
Ordinary Shareholders' Meeting of 17 April 2019

Report on point 5.a) of the agenda

**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 Gruppo BPER Banca S.p.A. and annual disclosure regarding
implementation of remuneration policies for 2018**

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

BPER Banca S.p.A.

**Ordinary Shareholders' Meeting
17 April 2019**

***Report as per art. 125-ter CFA
Point 5.a) of the agenda***

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of Legislative Decree 58 dated 24 February 1998,
comprising the remuneration policies for 2019
of Gruppo BPER Banca S.p.A. and annual disclosure regarding
implementation of remuneration policies for 2018***

Shareholders,

With reference to point 5.a) of the agenda for the Ordinary Shareholders' Meeting, the Board of Directors has summoned you for the 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 Gruppo BPER Banca S.p.A. and annual disclosure regarding implementation of the remuneration policies for 2018, as well as to pass the related resolutions.

The Report is attached to this document.

Resolution proposed to the Ordinary Shareholders' Meeting

Shareholders,

The Board of Directors invites you to adopt the following resolution:

"The Ordinary Shareholders' Meeting of BPER Banca S.p.A., having reviewed and approved the Remuneration Report pursuant to art. 123-ter of Legislative Decree 58 dated 24 February 1998, in accepting the proposal of the Board of Directors

resolves

to approve the remuneration policies for 2019 of Gruppo BPER Banca S.p.A. included in the above Report."

Modena, 5 March 2019

BPER Banca S.p.A.
The Chairman
Pietro Ferrari

2019 REMUNERATION REPORT

(prepared according to art. 123-ter of Legislative Decree 58 of 24 February 1998 and art. 84-quater of CONSOB's Issuers' Regulations approved by Resolution 11971 of 14 May 1999 as subsequently amended and supplemented)

BPER Banca S.p.A., head office in Modena, via San Carlo, 8/20 - Tax Code and Modena Companies Register no. 01153230360 – Company belonging to the BPER BANCA GROUP VAT, VAT no. 03830780361 – Share capital Euro 1,443,925,305 - ABI Code 5387.6 - Register of Banks no. 4932 - Member of the Interbank Deposit Guarantee Fund and of the National Guarantee Fund - Parent Company of the BPER Banca S.p.A. Banking Group - Register of Banking Groups no. 5387.6 - Tel. 059.2021111 - Telefax 059.2022033 - Certified e-mail (PEC): bper@pec.gruppobper.it - bper.it – istituzionale.bper.it

DEFINITIONS

Shareholders' Meeting	Ordinary Meeting of the Bank's shareholders
Shares	The ordinary shares of BPER listed on the Italian stock exchange managed by Borsa Italiana
Bonus	Variable part of the remuneration of Key personnel, as defined in the Remuneration Policies of the BPER Group
Bonus Pool	Overall income allocation linked to incentive systems
BPER or Issuer	BPER Banca S.p.a
Parent Company	BPER Banca S.p.a
Cash	Cash component of variable remuneration (as opposed to the stock component)
Claw-back	Mechanism that envisages restitution of a bonus if it has already been paid or if it has already vested but is still subject to a retention period
Board of Statutory Auditors	Board of Statutory Auditors of the Bank
Remuneration Committee	Remuneration committee of BPER
Common Equity Tier 1 Ratio	The Common Equity Tier 1 Ratio reflects the entity's total risk exposure expressed as a percentage
Board of Directors	The Board of Directors of the Bank
Cost/income ratio	Ratio between operating costs and operating profit
CSR	Corporate Social Responsibility
Grant date	Date on which the Board of Directors of the Bank, following approval of the Plan at the Meeting, assigns the phantom stock to the beneficiaries
Recipients or beneficiaries	The persons to whom the phantom stock will be assigned
Managers with strategic responsibilities	Directors, Statutory Auditors, members of General Management (General Manager and Deputy General Managers), "C level" persons who make up the General Management Internal Committee, members of General Management at Group banks and companies and the Managers Responsible for Preparing Financial Reports.
Current Supervisory Provisions	Bank of Italy Circular 285 of 17 December 2013, 25th update of 23 October 2018 (hereinafter Bank of Italy Circular 285)
Entry gates	Minimum parameters (equity and profitability and cash) beyond which personnel are assessed for possible assignment of bonuses
BPER Group	BPER and its direct and indirect subsidiaries, as defined by current legislation
KPI	Key Performance Indicator
LCR	Liquidity Coverage Ratio: Relationship between the stock of high quality liquid assets and net outflows in the 30 days after the reporting date
Malus clause	Ex-post corrective mechanisms, based on which accrued bonuses can be reduced to zero
Gross NPE ratio	Gross non-performing exposures ratio: ratio between gross non-performing loans and total gross loans
Performance share	The real financial instruments (BPER ordinary shares) assigned as a bonus according to the achievement of the performance objectives of the 2019-2021 LTI Plan, subject to opening of the entry gates.
Deferral period	Period between assignment of the right to participate in the Plan and the moment in which that right matures
Retention period	Period between the moment in which the right to participate in the Plan matures and that in which part or all of the bonus is paid out
Key personnel or material risk takers (MRTs)	Group personnel whose professional activities have or may have a significant impact on the risk profile of the Bank, as defined in the Remuneration Policies of the BPER Group
Phantom stock	These are "virtual" financial instruments that assign to each recipient the right to demand on maturity an amount of money corresponding to the value of the BPER stock
Phantom Stock Plan or Plan	The stock-based plan for compensating key personnel adopted by the BPER Group
LTI Plan	Long Term Incentive Plan
Long Term Incentive Plan 2019-2021	This is the long-term incentive plan based on financial instruments, destined for key personnel, as approved by the Board of Directors at the board meeting held on 27.02.2019.
Post Provision Profit	Post Provision Profit: operating result net of adjustments, being the net of the operating profit, operating costs and total adjustments.
Issuers' Regulations	Consob Regulation no. 11971/99 and subsequent amendments and additions
Fixed remuneration	This is the stable part of remuneration, determined and paid based on pre-established criteria; it also includes the components closely linked to the person's role and responsibilities or aimed at offsetting specific charges, above all those related to the logistical inconvenience or, in any case, components that do not create any incentive to take risks and not related to company performance.

Variable remuneration	This is the part of remuneration whose recognition or disbursement can change in relation to performance and, in any case, it is measured either according to other parameters (e.g. the period of service with the company), discretionary pension benefits and amounts agreed between the bank and personnel in view of or on the occasion of early termination of employment or early termination of office.
Risk Appetite Framework (RAF)	Guidance document for the Group's internal control system to steer the synergistic governance of planning, control and risk management. It constitutes "the frame of reference that in line with the maximum assumable risk , defines the business model and strategic plan, risk appetite, tolerance thresholds, risk limits, risk management policies and the key processes needed to define and implement them"
RORAC (return on risk-adjusted capital)	Ratio between the profit (loss) for the period, including minority interests and the target capital absorbed given by the Pillar 1 RWA and the Target CET1 Ratio
RORWA (return on risk-weighted assets)	This is the ratio between the net result for the period, including the minority interests, and Pillar 1 RWA.
Companies/banks	Unless otherwise specified this refers to companies/banks of the BPER Group
TSRr	Total Shareholder Return indicates the total return of the BPER share price measured in relation to the positioning compared with the TSR of its peers.
TUF	Legislative Decree no. 58 dated 24 February 1998 (Consolidated Finance Law).
Up-front	Method of granting bonuses not subject to deferral conditions

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Letter of the Chairman of the Remuneration Committee

Shareholders,

As Chairman of the Remuneration Committee, together with the Directors Elisabetta Gualandri and Roberta Marracino, I have the pleasure of presenting the Annual Remuneration Report of the BPER Group for the year 2019.

For the BPER Group, 2018 was a year of positive results, reflecting management's strong commitment to continuous improvement to achieve the Group's strategic objectives.

In formulating the 2019 Remuneration Policy, the Remuneration Committee has been constantly committed, as in the past, to structuring effective and transparent remuneration policies, oriented towards sustainability, aligned with market best practice and complying with the constantly evolving regulatory framework. The Committee also carried out ongoing checks on the adequacy and consistency of the Policy, also taking into consideration the input received from internal and external stakeholders of the Group.

In carrying out our activities, we have worked together in certain areas with the Chairman and Directors who are members of the Remuneration Committee of Banco di Sardegna, namely Viviana Ferri, Daniela Petitto and Paolo Rinaldi.

The main changes in the 2019 Remuneration Report after bringing the document into line with the regulatory framework concern:

- the introduction of a long-term incentive plan ("Long Term Incentive Plan 2019-2021"), reserved for a select number of BPER Group top managers (the "scope"), identified on the basis of the role and potential contribution to achieving the objectives of the Business Plan. The targets of the Incentive Plan are closely linked to those of the Business Plan approved at the same time; in this way, we want to align the Group's Remuneration Policy with best practice and the demands of Institutional Investors. With this Plan, we introduce into the Group the concept of using real financial instruments in the remuneration of personnel;
- overcoming the 1:1 limit for the ratio between the variable and fixed components of remuneration, raising it to the new limit of 2:1 for key personnel at Group level (with the exception of control functions). Here again, we wanted to align ourselves with best practice to invest in the competitiveness of remuneration packages for strategic professional skills, especially where it was necessary to attract them from outside BPER, also according to the innovative and strategic perspectives defined in the Plan. The 2019 policies, on the other hand, do not provide for significant increases in the short-term incentive schemes aimed at top managers;
- monitoring continues, as does the introduction of minor adjustments and rigorous control over the application of the MBO systems, refining their structure and scope, which is aimed at key figures or

areas of the Bank with high added value, in line with the business plan.

The use of virtual shares (or "phantom stock") for the payment of part of the bonus deriving from the short-term incentive scheme will be repeated in 2019, while introducing the use of shares for the payment of bonuses that we expect to invest under the Long Term Incentive Plan 2019-2021.

All of these interventions have been carried out in order to continue improving the remuneration policy and incentive schemes, with a strong focus on personnel policies, the enhancement of the Bank and the protection of customers and investors, all of which keeps us in line with the new regulations introduced with the 25th update of Bank of Italy Circular 285.

In 2019 we will also confirm our emphasis on communication, transparency and information, listening carefully to interested parties, together with the commitment to offer increasingly complete, usable and clear information through:

- an executive summary that shows the remuneration policy for the various categories of staff also in tabular form;
- better disclosure of the Policy on the identification of key personnel;
- in relation to the Group's MBO system:
 - a representation in tabular form of the target and maximum bonuses by categories of personnel;
 - *ex-ante* communication of entry gates and thresholds;
 - a representation in tabular form of the correlation between gross profit and the bonus pool;
 - *ex-post* communication about achievement of the thresholds for the entry gates and the multiplier;
 - an *ex-ante* and *ex-post* communication about the scorecard assigned to the Chief Executive Officer.

I conclude by thanking you, on behalf of myself and my Committee, for your attention and for the support that I hope you will give to the 2019 policies explained in our Report.

Mara Bernardini

A woman with blonde hair is looking down at a wooden crate. The crate has a circular cutout in the front, revealing a blue fabric inside. The background is a bright, out-of-focus office space with a whiteboard and a yellow sticky note.

SECTION I – 2019 REMUNERATION POLICIES OF THE BPER GROUP

1. Governance of the remuneration and incentive policies

The BPER Group has established a governance process in order 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:

Definition of the remuneration and incentive policies

CORPORATE BODIES	BUSINESS FUNCTIONS
Shareholders' Meeting	Human Resources Department
Board of Directors	Planning and Control Management
Remuneration Committee	Risk Management
Control and Risk Committee	Investor Relations
	Compliance
	Internal Audit

1.1. Shareholders' Meeting

In the field of remuneration, the Shareholders' Meeting:

- determines, in accordance with applicable legal and regulatory requirements, the remuneration payable to the directors and statutory auditors;
- approves the remuneration policies in favour of the bodies with supervisory, management and control functions and the staff;
- approves any remuneration plans based on the use of financial instruments;
- approves the criteria for calculating any special remuneration to be awarded in the event of early termination of employment or stepping down ahead of schedule, including the limits set on such remuneration in terms of the number of years of the fixed portion of remuneration and the maximum amount that derives from applying these criteria;
- has the power to resolve, with qualified majorities required by current supervisory regulations, a ratio between the variable and fixed element of individual key personnel remuneration higher than 1:1, but not exceeding the maximum established in such regulations.

BPER Banca currently extends this rule to all personnel.

As regards this maximum limit to the ratio between the variable and fixed component for key personnel, it is currently set at 1:1. For 2019, the increase in the limits on the ratio between variable and fixed remuneration to

2:1 (except for control and similar functions) is proposed to the Shareholders' Meeting, in order to have the capacity needed to make payments on demand, if required, or in the event of early termination of employment or the office, and to have available all possible levers to attract external resources that can help us achieve our corporate objectives.

1.2. Board of Directors

With respect to remuneration issues and in accordance with its role of body with strategic supervisory powers, the Board of Directors is responsible for the Group's remuneration policies, with the support of the Remuneration Committee and the relevant corporate functions.

In the conduct of its activities in the field of remuneration, the Board of Directors has responsibility for:

- determining the remuneration of directors that perform special duties, having heard the opinion of the Board of Statutory Auditors.
- approving the process for the identification of Key personnel, assessing full compliance with the pertinent regulations¹, and the list of roles included in this category as a result of the process, with the help of the Statutory Auditors.
- to approve Group remuneration policies, with particular reference to key personnel, to be submitted for approval to the Shareholders' Meeting.
- to approve the share-based incentive schemes to be submitted for approval by the Shareholders' Meeting.
- to assess correct implementation of the Group's remuneration policies.

1.3. Remuneration Committee

In compliance with the principles laid down by the Supervisory Provisions, the Remuneration Committee performs advisory, investigative and propositional functions to support the activities of the Board of Directors and, to the extent of its sphere of competence, to those of the Executive Committee, without prejudice to the autonomy of decision-making and the responsibility of these bodies to pass motions within their respective spheres of competence.

Composition of the Committee

The Remuneration Committee consists of three non-executive directors, the majority of whom meet the independence requirements of art. 148, paragraph 3, of Legislative Decree 58/98 (TUF); at least one of them must have adequate knowledge and experience of financial matters or remuneration policies, to be assessed by the Board of Directors when they are nominated. The Board of Directors appoints the three members and chooses one of those who meet the independence requirement to act as Chairman. On the Chairman's proposal, the Remuneration Committee appoints a Secretary, who need not be one of its members.

¹ Bank of Italy Circular 285.

Members of the Remuneration Committee

Mara Bernardini	Chairman
Elisabetta Gualandri	Member
Roberta Marracino	Member

Role of the Committee

The role of the Remuneration Committee is advisory, investigative and propositive, as support for the activities of the Board of Directors and Executive Committee, which involves the following responsibilities:

- making proposals on the remuneration to be paid to the Board of Directors and Board of Statutory Auditors to be submitted for the approval of the Shareholders' Meeting, as well as how the total amount approved should be split among the various directors;
- submitting proposals on the remuneration to be paid to Directors with specific responsibilities, the members of General Management, the heads of Corporate control functions, the Executive responsible for preparing corporate accounting documents, as well as giving opinions on remuneration proposals for the other key personnel of the Bank, as identified in accordance with current provisions issued by the Supervisory Authority;
- acting in a supporting role in relation to the remuneration and incentive policies, particularly in deciding the criteria for the remuneration of the Group's key personnel, expressing its views on the achievement of performance objectives linked to incentive schemes and on ascertaining the other conditions needed for the payment of bonuses.
- verifying the consistency of decisions taken and the correct application of the remuneration and incentive policies with respect to what was approved by the Shareholders' Meeting.
- acting in a support role in proposals for the remuneration of corporate officers of Group companies.

The Committee's work cycle

The Committee is convened by the Chairman and meets at least once every quarter and, in any case, whenever a meeting is needed to discuss important matters.

The Committee's activities were intense during the course of 2018, particularly on the question of remuneration policies. The Committee met 16 times and the average duration of each meeting was approximately 1 hour and 19 minutes; from time to time, depending on the issues being addressed, committee meetings were attended by the Heads of Department in question to provide detailed information on topics on the agenda (1-2 people on average were invited to each meeting). The Committee has met 5 times in January and February 2019.

