
Ordinary Shareholders' Meeting of 17 April 2019

Report on point 6) of the agenda

**Information on internal control policies in terms of risk assets and
conflicts of interest with related parties, in compliance with the
requirements of the Bank of Italy's Circular no. 263 of 27 December 2006.
Revision**

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 6) of the agenda**

Information on internal control policies in terms of risk assets and conflicts of interest with related parties, in compliance with the requirements of the Bank of Italy's Circular no. 263 of 27 December 2006. Revision.

Shareholders,

With reference to point 6) of the agenda of the Shareholders' Meeting, the Board of Directors has called you to inform that the review of internal control policies on risk assets and conflicts of interest with associated persons has been carried out, in accordance with the Bank of Italy's Circular no. 263 "New prudential supervisory provisions for Banks" - 9th update of 12 December 2011, Title V, Chapter 5, Section IV, on "Risk assets and conflicts of interest with associated persons".

In this regard, it should be noted that the Bank, in the conduct of its management and coordination role in relation to BPER Banca Banking Group and in accordance with the regulations on related parties and associated persons mentioned above, with effect from 14 March 2019, by means of a resolution of the Board of Directors, has adopted the document entitled: "Group policy for the governance of non-compliance risk concerning conflicts of interest with related parties and risk assets with associated persons", which updates and replaces the previous internal regulations pertaining thereto.

The Board of Directors has approved the adoption of the above document by the Italian and foreign banks and companies belonging to BPER Banca Banking Group, which have duly complied.

The document defines:

- the criteria for the identification and classification of more and less material transactions;
- the exceptions and exemptions that Group Banks and Companies will be able to claim, including the criteria for checking the existence or otherwise of significant interest on the part of other related parties or other associated persons;
- the rules regarding the various stages in the investigation, negotiation, resolution and approval of transactions, distinguishing between those that are more or less material and clarifying, in particular, the ways in which the Independent Directors's Committee should get involved;
- the safeguards to be applied to transactions, if these give rise to losses, transfers to non-performing loans, and court or out-of-court settlements;
- the information flows (to be provided to: the Corporate Bodies; to Consob and to the market with respect to transactions with related parties; the periodic financial disclosures to be made on transactions with related parties);
- the rules with regard to cases whereby the Parent Company reviews or approves transactions of its Italian or foreign banks and subsidiaries and suitable controls for Italian non-banking companies and foreign banks.

The Policy also describes the processes relating to risk assets with associated persons, including continuous monitoring and management of situations whereby prudential limits to risk assets with associated persons have been exceeded.

The Policy takes into account the structure and composition of BPER Banca Group and establishes, with regard to the prevention and management of conflicts of interest, the obligation of conducting a census of associated persons and the obligation of continuously monitoring exposures to associated persons:

- the responsibilities of the corporate bodies;
- the duties of the various corporate functions, both at the Parent Company and at the other Group banks and companies.

This update has been carried out in compliance with the Group's procedures for issuing internal regulations; these include, in particular, the release of consistency and compliance opinions from the relevant functions.

In addition, in accordance with specific regulatory and supervisory requirements, the Board of Statutory Auditors and the Independent Directors' Committee of the Parent Company have taken steps to express their prior, analytical and motivated binding opinion on the above-mentioned Policy's overall suitability for the achievement of the objectives envisaged in the related legislation.

The main changes made, with respect to the previous version, concern:

- the reorganization of some of the contents;
- an explanation of the procedure to be followed in the event of a negative opinion from the Independent Directors' Committee;
- a more detailed description of management and prudential limits on risk assets;
- a more detailed description of the spheres of competence for tasks related to risk asset matters;
- an indication of the spheres of competence for the identification of the aspects that generate "risk assets with related parties / associated persons";
- the reorganization, in line with further relevant internal regulations, of issues concerning the assumption/management of "non-compliance risk".

The document entitled "Group policy for the governance of non-compliance risk concerning conflicts of interest with related parties and risk assets with associated persons" is attached hereto.

Modena, 14 March 2019

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



Group policy for the governance of non-compliance risk concerning conflicts of interest with related parties and risk assets with associated persons

Modena, 14/03/2019

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1. Summary of the main topics dealt with or changes made

In accordance with the principles of sound and prudent management and with current regulations on transactions with related parties and risk assets vis-à-vis associated persons, the BPER Banca Group¹ adopts policies, processes and procedures, including those involving controls, adapted to its current characteristics and strategies, in order to pursue the objective of preventing and correctly managing the potential conflicts of interest inherent to any relationship, direct or indirect, that Group banks and companies have with related parties and/or associated persons.

The document also provides guidance with regard to transactions involving the competition regime between the aforementioned regulations and art. 136 of Legislative Decree 385/93 "Consolidated Law on Banking and Credit"².

