

PRESS RELEASE

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

Notice of approval by the Board of Directors of BPER Banca ("BPER") of share-based compensation schemes to implement the BPER Group's remuneration policies for the year 2018, both to be submitted for approval by the Shareholders' Meeting.

Modena – 5 March 2019. Following the activities performed by the Remuneration Committee, the Board of Directors of BPER Banca, Parent Company of the BPER Banca Banking Group, has decided to submit the following items to the next Shareholders' Meeting:

- presentation of the Remuneration Report pursuant to art. 123-ter of Legislative Decree 58 dated 24 February 1998, comprising the remuneration policies for 2019 of the BPER Group and annual disclosure regarding implementation of remuneration policies in 2018;
- the remuneration plan pursuant to art. 114-bis of Legislative Decree 58 dated 24 February 1998, implementing the remuneration policies for 2019 of the BPER Group.

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 2019 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; in particular, the Plan envisages a direct correlation between the remuneration of management and the growth in value of the Group.

The Plan covers those employees of the BPER Group identified as "key personnel" as defined in Commission Delegated Regulation (EU) no. 604 of 4 March 2014, being those categories of personnel whose work has a significant impact on the risk profile of the Bank. All persons identified as key personnel are included².

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 Emil-Ro Factor;

¹Circular Letter of the Bank of Italy No. 285, 25th update of 23 October 2018, Title IV Chapter 2 "Remuneration and incentive policies and practices"

² With the exception of 14 resources to whom bonuses exceeding Euro 30,000 are not assignable. Beyond this limit Phantom Stock can be assigned.

- the General Managers of the Parent Company, of each Italian bank in the Group, of I.V.I., Emil.Ro Factor and of the consortium companies BPER Services and BPER Credit Management;
- Executives with strategic responsibilities at the Parent Company: six (6) for the year 2019;
- other "key personnel" of the Parent Company: thirty-three (33) for the year 2019;
- other "key personnel" of Banco di Sardegna: nine (9) for the year 2019;
- other "key personnel" of Cassa di Risparmio di Bra: one (1) for the year 2019;
- other "key personnel" of Sardaleasing: one (1) for the year 2019.

During 2019, 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 level of profitability established *ex-ante* (hereinafter known as "entry gates"). The bonus actually disbursed will be related to the individual performance of each recipient of the Scheme, assessed individually evaluated 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 Euro 30,000 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 thirty days 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 any other beneficiaries of bonuses in excess of € 100,000, 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 one-year retention period, and in relation to the portion of the deferred component, in which case the retention period is also 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 2019 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, an allotment of 392,856 phantom stocks was approved on the basis of the 2018 Plan, for a total consideration of € 1,222 thousand. Note that having verified the opening of the "entry gates", there have been the following effects on prior year plans:

- 2015 Plan: vesting of 32,543 phantom stocks, for a consideration of € 99 thousand;
- 2017 Plan: vesting of 9,629 phantom stocks, for a consideration of € 30 thousand;

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The Manager responsible for preparing the Company's financial reports, Marco Bonfatti, declares in accordance with art. 154-bis, para. 2, of Legislative Decree 58/1998 (Consolidated Finance Act) that the accounting information contained in this press release agrees with the books of account, accounting entries and supporting documentation.

Modena, 5 March 2019

**The Manager responsible for
preparing the
Company's financial reports
Marco Bonfatti**

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The notices about 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 – Shareholders' Meeting or on each Group Bank's website.

BPER BANCA

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

The press release is also available in the 1INFO storage device

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