The Committee's calendar for the year is typically structured as follows:

Main activities of the Remuneration Committee

- Review of proposals relating to the remuneration of key personnel.
- Initial considerations regarding the Remuneration Policy for the following year.
- Considerations and analysis of the MBO system
- Support in drafting the guideline document on remuneration policies and in defining the bonus system for key personnel and managers.
- Monitoring analyses for the identification of the BPER Group's key personnel



- Checking the opening of the entry gates and the conditions of sustainability for payment of the variable remuneration.
- Supporting the Board in preparing the Remuneration Report.
- Monitoring the competitiveness of key personnel's remuneration by means of benchmarking.
- Support in the implementation of remuneration policies
- Evolution of the scope of the Material Risk Takers 2018 and the examination of proposals relating to remuneration.

- Presentation of the results of a feasibility study of Long Term Incentives and in-depth analyses
- Assessments of the fees paid to employees who act as Directors in BPER Group companies

1.4. Control and Risk Committee

In carrying out its duties and without encroaching on the Remuneration Committee's sphere of competence, the Control and Risk Committee examines whether the incentives underlying the remuneration and bonus system of the Bank and the Group are consistent with the RAF. In particular, it examines whether the incentives provided by the remuneration system take full account of the risks in terms of capital and liquidity.

2. Identification of key personnel

The 25th update of Bank of Italy Circular 285 states that *"banks are to adopt a policy for the identification of key personnel, which forms an integral part of the remuneration and incentive policy"*.

For key personnel, the Regulation² envisages stricter rules in the way that remuneration is structured; this is because of the need to create as close a link as possible between their remuneration and the company's performance, both in the present and in the future, according to factors that take into account the risks assumed and the long-term sustainability of the company's results.

The process of identifying Key personnel is carried out individually by each Italian bank belonging to the BPER Group. In this context, the Parent Company applies the Commission Delegated Regulation (EU) no. 604 of 4 March 2014 to identify Key personnel of the Group and ensures that the process is applied consistently throughout the Group.

During the year, a check at Parent Company level is carried out in order to make any adjustments to the scope of key personnel.

Banks belonging to a Banking Group, if not listed, can adopt the policy established by the Parent Company.

The objective of the process is to identify, among all of the Group's personnel, those who are considered key personnel, being persons who professionally carry out activities with a substantial impact on the Group's risk profile, based on the analysis and declination of the quantitative criteria given in the Regulatory Technical Standards of the European Banking Authority (RTS EBA).

The self-assessment process consists of the following stages:

1. Analysis of the Group's risk profile
Risk contribution made to the Group by various members of top management of Group Companies and verification of their contribution to future results
2. Application of qualitative criteria
Analysis of responsibilities, level and delegated powers.
3. Application of quantitative criteria
Amount and structure of the remuneration received.

The Group's risk profile is analysed by the Risk Division, which analyses the structure of the risks to which the Group is exposed. In particular, it identifies:

- The main risk categories that affect the Group as a whole;
- The parameters on which to measure the risk profile of the Group and individual companies;
- The level of contribution of each component to the overall risk of the Group and the individual types of risks.

Depending on these parameters, "key companies" have been identified for the purpose of determining the scope of key personnel.

² Bank of Italy Circular 285.

The self-assessment process is coordinated at Group level by the Human Resources Department. After receiving the assessments of the Group's risk profile prepared by the Risk Department together with the Planning and Control Department, it analyses the various organisational positions (or roles) with the support of the General Affairs Department and the Planning and Control Department. Among the latter, only those that are likely to have an impact on the Group's risk profile, according to the relevant legislation and based on salary levels, are analysed (involving the application of qualitative and quantitative criteria).

Group companies actively participate in the process of identifying the Group's key personnel, as carried out by the Parent Company, providing it with the necessary information in accordance with the instructions received. The Human Resources Department of the individual Italian Group banks can help by doing the work needed to identify those that are considered "key personnel" and by preparing the "Self-assessment for identifying key personnel" that will be examined and approved by the Board of Directors of the individual bank subject to compliance assessment by the Compliance Department of the Parent Company.

The General Affairs Department of the Parent Company checks any updates of the signature powers granted to particular roles at the individual Group companies, highlighting the main changes with respect to the previous year and the presence of any specific executive appointments involving individual directors in order to identify any persons belonging to companies not included in the list of "Key Companies", but which can be identified as key personnel because of the positions held and the impact of their activities on the risk profile.

Taking into account the results of the assessments carried out by the individual members of the Group, the Human Resources Department then prepares the "Self-assessment for identifying key personnel of the Group", which is reviewed by the Compliance Unit and then approved by the Board of Directors, after consulting the Remuneration Committee.

Any adjustment in the scope of key personnel during the year is made by the Human Resources Department in the months following the end of the first half and with continuous monitoring. To be precise, a review of the scope of "key personnel" is carried out if situations that occurred after the annual self-assessment could have a stable impact on the scope of key personnel, such as company reorganisations and changes in the loan approval procedures and signature powers.

The outcome of this analysis for 2019 led to the identification of the following scope:

Category of personnel	Number
I. Executive Directors	3
II. Non-Executive Directors	53
III. General Managers and Heads of the main Corporate Functions	36
- Parent Company	26
- Banco di Sardegna	2
- Other banks/companies	8
IV. Heads of Control Functions	13
- Parent Company	12
- Banco di Sardegna	1
V. Other Risk Takers	20
- Parent Company	11
- Banco di Sardegna	8
- Other banks/companies	1
VI. Application of quantitative criteria	4
TOTAL	129

In the light of those identified by applying the qualitative and quantitative criteria, the scope of key personnel for 2019 consists of 129 people.

	2018	2019
Non-Executive Directors	55 (44%)	53 (43%)
MRT	60 (46%)	63 (47%)
MRT – Control functions	13 (10%)	13 (10%)
TOTAL	128 (100%)	129 (100%)
% Total BPER Group personnel (see Bank of Italy Circular 285)	1.07%	1.09%

3. Principles and objectives of the remuneration policy

The "Banca popolare dell'Emilia Romagna" Banking Group, of which BPER Banca is the Parent Company, was formed in 1992. To date, the Group consists of the Parent Company, three legally autonomous banks³, which are located in various parts of Italy, and a bank based in Luxembourg, in addition to several other companies.

The Group banks, which are strongly rooted in their areas where they are located, effectively play a role in supporting the development of the local economies, while benefiting from the advantages of belonging to a Group of national importance.

Because of this position, the BPER Group bases its activities on solid and shared principles:

To create value for	Customers	<ul style="list-style-type: none">▪ Awareness of customers' different needs.▪ Products offered in an appropriate way to each segment or market.▪ Attention to the quality of the relationship.▪ Discouraging any conduct that is considered pure speculation or financial gambling.
	Shareholders	<ul style="list-style-type: none">▪ Increase in profitability and investment value over time.▪ Balanced development.▪ Diversification and expansion of markets served.▪ Conscious management of risk.
	Group personnel	<ul style="list-style-type: none">▪ Development of internal expertise.▪ Stimulation of human and professional growth.▪ Implementation of a transparent and effective communication at all levels.▪ Continuing education.
	Social context	<ul style="list-style-type: none">▪ Adopting a business approach with a broader scope than just making a profit, in line with the mutualistic aims that characterised the Group's origins.

In line with these values, the Group's remuneration strategy aims:

³ To which has to be added Banca di Sassari, which is included among the product companies, because of its focus on consumer credit services.

Purpose

To orient conduct towards the Group's priorities	To attract and retain highly qualified personnel and support motivation at an individual level, recognising merit and enhancing professional development	To develop and improve the quality of services offered to customers
To support sound and prudent risk management	To preserve internal and external pay equity, continuing watchful supervision of personnel costs	Support conduct consistent with the code of ethics and with current rules and regulations

In line with current regulations and the code of ethics, the BPER Group has forbidden its employees to arrange personal hedging strategies or insurance in relation to their remuneration, or other aspects of it, that might alter or compromise the effects of the risk alignment inherent in the remuneration mechanisms.

In accordance with current regulations, the Group identifies the types of financial transactions and investments made directly or indirectly by key personnel that could affect the risk alignment mechanisms and, more generally, the purpose of these rules.

The Group requires, at least for key personnel:

- to communicate the existence or opening of custody and administration accounts with other intermediaries;
- to communicate the transactions and financial investments carried out that fall under the types identified in the previous paragraph.

To ensure compliance with this, at least in this initial phase versus key personnel, the corporate functions in question carry out random checks on internal custody and administration accounts, in full compliance with the regulatory provisions.

4. Market practice and use of external consultants

The remuneration policies adopted by the Group are defined in order to support business strategies ensuring a coherent and effective alignment with regard to incentive systems, including staff interests and value creation for the shareholders. In order to ensure the competitiveness of its remuneration policies, which is essential to attract, motivate and retain the best resources, the Group constantly monitors general market trends and practices, so that it can establish levels of compensation that are both fair and competitive.

In that direction, the Group periodically uses salary benchmarks on a panel of companies operating in its sector and adopting analytical criteria to conduct a comparison with similar roles and positions, by comparing relative pay levels for fixed, variable and total remuneration.

For each category of staff, the Group's remuneration policy defines differentiated and competitive remuneration packages in terms of fixed and variable components and fringe benefits.

In carrying out all the activities necessary to ensure the competitiveness and effectiveness of its pay systems, the Group has been supported by external, independent consultancy firms with considerable expertise in this area. In particular, we have started working together with the international consultancy Hay Group - Korn Ferry, who have helped us develop benchmark salaries for various population bands.

In defining its remuneration policies, with particular reference to the monitoring of the main remuneration practices of the market, the Group typically compared itself with a panel of companies, mostly of them listed, belonging to the same business sector and with economic dimensions such as to ensure that the panel is balanced and suitable for the needs of the analysis:

Company	Unicredit	Intesa San Paolo	Banca MPS	Banco BPM
	UBI Banca	Credito Emiliano	Banca Carige	

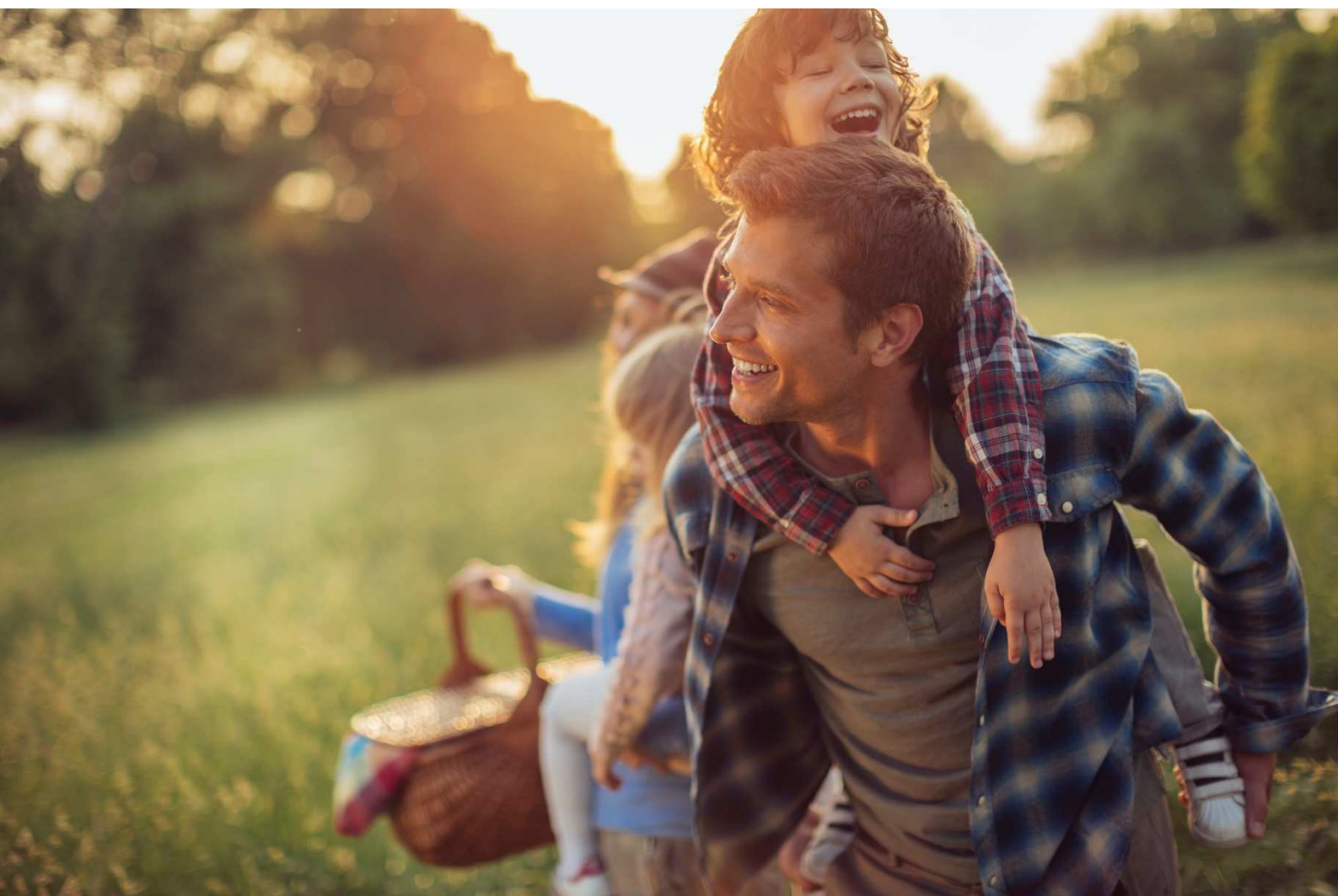
The Group also compares remuneration levels by adopting a larger panel of companies, carried out on the basis of a system of evaluation⁴ of the positions that ensures complete consistency and comparability of roles. In carrying out this analysis, the Group integrates the survey specifically commissioned to the consultants with surveys aimed at entire sectors or at specific categories of personnel.

⁴ The evaluation of the positions was carried out by adopting the methodology of the consulting firm Hay Group - Korn Ferry.

5. Target audience of the remuneration policies

Remuneration policies, differentiated by categories of personnel are structured in order to ensure maximum effectiveness, in line with the nature and objectives of the relevant corporate function. In this direction, the remuneration and incentive policies are addressed to the five categories of personnel listed below:

	Corporate bodies
	Key personnel
	Managers
	Other personnel
	External collaborators



6. Remuneration of the Corporate Bodies

The remuneration of the Corporate Bodies is defined by the Group's Shareholders' Meeting which sets the total amount of remuneration paid to the Board of Directors and to the members of the Board of Statutory Auditors, including the fixed component attributed to the Directors, the additional emoluments payable to members of the Executive Committee and other Board Subcommittees, as well as any attendance fees.

6.1. Remuneration of the members of the Board of Directors

The remuneration of directors is designed to reward the skills and responsibilities entrusted to those who hold that position. The remuneration of non-executive directors is all fixed⁵. A variable component may be envisaged for Board members who are also executive directors, unless this assignment is secondary⁶ to the main function performed within the Group; in this case the remuneration can only be fixed.

If executive⁷ directors do not belong to the category of Key personnel and receive variable remuneration, the provisions relating to "other managers" apply (paragraph 7.4).

The different time commitment made by individual directors is also recognised by granting them attendance fees that are paid to each member for each board meeting that they attend.

The fees set for attendance at Board meetings are composed of a fixed fee and an attendance fee for attending each meeting of the Board.

Office	2018 Remuneration
Chairman of the BoD	€ 380,000 ⁸
Deputy Chairman	€ 115,000 ⁹
Director	€ 65,000
Attendance fee	€ 300

Any costs involved in performing their duties are incurred directly by the Bank or Company, or reimbursed to the Director.

⁵ - For the position of non-executive director.

⁶ Assignments specifically established as secondary or attributed after the main one.

⁷ The executive directors of non-relevant companies, as defined by the analysis conducted by the Risk Department.

⁸ Total remuneration for the office of Chairman, including the emolument as a director and the indemnity as Chairman, which as foreseen under current legislation is "cannot be higher than the fixed remuneration received by the senior members of the management board".

⁹ Total remuneration for the office of Deputy Chairman, inclusive of the emolument as a director and the indemnity for the role of Deputy Chairman.

6.2. Remuneration for being a member of a committee

The directors who are members of board subcommittees receive a fixed remuneration in proportion to the commitment required.

Office	Executive Committee	Control and Risk Committee	Remuneration Committee	Nominations Committee	Independent Directors Committee
Chairman	€ 45,000	€ 45,000	€ 35,000	€ 25,000	€ 25,000
Member	€25,000	€ 30,000	€ 20,000	€ 15,000	€ 15,000

6.3. Remuneration for special powers

Non-executive directors vested with special powers have their remuneration supplemented by an additional element of compensation, always for a fixed amount, which takes into account their greater commitment, specific skills and responsibilities. The additional compensation paid to directors vested with special powers is established by the Board of Directors, on the proposal of the Remuneration Committee and after consultation with the Board of Statutory Auditors. Remuneration for being vested with special powers is paid to:

- Chairman of the Board
- Deputy Chairmen
- Chief Executive Officer

6.4. Remuneration for the office of Chief Executive Officer (CEO)

The remuneration paid to the CEO is established by the Board of Directors as part of the total remuneration decided by the Shareholders' Meeting for the Board of Directors.

