



Ordinary Shareholders' Meeting of 17 April 2019

Report on point 5.d1) of the agenda

Proposal for the "2019-2021 Long-Term Incentive Plan aimed at key personnel", as per art. 114-bis of Legislative Decree 58 of 24 February 1998, in implementation of the remuneration policies for 2019 of Gruppo BPER Banca S.p.A.

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.d1) of the agenda
Proposal for the "2019-2021 Long-Term Incentive Plan
aimed at key personnel", as per art. 114-bis of Legislative Decree 58
of 24 February 1998, in implementation of the remuneration policies
for 2019 of Gruppo BPER Banca S.p.A.***

Shareholders,

With reference to point 5.d1) of the agenda for the Ordinary Shareholders' Meeting, the Board of Directors has called you to vote on the proposal for the "2019-2021 Long-Term Incentive Plan aimed at key personnel", as per art. 114-bis of Legislative Decree 58 of 24 February 1998, in implementation of the remuneration policies for 2019 of Gruppo BPER Banca S.p.A., as well as to pass the related resolutions.

This proposal is explained in the document on the equity-based compensation plan 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 the explanatory report and the attached information document, in accepting the proposal of the Board of Directors

resolves

to approve the "2019-2021 Long-Term Incentive Plan aimed at key personnel", as per art. 114-bis of Legislative Decree 58 of 24 February 1998, in implementation of the remuneration policies for 2019 of Gruppo BPER Banca S.p.A.

Modena, 27 February 2019

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

SHARE-BASED COMPENSATION PLAN

INFORMATION DOCUMENT RELATING TO THE LONG TERM INCENTIVE PLAN “2019-2021 LTI PLAN”

Prepared pursuant to art. 114-bis of Legislative Decree 58/98 and subsequent amendments and art. 84-bis of the Issuers' Regulation (Consob resolution 11971/1999 and subsequent amendments and additions).

Modena, 27 February 2019

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

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Introduction

By means of this information document, which has been prepared in accordance with articles 114-bis of Legislative Decree and 84-bis, paragraph 1, of the Issuers' Regulation, as well as Table 7 of Appendix 3A to the Issuers' Regulation, BPER Banca S.p.A. hereby provides its shareholders and the financial community with information on the Long-term Incentive Plan known as “**2019-2021 Long-term Incentive Plan**” (hereinafter “Plan”), as approved by the Board of Directors on 27.02.2019 and which has to be submitted for approval by the Shareholders' meeting to be held at the premises of BPER BANCA S.p.A., Via San Carlo 8/20, Modena on 17 April 2019.

The Plan provides for the allotment, free of charge, of BPER Banca ordinary shares to Directors and employees of the Bank and its Subsidiaries, as identified by the Board of Directors from among those holding roles deemed to be strategically important for the achievement of the objectives of the Banking Group (as defined below).

In this regard, please refer to the directors' report on operations prepared in accordance with arts. 125-ter, paragraph 1, and 114-bis, paragraph 1, of Legislative Decree 58 of 24 February 1998 and subsequent amendments and additions (the “TUF”) and art. 84-ter of the regulation adopted by Consob by means of its resolution no. 11971 of 14 May 1999, and subsequent amendments and additions (the “Issuers' Regulation”), available on the Bank's website www.bper.it Governance section – Shareholders' meeting.

The Plan is considered of “particular significance” pursuant to art. 114 bis, para. 3, of the TUF and art. 84 bis, para. 2, of the Issuers' Regulation, as it relates to the personnel of BPER and the other companies in the BPER Group identified in art. 114 bis of the TUF.

The Information Document is available to the public at the head office, from Borsa Italiana S.p.A. and on the Bank's website – www.bper.it – English version – Governance Section – Corporate Bodies – General Meeting of the Shareholders' – (or www.gruppobper.it).

Definitions

Set out below is the meaning of certain terms used in this information document (“Document”):

GENERAL MEETING Ordinary General Meeting of the Bank's shareholders.

SHARES The ordinary shares of BPER listed on the Italian stock exchange managed by Borsa Italiana.

INDIVIDUAL BONUS Theoretical amount of the bonus linked to the Gross Annual Remuneration in question via the application of specific percentages (as set out in paragraph 2.3 below).

REMUNERATION COMMITTEE BPER Banca's Remuneration Committee.

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 BPER Banca.

ASSIGNMENT DATE Date on which the Board of Directors of the Bank, following approval of the Plan at the Meeting, assigns the Ordinary shares to the Beneficiaries.

RECIPIENTS or BENEFICIARIES The persons to whom the Performance Shares will be assigned.

DEFERRAL Period between the time of vesting of the bonus and the allocation of the deferred tranches, subject to verification of the malus conditions.

EXECUTIVES 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.

ISSUER BPER Banca Spa (hereinafter also just the "Bank", "BPER" or the "Parent Company"), with head office at Via San Carlo 8/20, Modena, Modena Companies Register and VAT no. 01153230360.

