 pp)				120%
	Group commercial volume	20%	100% (+313 €/mln)				101%
	Group Fully Phased CET1 ratio (%)	15%	102% (+0.20 pp)				113%
ESG KPIs	ESG qualitative objectives	15%	120%				120%
OVERALL LEVEL OF ACHIEVEMENT 122%							

KPI SUSTAINABILITY Metric consisting of no. 6 strategic objectives (on / off)	Indicator	Description of activity outsourced	Result
RECEIVABLES AND FINANCE	ESG OFFER TO CUSTOMERS	Definition of ESG policies on credit granting and own investments	✓
	GOVERNANCE	Definition and inclusion of the "Green Loan" in the product catalogue intended for corporate customers	✓
	REDUCTION OF CLIMATE EMISSIONS	Revision of the organizational model according to the ESG criteria defined in the Group strategy	✓
	VALUE FOR SOCIETY (CULTURE)	Complete the transition to the use of electricity from renewable sources as part of the strategies to reduce greenhouse gas emissions.	✓
	VALUE FOR SOCIETY (SOCIAL)	Redevelopment and enhancement of the artistic and real estate assets owned by the Group	✓
			Implementation of planned initiatives aimed at younger generations regarding higher education, financial education and youth empowerment
LEVEL OF ACHIEVEMENT OF ESG OBJECTIVES no. 6/6 (120%)			
For ESG objectives, the minimum, target and maximum thresholds are represented, respectively, by the achievement of 4, 5 or 6 objectives. Every single goal is on/off. The payout curve is 50% (4) - 100% (5) - 120% (6)			

¹⁹ As already specified, for the personnel belonging to the control and similar functions, only the two Entry Gates related to equity and liquidity are applied in order to avoid, in line with the provisions of current legislation, the connection between the measurement of the respective performance and the Bank's operating results.

The adjustment measures linked to the RAF did not result in any reduction in the vested bonus.

ADJUSTMENT FACTORS	Level of achievement (on/off)
2022 MBO	
LCR(%) (Group)	✓
CET1% Transitional (Group)	✓
Economic Capital Adequacy Ratio (as part of ICAAP) (Group)	✓
MREL TREA (%) (Group)	✓

The overall performance result for 2022 is 122%.

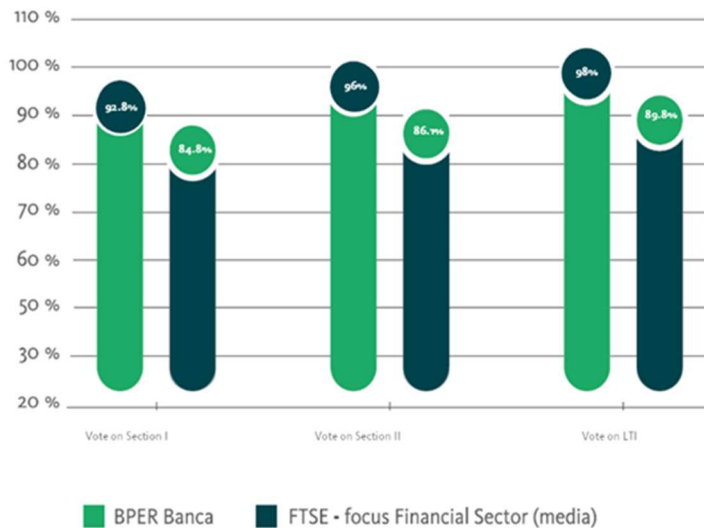
The total bonus assigned to the Chief Executive Officer and General Manager, therefore, is equal to €714,445, which accounts for 34% of the total remuneration, while the ratio between variable and fixed remuneration stands at 51%.

Vote expressed by the 2022 Shareholders' Meeting

page 58

Also in 2022, BPER initiated a constructive and continuous dialogue with investors and proxy advisors with the aim of providing adequate information on remuneration policies and achieving maximum alignment with the interests of all stakeholders.

This approach, combined with the continuous alignment with best practices and the connection with company strategies, made it possible to achieve the high rate of consensus expressed last year (the graph shows the vote on the first Section of the Remuneration Policies and on the Information Document on the 22-25 LTI Plan - Shareholders' Meeting of 5/11/22 - and the advisory vote on the second Section of the Remuneration Policies - Shareholders' Meeting of 20/5/22).



Source: WTW

Neutrality of remuneration policies with respect to gender

page 59

In relation to the process, already launched some time ago and which continues with the new projects of the 2022-2025 ESG Strategic Plan, also in 2022 the Group was committed to continuing to ensure equal professional opportunities and remuneration, through the use of neutral, objective and inclusive criteria for the assessment of performance, based on the recognition of skills, experience, performance and professional qualities.

The analysis of pay gaps for the same role or role of equal value, carried out in line with the indications of the EBA Guidelines, confirms the gender neutrality of the salary review policy and processes. In particular, the "adjusted" Gender Pay Gap²⁰ ("GPG")²¹ analysis of the pay gaps integrated with the objective factors that may justify any gaps (related, for example, to role, professional area, performance, geographical area or the start of the classification), showed a statistically limited residual gap.

The foregoing issues, as a whole, highlight the neutrality of the remuneration policies with respect to gender and represent a measure of the Group's progression towards the ambition of equal opportunities, equity and inclusion.

These issues will be monitored over time and represent the starting point for future corrective actions that have already been included in the guidelines of the 2022-2025 Business Plan, as represented in Section I of the Group's Remuneration Policies.

²⁰ The GPG calculation was carried out as the ratio of the difference in the average male gender remuneration to the average female gender remuneration compared to the average male gender remuneration.

²¹ Developed according to the models and with the support of the consulting company WTW.

*This document is a summary of the "2023 Report on the Remuneration Policy and Compensation paid by the BPER Group". For more information, please refer to this document published on the website www.bper.it.
In the event of discrepancies between the two documents, the "2023 Report on the Remuneration Policy and Compensation paid by the BPER Group shall prevail".*