As a director with specific responsibilities, the CEO receives a fixed remuneration for this office and is also a recipient of incentives under the bonus schemes, as defined in paragraph 7.1.

6.5. Remuneration of employees appointed as directors of subsidiaries

Since 2019, the Parent Company has introduced a policy for administrative roles that will be progressively updated.

Any fees paid to Group employees (principally managers) for positions held in subsidiaries of the same Group are paid by the latter to the Company that employs the person concerned.

The remuneration of the persons concerned is integrated by payment of an indemnity linked to the peculiarity of the positions held and regulated by specific internal regulations.

This indemnity, which is based on the characteristics and size of the companies concerned, as well as the operational complexity and riskiness of their activities, is subject to a maximum limit of Euro 20 thousand per year, even in the event of more than one appointment. It ceases to be paid when the person leaves the position.

Payment of this indemnity will take place according to the terms and

methods laid down in the regulations in force from time to time.

6.6. Remuneration of the members of the Board of Statutory Auditors

The remuneration of the statutory auditors, including the Chairman, is determined by the Shareholders' Meeting at the time of their appointment and for the entire period of office. In the light of their role and responsibilities, variable remuneration is not envisaged for the members of the Board of Statutory Auditors.

The fees paid to the members of the Board of Statutory Auditors are shown in the following table:

Office	Remuneration
Chairman of the Board of Statutory Auditors	€ 142,500
Member of the Board of Statutory Auditors	€ 95,000

Any costs involved in performing their duties are incurred directly by the Bank or Company, or reimbursed to the Statutory Auditors.



7. 2019 Remuneration policies

The Group remuneration and incentive policy is designed in compliance with the principles and purposes defined in paragraph 3 and in accordance with the regulations¹⁰ currently in force. To ensure the effectiveness, competitiveness and strength of the remuneration policy, the Group conducts regular analyses in order to monitor the main market practices and trends and uses external consultants with solid experience in the field.

Particularly as regards key personnel, the Group has taken particular care to verify the regulatory compliance of all elements that make up the remuneration package and monitored investors' expectations on the matter, as expressed by the Proxy Advisors.

Ratio between variable and fixed remuneration

In line with the regulatory requirements, for 2019, the increase in the limits on the ratio between variable and fixed remuneration from 1:1 to 2:1 for all key personnel (except for control and similar functions) is being proposed to the Shareholders' Meeting, in order to have the capacity needed to make payments on demand, if required, or in the event of early termination of employment or the office, within the maximum limits already established in these policies, and to have available all possible levers to attract external resources that can help us achieve our corporate objectives¹¹.

For the rest of the personnel, a maximum ratio between the components of remuneration of 1:1 is normally adopted, with the exception of key personnel of Corporate Control Functions, for whom their variable remuneration ought not to exceed a third of their fixed remuneration.

Adoption of this 2:1 ratio between variable and fixed remuneration does not have any effect on the Bank's ability to comply with the prudential rules on capital, the requirements regarding own funds in particular.

The table below shows the short and long-term variable incentive target and maximum levels defined for key personnel and for Control Functions. Note that these limits apply normally, though there may still be specific situations in which the Bank may use the entire regulatory limit of 100%¹² (for example, paying entry bonuses or offering incentive packages to help recruit resources that the company deems necessary to achieve important objectives). This exception applies to all categories of key personnel, if permitted by the regulations.

¹⁰ Bank of Italy Circular 285.

¹¹ Without prejudice to the purposes described, the intention of the Group is to maintain the level of incidence of variable remuneration on the fixed level largely within the ordinary limits, as shown in the table below.

¹² Can be raised to 200% for CEO and GM and key personnel following specific resolution of BPER Banca's Shareholders' Meeting.

	Short-term target bonus		Long-term target bonus ¹³	
	Target bonus (% fixed remuneration)	Maximum bonus (% fixed remuneration)	Target bonus (% fixed remuneration)	Maximum bonus (% fixed remuneration)
CEO and GM	45%	60%	15%	21%
Key personnel	35%	50%	12%	16%
Control functions	33% ¹⁴ (20%)	33% ¹⁵ (20%)	-	-

The aim of the Remuneration and Incentive Policy is to reward the achievement of company objectives, with a view to creating value for the shareholders. At the same time it is based on clear and defined indicators that regulate clearly and objectively the disbursement of variable¹⁶ bonuses, subjecting their payment, especially for key personnel, to the fact that there are adequate capital, liquidity and risk-adjusted return ratios, also in compliance with the Bank of Italy's requirements¹⁷. The structure of the bonus schemes for key personnel can be explained starting from the one for the CEO in paragraph 7.1, highlighting the elements that differ from it. In the event of significant and unexpected changes in market conditions, the Board of Directors can order a review of the annual budget, with a consequent revision of individual targets.¹⁸

If the sum of the bonuses accrued is higher than the bonus pool approved by the Parent Company's Board of Directors, the Board has the right to reduce the individual bonuses proportionally.

7.1. Remuneration of the CEO

The remuneration of BPER's CEO consists of a fixed component, a short-term variable component and a long-term variable component, and the ratio between them has to be within the limit decided by the Shareholders' Meeting, i.e. 1:1.

The short-term variable component, described below, is determined on the basis of clear and measurable performance targets, through a weighted assessment of two areas, so it is not possible to award discretionary bonuses. This is done after checking that the access conditions have been achieved for all key personnel. These areas are:

1. A "quantitative" area involving the financial results and risk management.
2. A "qualitative" area involving functional objectives, the handling of

¹³ For the purpose of calculating the limit to the variable/fixed ratio, the amount of the long-term incentive plan is calculated in full in the year it is recognised; however, it is possible to calculate this amount, according to a linear pro-rata criterion, within the limit relating to each year of the long-term incentive plan (also considering the deferral period), this being more than 6 years. In absolute terms, therefore, the figure has to be multiplied by 8 years.

¹⁴ 33% limit set by the law

¹⁵ 33% limit set by the law

¹⁶ The Group does not have any discretionary processes, i.e. no bonuses are awarded automatically based on the budget and left to the discretion of individual managers.

¹⁷ Bank of Italy Circular 285.

¹⁸ Just as, more normally, this need can arise in the case of extraordinary transactions that affect the perimeters of the Group or the individual companies that make it up.

planned projects, the management skills and CSR objectives (social and environmental sustainability) shown by the individual.

The correlation between the amount of variable remuneration actually paid and the company's medium/long-term results is sustained by applying *ex-post* correction mechanisms over a multi-year time horizon, based on a verification that adequate levels of capital, liquidity and risk-adjusted return remain, as prescribed in current regulations.

The adoption of qualitative performance parameters ensures that the remuneration system is aligned to the Group's mission and values, supporting its orientation towards the construction of long-term value. It is evaluated from a qualitative point of view by the Board of Directors on the proposal of the Remuneration Committee, based on a supposition expressed by the Chairman of the Board of Directors.

The long-term variable component (LTI Plan 2019-2021), which is explained in greater detail below, is determined on the basis of clear and measurable performance parameters by means of an assessment that is weighted according to three areas. This is done after checking that the access conditions have been achieved for all key personnel. These areas are:

1. The "Financial results and risk management" area (with KPIs concerning operational efficiency (C/I), profitability (PPP) and credit quality (NPE ratio).
2. The "Creation of shareholder value" area with a target of TSRr.
3. The "Sustainability" area with CSR objectives (social and environmental sustainability, in terms of gender diversity, financial education and sustainability of the value chain).

The correlation between the variable amount actually paid and the long-term results is sustained by providing for the measurement of performance over a three-year horizon and by applying *ex-post* correction mechanisms over a time horizon of a further five years (after the end of the vesting period); in particular, it is based on a verification that adequate levels of capital, liquidity and risk-adjusted return remain, as prescribed in current regulations.

The CEO's remuneration package has been put together in such a way as to ensure an appropriate balance between fixed and variable remuneration; it is also modulated with the aim of ensuring a variable remuneration in proportion to the results achieved, within the limits (the so-called "maximum cap") foreseen by the bonus scheme.

Variable bonus scheme - MBO

The Group has defined a variable bonus scheme in order to align the interests of management to the creation of value for the shareholders, so as to reward good behaviour and positive results, while penalizing, through non-payment of bonuses, both the failure to achieve the results and any deterioration in the Group's capital, liquidity and profitability ratios.

The incentive system provides for the identification of a bonus pool which represents the maximum amount of bonuses that can be paid. The bonus pool for the Chief Executive Officer and key personnel is set at a Group¹⁹ level. The amount of the bonus pool is linked to the results achieved and constitutes a maximum limit.

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

¹⁹ Excluding bonuses deriving from MBOs for control functions, which are of limited amount and are not related - not even indirectly - to the company's results.

The entry gates for 2019, all of which have to be achieved at the same time, are as follows:

Entry gate	Minimum threshold
Common Equity Tier 1 (CET 1) – Pillar 1 consolidated ratio	> RAF Tolerance
Consolidated Liquidity Coverage Ratio (LCR)	> RAF Capacity
Consolidated Return On Risk-Weighted Assets (RORWA)	> RAF Tolerance

Failure to achieve even only one of the entry gates means not paying any²⁰ bonus under this scheme (MBO). If all of these entry gates are achieved, the company's results are subjected to an assessment by means of a multiplier/demultiplier mechanism which acts directly on the individual target bonuses, starting with that of the CEO. Based on this approach, the amount of the target bonus is determined in proportion to the results actually achieved. For 2019, the amount of the target bonus for the resources that perform Group functions will be parametrized to Group Profit Before Extraordinary Items²¹, as shown below.

In the event of a recovery resolution by the Board of Directors, this triggers off a suspension of payment of the variable remuneration (both the immediate and the deferred portion). The Board of Directors can decide that, instead of just a suspension, there should be:

- A reduction or elimination of bonuses still to be determined.
- A reduction or elimination of bonuses already determined but not yet paid.
- A reduction or elimination of deferred portions or those subject to retention.

The Board of Directors of the Parent Company also reserves the right to reduce or cancel bonuses assigned to the various categories of personnel:

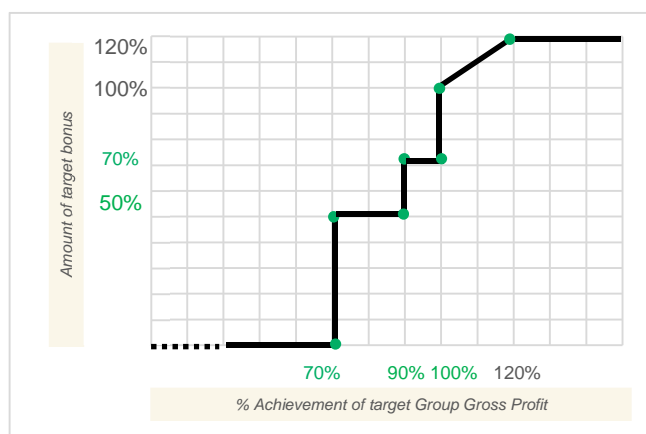
- in the event of particularly low net profitability or a loss, both at consolidated and separate level, in companies in which the combined capital requirements set by the Supervisory Authorities are not complied with.

²⁰ As will become clearer from reading the following paragraphs, CET1 and LCR are binding for all MBO systems, RORWA does not apply to the control functions.

²¹ Group Profit Before Extraordinary Items.

How the target bonus works

Group Gross Profit (% of target achievement)	Change Target bonus
< 70%	0%
70% -90%	50%
90%-100%	70%
100% - 120%	100% - 120%
> 120%	120%



After verifying that the entry gates have been exceeded and the target bonus has been calculated (and the size of the available bonus pool checked), the actual allocation of the bonus and the related amount of the variable remuneration, within the maximum²² limits, are defined via an assessment of individual performance that includes an analysis of various quantitative and qualitative indicators. For 2019, the CEO's strategic objective sheet (or "scorecard") consists of both quantitative and qualitative targets. In order to ensure an appropriate balance between the two types of objectives, which is also effective in terms of motivation as an incentive to achieve company's desired results, an 80% weighting has been set for the quantitative objectives with the other 20% being for the qualitative objectives.

The CEO's scorecard

		Quantitative objectives	
Weighting 80%		Group 1st Margin	20%
		Group operating costs	20%
		Group default flow	20%
		Group gross non-performing loans	20%
		Group CET 1 ratio - Phased In (%)	20%
		Qualitative objectives	
Weighting 20%		Functional objectives, handling of planned projects, management skills shown, CSR (social and environmental) targets met.	

²² The theoretical maximum amount of the bonus payable is the sum of the maximum bonuses obtainable at an individual level. Except for the bonuses of the control functions, it is directly linked to the Group's gross profit, while bonuses for the subsidiaries are partially linked to their individual profits, though still subject to the expected capital and liquidity ratios.

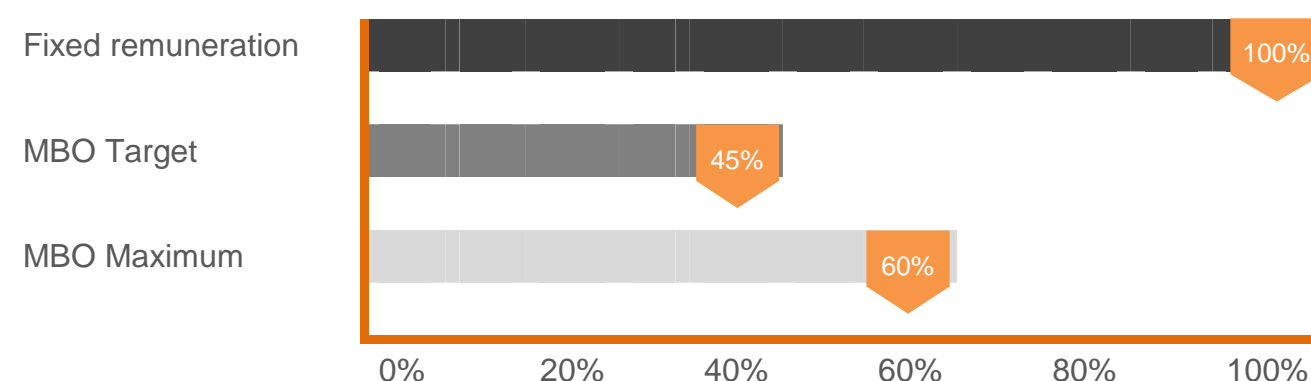
The qualitative evaluation of the CEO is approved by the Board of Directors on the proposal of the Remuneration Committee.

Once the results have been measured, the system provides for the application of parameters to adjust for risk, based on those contained in the Risk Appetite Framework (RAF). These parameters act as a corrective with respect to the incentive accrued on the achievement of the objectives set by the CEO's individual scorecard.

Correctives	% Weighting
Indicator of Capital Adequacy for ICAAP purposes	33%
LCR	33%
Gross non-performing loans ratio	33%

The CEO's bonus opportunity provides for a maximum cap of 60% of the fixed remuneration, namely:

The CEO's MBO



The method of paying accrued bonuses after the final calculation of the results of the scorecard has been set by the Board of Directors in line with the regulatory requirements²³, 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. The Board has also decided to maintain for 2019 the use of virtual shares as a financial instrument directly linked to the equity value of the share (so-called "phantom stock"²⁴, i.e. assignments of virtual BPER shares whose value is paid in cash at the time the instruments mature).

In line with what we have just said, payment of the CEO's bonus is structured as follows:

- 45% is attributed on the date the bonus is granted (up-front portion): 20% cash and 25% through phantom stock subject to a one year

²³ Bank of Italy Circular 285.