GATE o CONDIZIONI DI ACCESSO Minimum parameters (equity, profitability and liquidity) beyond which an assessment is made of the potential allocation of the up-front and/or deferred portion [1] of the Individual Bonus vested based on the Plan's performance objectives.

BPER BANCA GROUP The Parent Company and its direct and indirect subsidiaries, as defined by current legislation.

HEDGING This relates to hedging or insurance strategies that protect the actual remuneration amount against adverse changes in the market price of the shares concerned. These include any transactions capable of impacting the risk alignment mechanism of the 2019-2021 LTI Plan.

LCR Liquidity Coverage Ratio: Relationship between the stock of high quality liquid assets and net outflows in the 30 days after the reporting date.

VESTING Process whereby a member of staff becomes the legitimate owner of the

recognised variable remuneration.

PERFORMANCE OBJECTIVES OR KPIs The economic-financial indicators established by the Board of Directors and as indicated in detail in the Plan Participation Letter, the achievement of which, subject to the Gates having been exceeded, influences the award of the bonus.

PERFORMANCE SHARE The real financial instruments (BPER ordinary shares) assigned, free of charge, based on the achievement of the performance objectives of the Plan, subject to opening of the Gates.

KEY PERSONNEL 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.

ISSUERS' REGULATION Consob Regulation no. 11971/99 and subsequent amendments and additions.

PARTICULARLY HIGH AMOUNT: A bonus is a "particularly high amount" if it exceeds the threshold indicated in BPER Group's Remuneration Policies in force for the year in question (2021), determined in accordance with Circular 285/2013 (25th update).

RETENTION Period between the time of allocation of the up-front portion or the deferred portions and the award of the bonus (1 year).

RECOGNITION The award of variable remuneration relating to a given measurement period, regardless of the actual time of payment of the amount recognised.

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".

RORWA (return on risk-weighted assets) The ratio between the net result for the period, including minority interests, and Pillar 1 RWA.

TUF Legislative Decree no. 58 dated 24 February 1998 (Consolidated Finance Law).

VESTING PERIOD Period between assignment of the right to participate in the Plan and the moment in which that right matures (3 years).

1. RECIPIENTS

The potential recipients under the Three Year Plan are persons identified as Key Personnel¹ pertaining to BPER Group's top management (estimated, as at 27 February 2019, to be approximately 40 persons). Excluded from the Plan are the heads of corporate

¹ Still subject to approval at the time of drafting the document.

control and similar functions², for whom the maximum amount of variable remuneration may not exceed 33% of their fixed remuneration.

1.1 Names of the recipients who are members of the Board of Directors or of the management board of the issuer of the financial instruments, its parent companies and its direct or indirect subsidiaries

Set out below are the 2019-2021 LTI Plan recipients included in the categories indicated. Should there be any changes in the positions of the persons indicated below during 2019, 2020 and 2021, the person(s) appointed to take over the position(s) would become a recipient of the Plan to the extent relevant, pursuant to paragraph 4.8.

- Alessandro Vandelli, Chief Executive Officer of BPER Banca.
- Paolo Licciardello, Chief Executive Officer of Emilia Romagna Factor.
- Stefano Esposito, Chief Executive Officer of Sardaleasing.
- Bruno Mantovani, Chief Executive Officer of Optima.

In addition to the performance of their duties related to the roles assigned thereto, certain potential Plan recipients - BPER Group employees - hold positions in administrative bodies of direct or indirect subsidiaries of BPER Banca. Given that these persons are among the potential Plan recipients since they are BPER Group employees, no names have been provided, but, in relation thereto, reference should be made to the information set out below.

1.2. Categories of employees or collaborators of the issuer of the financial instruments, its parent companies and its subsidiaries

In addition to the names listed in point 1.1 above, the 2019-2021 LTI Plan is reserved for a select number of members of BPER Group's top management, identified based on their roles and potential contribution to the achievement of Strategic Plan objectives approved by the Board of Directors of BPER Banca on 27.02.2019. At the time of preparation of this Document, the actual number of potential recipients came to 40 persons, but this may vary depending on recruitment, leavers, transfers of roles and corporate reorganisations.

1.3 Names of beneficiaries under the Plan pertaining to the groups indicated at point 1.3 a), b) and c) of Appendix 3A, Table 7 of the Issuers' Regulation

a) General Managers of the Issuer of financial instruments;

² As laid down by Circular 285 of 17 December 2013 "Supervisory Instructions for Banks", Title IV, Chapter 2.

In particular, to date (subject to subsequent changes and decisions to be taken by the Board of Directors), these include:

- Fabrizio Togni, General Manager of BPER Banca.

The names of the actual Beneficiaries to be identified by the Board of Directors that shall implement the Plan as mandated by the shareholders in general meeting, as well as the other information required by paragraph 1 of Table 7 of Appendix 3A to the Issuers' Regulation, shall be provided in accordance with the terms and conditions laid down by art. 84-bis, paragraph 5 a) of the Issuers' Regulation.

b) other key managers of an issuer of financial instruments, which is not classed as "smaller" pursuant to article 3, paragraph 1 f) of Regulation 17221 of 12 March 2010, in the event that their total remuneration (obtained by summing the monetary remuneration and share-based remuneration) during the year exceeds the highest total remuneration awarded to members of the board of directors, or of the management board, and to general managers of the issuer of the financial instruments;

Not applicable.

c) natural persons who control the Issuer, who are either employees or who collaborate with the Issuer.