In particular, in compliance with current regulatory provisions, with this Policy (the "**Policy**") BPER Banca S.p.A. ("**BPER**" or the "**Bank**" also the "**Parent Company**"), establishes and regulates the following matters for the entire Group, exercising its duty of management and coordination:

- the criteria for the identification and classification of more and less material transactions;
- the exceptions and exemptions that Group banks and companies will be able to claim, including the criteria for checking the existence or otherwise of significant interest on the part of other related parties or other associated persons;
- rules regarding the various stages in the preliminary investigation, negotiation, resolution and approval of transactions, distinguishing between those that are more or less material and clarifying, in particular, the ways in which the Independent Directors' Committee should get involved;
- the safeguards to be applied to transactions, if these give rise to losses, transfers to non-performing loans, and court or out-of-court settlements;
- the information flows (to be provided to: the Corporate Bodies; to CONSOB and to the market with respect to transactions with related parties; periodic financial Information Flows on transactions with related parties);
- rules with regard to cases whereby the Parent Company reviews or approves transactions of its Italian or foreign banks and subsidiaries and suitable controls for Italian non-banking companies and foreign banks.

The Policy also describes the processes relating to risk assets with associated persons, including continuous monitoring and management of situations whereby prudential limits to risk assets with associated persons have been exceeded.

The principles and guidelines of this Policy take into account the structure and composition of the BPER Banca Group; they also allow to identify, with regard to the prevention and management of conflicts of interest, to the obligation to conduct a census of associated persons and to the obligation to continuously monitor exposures to associated persons:

- the responsibilities of the corporate bodies;
- the related duties of the various corporate functions, both at the Parent Company and at other Group banks and companies.

¹ Hereinafter also the "Group".

² Hereinafter also the Consolidated Banking Act or CBA.

The main changes compared with the previous version concern:

- reorganization of some of the contents;
- an explanation of the procedure to be followed in the event of a negative opinion from the Independent Directors' Committee;
- a more detailed description of management and prudential limits on risk assets;
- a more detailed description of the spheres of competence for tasks related to risk asset matters;
- an indication of the spheres of competence for the identification of the situations that generate "risk activities with related parties / associated persons";
- the reorganization, in line with internal regulations, of the issues related to the assumption/management of "non-compliance risk".

The update history is shown below:

Version	Approval date	No. of the Directive	Summary of amendments
1.0	13/11/2012	35/2012	Issue
2.0	11/11/2015	50/2015	<ul style="list-style-type: none"> - integration of references to internal and external regulations, reflecting the updates made at the date the document was revised (§§ 3.1 and 3.2); - revision of contents: <ul style="list-style-type: none"> identification of the sectors of activity and types of economic relations identified (§ 4); the risk appetite of the BPER Banca Group in assets with associated persons (§ 5); the identification of associated persons (§ 6.1); the roles and responsibilities of the Parent Company's functions with Group responsibilities (§§ 7.1.1, 7.1.2, 7.1.3).
3.0	11/07/2017	37/2017	<p>Integration of the contents of the following documents:</p> <ul style="list-style-type: none"> a. Group regulation for the management of transactions with related parties and with associated persons dated 12 November 2013; b. Group regulation on "Prudential Limits on risk assets" – monitoring of the prudential limits vis-à-vis associated persons dated 24 June 2014.
4.0	18/10/2018	65/2018	Insertion of new definitions in chapter 2.5 (Independent Directors, Non-related Directors

			<p>and Relevant Shareholders) and the modification of the definition related to Relevant Persons;</p> <p>Insertion of new of new external regulation sources;</p> <p>Insertion of a new paragraph (4.2) related to the Committee and to alternative equivalent controls;</p> <p>Updating of par. 9.1.5 related to transactions under the sphere of competence of the Shareholders' Meeting;</p> <p>Insertion of a new paragraph (9.1.10.5) related to Compensation plans based on financial instruments;</p> <p>Some variations in financial disclosures to the public (par. 10.3).</p>
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2. General aspects

2.1 Purpose of the II level risk Group Policy

This document explains the policies for the governance (i.e. assumption and management) of the risk of non-compliance in transactions with Relevant Persons³, as well as internal policies regarding controls over risk assets with associated persons adopted by BPER Banca Group banks and companies⁴; this, in order to ensure - within the organizational structure and the internal control system - the fulfillment, at Group level, of external regulations, the monitoring of reputational risk and constant compliance with the approved decision-making procedures and prudential limits, as well as the prevention and proper management of potential conflicts of interest inherent in any relationship with such persons.

2.2 Recipients of the document

Italian and foreign banks belonging to the Banking Group.

2.3 Management of the document

This document and its revisions are approved by the Parent Company's Board of Directors on the proposal of the CEO, subject to the binding, analytical and motivated opinion of the Independent Directors Committee of the Parent Company and the Board of Statutory Auditors on the overall adequacy of the Policy to achieve the objectives envisaged in the legislation on the subject.