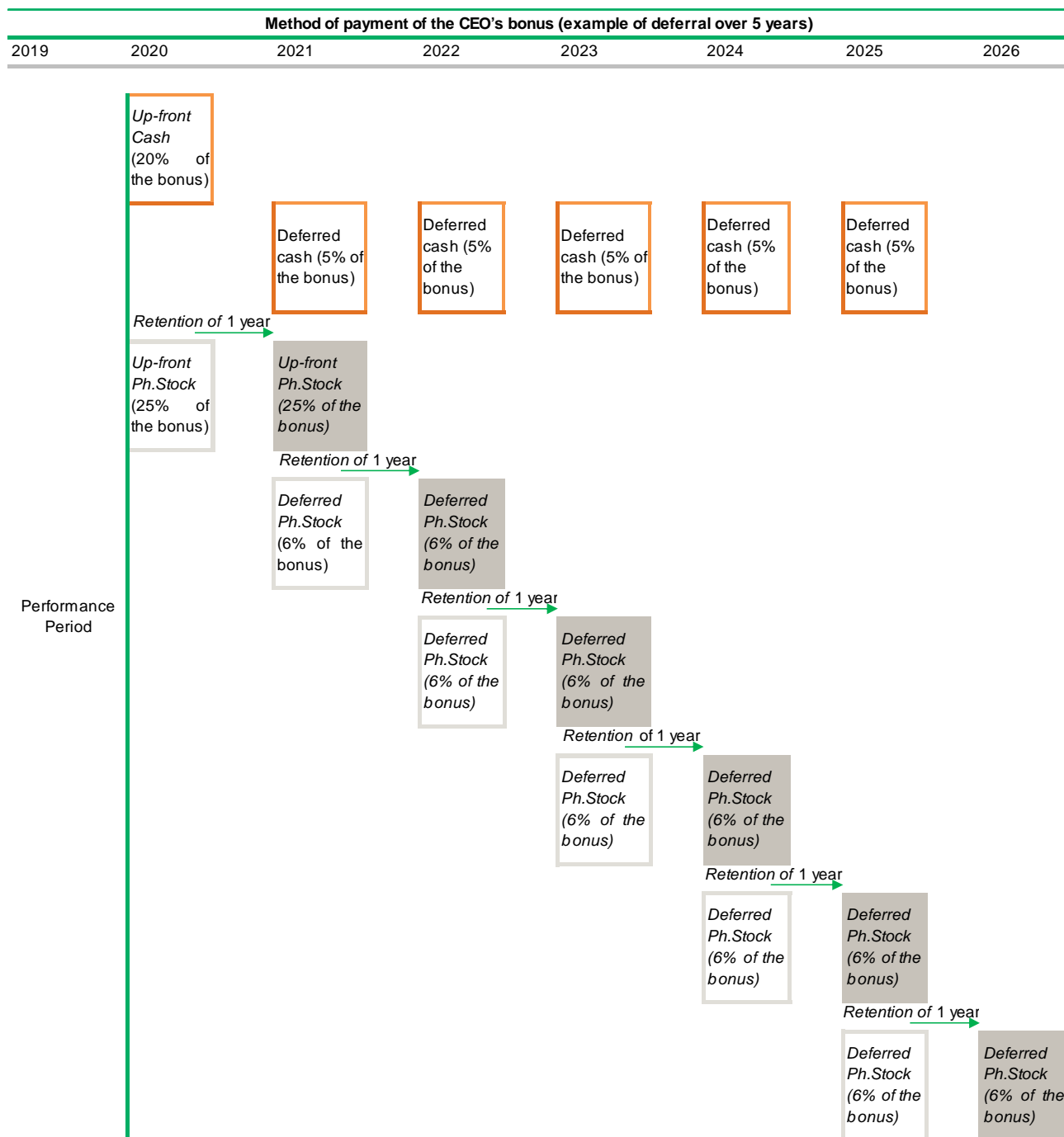
²⁴ The amount of remuneration based on financial instruments may not be assigned entirely in the form of phantom stock if the Bank decides to pay a portion by means of other kinds of instrument according to the specific regulations (such as bonds).

retention.

- The other 55% (25% cash and 30% phantom stock) gets deferred in equal annual instalments over 5 years with a 1-year retention period (during which the shares cannot be sold). The deferred portions are subject to *malus* conditions that are applicable to other key personnel.
- In the event of a particularly high bonus,²⁵ the up-front portion is 40% (20% cash and 20% phantom stock subject to a one year retention), while the other 60% (25% cash and 35% phantom stock) gets deferred in equal annual instalments over 5 years with a 1-year retention period (during which the shares cannot be sold).



²⁵ See Circ. 285 25th update: "A particularly high amount means the lower of: i) 25% of the average total remuneration of Italian high earners resulting from the most recent report published by the EBA; ii) 10 times the average total remuneration of bank employees". In the BPER Group, the level of variable remuneration that represents a particularly high amount is Euro 434,000 and derives from the application of point i). Monitoring and updating will be guaranteed every three years



Ph Stock: indicates that this portion of the bonus is paid in phantom stock

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

The deferred instalments are subject to *malus* rules that can reduce the instalment to zero in the event of failure to achieve the entry gates for the financial year preceding the year of payment of each deferred instalment.

The above mentioned *malus* mechanism, which can block payment of the deferred portions of the bonus, also acts on activation of the clawback clauses (see the following paragraph). Change of control clauses are not currently foreseen for the CEO.

Variable bonus scheme – Long term incentive (LTI) Plan 2019-2021

The Group has defined a long-term variable incentive system based on a long-term period of performance assessment (2019-2021), consistent with the objectives and duration of the Group's strategic plan; in order to:

- recognise an incentive exclusively in BPER Banca ordinary shares, according to methods that comply with the relevant provisions and in line with what is defined in the Business Plan 2019-2021;
- align management's interests with the creation of long-term shareholder value;
- motivate management to achieve the objectives of the Business Plan 2019-2021, within a framework of healthy, prudent risk management and CSR sustainability;
- strengthen key persons' sense of belonging in order to implement the Group's medium-long term strategy;
- reward virtuous behaviour and positive results while penalizing failure to achieve results and any deterioration in the Group's capital, liquidity and profitability by not paying any bonuses.

The Plan provides clear and predetermined performance conditions, verified during and at the end of the plan, so that the variable remuneration cannot, in any case, be paid before the end of the plan. The bonus is recognised at the end of the performance evaluation period.

The plan is intended for about 40 top-level group figures considered key to the success of the 2019-2021 business plan²⁶.

The incentive system provides for the identification of a bonus pool which represents the maximum amount of bonuses that can be paid. The bonus pool for the Chief Executive Officer and key personnel is set at a 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.

The entry gates for the LTI Plan 2019-2021, all of which have to be achieved at the same time, are in line with those established for the MBO, to which reference should be made.

Failure to achieve even only one of the entry gates means not paying any bonus under this long-term incentive scheme. If all of these entry gates are achieved, the plan provides for an assessment of the Group's key performance indicators (KPIs) at the end of the three-year vesting period (2021). continuous monitoring of the indicators is carried out during the three-year period to verify compliance with the objectives of the Strategic Plan.

Based on this approach, the amount of the target bonus is determined in proportion to the results achieved. In the event of a recovery resolution by the Board of Directors, this triggers off a suspension of payment of the variable remuneration (both the immediate and the deferred portion). The Board of Directors can decide that, instead of just a suspension, there should be:

²⁶ To access the Plan it is necessary, at the end of the same, to hold a position within the perimeter defined by the Board of Directors of the Parent Company, provided that this took place for at least 18 months. Any exceptions require a specific resolution of the Parent Company's Board of Directors. Bonuses destined to beneficiaries who have held positions on a perimeter only during part of the Plan, are calculated pro quota temporis.

- A reduction or elimination of bonuses still to be determined.
- A reduction or elimination of bonuses already determined but not yet paid
- A reduction or elimination of deferred portions

The Parent Company's Board of Directors also reserves the right to reduce or cancel bonuses assigned to the various categories of personnel: in the event of particularly low profitability or a loss, both at consolidated and separate level, in companies in which the combined capital requirements set by the Supervisory Authorities²⁷ are not complied with.

After it has been verified that the entry gates have been exceeded and the bonus target has been calculated, the actual allocation of the bonus and the related amount, within the maximum²⁸ limits of the variable remuneration, are defined through a process of corporate performance evaluation that includes an analysis of three KPIs.

For the three-year period 2019-2021, the scorecard of the LTI Plan, which is the same for all beneficiaries, is made up of objectives of operating efficiency, credit quality and profitability of a quantitative nature.

Following the measurement of these KPIs, the performance of the BPER stock is evaluated with respect to a peer group and the achievement of sustainability objectives.

In order to guarantee an adequate balance between the different types of objectives, which is also effective in terms of motivation and incentive to achieve company results in a framework of healthy, prudent risk management and CSR sustainability, the following measurement and weighting mechanism was defined.

LTI 2019-2021 scorecard

	KPIs	Weighting
1	Post Provisions Profit (PPP) in 2021 <i>Target 683 (€ .M)²⁹</i>	50%
	Cost/Income ratio in 2021 <i>Target: <59%³⁰</i>	25%
	Gross NPE ratio in 2021 <i>Target: <9%³¹</i>	25%

These objectives have a percentage weight 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 a mechanism of linear progression.

Following measurement of the KPIs, the effective quantification of the bonus accrued in 2021 is subjected to two other parameters:

²⁷ Circular no. 285 of 17 December 2013 – 3.1 PART ONE – Implementation rules for the CRD IV Directive (3.1.2 Capital reserves).

²⁸ The bonus pool, i.e. the theoretical maximum amount of bonus that can be paid, is the sum of the maximum bonuses that can be received at an individual level.

²⁹ Here reported the objectives stated in the Business Plan: any changes to these objectives automatically constitute variations in the LTI Plan targets.

³⁰ see previous note

³¹ see previous note

Multiplier/demultiplier

Positioning of the TSR of the BPER stock compared with a panel of competitors (Intesa Sanpaolo, Unicredit, UBI, Banco BPM, Credem, Popolare di Sondrio):

2

- in the case of 1st or 2nd position, the accrued bonus is increased by +15%;
- in the case of 3rd or 4th position, the accrued bonus does not change;
- in the case of 5th, 6th or 7th position the accrued bonus is reduced by -15%.

Sustainability Corrective

Depending on whether three CSR³² objectives (social and environmental sustainability) are achieved or not, the bonus accrued up to this point can be further corrected:

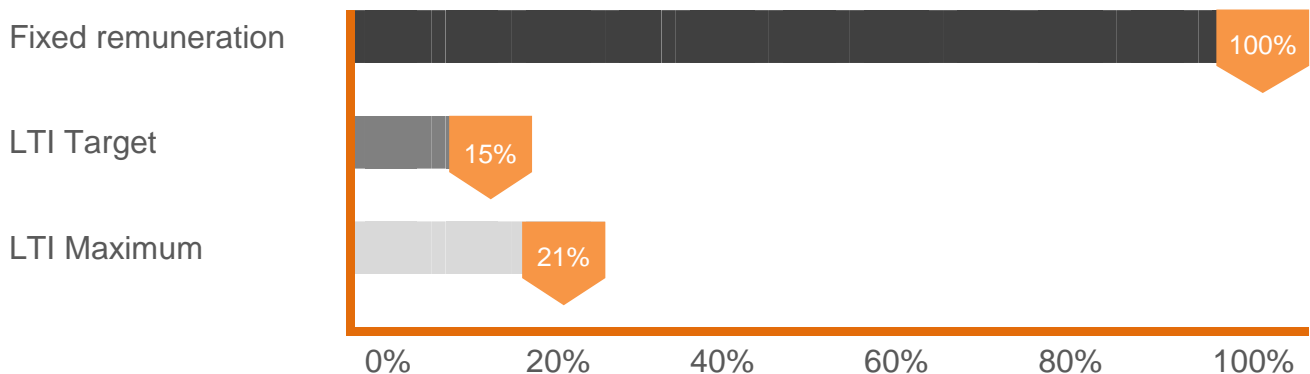
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- in the case of three out of three objectives achieved, the accrued bonus does not change;
- in the case of two out of two objectives achieved, the accrued bonus is reduced by -10%;
- otherwise, the accrued bonus is reduced by -15%.

In the event of extraordinary or unforeseeable events, the Board of Directors can make any changes to the plan structure that may be necessary or appropriate to neutralize the effects on entry gates and KPIs.

The CEO's bonus opportunity provides for a maximum cap of 21%³³ of the fixed remuneration, namely:

The CEO's LTI



The method of paying accrued bonuses after the final calculation of the results of the scorecard has been set by the Board of Directors in line with

³² 1) Acquire the Standard Ethics Rating at EE level, 2) increase the percentage of female managers to 15%, from the current 8.5% 3) Financial Literacy in secondary schools of I and II grade (total of 3300 classes and 66000 people) .

³³ This portion is valued on an annual basis, referring to a period of 8 years. The cumulative value is therefore equal to 120% (target) and 165% (maximum).

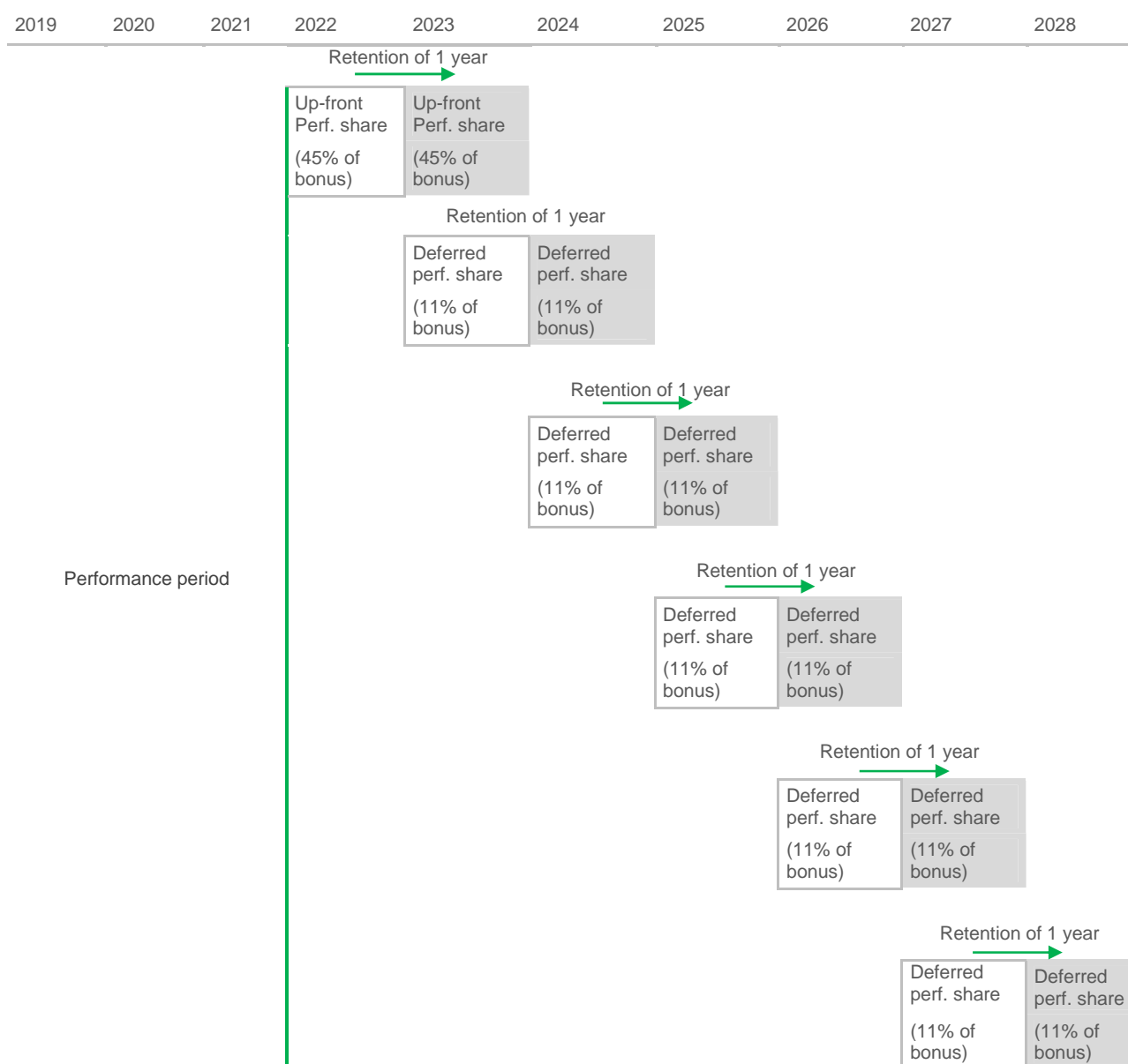
the regulatory requirements³⁴, with the dual aim of achieving alignment with the ex-post risk and supporting the long-term orientation, as well as managing to correlate the variable component with the actual results and the risks assumed. The Board has also decided to use BPER ordinary shares for 100% of the long-term bonus.