Not applicable.

1.4 Description and names of beneficiaries, for each of the categories indicated at point 1.4 a), b) and c) of Appendix 3A, Table 7 of the Issuers' Regulation

a) key managers other than those indicated by paragraph 1.3 b);

In addition to the names listed in the above points, the 2019-2021 LTI Plan is also reserved for certain persons classed as key managers of BPER Banca (6); this number may vary depending on recruitment, leavers, transfers of roles and corporate reorganisations.

b) for companies classed as "smaller" pursuant to article 3, paragraph 1 f) of Regulation 17221 of 12 March 2010, the aggregate number of all key managers of the issuer of financial instruments;

Not applicable.

c) any other categories of employees or collaborators for which different Plan characteristics are envisaged (e.g. executives, managers, clerical staff etc.).

There are no other categories of employees or collaborators for which the 2019-2021 LTI Plan envisages different characteristics.

2. REASONS FOR ADOPTING THE PLAN

2.1 Objectives intended to be achieved via the plans (More detailed information should be provided including, for example: - the reasons and criteria on the basis of which the issuer has decided to establish a relationship between share-based compensation and other components of total remuneration; - purpose of the long-term incentive plans; - the criteria used to determine the time horizon of the incentive plans)

The 2019-2021 Long-term Incentive Plan is aimed at rewarding the Group's key personnel with a bonus payable solely in BPER Banca ordinary shares, in accordance with the terms described below and subject to the achievement of predetermined access conditions as well as specific performance objectives, of a multiplier linked to the BPER share price and of a sustainability adjusting factor, as indicated by the Strategic Plan.

In accordance with current regulations and in line with best market practice, the 2019-2021 LTI Plan is aimed at:

- aligning the interests of Management with long-term value creation for shareholders;
- motivating management to achieve the objectives set out in the Strategic Plan, within a framework of ESG sustainability³ and a healthy, prudent approach to risk management;
- promoting the objective of growth in value of BPER Banca shares;
- increasing the sense of belonging for key persons for the achievement of the Group's medium to long-term strategy.

In particular, to achieve these objectives, we aim to:

- pay a particularly high amount of variable remuneration solely in BPER ordinary shares and only on the achievement of specific corporate objectives;
- establish a three-year vesting period in line with the period covered by the Strategic Plan;
- provide for specific malus and clawback clauses to ensure ex-post adjustments may be made to bonuses vested/awarded.

For details of further information concerning the reasons for adopting the 2019-2021 LTI Plan, please see the 2019 Remuneration Report.

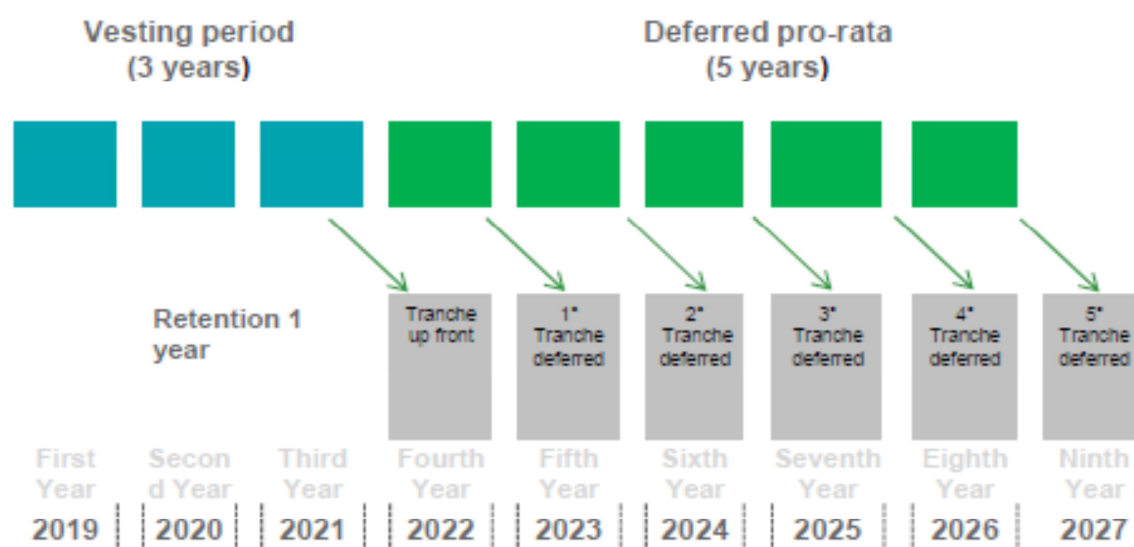
³ By means of the inclusion of ESG (Environment Social Governance) sustainability objectives.