In line with what we have just said, payment of the CEO's bonus is structured as follows:

At the end of the three-year period, 45% is attributed at the bonus assignment date (up-front portion), but subject to retention period of one year. The other 55% is deferred in equal annual instalments over five years with a 1-year retention period³⁵. Bonuses are subject to *ex-post* correction, *malus* and claw back conditions, as for short-term incentive schemes.

Method of payment of the CEO's LTI bonus

(e.g. deferral 5 years, if the accrued amount is higher than the high variable amount, the up-front portion falls to 40% and the deferred amount rises to 60%)



Perf. share: means that the bonus is paid in BPER ordinary shares.

³⁴ Bank of Italy Circular 285.

³⁵ Without prejudice to the possibility of "sell to cover" (selling securities to pay any tax or social security contributions generated by delivery of the securities subject to retention). For a "particularly high" amount, the up-front tranche will be equal to 40% and the five deferred tranches will be equal to 12% of the bonus.

The free allocation of shares in execution of the Plan will take place using treasury shares that derive from purchases authorised by the Shareholders' Meeting, pursuant to art. 2357 and 2357-ter of the Civil Code.

The target number of shares promised at the start of the Plan's three-year period is calculated based on the ratio between the amount of the target bonus in absolute terms and the value of the stock (a straight average of the official price of the BPER Banca ordinary shares listed on the electronic stock market organised and managed by Borsa Italiana S.p.A. posted in the 30 days preceding the date of the Shareholders' Meeting).

Change of control clauses are not currently foreseen for the CEO.

Claw-back clauses

All incentives paid³⁶ are subject to claw-back clauses, although their effective application depends on predetermined circumstance taking place:

- types of behaviour that do not comply with the law, regulations and/or the articles of association and/or the code of ethics and/or conduct applicable to the Group, resulting in a significant loss for the Bank and/or for its customers;
- The results of the Bank and/or of the interested party, on the basis of which the incentive was paid, are to be reviewed *ex-post* following circumstances that were not known at the time the incentive was paid. In such circumstances, the clause applies in the event that the review of the results involves adjustments exceeding Euro 1 million or if it was made unforeseeable or difficult/impossible because of the deed or fault of the interested party;
- Breaches of the obligations imposed pursuant to art. 26 or, when the person is an interested party, of art. 53, paragraphs 4 *et seq.* of the Consolidated Banking Act or obligations in the field of remuneration and incentives;
- types of behaviour subject to disciplinary initiatives and proceedings that may have led to termination of employment due to just cause or for justified subjective reason and in any case of termination for just cause;
- fraudulent behaviour or gross negligence to the detriment of the Bank.

Activation of the claw-back clause against interested parties differs according to the position held by the person concerned at the time of activation of the clause or on termination from the last position held within the BPER Group.

The situations and circumstances underlying activation of the claw-back clauses are relevant if they took place or could take place within five years from payment/disbursement of the performance-related benefits.

In the case of the CEO, activation of the clause would be on the initiative of the Chairman with the approval of the Board. The resolution would be drawn up by the Remuneration Committee and the Board of Statutory Auditors, who can work and make pronouncements together or separately and, if necessary, make their own proposal to the Board.

7.2. Remuneration of key personnel

The remuneration of key personnel is composed of a fixed element and a short-term variable element that for some may also be long-term. The variable component of the bonus is governed by very strict rules, as required

³⁶ Including special one-off reward bonuses

by the Bank of Italy's rules³⁷ on the remuneration of key personnel.

Note that a variable component of the remuneration may be foreseen on the basis of qualitative objectives and not connected in any way to the financial results for those in control or similar functions (subject to any agreements with the Trade Unions, valid for all employees and also applicable to these professional positions).

The variable component is kept below the regulatory limit of 100%³⁸ of the fixed component and set at a maximum rate of 60% of the latter, apart from specific situations in which this percentage can be increased to 100% or to the limit defined by a specific resolution of the shareholders' meeting³⁹.

The bonuses determined with reference to 2018 account for a percentage ranging from 0% to 86.8%⁴⁰ of the fixed remuneration.

Key personnel are beneficiaries of the MBO variable incentive scheme explained in paragraph 7.1

Some figures included in the scope of key personnel (excluding control and similar functions) are also recipients of the long-term variable incentive system described in paragraph 7.1 with the additions included in paragraph 7.2.

With reference to the MBO system, depending on the individual results achieved and after fulfilling the entry gate conditions, which is essential to open the gates leading to the determination of the target bonus, and consequently of the bonus pool, the plan provides incentive opportunities which for the CEO of the Parent Company has a maximum limit of 60% of the fixed remuneration, 50% for other key personnel except for control functions as specified below.

Determination of the target bonus and of the bonus pool for key personnel follows the same criteria explained in section 7.1 (linked to changes in the reference indicator). In particular, for key personnel belonging to the Parent Company, with the exception of those belonging to the branch network⁴¹, the target bonus is determined entirely on the basis of the Group's gross profit, the same as for the CEO. For key personnel belonging to Group companies and key personnel of the Parent Company belonging to the network, the target bonus is determined on the basis of the Group's gross profit, as well as the gross profit of the company to which they belong, with the latter having a higher relative weighting than the former⁴². For those belonging to consortium companies, the same rules apply as for key personnel of the Parent Company.

The individual scorecard for key personnel is linked to results according to the position that they fill⁴³ and the related responsibilities and is suitably balanced between quantitative and qualitative targets with a relative weighting of 80% and 20%. The qualitative assessment is derived from the annual performance management scorecard and refers in particular to the assessment of the behaviour and methods adopted in order to achieve the objectives and an assessment of the context in which they were developed. For some of the figures for which it is not feasible to identify quantitative indicators representative of the function held individually, the parameters of the broader structure to which the person belongs are used

Payment of the accrued bonuses takes place in line with the provisions of

³⁷ Bank of Italy Circular 285.

³⁸ Following a specific resolution of BPER Banca's Shareholders' Meeting, the limit can be raised to 200%.

³⁹ for example, the granting of entry bonuses or incentive packages designed to facilitate the acquisition of resources that the company deems necessary for the achievement of important objectives.

⁴⁰ This is a single specific situation. As regards figures to which ordinary bonus targets are applied, the maximum level was 42.8%.

⁴¹ Including the so-called "semi-central" structures.

⁴² 30% and 70% respectively.

⁴³ Measured using KPIs and corrections that are derived from the Strategic Framework linked to the card shown in paragraph 7.1 with reference to the CEO- The parameters take on different weightings according to the activities that the person concerned performs, the responsibilities that they have been assigned and the operating levers that they manage.

the pertinent banking law⁴⁴, though with less stringent criteria than those applied to the CEO. The MBO plan provides for the payment of different accrued bonuses according to the size of the bonus and whether or not it belongs to the scope of the MRTs belonging to top management (i.e. the Chief Executive Officer, General Managers, Deputy General Managers of the Banks and Group and the Banks' Heads of Department).

For BPER Banca, this also includes the Heads of the Territorial Divisions and the first reporting level of bodies with the function of strategic supervision, management and control functions.

In consideration of the limited amount of the variable remuneration of corporate control functions, it was considered appropriate not to consider them within the scope of the MRTs belonging to top management, even if they are the first reporting level for bodies with strategic supervision, management and control functions.

Material Risk Takers (MRT) belonging to top management:

Bonus > Euro 434 thousand (particularly high amount)⁴⁵

- 40% is attributed at the date the bonus is granted (up-front portion): 20% cash and 20% through phantom stock subject to a one year retention. The other 60% (25% cash and 35% through phantom stock) is deferred in equal annual instalments over the five years from that of the grant, subject to a retention period (during which the shares cannot be sold) of one year from the vesting date of each deferred tranche.

Bonus > Euro 100 thousand ≤ Euro 434 thousand

- 45% is attributed on the date the bonus is granted (up-front portion): 20% cash and 25% through phantom stock subject to a one year retention. The other 55% (25% cash and 30% phantom stock) is deferred in equal annual instalments over the five years from that of the grant, subject to a retention period (during which the shares cannot be sold) of one year from the vesting date of each deferred tranche.

Bonus ≥ Euro 30 thousand ≤ Euro 100 thousand – simplified procedure

- 55% of the bonus is granted through phantom stock, allotted in equal annual instalments over 5 years from that of the grant, subject to a retention period (during which the shares cannot be sold) of 1 year starting from the vesting date of each deferred tranche. The other 45% is awarded in cash up-front.

A deductible threshold is reserved⁴⁶ by which the first Euro 30 thousand (or 30% of the RAL, if lower) gets paid up-front in the form of cash.

⁴⁴ Bank of Italy Circular 285.

⁴⁵ As defined by Bank of Italy's Circular 285, 25th update. See note 29

⁴⁶ For example, a bonus of Euro 40 thousand is divided into Euro 30 thousand cash up-front and Euro 10 thousand deferred over five years and paid through phantom stock; a bonus of Euro 90 thousand is divided into 40,500 (45%) cash up-front and 49,500 deferred over five years and paid through phantom stock.

MRTs who do not belong to top management:

Bonus > Euro 434 thousand (particularly high amount)

- 40% is attributed at the date the bonus is granted (up-front portion): 20% cash and 20% through phantom stock subject to a one year retention. The other 60% (30% cash and 30% phantom stock) is deferred in equal annual instalments over the five years from that of the grant, subject to a retention period (during which the shares cannot be sold) of one year from the vesting date of each deferred tranche.

Bonus > Euro 100 thousand ≤ Euro 434 thousand

- 60% is attributed at the date the bonus is granted (up-front portion): 30% cash and 30% through phantom stock subject to a one year retention. The other 40% (20% cash and 20% phantom stock) is deferred in equal annual instalments over the five years from that of the grant, subject to a retention period (during which the shares cannot be sold) of one year from the vesting date of each deferred tranche.

Bonus ≥ Euro 30 thousand ≤ Euro 100 thousand

50% of the bonus is granted through phantom stock, allotted in equal annual instalments over 3 years from that of the grant, subject to a retention period (during which the shares cannot be sold) of 1 year starting from the vesting date of each deferred tranche. The other 50% is awarded in cash up-front.

A deductible threshold is reserved, by which the first Euro 30 thousand (or 30% of the RAL, if lower) gets paid up-front in the form of cash.

With reference to the LTI 2019-2021 scheme, the plan provides for incentive opportunities that are up to a maximum of 21% of fixed remuneration for the General Manager of the Parent Company and generally up to a maximum of 16% for the other key personnel.

Please refer to paragraph 7.1. for the other aspects.

The *ex-post* correction mechanisms are similar to those explained for the CEO.

The deferred instalments are subject to malus rules that can reduce the instalment to zero in the event of failure to achieve the access thresholds ("entry gates") for the financial year preceding the year of payment of each deferred instalment.

The malus mechanism, which can block payment of the deferred portions of the bonus, also acts on activation of the clawback clauses. The bonuses paid are subject to the application of claw-back clauses in the same manner and circumstances as were defined in paragraph 7.1 above.

Change of control clauses are not currently foreseen for any Key personnel.

7.3. Remuneration of control functions

The remuneration of those in charge of Control functions 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.

Unlike what applies for key personnel, 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 role-related objectives, both quantitative and/or qualitative.

People in this category have applied to them the rules for deferment of the variable portion, use of financial instruments, the malus and clawback clauses defined for the other key personnel and described in the paragraph 7.2 above.

7.4. Remuneration of managers

The remuneration of managers consists of a fixed element and a variable element. Net of any component resulting from the application of agreements with the Trade Unions, the variable part is of limited amount and in any case remains within a maximum of 50% of the fixed component⁴⁷, and in any case within the limit set by the law and by the articles of association.

The managers are beneficiaries of the MBO plan explained in paragraph 7.1⁴⁸. In the event that the minimum levels associated with the entry gate parameters applied to key personnel are not reached, the Board of Directors of the Parent Company can decide whether to recognise bonuses of a limited amount, within a buffer that could be significantly lower than the original bonus pool.

The individual scorecard for managers is linked to results consistent with the role⁴⁹ and related responsibilities and is properly balanced between quantitative and qualitative targets with a relative weighting of 80% and 20%, respectively. The qualitative assessment is derived from the annual performance management scorecard and refers in particular to the assessment of the behaviour and methods adopted in order to achieve the objectives and an assessment of the context in which they were developed. For some of the figures for which it is not feasible to identify quantitative indicators representative of the function held individually, the parameters of the broader structure to which the person belongs are used and the actual individual contribution to achieving these results is assessed from a qualitative point of view.

In the event of a bonus that is Euro 30,000 or 30% higher than the fixed remuneration (and, in any case, below the maximum limit established), a part of the bonus will be deferred for at least one year, subject to malus conditions (where not otherwise specified, the same *malus* conditions provided for key personnel shall apply).

When a manager participates in the long-term incentive scheme, the conditions envisaged for key personnel under this scheme apply to the manager. The system is described in paragraph 7.1.

As required by the regulations⁵⁰, the bonuses paid are subject to claw-back clauses in the same manner and circumstances as were defined in paragraph 7.1 above.

In the case of personnel with important responsibilities in control functions (other than those in charge of such functions), who are not included among key personnel, except as required by the National Labour Contract (CCNL) and collective agreements with the Trade Unions, the variable element is

⁴⁷ Except for specific situations in which it is possible to raise this percentage, but generally not beyond 100% (for example the payment of entry bonuses or incentives packages designed to facilitate the acquisition of resources that the company deems necessary for the achievement of important objectives).

⁴⁸ The operating rules (e.g. entry gates, multipliers, KPI, qualitative assessment and corrective action) foreseen for the specific perimeter are applied to MBO recipients subject to specific perimeters (network, private bankers, BCM managers).

⁴⁹ Measured using KPIs that are derived from the Strategic Framework linked to the card shown in paragraph 7.1 with reference to the CEO. The parameters take on different weightings according to the activities that the person concerned performs, the responsibilities that they have been assigned and the operating levers that they manage. A small number of managers, especially in facilities run by middle managers, is not a recipient of MBO and follows the bonus system laid down for the structure to which they belong.

⁵⁰ Bank of Italy Circular 285.

related to specific objectives of the function in question and not to the achievement of financial targets.

7.5. Remuneration of other personnel

The remuneration of middle managers and professional areas consists of a fixed element and a variable element. Net of any component resulting from the application of agreements with the Trade Unions, the variable part is of limited amount and in any case remains within a maximum of 50% of the fixed component⁵¹, and in any case within the limit set by the law and by the articles of association.

In the event of a bonus that is Euro 30,000 or 30% higher than the fixed remuneration (and, in any case, below the maximum limit established), a part of the bonus will be deferred for at least one year, subject to malus conditions (where not otherwise specified, the same malus conditions provided for key personnel shall apply).

A significant portion of these categories of staff benefit from specific MBO⁵² plans based on quantitative parameters. The most important relate to the network, to private bankers and NPE managers.

As required by the regulations⁵³, the bonuses paid are subject to claw-back clauses in the same manner and circumstances as were defined in paragraph 7.1 above.

In the case of personnel with important responsibilities in Control functions (other than those in charge of such functions), who is not included among key personnel, except as required by collective agreements with the Trade Unions, the variable element is related to specific objectives of the function in question and not to the achievement of financial targets.

Incentive scheme (MBO)

In recent years, an increasing number of employees have been included within the scope of the beneficiaries of the Group's MBO scheme, clearly with some differences related to the specific nature of the functions and activities performed, reaching a percentage of coverage of the MBO scheme of more than 60% of the Group's population and almost complete coverage of those who hold positions in the commercial sphere. In order to ensure greater consistency with the role, an additional performance indicator has been introduced for Branch staff only, linked to the ability of their structure to generate revenue to complement the MBO's existing entry gates.

The MBO system means passing the entry gates. The amount of the target bonus and bonus pool is not linked to an indicator of company income measured with respect to budget objectives. The individual bonus is linked to the extent to which the person has achieved their individual objectives. Each scorecard is made up of both quantitative and qualitative KPI, with a relative weighting of 66-70% and 30-34% respectively, and a correction factor linked to compliance parameters which is then applied to the results.