2.2 Key variables, in the form of performance indicators or otherwise, considered for allocations under share-based plans (More detailed information should be provided including, for example: - factors, in terms of performance or otherwise, and the criteria used to determine the particular characteristics relating to the terms of share-based remuneration; - the manner in which these terms have been determined in relation to directors, to general managers, to key managers, to other specific categories of employees or collaborators for which plans are in place with particular conditions, or collaborators of listed companies and of companies involved in a control relationship; - the reasons for deciding on specific remuneration envisaged by the plans, including the achievement of identified long-term objectives.

The share-based 2019-2021 Long-term Incentive Plan provides for the award of an individual bonus payable in BPER Banca ordinary shares to the Personnel indicated in paragraph 1 in relation to a three-year vesting period (1 January 2019 - 31 December 2021)⁴, aligned to the long-term corporate strategies and objectives, linked to the business's results, appropriately adjusted to take account of all relevant risks, consistent with the levels of capital and liquidity needed to conduct the activities undertaken and, in any case, in a manner that avoids distorted incentives that may lead to an excessive assumption of risks for the Bank and the overall banking system.

As regards the 2019-2021 LTI Plan, the manner in which bonuses are awarded is structured - in accordance with current regulations applicable to the banking sector - as an up-front portion, which is paid immediately, and as a portion deferred pro-rata in equal tranches, over a number of years (5 years). The payment structure for the shares provides for a retention period of one year for the up-front portion and for the deferred portions.

⁴ Subject to that set out in paragraph 4.8.



The recognition of the shares is subject to verification in 2022 of the access conditions applicable for 2021 (for the up-front tranche) and those applicable for 2022, 2023, 2024, 2025 and 2026 for the deferred tranches (awarded after 1 year of retention).

In line with market practices, the Access Conditions (Gates) foreseen for the LTI Plan are those envisaged by BPER for the 2021 short term plan; in particular: the consolidated Common Equity Tier 1 (CET1) ratio, the consolidated Liquidity Coverage Ratio (LCR) and the consolidated Return On Risk-Weighted Assets (RORWA), as set out in the current RAF.

Performance measurement is based on three performance objectives (KPIs): an earnings objective (2021 Post Provisions Profit - PPP), an operating efficiency objective (2021 Cost/Income) and a credit quality objective (2021 gross NPE ratio).

The KPIs are verified by the competent internal functions for vesting purposes. However, during the course of the three-year period, continuous monitoring is performed of the indicators used to verify compliance with the Strategic Plan.

The above objectives have a percentage weighting towards the individual bonus and their measurement is based on progressive thresholds (from minimum to target achievement), corresponding to a bonus percentage of 70% below the target and rising to between 100% and 120% with a linear progression mechanism;

The target amounts of the KPIs are determined by the 2019-2021 Strategic Plan, in relation to 2021 (end of the Plan).

Indicator	Weighting	Level of achievement	Pay-out	Measurement
Post provisions profit	50%	Max	120%	Cap
		Target	≥100% and <120%	Linear
		Min	70%	Step
Cost/income ratio	25%	Max	120%	Cap
		Target	≥100% and <120%	Linear
		Min	70%	Step
Gross NPE ratio	25%	Max	120%	Cap
		Target	≥100% and <120%	Linear
		Min	70%	Step

After the measurement of the KPIs, the quantification of the bonus due for 2021 is subject to two other indicators:

- a relative indicator based on total shareholder return (TSR⁵), which acts as a Multiplier/Demultiplier of +/- 15%. In the event of a negative TSR, no recognition is made of over performance (+15%).
- a synthetic indicator based on sustainability (verified by the on/off achievement of 3 ESG objectives); the bonus vested may then be confirmed or reduced (by a maximum of 15%) based on the total number of ESG objectives achieved.

TSR positioning vs Benchmark		
Min	Target	Max
-15%	0%	+15%

Sustainability adjusting factor		
0-1 objectives out of 3	2 objectives out of 3	3 objectives out of 3
-15%	-10%	0%

⁵ Total Shareholder Return indicates the total return on BPER shares measured in 2021 in comparison to the positioning of the TSR of comparable peers (indicated in the following note); the use of this indicator meets the need to link the incentive scheme to a relative indicator as required by proxy advisors and institutional investors.

2.3 Elements considered when determining the amount of share-based compensation i.e. the criteria used (More detailed information should be provided including, for example: - the factors considered when deciding the amount of the compensation; - the elements taken into account for changes with respect to previous similar plans; - the manner in which any compensation under the previous plans has influenced this determination; - indications as to the consistency between the elements on which the determination of the compensation is based and the objectives established)

Based on the characteristics described above, the 2019-2021 LTI Plan provides for an incentive payable to the Beneficiaries, in the event of full achievement of all the objectives, of a maximum amount of Euro 7.8 million (the "Total Bonus Pool").