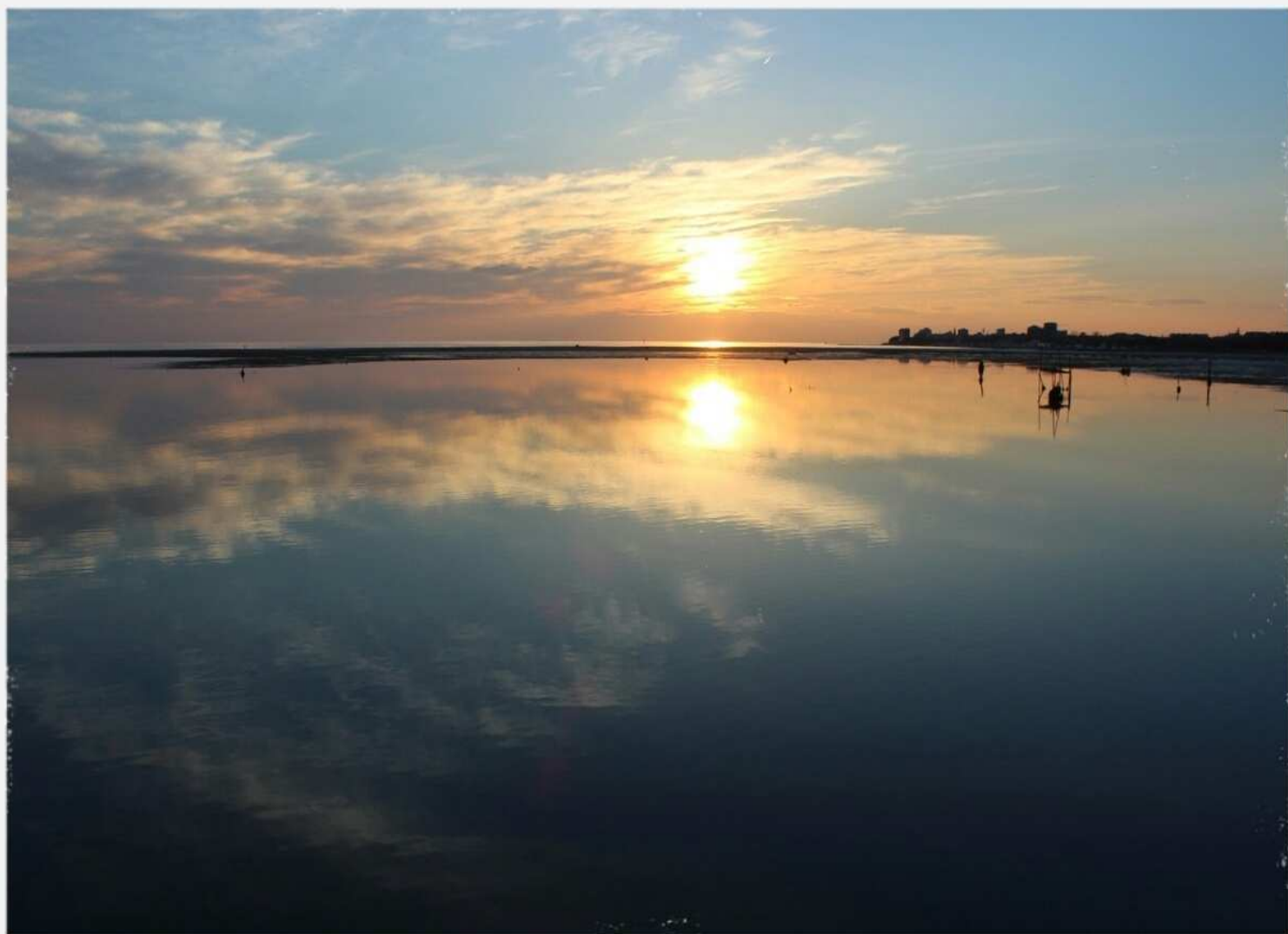
In order to ensure ongoing consistency with the objectives set out in the Plan, individual and Group targets are reviewed during the year.

⁵¹ Except for specific situations in which it is possible to raise this percentage, but generally not beyond 100% (for example the payment of entry bonuses or incentives packages designed to facilitate the acquisition of resources that the company deems necessary for the achievement of important objectives).

⁵² They do not exclude the assignment of bonuses linked to performance assessment or exceptional situations, to integrate what is foreseen by the MBOs.

⁵³ Bank of Italy Circular 285.

For some specific figures not belonging to key personnel, a particular type of MBO is envisaged which lasts for several years; it can supplement the annual MBO.



7.6. Remuneration of external collaborators

Group companies benefit from the contribution of a very limited number of freelancers who do not have a full-time employment contract with the company. They are normally people who have specific skills that are required for a limited period of time, or as part of specific projects, which are complementary and/or of support to the activities performed by employees.

As a rule, the remuneration of external collaborators only consists of a fixed element. However, there is the possibility for variable remuneration to be awarded, still within the limits of 50% of the fixed component⁵⁴ and in any case within the limit set by law and articles of association. The amount of the variable component will be determined each time based on specific indicators for the activity carried on.

Any costs involved in performing their duties are incurred directly by the Bank or Company, or reimbursed to the collaborator.

There are financial agents working for the Group, but none of them is considered key personnel.

The structure of their remuneration, usually entirely variable due to the nature of the employment contract, distinguishes between a "recurring" component (similar to a fixed one) and a "non-recurring" component (similar to a variable one), in line with the Bank of Italy's Instructions.

The main components of agents' remuneration consist of recurring remuneration, which represents the ordinary part, referring to core operations, based on percentage commissions⁵⁵ that are agreed in advance between the Bank and the agent.

There are also components of remuneration included in the non-recurring remuneration; these have an incentive value and as such are subject to specific gates and applicable legislation.

The "non-recurring" remuneration is subject to partial or total reduction and/or repayment mechanisms in the event of fraudulent behaviour or gross negligence to the detriment of the bank, without which the bonus would not have been awarded.

As for employees, the remuneration system is related to the assessment of professional behaviour on the part of the individual and control over operational and reputational risks.

Remuneration can be affected by specific quality clauses, examples of which are listed below: audits with unfavourable or partially unfavourable results, complaints from customers about situations where there is proof that the agent is in the wrong, sanctions inflicted on the agent by the Supervisory Body for Agents and Mediators, and violations of Title VI of the TUB or of the Bank's Code of Ethics.

The remuneration variable component, or any other components similar to it, are subject to the claw back and malus clauses described above.

⁵⁴ Except for specific situations in which it is possible to raise this percentage, once verified limits set by the current articles of association (for example the payment of entry bonuses or incentives packages designed to facilitate the acquisition of resources that the company deems necessary for the achievement of important objectives).

⁵⁵ In the event that part of the commission falls within the non-recurring component, the gates to which it is subject are represented by the minimum supervisory requirements for capital and liquidity at the time the commission is paid.

7.7. Non-competition agreements, notice extension agreements and stability and/or retention agreements

Where requirements to safeguard the Group's competitiveness, peculiar professionalism, as well as to protect commercial goodwill and customers' interests, require or make it appropriate, for specific categories of personnel and/or on an individual basis, in an ongoing working relationship or on its termination, the Group can enter into specific non-competition agreements, in line with the Bank of Italy's Supervisory Provisions, jurisprudential interpretations and market practice and in compliance with the criteria and limits approved by the Shareholders' Meeting.

For similar purposes, the Group can also sign agreements aimed at extending employees' period of notice in the event of resignation. Such agreements, which also aim to satisfy the Group's need to guarantee over time the collaboration of particularly qualified workers, envisage the payment of small amounts for periods of effective respect of the commitment taken on.

Any forms of retention bonuses and/or stability agreements will be governed in accordance with the rules, regulations and labour law applicable at the time.

The gates to which the sums paid as compensation for agreements in connection with the employment relationship⁵⁶ are subject, are represented by the minimum regulatory supervisory requirements regarding assets and liquidity, verified at the time of disbursement.

The amounts paid under such agreements are subject to the specific provisions laid down in the latest update of the Bank of Italy's Circular 285.

7.8. Fringe benefits

The total remuneration package for the various positions can be supplemented by fringe benefits for all employees or for particular positions, depending on the functions that they perform, the level in the organisation or specific limited attributions. The allocation of such remuneration components is regularly compared with the best market practices in order to assess the competitiveness of the treatment accorded to Group employees.

7.9. Compensation granted on termination of employment of key personnel

The Supervisory Provisions on the subject of remuneration provide that the remuneration agreed upon either on the occasion of the early termination of the employment relationship or early termination of the office (so-called golden parachute or additional remuneration) are subject to a particular provision contained in the same Supervisory Provisions, to which reference should be made.

Without prejudice to the exemptions foreseen by the Supervisory Provisions, which will be applied by the Group if the circumstances arise, and without prejudice to the specific regulations envisaged for the various categories of personnel, it should be noted that the following amounts do not form part of the additional remuneration mentioned above:

⁵⁶ In particular, reference is made to the amounts paid as a non-competition agreement, to extend the notice and the stability pact (and / or retention bonus) paid in the course of the employment relationship.

- amounts paid in lieu of notice, within the limits established by law and collective labour contract;
- amounts paid for non-competition agreements, for the portion that does not exceed the last year of fixed remuneration;
- amounts paid in execution of a decision by an independent third party (judge or arbitrator) on the basis of applicable legislation.

If there are cases of 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 the court deciding against the Group.

The amount of such additional remuneration may not exceed 2 years of fixed remuneration and will be subject to a maximum limit of € 1.7 million (gross per employee).

Any amounts paid for a non-competition agreement on early termination of employment or office are included in the sum that is subject to this limit.

As regards the relationship between fixed and variable remuneration, the criteria mentioned in the Supervisory Provisions will be respected (taking into account any exemptions, such as the exclusion - for the purposes of this relationship - of any amounts paid for a non-competition agreement for the part that exceeds the last year of fixed remuneration).

The remuneration in question will take account of the performance achieved over time and the risks assumed by the individual and 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 otherwise 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).

These additional amounts of remuneration are subject to the deferral mechanisms and use of financial instruments envisaged for the payment of variable remuneration to key personnel and are subject to the same claw-back and related *malus* clauses, to the extent that they are applicable. With regard to any deferred portions, they will be subject, by way of further *malus* clauses, to passing the capital and liquidity gates defined for the annual incentive schemes.

If a party to the agreement is a member of the control functions, the following predefined formula will apply to quantify any additional amounts of remuneration: 1 monthly payment for each year of service provided, up to a maximum of 1 year of fixed remuneration⁵⁷.

For the personnel who access the Sector Solidarity Fund, the specific agreements established with the Trade Unions will apply (up to a maximum of half the formula defined above).

So for them, the above amounts are not taken into account when calculating the variable/fixed ratio.

Also for the heads of control functions, the overall limit to "additional amounts of remuneration" is equal to 2 years of fixed remuneration.

⁵⁷ Without prejudice to the exemptions referred to in Circ. 285, part one, title IV, Chap. 2, Sec. III, 2.2.3 which are an alternative to the formula.

Similar arrangements for Managers who are not part of Key personnel are limited to the provisions of the National Labour Contract for specific arbitration proceedings. The capital and liquidity conditions and the *malus* and claw back assumptions will also apply to non-MRT managers.

7.10. Discretionary pension benefits

There is no provision for discretionary pension benefits for anyone in the company for the early termination of employment or office.



8. Information on implementation of the 2018 Remuneration Policies

In accordance with the Bank of Italy's Guidelines and the remuneration policies introduced by the BPER Group for 2018⁵⁸, the following information is provided on implementation of the remuneration policies and remuneration plans that have been put in place:

- a. aggregate quantitative information on remuneration, broken down by business area;
- b. aggregate quantitative information on remuneration, broken down among the various categories of "Key Personnel", indicating the following elements:
 - I. the amounts of remuneration for the year, split into fixed and variable elements⁵⁹ and the number of beneficiaries;
 - II. the amounts and forms of variable remuneration, split into cash, shares, instruments linked to share and other types;
 - III. the amounts of outstanding deferred remuneration, split between the vested and unvested portions;
 - IV. the amounts of deferred remuneration recognised during the year, paid and reduced through mechanisms for correcting the results;
 - V. any "golden hellos" and "golden handshakes" paid during the year and the number of beneficiaries;
 - VI. the amounts of severance indemnities paid during the year, the number of beneficiaries and the highest amount paid to a single person.
- c. Information on the total remuneration of the chairman of the strategic supervisory body and of each member of the management body, the general manager, assistant general managers and deputy general managers. This information as regards BPER Banca and Banco di Sardegna is shown in table 1 "Remuneration paid to members of the boards of directors and statutory auditors, the general managers and other managers with strategic responsibilities" published in the respective section II of the 2019 Remuneration Report. The remuneration of members of the Board of Directors shown here is the amount actually received for the position held in the specific bank. For the remuneration of the general managers and deputy general managers of the Italian Banks, taxable income for social security purposes earned in 2018 has been taken into account, while the corresponding amount has been considered for the foreign bank. Variable remuneration for 2018 has been used for key personnel. With reference to 2018, one person receives remuneration in excess of Euro 1 million.

⁵⁸ The following tables also provide the information on 2017 remuneration policies.

⁵⁹ It is worth specifying that amounts awarded for non-competition and notice extension agreements are considered variable remuneration.

Table 1. Aggregate quantitative information on remuneration, broken down by business area.

	Business areas							
BPER BANCA GROUP	Members of the strategic supervisory body	Members of the management body	Investment banking	Retail banking	Asset management	Business functions	Control functions	Other
Staff (number of persons)	56	25						
Staff (FTE)			153	8,679	48	2,308	251	159
Fixed remuneration (mn €)	3.2	5.1	8.7	388.9	2.0	103.8	12.4	5.3
Variable remuneration (mn €)	-	1.0	0.6	23.3	0.1	4.6	0.7	0.2
BPER BANCA	Members of the strategic supervisory body	Members of the management body	Investment banking	Retail banking	Asset management	Business functions	Control functions	Other
Staff (number of persons)	10	10						
Staff (FTE)			125	6,254	24	1,488	216	40
Fixed remuneration (mn €)	1.5	2.6	7.3	281.6	1.3	69.1	10.6	1.6
Variable remuneration (mn €)	-	0.7	0.5	16.6	0.1	2.7	0.6	-
BANCO DI SARDEGNA	Members of the strategic supervisory body	Members of the management body	Investment banking	Retail banking	Asset management	Business functions	Control functions	Other
Staff (number of persons)	10	6						
Staff (FTE)			28	1,848	-	492	29	19
Fixed remuneration (mn €)	0.5	0.7	1.4	80.9	-	21.9	1.6	0.4
Variable remuneration (mn €)	-	0.1	0.1	6.0	-	1.3	0.1	-

Note 1: the above figures relate to the amounts of taxable income (for social security purposes) for employees of Italian companies and the corresponding amounts for foreign companies at 31 December 2018. With regard to the members of the administrative and control bodies, only the persons in office at 31 December 2018 are counted and the remuneration shown here corresponds to the total paid to directors actually in office during the financial year. The members of the management body are the Chief Executive Officer, the members of the Executive Committee, the General Manager and officers with similar functions in other Group banks/companies.

Note 2: The figures for staff on secondment have been charged to the company where they were hired (seconding company).