This amount may be increased by a further 20% and, accordingly, up to a maximum of approximately Euro 1.6 million, in the event that 120% of all KPIs is achieved. This amount may be further increased, up to a maximum of 15% (approximately Euro 1.4 million), in the event that the TSR achieves an excellent positioning against the reference panel⁶ (1st or 2nd place).

The target number of shares promised at the beginning of the three-year period covered by the Plan is calculated based on the ratio of the amount of the Beneficiaries' Individual Bonus to the share price, calculated as the average official price of BPER Banca ordinary shares listed on the MTA market organised and managed by Borsa Italiana S.p.A., recorded in the 30 days prior to the date of the Shareholders' Meeting (17 April 2019).

The amount of the Individual Bonus (on a three-year basis) of each Beneficiary shall be determined⁷ as a percentage of the relevant gross annual remuneration⁸: (i) 120% for the Chief Executive Officer and General Manager of the Parent Company and (ii) between 90% and 105% for the other Beneficiaries of the 2019-2021 LTI Plan based on the position held. Excluded from the Beneficiaries are those belonging to corporate control and similar functions, as indicated in paragraph 1 of this document.

Based on the measurement of the KPIs, the Demultiplier and the sustainability adjusting factor, the number of shares may be reduced to a minimum level, or increased further based on the over performance of the KPIs and the impact of the TSR (as a Multiplier).

Accordingly, the sum of the shares accrued shall be recognised only at the end of the three-year period covered by the LTI Plan, after having verified the level of achievement of

⁶ Panel of 6 businesses: Intesa Sanpaolo, Unicredit, UBI, Banco BPM, Credem, Banca Popolare di Sondrio.

⁷ In accordance with the variable: fixed ratio laid down by the relevant remuneration policies at the time of participation and in compliance with current law.

⁸ Relevant GAR: this is the gross annual remuneration that the Company considers to be standard for the position held.

the KPIs that takes account of the performance achieved at the end of the three-year period.

The shares thus recognised are to be divided into 6 tranches, of which one will be up-front (equating to 45% of the Individual Bonus) and into 5 equal tranches (equating to 11% thereof), to be allocated during the deferral period. If the bonus accrued at the end of Vesting is a “particularly high amount”, the up-front tranche shall equate to 40% and the 5 deferred tranches shall each equate to 12% of the Individual Bonus.

The Beneficiaries and the number of shares to be allotted to each thereof are discretionally and indisputably determined by the Board of Directors, in compliance with the Circular and applicable legislation. The Bank may not allocate shares to the Beneficiaries, in whole or in part, and it retains the right to request the Beneficiaries to return, in whole or in part, the shares, upon the occurrence of the conditions described later (so-called malus and clawback clauses).

The Bank shall ask the Beneficiaries - by means of specific individual conditions - not to arrange any personal hedging strategies or insurance that might alter or compromise the effects of the risk alignment inherent in the Plan, in compliance with the current regulatory framework.

The foregoing is without prejudice to the fact that, even in the event of achievement of the KPIs, BPER Banca will not award the Beneficiaries the up-front tranche and/or the deferred tranches upon failure to achieve the BPER Group Gates (CET1; LCR; RORWA) as defined above (2021, 2022, 2023, 2024, 2025 and 2026).

2.4 Reasons for any decision to adopt compensation plans based on financial instruments not issued by the issuer, such as those issued by subsidiaries, parent companies or non-group companies; if these instruments are not traded in regulated markets, provide information about the criteria used to determine the value attributable to them

Not applicable.

2.5 Assessment of significant tax and accounting implications that influenced definition of the Plan

The preparation of the LTI Plan was not influenced by any significant tax or accounting issues. In particular, the tax and social contribution regime applied to the bonus shares allotted shall comply with current laws in the country of tax residence of the employee.

2.6 Support, if any, for the Plan by the Special fund for the encouragement of worker participation in firms, pursuant to article 4, para. 112, of Law 350 dated 24 December 2003

We hereby confirm that no support is envisaged for the three-year Plan by the Special fund for the encouragement of worker participation in firms pursuant to article 4, paragraph 112, of Law 350 dated 24 December 2003.

3. APPROVAL PROCESS AND TIMING FOR THE ASSIGNMENT OF INSTRUMENTS

3.1 Extent of powers and functions delegated by the Meeting to the Board of Directors in order to implement the Plan

For the submission to the Ordinary Shareholders' Meeting to be held on 17 April 2019 of the proposed approval of the 2019–2021 LTI Plan, the Board of Directors of the Bank intends, among other things, to grant all necessary powers – without exception - to the Chairman and Chief Executive Officer, acting severally and with powers to sub-delegate, necessary and appropriate for the execution of the Plan.

3.2 Persons appointed to administer the Plan and their functions and duties

The Board of Directors is responsible for administering the plan and may delegate certain activities to the Internal Functions, especially the Human Resources Department, which operates after hearing the opinion of the Remuneration Committee.

3.3 Procedures for amendment of the Plan should the underlying objectives change

In the event of more restrictive changes at the regulatory level and/or in the RAF to the access conditions for the 2019–2021 LTI Plan, the established thresholds shall be updated accordingly.

In the event of the occurrence of extraordinary or unbudgeted events⁹ and which are likely to alter the Gates and KPIs, the Board of Directors, having consulted with the Remuneration Committee and the Risks Committee, and supported by the relevant corporate functions, may decide whether to make changes deemed necessary or appropriate in order to neutralise the impact of such transactions on the Gates and KPIs, having taken account of further indicators linked to the Strategic Plan and in light of the general performance achieved during the period.

⁹ Including but not limited to: extraordinary operations and reorganisations regarding BPER Group and capital transactions, regulatory amendments to the remuneration policies of BPER Group or to the Group companies, public tender or exchange offers or changes of control, compliance with specific sector regulations applicable to individual Group companies and extraordinary accounting normalisations.

3.4 Description of the procedure for determining the availability and assignment of the financial instruments underlying the plans

In order to provide greater flexibility, the allotment, free of charge, of shares under the Plan will take place via the use of treasury shares originating from purchases authorised by the shareholders in general meeting, pursuant to art. 2357 and 2357-ter of the Italian Civil Code.

Subject to authorisation by the Ordinary Shareholders' Meeting and compliance with applicable legislation, the Board of Directors of the Bank may proceed with the purchase of treasury shares up to a maximum number of approximately 5,000,000 BPER Banca ordinary shares, currently accounting for 1.039% of the Company's share capital and equating to approximately Euro 10 million. In any event, the number of treasury shares that may be purchased may not exceed a limit equating to one fifth of the share capital as laid down by article 2357, paragraph 3, of the Italian Civil Code, taking account of treasury shares already held by the Company at the current date.

The purchase of shares is, however, subject to approval by the European Central Bank ("ECB").

The mechanism provides for the allotment, free of charge, of BPER Banca ordinary shares purchased and/or held by the Parent Company (with allocation of the cost to each company that employs the potential beneficiary of the shares), equating to the maximum amount of the bonuses, in accordance with the following procedures.

In 2022, the Board of Directors shall validate the opening of the Gates to the 2019–2021 LTI Plan, as well as the level of achievement of the specific KPIs (the target amounts of which have been established by the 2019-2021 Strategic Plan in relation to 2021) on the agreed dates, as described in paragraph 2.2.

Under these mechanisms, the amount of the bonus may change based on the share price performance.

3.5 Role played by each Director in determining the plans' features; any conflicts of interest involving the Directors concerned

The Board of Directors has determined the features of the 2019–2021 LTI Plan, to be submitted at the Shareholders' Meeting to be held on 17 April 2019, having noted the opinion of the Remuneration Committee dated 25 February 2019.

Since the Beneficiaries include the Chief Executive Officer, he abstained from the Board decision on the proposal concerned.

3.6 As required by art. 84-bis, paragraph 1, the date of the decision taken by the competent body to propose approval of the plans to the shareholders in general meeting and of any proposal made by the remuneration committee

On 25 February 2019, the Remuneration Committee reviewed the Plan and, having given a positive opinion thereon, passed a motion to submit the Plan for approval by the Board of Directors.

On 27 February 2019, the Board of Directors, with the favourable opinion of the Remuneration Committee and of the Control and Risks Committee, passed a motion to approve the proposed Plan and to submit it for approval by the Shareholders' Meeting to be held on 17 April 2019.

3.7 As required by art. 84-bis, paragraph 5 a), the date of the decision taken by the competent body regarding the allotment of instruments and of any proposal made to the aforementioned body by the remuneration committee

In the event of approval of the 2019–2021 LTI Plan by the shareholders in general meeting, the Board of Directors shall meet to take decisions regarding the implementation thereof. Recognition of the shares shall be approved by the Board of Directors, upon verification of the level of achievement of the Plan's performance conditions after having verified the access conditions (as detailed in paragraphs 2.2, 2.3 and 3.4 above).

The information required in relation thereto by article 84-bis, paragraph 5 a) of the Issuers' Regulation (or by laws and regulations in force) is not yet available and shall be provided in compliance with current legislation.

3.8 Market price recorded on the above dates of the financial instruments underlying the plan, if traded on regulated markets

The official market price of BPER Banca's ordinary shares recorded on the following dates was:

- Euro 3.5123 (opinion of the Remuneration Committee dated 25 February 2019);
- Euro 3.5961 (approval by the Shareholders' Meeting of the Board of Directors' proposal of 27 February 2019).

3.9 In the event of plans based on financial instruments traded on regulated markets, the deadlines and procedures considered by the issuer, when establishing the timing of allotment of the instruments under the plan, for dealing with possible coincidences in the timing of: (i) the allotment or any related decisions taken by the remuneration committee; and (ii) the communication of significant information pursuant to art. 114, paragraph 1, for example, if such information is: (a) not yet public and might positively influence market prices, or (b) has already been published and might adversely influence market prices

Notice has been issued to the market, pursuant to and for the purposes of current regulations and laws, of the resolution whereby the Board of Directors approved the proposal to be submitted to the Shareholders' Meeting concerning the 2019–2021 LTI Plan and the purchase of treasury shares. On adoption and implementation of the LTI 2019-2021 Plan, the market will be informed to the extent required by the current regulations and laws in force.