Table 2. Aggregate quantitative information on remuneration, divided between the various categories of "Key Personnel" (GROUP FIGURES)

Code of the Banking Group Reference period	BPER Banca Group 2017								BPER Banca Group 2018							
Business areas	Members of the strategic supervisory body	Members of the management body	Investment banking	Retail banking	Asset management	Business functions	Control functions	Other	Members of the strategic supervisory body	Members of the management body	Investment banking	Retail banking	Asset management	Business functions	Control functions	Other
Key personnel (number of persons)	44	24							45	21						
Key personnel (number of persons)			5	31		10	13				5	35		10	13	
Key personnel in top management			1	3		4	6				1	3		4	6	
Total fixed remuneration (mn €)	2.54	5.44	0.68	5.14		2.08	1.71		2.51	4.71	0.72	5.71		2.12	1.73	
Total variable remuneration (mn €)*		0.40	0.05	0.78		0.21	0.26			1.03	0.18	1.58		0.53	0.24	
of which: cash		0.28	0.05	0.77		0.18	0.26			0.54	0.13	1.08		0.35	0.24	
of which: in equity and equity related instruments		0.12		0.01		0.03				0.49	0.05	0.50		0.18		
of which: in other financial instruments																
Total deferred variable remuneration (mn €)		0.13		0.02		0.03				0.49	0.05	0.47		0.17		
of which: cash (mn €)		0.04								0.16		0.07		0.03		
of which: in equity and equity related instruments (mn €)		0.09		0.02		0.03				0.33	0.05	0.40		0.14		
of which: in other financial instruments																
Deferred remuneration recognised in previous years and not in the reference year - share allocated (mn €)	0.01	0.11		0.02		0.05				0.11		0.02		0.05		
Deferred remuneration recognised in previous years and not in the reference year - share not allocated (mn €)		0.28		0.04		0.09				0.30		0.04		0.08		
Amount of ex post correction applied during the period to the variable remuneration for previous years (mn €)																
Number of beneficiaries of guaranteed variable remuneration																
Total amount of guaranteed variable remuneration (mn €)																
Number of beneficiaries receiving signing bonuses ("golden hellos")																
Total amount of payments for signing bonuses (mn €)																
Number of beneficiaries receiving payments for early termination of employment ("golden handshakes")			1	4			2									
Total amount of payments for early termination of employment (mn €)			0.06	0.32			0.33									
Number of beneficiaries receiving payments for termination of employment			1	4			2									
Total amount of payments for termination of employment (mn €)			0.15	0.29			0.45									
Number of beneficiaries of discretionary pension benefits																
Total amount of discretionary pension benefits (mn)																

* Including the company bonus

Table 3. Information on the total remuneration of the chairman of the strategic supervisory body and of each member of the management body, the general manager, assistant general managers and deputy general managers (figures in thousands of Euro)

Banca di Sassari					
Name	Office	Period in which the position was held	Fixed remuneration	Variable remuneration	Total remuneration
Ivano Spallanzani	Chairman	01/01-07/04	23		23
Mario Mariani	Chairman	07/04-31/12	36		36
Michele Ladu	Deputy Chairman	01/01-07/04	11		11
Fabrizio Togni	Deputy Chairman	07/04-31/12	27		27
Carlo Barbarisi	Director	07/04-31/12	16		16
Giuseppe Cuccurese	Director	01/01-31/12	20		20
Eugenio Garavini	Director	01/01-31/12	20		20
Giampiero Lecis	Director	01/01-07/04	6		6
Monica Pilloni	Director	07/04-31/12	16		16
Paola Piras	Director	01/01-07/04	6		6
Giovanni Righi	Director	01/01-07/04	6		6
Diego Rossi	Director	01/01-31/12	20		20
Giorgio Lippi	General Manager	01/01-31/12	184	37	221

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*fap considered taxable income in 2018 for social security

Cassa di Risparmio di Bra					
Name	Office	Period in which the position was held	Fixed remuneration	Variable remuneration	Total remuneration
Francesco Guida	Chairman	01/01-31/12	109		109
Alberto Di Caro	Deputy Chairman	01/01-10/04	9		9
Luigi Giuseppe Barbero*	Deputy Chairman	10/04-31/12	27		27
Alberto Gallinari	Director	01/01-10/04	7		7
Fabio Alfieri	Director	01/01-31/12	22		22
Claudio Battistella*	Director	10/04-31/12	23		23
Roberto Maria Renato Costamagna	Director	01/01-31/12	27		27
Gianluca Formenton	Director	01/01-31/12	19		19
Paolo Mazza*	Director	01/01-31/12	27		27
Carlo Maria Porro	Director	01/01-31/12	22		22
Corrado Savigni*	Director	01/01-31/12	27		27
Paolo Cerruti	General Manager	01/01-31/12	182	73	255

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* Executive Committee members

** considered taxable income in 2018 for social security

Cassa di Risparmio di Saluzzo					
Name	Office	Period in which the position was held	Fixed remuneration	Variable remuneration	Total remuneration
Roberto Civalieri	Chairman	01/01-31/12	86		86
Mariella Acchiardo	Deputy Chairman	01/01-31/12	39		39
Claudio Battistella	Director	01/01-31/12	31		31
Giancarlo Ferraris	Director	01/01-31/12	35		35
Giovampaolo Lucifero	Director	01/01-31/12	31		31
Gianluca Poluzzi	Director	01/01-31/12	31		31
Davide Vellani	Director	01/01-31/12	31		31
Giorgio Barbolini	General Manager	01/01-31/12	286	64	350
Franco Gavosto	Deputy General Manager	01/01-31/12	140	16	156

fap*

fap*

* considered taxable income in 2018 for social security



SECTION II – 2018 ANNUAL REMUNERATION REPORT

PART I

1.1. Items that make up remuneration

The 2018 remuneration policy, approved by the Shareholders' Meeting of 14 April 2018, was defined with the aim of ensuring consistency with the principles and purposes that inspire the Group. It is divided into various remuneration components, differing from each other according to the objective for which they have been established. The main components foreseen in the BPER Group's remuneration policy for 2018 are:

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.
- The 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 Subcommittees.
- 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.
- The fixed remuneration may be complemented by fringe benefits that, depending on the type, may be applied to all employees or, on the other hand, be aimed at specific positions or roles.
- No discretionary pension benefits are envisaged.

Variable remuneration

- Incentive schemes are designed to ensure consistent and effective alignment with the company's strategic objectives and, hence, to contribute to the creation of shareholder value, that ought to be sustainable in the medium to long term.
- The incentive schemes are designed to be consistent with the remuneration levels offered by the market for similar functions and in similar structures and are differentiated depending on the population of beneficiaries to allow greater efficiency, reflected in the ability to link bonuses to the specific activity carried out by the resources to whom they are intended.
- Particular attention is paid to the definition of performance targets that are objective and measurable, also with reference to so-called "qualitative" parameters for which assessments are made on the basis of metrics that are in turn based as much as possible on clear and defined indicators.
- The variable incentive schemes, particularly with reference to key personnel, are structured so as to ensure maximum consistency with the Bank's medium/long-term strategic objectives in accordance with the regulations. In particular, depending on the amount of the accrued bonuses, the MBO system provides different methods of payment and deferral. The portion to be paid in the form of financial instruments is payable in phantom stocks, i.e. virtual shares whose value is paid in

cash once the deferment and/or retention period has elapsed.

- Incentive systems are also envisaged for the control functions and those in charge of drafting the accounting and corporate documents. For these resources, the incentive schemes are linked to the objectives of the role and, in any case, they are not related to economic performance, except for any agreements provided for under collective contracts, which apply to all employees and are applicable also to these professional roles.
- Incentives are subject to malus and clawback clauses.
- The remuneration policy offers the possibility to grant indemnities linked to early termination of the employment relationship (in addition to what is foreseen in collective contracts) or of the office. The policy relative to such remuneration also provides for maximum payments and constraints, in line with current regulations, on the manner and timing of payment (retention, types of instruments, etc.).

Early termination of the employment relationship



1.2. Main 2018 results and Pay-for-Performance

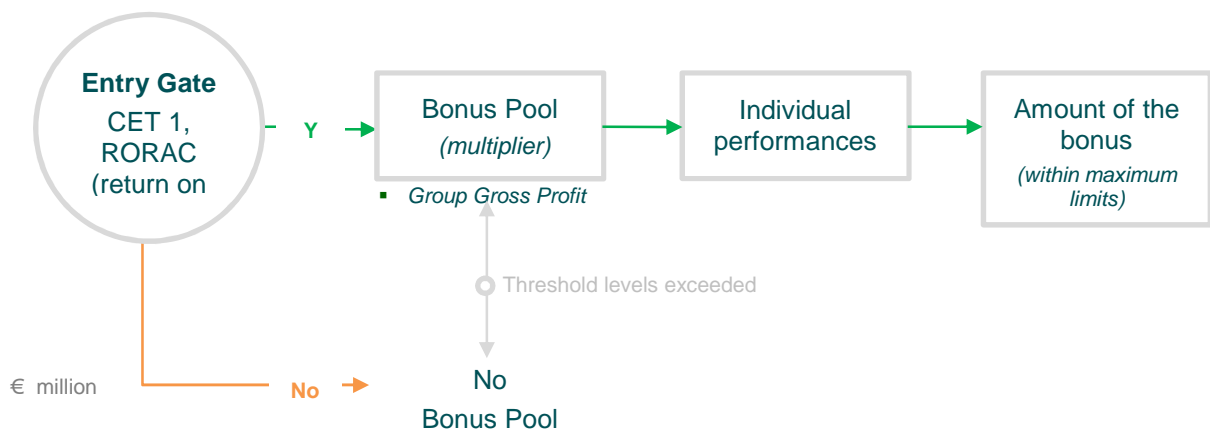
Remuneration policies are designed with the aim of ensuring an alignment between the results actually achieved and the remuneration paid. In this sense, the BPER Group policy envisages variable incentive schemes based on measurable performance indicators that are clear and directly related to Group and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

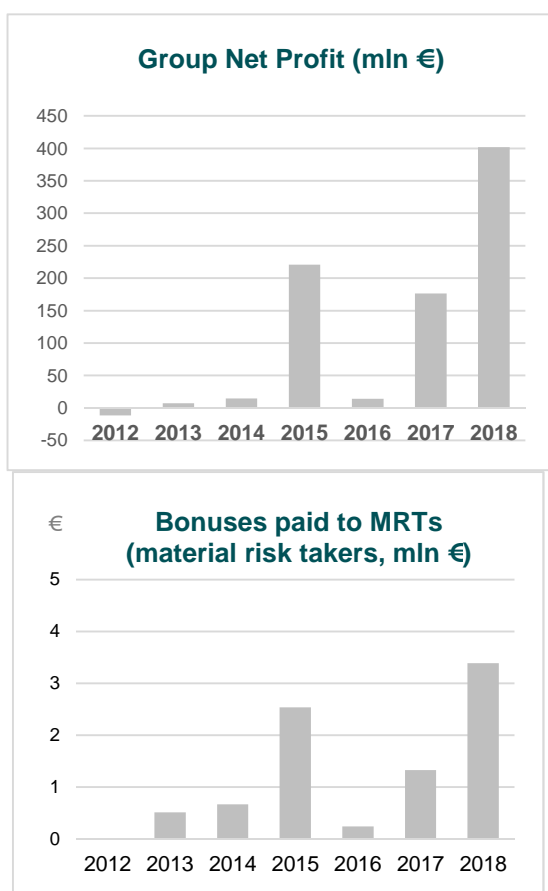
The profit for the year was the highest in the Group's history. The high capital strength and surplus capital with respect to the 2019 SREP requirement are confirmed. The significant improvement in asset quality is continuing, measured both using the main ratios (gross NPE ratio, Texas ratio) and flow analysis.

The net result from operations was boosted by a very strong performance on the part of net commission income and the net result from financial activities. The positive trend in the main economic aggregates has made it possible to absorb significant non-recurring charges related to the sale of bad loans and impairment adjustments to goodwill and tangible assets, among others. Conversely, positive income taxes were recorded during the year, largely due to the effect of deferred taxes recognised during the year.

Implementation of the remuneration policy in 2018 made it possible to ensure alignment between accrued incentives and the results achieved. The MBO system is based on a process of definition of the bonus pool and individual bonuses that are strongly oriented to ensure a direct link, on the one hand, with the financial results of the Group and, on the other, with the liquidity, capital and risk-adjusted return ratios, which are fundamental to ensure that the Group has a satisfactory overall solidity in terms of medium to long-term sustainability.

This process, with particular reference to key personnel, is structured as shown in the following tables:





Implementation of the Group's remuneration policies, with particular reference to the variable incentive component, during the course of 2018 as well as in previous years, made it possible to put into practice the aims of the policies to act as a direct link between the bonuses paid and the results achieved. The chart shows the trend in Group Net Profit and the bonuses paid to Key personnel from 2012 to 2018.

The interest of the Group, and especially of all corporate functions and corporate bodies involved in the definition of remuneration policies, is to further strengthen the link between results and bonuses, in order to create greater coherence and effectiveness, especially for variable incentive schemes.

2018 closed with a profit of more than € 400 million. This excellent result is accompanied by a solid capital position with a fully phased CET1 ratio of close to 12% and a phased in ratio of well over 14%, both considerably higher than the minimum capital requirement set by the ECB for 2019 at 9.0%.

What's more, as well as turning in excellent levels of profitability and capital solidity, the year just ended also featured a further significant improvement in asset quality, which is consistent with the broader derisking plan laid down in the BPER Group's NPE Strategy 2018-2020. The huge effort that the Group has made to reduce non-performing loans has produced a significant reduction in the NPE ratio.

The process of definition of the bonus foreseen in the MBO system is reflected in the following tables, with specific reference to the CEO:

Determination of the CEO's bonus

Group performance	Entry gates	Common Equity Tier 1 Ratio (CET1) – pillar 1				✓
		Return On Risk-Weighted Assets (RORWA)				✓
		Liquidity Coverage Ratio (LCR)				✓
	Bonus pool (Multiplier)	No Bonus Pool	Minimum	Target	Maximum	
	Group Ordinary Gross Profit*					

*net of extraordinary items

The CEO's MBO incentive scheme is based on five indicators. The results of four of them were positive, whereas one did not meet the budget. Risk correctives did not show any specific problems.

The CEO's scorecard

Individual performance	Quantitative assessment (Weighting 80%)			Not reached	Minimum	Target	Maximum	
		Group gross non-performing loans	30%	<div></div>				
		Group 1st Margin	20%		<div></div>			
		Group CET 1 ratio - Group Phased In	20%				<div></div>	
		Group operating costs	20%				<div></div>	
		Group Commissions on Group 1st Margin	10%					<div></div>
		Qualitative assessment (Weighting 20%)					<div></div>	

Correction factors	Common Equity Tier 1 Ratio (CET1) - Pillar 2	✓
	Gross non-performing loans ratio	✓
	Liquidity Coverage Ratio (LCR)	✓

	Not reached	Minimum	Target	Maximum
Overall assessment of individual performance				

The CEO's individual scorecard was positive overall; in other words, it was in line with the target performance level.

PART II

Remuneration paid during 2018, for any reason and in any form by the company and its subsidiaries and associates, to members of the boards of directors and statutory auditors, general managers and other managers with strategic responsibilities.

Table 1. Remuneration paid to members of the boards of directors and statutory auditors, general managers and other managers with strategic responsibilities. (remuneration figures in thousands of Euro)

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Participation in profits					
PIETRO FERRARI	Director from 01/01 Chairman from 14/04	01/01-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				294	9		-	-	-	303		
(II) Remuneration from subsidiaries					-	-	-	-	-			
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				294	9	-	-	-	-	303		
GIUSEPPE CAPPONCELLI	Deputy Chairman from 14/04	14/04-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				87		-	-	-	-	87		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				9	-	-	-	-	-	9		
(III) Total				96	-	-	-	-	-	96		
ALESSANDRO VANDELLI**	Chief Executive Officer*	01/01-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				919	26	79	-	4	-	1,028	155	
(II) Remuneration from subsidiaries				20	-	-	-	-	-	20		
(II) Remuneration from associates				32	-	-	-	-	-	32		
(III) Total				971	26	79	-	4	-	1,080		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation	Compensation for loss of office or termination of employment
RICCARDO BARBIERI*	Director	14/04-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				51	18	-	-	-	-	69		
(II) Remuneration from subsidiaries				1	-	-	-	-	-	1		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				52	18	-	-	-	-	70		
MASSIMO BELCREDI	Director	14/04-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				51	18	-	-	-	-	69		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				51	18	-	-	-	-	69		
MARA BERNARDINI	Director	01/01-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				69	51	-	-	-	-	120		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				69	51	-	-	-	-	120		
LUCIANO FILIPPO CAMAGNI*	Director	14/04-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				51	18	-	-	-	-	69		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				51	18	-	-	-	-	69		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Participation in profits					
ALESSANDRO ROBIN FOTI	Director	14/04-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				51	21	-	-	-	-	72		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				51	21	-	-	-	-	72		
ELISABETTA GUALANDRI	Director	01/01-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				69	81	-	-	-	-	150		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				69	81	-	-	-	-	150		
ROBERTA MARRACINO	Director	01/01/31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				69	32	-	-	-	-	101		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				69	32					101		
ORNELLA RITA LUCIA MORO	Director	14/04-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				51	21	-	-	-	-	72		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				51	21	-	-	-	-	72		
MARIO NOERA*	Director	14/04-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				51	18	-	-	-	-	69		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				51	18	-	-	-	-	69		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Participation in profits					
MARISA PAPPALARDO	Director	14/04-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				51	12	-	-	-	-	63		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				51	12	-	-	-	-	63		
ROSSELLA SCHIAVINI*	Director	14/04-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				51	32	-	-	-	-	83		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				51	32	-	-	-	-	83		
VALERIA VENTURELLI	Director	01/01-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				69	51	-	-	-	-	120		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				69	51	-	-	-	-	120		
LUIGI ODORICI	Chairman	01/01-14/04	2018 AGM									
(I) Remuneration in company preparing the financial statements				129	-	-	-	-	-	129		
(II) Remuneration from subsidiaries				2	-	-	-	-	-	2		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				131	-	-	-	-	-	131		
ALBERTO MARRI	Deputy Chairman	01/01-14/04	2018 AGM									
(I) Remuneration in company preparing the financial statements				34	23	-	-	-	-	57		
(II) Remuneration from subsidiaries				13	3	-	-	-	-	16		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				47	26	-	-	-	-	73		
GIOSUE' BOLDRINI	Deputy Chairman	01/01-14/04	2018 AGM									
(I) Remuneration in company preparing the financial statements				34	14	-	-	-	-	48		
(II) Remuneration from subsidiaries				17	-	-	-	-	-	17		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				51	14	-	-	-	-	65		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Participation in profits					
ETTORE CASELLI	Director	01/01-14/04	2018 AGM									
(I) Remuneration in company preparing the financial statements				18	20	-	-	-	-	38		
(II) Remuneration from subsidiaries				34	-	-	-	-	-	34		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				52	20	-	-	-	-	72		
PIETRO CASSANI	Director	01/01-14/04	2018 AGM									
(I) Remuneration in company preparing the financial statements				18	-	-	-	-	-	18		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				18	-	-	-	-	-	18		
ALFONSO ROBERTO GALANTE	Director	01/01-14/04	2018 AGM									
(I) Remuneration in company preparing the financial statements				16	-	-	-	-	-	16		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				16	-	-	-	-	-	16		
COSTANZO JANNOTTI PECCI	Director	01/01-14/04	2018 AGM									
(I) Remuneration in company preparing the financial statements				18	9	-	-	-	-	27		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				18	9	-	-	-	-	27		
ROBERTO MAROTTA	Director	01/01-14/04	2018 AGM									
(I) Remuneration in company preparing the financial statements				18	9	-	-	-	-	27		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				18	9	-	-	-	-	27		
VALERIANA MARIA MASPERI	Director	01/01-14/04	2018 AGM									
(I) Remuneration in company preparing the financial statements				19	17	-	-	-	-	36		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				19	17	-	-	-	-	36		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Participation in profits					
PAOLO DE MITRI	Chairman of the Board of Statutory Auditors	08/05-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				93	-	-	-	-	-	93		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				93	-	-	-	-	-	93		
CRISTINA CALANDRA BUONAURO	Acting Auditor	22/11-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				10	-	-	-	-	-	10		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				10	-	-	-	-	-	10		
DIANA RIZZO	Acting Auditor	01/01-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				95	-	-	-	-	-	95		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				95	-	-	-	-	-	95		
FRANCESCA SANDROLINI	Acting Auditor	01/01-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				95	-	-	-	-	-	95		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				95	-	-	-	-	-	95		
VINCENZO TARDINI	Acting Auditor	01/01-31/12	2021 AGM									
(I) Remuneration in company preparing the financial statements				95	-	-	-	-	-	95		
(II) Remuneration from subsidiaries				-	-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-	-		
(III) Total				95	-	-	-	-	-	95		