In any event, the proposed resolutions concerning the share-based compensation plans are reviewed beforehand by the Remuneration Committee, which issues an opinion to the Board of Directors and notice is issued to the market, where due, at the same time as the adoption of the resolution by the Board of Directors.

Certain Beneficiaries are subject to obligations set forth in internal dealing regulations contained in Regulation (EU) 596/2014 of 16 April 2014 (and the related implementing provisions), in the TUF and in the Issuers' Regulation. Such persons are thus required, if the conditions set forth in the aforementioned legislation are met, to promptly provide information to the market concerning relevant transactions – pursuant to the above law – involving the shares.

In addition to the foregoing, the Beneficiaries are required to comply with the provisions concerning the abuse of privileged information contained in the aforementioned Regulation (EU) 596/2014 and the provisions of the “Code for the treatment of privileged information” to which reference should be made.

4. CHARACTERISTICS OF THE INSTRUMENTS ASSIGNED

4.1 Description of how the share-based compensation plans have been structured; for example, indicate if the plan is based on the allocation of: financial instruments (allotment of restricted stock); an increase in the value of such instruments (phantom stock); option rights that permit the subsequent purchase of financial instruments (option grants) with physical delivery (stock options) or in cash based on a differential (stock appreciation rights)

For the potential Beneficiaries of the 2019–2021 LTI Plan, the bonus recognised under the 2019-2021 Long-term Incentive Plan is paid via the allotment, free of charge, of BPER

Banca ordinary shares, subject to specific deferral and retention periods (as previously detailed in paragraph 2.2).

The bonus comprises:

In the event of bonuses accrued in excess of a particularly high amount (see Definitions):

- 40% is accrued up-front in 2021 and is subject to a retention clause up to 2022;
- the remaining 60% is deferred and paid in 5 equal annual portions and accrues in the period 2022-2023-2024-2025-2026; each deferred portion of shares is subject to a one-year retention clause.

In the event of bonuses accrued equal to or less than a particularly high amount, the up-front and deferred portions are 45% and 55%, respectively.

4.2 Indication of the period of implementation of the plan with reference to any different cycles envisaged

The period of implementation of the 2019–2021 LTI Plan comprises the year of shareholder approval (2019) up to the availability of the last deferred portion of shares (2027), as more fully described in paragraph 2.2.

4.3 Termination of the plan

Taking into account that stated in the previous paragraph, the 2019–2021 LTI Plan will terminate in 2027.

4.4 Maximum number of financial instruments allocated, including in the form of options, in each fiscal year to the named persons or to the categories indicated

It has been currently estimated that the maximum theoretical need equates to approximately Euro 10 million, not exceeding a maximum number of 5,000,000 ordinary shares, currently accounting for 1.039% of the Company's share capital.

The allotment takes place over the vesting period as illustrated in paragraph 2.2 above.

It is not currently possible to indicate the maximum number of BPER Banca ordinary shares allocated in each fiscal year of the Plan, given that their exact determination will occur subsequent to the Ordinary Shareholders' Meeting to be held on 17 April 2019; upon recognition of the bonus in 2021, this number shall be subject to the opening of the Gates as well as the level of achievement of the specific performance indicators.

4.5 Methods and clauses for implementation of the Plan, specifying if the actual assignment of instruments depends on the fulfillment of certain conditions or the achievement of certain results or levels of performance; description of these conditions and results; description of these conditions and results;

Please refer to paragraphs 2.2 and 2.3 above.

4.6 Indication of any restrictions on the availability of the options or on the financial instruments deriving from the exercise of the options, with particular reference to the deadlines by which their transfer to the company or to third parties is allowed or forbidden

A lock-in period of 1 year is envisaged for the allotted shares with respect to both the up-front portion and the deferred portions.

The Board of Directors of the Parent Company may decide, in the event of extraordinary capital transactions that provided for the exercise of pre-emption rights, whether any changes are needed to the shares vested but not yet available to the beneficiaries.

4.7 Description of any resolute conditions in relation to the plans in the event that the recipients arrange hedges that neutralise restrictions on the sale of the financial instruments assigned, including in the form of options, or of the financial instruments deriving from the exercise of these options

The Plan does provide for any resolute conditions of the type described above.

However, in line with the relevant regulations, the Corporate Governance Code and the 2019 Remuneration Policy that has yet to be approved, the Beneficiaries are forbidden to arrange personal hedging strategies or insurance in relation to their remuneration, or certain aspects thereof, that might alter or compromise the effects of the risk alignment inherent in the incentive mechanism, as previously described in paragraph 2.3.

In the event of breach of the above ban by a Beneficiary, the Board of Directors may decide whether to adopt appropriate measures, including the Beneficiary's forfeiture of the right to receive any shares.

4.8 Description of the effects caused by termination of the employment relationship

The Beneficiaries shall have the right to receive any accrued bonus, only if they hold their position or role at the end of the vesting period, as defined in paragraph 2.2, and at the time of payment, without prejudice to the Board of Directors' right to evaluate any exceptions to this rule. Any bonuses shall be recognised on a pro-rata basis.

4.9 Indication of any other grounds for termination of the plans

Subject to that set out in the foregoing paragraphs, the Plan does not provide for grounds for termination. The malus and clawback mechanisms may apply under certain circumstances, as described in BPER Group's 2019 Remuneration Policies, and in line with the regulatory framework in force.

4. Reasons for any "redemption" by the company of the financial instruments covered by the plan, pursuant to articles 4.10 et seq. of the Italian Civil Code; the beneficiaries of the redemption, indicating whether this only applies to specific employee categories; impact of the redemption on the termination of the working relationship

Not applicable.

4.11 Any loans or other assistance provided for the purchase of shares pursuant to art. 2358 of the Italian Civil Code

Not applicable.

4.12 Assessment of the charge expected by the company on the assignment date, determined with reference to the terms and conditions already established, both in total and for each plan instrument

The Plan provides for the use of a number of treasury shares held by the Parent Company (with subsequent reimbursement by the Group company that employs the recipient of the shares).

Although it is not currently possible to indicate the exact amount of the expected cost of the award of bonuses in the form of BPER shares, having taken account of the access conditions, as well as the achievement of the performance objectives, the maximum total cost over the period of the Plan is expected to be approximately Euro 10.8 million.

The cost, however, will be recognised over the vesting and deferral period.

4.13 Indication of any capital dilution triggered by the compensation plans

Not applicable.

4.14 Any limits on the exercise of voting rights and the allocation of enjoyment rights

Not applicable.

4.15 If the shares are not traded in regulated markets, provide all useful information for a proper assessment of the value attributable to them

Not applicable.

4.16 Number of financial instruments underlying each option

Not applicable.

4.17 Maturity of the options

Not applicable.

4.18 Procedures (American/European), timing (e.g. periods valid for exercise) and exercise clauses (e.g. knock-in and knock-out clauses)

Not applicable.

4.19 Exercise price of options or method and criteria for determining it, with particular reference to: a) the formula for calculating the exercise price in relation to a given market price (fair market value); and b) the method for determining the market price referred to when determining the exercise price

Not applicable.

4.20 If the exercise price is not equal to the market price determined as indicated in point 4.19.b (fair market value), explain the reasons for the difference

Not applicable.

4.21 Criteria based on which different exercise prices are envisaged for different recipients or categories of recipient

Not applicable.

4.22 If the financial instruments underlying the options are not traded in regulated markets, indicate the value attributable to the underlying financial instruments or the criteria for determining that value

Not applicable.

4.23 Criteria for the adjustments made necessary as a result of extraordinary capital transactions and other operations that change the number of underlying instruments (capital increases, extraordinary dividends, grouping and splitting of the underlying shares, mergers and spin-offs, conversion of shares from one class to another, etc.)

Not applicable.

Name and surname or category	Office	PART 1						
		Financial instruments other than stock options						
		Section 2						
		Newly-assigned instruments based on the decision: <input checked="" type="checkbox"/> of the Board as proposed to the general meeting <input type="checkbox"/> of the body responsible for implementation of shareholder resolutions						
Date of the related Meeting resolution	Type of financial instruments	Number of financial instruments assigned	Date of assignment	Purchase price of instruments	Market price at time of grant	Vesting period		
Alessandro Vandelli	Chief Executive Officer of BPER Banca	17-Apr-19	Performance share (BPER Banca ordinary shares)	N.D.	N.D.	N.D.	N.D.	2019-2021
<i>Notes</i>								
Paolo Licciardello	Chief Executive Officer of Emilia Romagna Factor	17-Apr-19	Performance share (BPER Banca ordinary shares)	N.D.	N.D.	N.D.	N.D.	2019-2021
<i>Notes</i>								
Stefano Esposito	Chief Executive Officer of Sardaleasing	17-Apr-19	Performance share (BPER Banca ordinary shares)	N.D.	N.D.	N.D.	N.D.	2019-2021
<i>Notes</i>								
Bruno Mantovani	Chief Executive Officer of Optima	17-Apr-19	Performance share (BPER Banca ordinary shares)	N.D.	N.D.	N.D.	N.D.	2019-2021
<i>Notes</i>								
Fabrizio Togni	General Manager of BPER Banca	17-Apr-19	Performance share (BPER Banca ordinary shares)	N.D.	N.D.	N.D.	N.D.	2019-2021
<i>Notes</i>								
Managers with strategic responsibilities		17-Apr-19	Performance share (BPER Banca ordinary shares)	N.D.	N.D.	N.D.	N.D.	2019-2021
<i>Notes</i>								
Other recipients (Other key Group personnel)		17-Apr-19	Performance share (BPER Banca ordinary shares)	N.D.	N.D.	N.D.	N.D.	2019-2021
<i>Notes</i>								