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Name	Office	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation	Compensation for loss of office or termination of employment
ANTONIO MELE	Acting Auditor (Chairman of the Board of Statutory Auditors until 14/04)	01/01-22/11	2021 AGM								
(I) Remuneration in company preparing the financial statements				98	-	-	-	-	98		
(II) Remuneration from subsidiaries				-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-		
(III) Total				98	-	-	-	-	98		
GIACOMO RAMENGHI	Chairman of the Board of Statutory Auditors	14/04-08/05	2021 AGM								
(I) Remuneration in company preparing the financial statements				9	-	-	-	-	9		
(II) Remuneration from subsidiaries				-	-	-	-	-	-		
(II) Remuneration from associates				-	-	-	-	-	-		
(III) Total				9	-	-	-	-	9		
CARLO BALDI	Acting Auditor	01/01-14/04	2018 AGM								
(I) Remuneration in company preparing the financial statements				27	-	-	-	-	27		
(II) Remuneration from subsidiaries				1	-	-	-	-	1		
(II) Remuneration from associates				-	-	-	-	-	-		
(III) Total				28	-	-	-	-	28		

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Name	Office	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation	Compensation for loss of office or termination of employment
FABRIZIO TOGNI***	General Manager	01/01-31/12									
(I) Remuneration in company preparing the financial statements				500	-	53	--	7	-	560	89
(II) Remuneration from subsidiaries				88	10	--	--	-	-	98	
(II) Remuneration from associates				-	-	--	--	-	-	-	
(III) Total				588	10	53	-	7	-	658	
4 DEPUTY GENERAL MANAGERS ****											
(I) Remuneration in company preparing the financial statements				1,435	-	159	--	28	-	1,622	205
(II) Remuneration from subsidiaries				188	9	--	--	-	-	197	
(II) Remuneration from associates				-	-	--	--	-	-	-	
(III) Total				1,623	9	159	-	28	-	1,819	
4 MANAGERS WITH STRATEGIC RESPONSIBILITIES											
(I) Remuneration in company preparing the financial statements				760	-	126	--	16	-	902	67
(II) Remuneration from subsidiaries				54	-	--	--	-	-	54	
(II) Remuneration from associates				-	-	--	--	-	-	-	
(III) Total				814	-	126	-	16	-	956	

* Members of the Executive Committee

** in addition to the bonus indicated in the table, the person receives Euro 93 thousand in cash, deferred over the subsequent five years

*** in addition to the bonus indicated in the table, the person receives Euro 35 thousand in cash, deferred over the subsequent five years

**** in addition to the bonus indicated in the table, two persons receive Euro 46 thousand in cash, deferred over the subsequent 3/4 years

The dates shown here refer to: a) office of director for members of the Board of Directors, regardless of their role; b) office of statutory auditor for members of the Board of Statutory Auditors, regardless of their role; c) the General Manager's employment relationship, regardless of his role.

Table 2. Equity-based remuneration plans, other than stock options, for members of the board of directors, general managers and managers with strategic responsibilities.
(Remuneration figures in thousands of Euro)

(A)	(B)	(1)	Financial instruments granted in prior years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price at time of grant	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair value
ALESSANDRO VANDELLI	Chief Executive Officer												
(I) Remuneration in company preparing the financial statements		2018 Remuneration policies 14/04/2018			49,689 Phantom Stock*	155	Bonus attributed in equal annual tranches over the five years after the one in which it was granted	05/03/2019	3.11	-	19,876 Phantom Stock	62	155
		2017 Remuneration policies 08/04/2017	6,279 Phantom Stock	Bonus attributed in equal tranches over the subsequent three years	-	-	-	-	-	-	2,093 Phantom Stock	7	-
		2016 Remuneration policies 16/04/2016	-	-	-	-	-	-	-	-	-	-	-
		2015 Remuneration policies 18/04/2015	5,094 Phantom Stock	Bonus attributed in equal annual tranches over the subsequent two years	-	-	-	-	-	-	2,546 Phantom Stock	8	-
		2014 Remuneration policies 12/04/2014	-	-	-	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates		Not applicable	-	-	-	-	-	-	-	-	-	-	-
(III) Total						155						77	155

* bonus for 2018, granted in 2019 on the 2018 results

(A)	(B)	(1)	Financial instruments granted in prior years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(10)	(11)	(12)
Name	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price at time of grant	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair Value
FABRIZIO TOGNI	General Manager												
(I) Remuneration in company preparing the financial statements		2018 Remuneration policies 14/04/2018	-	-	28,466 Phantom Stock*	89	Bonus attributed in equal annual tranches over the five years after the one in which it was granted	05/03/2019	3.11	-	17,080 Phantom Stock	53	89
		2017 Remuneration policies 08/04/2017	5,472 Phantom Stock	Bonus attributed in equal annual tranches over the subsequent two years	-	-	-	-	-	-	2,736 Phantom Stock	9	-
		2016 Remuneration policies 16/04/2016	-	-	-	-	-	-	-	-	-	-	-
		2015 Remuneration policies 18/04/2015	3,038 Phantom Stock	Bonus attributed the subsequent year	-	-	-	-	-	-	3,038 Phantom Stock	9	-
		2014 Remuneration policies 12/04/2014	-	-	-	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates		Not applicable	-	-	-	-	-	-	-	-	-	-	-
(III) Total						89						71	89

* bonus for 2018, granted in 2019 on the 2018 results

(A)	(B)	(1)	Financial instruments granted in prior years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price at time of grant	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair Value
6 MANAGERS WITH STRATEGIC RESPONSIBILITIES													
(I) Remuneration in company preparing the financial statements		2018 Remuneration policies 14/04/2018	-	-	87,554 Phantom Stock*	272	Bonus attributed in equal annual tranches over the three/four years after the one in which it was granted	05/03/2019	3.11	-	22,181 Phantom Stock	69	272
		2017 Remuneration policies 08/04/2017	6,808 Phantom Stock	Bonus attributed in equal annual tranches over the subsequent two years	-	-	-	-	-	-	3,404 Phantom Stock	11	-
		2016 Remuneration policies 16/04/2016	-	-	-	-	-	-	-	-	-	-	-
		2015 Remuneration policies 18/04/2015	-	-	-	-	-	-	-	-	10,823 Phantom Stock	33	-
		2014 Remuneration policies 12/04/2014	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates		Not applicable	-	-	-	-	-	-	-	-	-	-	-
(III) Total						272						113	272

*Bonus for 2018, granted in 2019 on the 2018 results

Table 3. Monetary remuneration plans for members of the board of directors, general managers and other managers with strategic responsibilities.
(Remuneration figures in thousands of Euro)

(A)	(B)	(1)	(2)			(3)			(4)
Name	Office	Plan	Bonus for the year			Bonus of previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
ALESSANDRO VANDELLI	Chief Executive Officer								
(I) Remuneration in company preparing the financial statements		2018 Remuneration policies	62	93	Bonus attributed in equal annual tranches over the subsequent five years				
		14/04/2018							
		2017 Remuneration policies	-	-	-	-	-	38	-
		08/04/2017	-	-	-	-	-	-	-
		2016 Remuneration policies							
		16/04/2016	-	-	-	-	13	40	-
		2015 Remuneration policies	-	-	-	-	4	-	-
		18/04/2015							
2014 Remuneration policies	-	-	-	-	-	-	-		
12/04/2014									
(II) Remuneration from subsidiaries and associates		Not applicable	-	-	-	-	-	-	-
(III) Total			62	93		0	17	78	

(A)	(B)	(1)	(2)			(3)			(4)
Name	Office	Plan	Bonus for the year			Bonus of previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
FABRIZIO TOGNI	General Manager								
(I) Remuneration in company preparing the financial statements		2018 Remuneration policies	53	35	Bonus attributed in equal annual tranches over the subsequent five years	-	-	-	-
		14/04/2018							
		2017 Remuneration policies	-	-	-	-	-	-	-
		08/04/2017							
		2016 Remuneration policies	-	-	-	-	-	-	-
		16/04/2016							
		2015 Remuneration policies	-	-	-	-	-	-	-
		18/04/2015							
		2014 Remuneration policies	-	-	-	-	-	-	-
		12/04/2014							
(II) Remuneration from subsidiaries and associates		Not applicable	-	-	-	-	-	-	-
(III) Total			53	35		0	0	0	0
8 MANAGERS WITH STRATEGIC RESPONSIBILITIES									
(I) Remuneration in company preparing the financial statements		2018 Remuneration policies	285	46	Bonus attributed in equal annual tranches over the subsequent 3/4 years	-	-	-	-
		14/04/2018							
		2017 Remuneration policies	-	-	-	-	-	-	-
		08/04/2017							
		2016 Remuneration policies	-	-	-	-	-	-	-
		16/04/2016							
		2015 Remuneration policies	-	-	-	-	-	-	-
		18/04/2015							
		2014 Remuneration policies	-	-	-	-	-	-	-
		12/04/2014							
(II) Remuneration from subsidiaries and associates		Not applicable	-	-	-	-	-	-	-
(III) Total			285	46		0	0	0	0

PART III

Shares held in the company and subsidiaries by members of the boards of directors and statutory auditors, general managers and other managers with strategic responsibilities, as well as their spouses, if not legally separated, and minor children, directly or through subsidiaries, trustees or nominees.

The tables that follow contain information on the shares held by members of the boards of directors and statutory auditors, general managers and other managers with strategic responsibilities, as well as their spouses, if not legally separated, and minor children, directly or through subsidiaries, trustees or nominees.

Table 1. Shares held by members of the boards of directors and statutory auditors and general managers.

Name	Investee company	No. of shares held at 31/12/2017 (*)	No. of shares purchased	No. of shares sold	No. of shares held at 31/12/2018 (*)
Board of Directors					
RICCARDO BARBIERI	BPER Banca	-			-
MASSIMO BELCREDI	BPER Banca	-			-
MARA BERNARDINI	BPER Banca	11,075			11,075
GIOSUE' BOLDRINI	BPER Banca	71,969	3,031		75,000
LUCIANO FILIPPO CAMAGNI	BPER Banca	-			-
GIUSEPPE CAPPONCELLI	BPER Banca	-			-
ETTORE CASELLI	BPER Banca	21,975			21,975
Spouse	BPER Banca	2,211			2,221
PIETRO CASSANI	BPER Banca	300			300
Bper shares deposited at other banks	BPER Banca	42,500			42,500
PIETRO FERRARI	BPER Banca	58,396			58,396
Spouse	BPER Banca	26,966			26,966
Indirect investment	BPER Banca	50,000			50,000
ALESSANDRO ROBIN FOTI	BPER Banca	-			-
ALFONSO ROBERTO GALANTE	BPER Banca	-			-
ELISABETTA GUALANDRI	BPER Banca	7,159			7,159
COSTANZO JANOTTI PECCI	BPER Banca	724			724

(*) or start/end date of period of office, if different from the reference period indicated;

Name	Investee company	No. of shares held at 31/12/2017 (*)	No. of shares purchased	No. of shares sold	No. of shares held at 31/12/2018 (*)
Board of Directors					
Indirect investment	BPER Banca	500			500
ROBERTO MAROTTA	BPER Banca	584			584
ROBERTA MARRACINO	BPER Banca	-			-
ALBERTO MARRI (**)	BPER Banca	93,000	17,000		110,000
Spouse	BPER Banca	40,000			40,000
VALERIANA MARIA MASPERI	BPER Banca	1,577			1,577
Spouse	BPER Banca	143			143
ORNELLA RITA LUCIA MORO	BPER Banca	-			-
MARIO NOERA	BPER Banca	-			-
LUIGI ODORICI	BPER Banca	30,000			30,000
Spouse	BPER Banca	60,000			60,000
MARISA PAPPALARDO	BPER Banca	-			-
ROSSELLA SCHIAVINI	BPER Banca	-			-
ALESSANDRO VANDELLI	BPER Banca	75,000	30,000		105,000
Spouse	BPER Banca	5,000			5,000
VALERIA VENTURELLI	BPER Banca	-			-

(*) or start/end date of period of office, if different from the reference period indicated;

(**) administrator of a trust that owns 3,300,500 BPER Banca shares.

Name	Investee company	No. of shares held at 31/12/2017 (*)	No. of shares purchased	No. of shares sold	No. of shares held at 31/12/2018 (*)
Board of Statutory Auditors					
CARLO BALDI	BPER Banca	95,442			95,442
Spouse	BPER Banca	12,548			12,548
CRISTINA CALANDRA BUONAURA	BPER Banca	142			142
PAOLO DE MITRI	BPER Banca	126			126
Indirect investment	BPER Banca	101			101
ANTONIO MELE	BPER Banca	200			200
Bper shares deposited at other banks	BPER Banca	150			150
GIACOMO RAMENGHI	BPER Banca	-			-
DIANA RIZZO	BPER Banca	-			-
FRANCESCA SANDROLINI	BPER Banca	-			-
VINCENZO TARDINI	BPER Banca	18,000			18,000
Shares of other BPER Group banks	Banco di Sardegna sav.	500			500
Spouse	BPER Banca	1,511			1,511
Indirect investment	BPER Banca	30,000			30,000
General Manager					
FABRIZIO TOGNI	BPER Banca	6,605			6,605
Spouse	BPER Banca	1,155			1,155

(*) or start/end date of period of office, if different from the reference period indicated;

Table 2. Shares held by other managers with strategic responsibilities.

Name	Investee company	No. of shares held at 31/12/2017 (*)	No. of shares purchased	No. of shares sold	No. of shares held at 31/12/2018 (*)
Other managers with strategic responsibilities (8)					
Managers with strategic responsibilities	BPER Banca	37,838	7,000		44,838
Spouses of Managers with strategic responsibilities	BPER Banca	14,446			14,446
Minor children of Managers with strategic responsibilities	BPER Banca	436			436
	TOTAL	52,720	7,000		59,720

(*) or start/end date of period of office, if different from the reference period indicated;

Certification of the Manager responsible for preparing the Company's financial reports

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 Report agrees with the books of account, accounting entries and supporting documentation.

Modena, 5 March 2019

Manager responsible for preparing the company's financial reports

Marco Bonfatti