To this end, the Committee of the Parent Company meets and issues its opinion in suitable time in view of the Board of Directors' Meeting called to approve the Policy or the modifications therein.

³ For the sake of simplicity, understood as the set of Related Parties pursuant to Consob Regulation no. 17221 and the Associated Persons (intended as Related Parties and the related Connected Persons) pursuant to the Bank of Italy's Circular no. 263, whether they be natural or legal persons, as well as Relevant Shareholders (see paragraph 2.5 of this Policy "Definitions")

⁴ Hereinafter also Company or Entity

The Board of Directors of the Parent Company assesses, on at least an annual basis, whether to proceed to the revision of the Policy, bearing in mind, among other things, any legislative and regulatory variations, any modifications which may have taken place in the ownership structure as well as the Policy's effectiveness in practice. To this end, the Board of Directors acquires the opinion of the Committee of the Parent Company also with respect to any decision not to proceed, as a result of the assessment of the Policy, with any modifications.

The document is in any case revised every three years.

The CEO informs the Board of Directors of the Parent Company in advance, on the proposal of the General Affairs Department and the Compliance Function, of any need for updates that are considered necessary with respect to the terms indicated above.

Responsibility for the various stages of the document management is as follows:

Parent Company									Group companies
Initiative	Authorization to proceed	Drafting	Consistency opinion	Compliance opinion	Advisory Opinion	Approval	Distribution	Filing	Adoption
General Secretariat	Compliance Function	Specific Regulatory Requirements Office ⁵	Organizational Structure and Regulation Office	Compliance Function	Independent Directors' Committee Control and Risk Committee	Board of Directors of the Parent Company	Group Corporate Bodies Coordination Office	Organizational Structure and Regulation Office	BoD of Group banks and companies

2.4 Exceptions Management

Any exception to the Policy, with regard to the Parent Company and the other Group banks and companies, must first be submitted for approval, through the Head of the Group General Affairs Department and of the Compliance unit, to the Parent Company's Board of Directors, accompanied by the opinions and an explanation of the reasons why the Policy cannot be applied, and proposing, where necessary, appropriate changes to the document.

2.5 Definitions

Without prejudice to the definitions given in the relevant regulations⁶, particularly those used to classify the persons to which they refer, for the purpose of this Policy we apply the following definitions:

Independent Directors: directors recognized as such by the regulations in force at the time (including the terms and criteria of the Code of Conduct).

Non-related Directors: directors other than the counterparties in a specific transaction and other than its Related Parties and Associated Persons.

Risk assets: net exposures as defined in regulations on risk concentration.⁷

Relevant Shareholders⁸: shareholders of BPER Banca (or of the listed Subsidiary Companies of BPER Banca) who, directly or indirectly, also through subsidiaries, trustees or nominees, hold share capital of

⁵ Hereinafter also SRRO

⁶ Consob Resolution no. 17211, Bank of Italy's Supervisory Provisions, CBA and IAS 24 par. 9

⁷ See Second Part, chapter 10 of Bank of Italy's Circular no. 285/2013 and "Instructions for banks and securities firms on the preparation of supervisory reports (Circular no. 286 of 17 December 2013), section 5 and section 6.

⁸ Relevant Shareholders have been included in the perimeter of Relevant Persons, in the process of self-regulation and with a view to best practice, as well as in order to better manage conflicts of interest.

BPER Banca (or of the listed Subsidiary Companies of BPER Banca) equal to or above the minimum relevant threshold according to regulations on the disclosure of relevant shareholdings pursuant to art. 120 of the CFA and to the implementing regulations, and the parties who control or who are directly or indirectly controlled by the same shareholders and their close family members should such shareholders be individuals.

Subsidiary companies: the Italian and foreign companies belonging to the BPER Banca Group, as well as other Italian and foreign companies controlled by BPER pursuant to art. 93 of the CFA.

Relevant Persons: the set of Related Parties and Associated Persons as defined by the respective reference regulations CONSOB (Regulation No. 17221) and Bank of Italy (Circular No. 263), as well as the Relevant Shareholders.

Related Parties: all related parties as defined by CONSOB (Reg. no. 17221), as well the Relevant Shareholders;

Associated Persons: the set of Related Parties and Connected Persons as defined by the Bank of Italy (Circular No. 263), as well as the Relevant Shareholders;

Close family members⁹:

- spouse (not legally separated);
- cohabiting partner;
- children;
- children of the spouse or cohabiting partner;
- parents;
- sisters/brothers;
- grandparents;
- grandchildren (sons of children);
- dependent persons;
- persons dependent on the spouse or cohabiting partner

Transaction: a transaction with Relevant Persons which involves the assumption of risk assets, a transfer of resources, services or obligations, regardless of whether there is a consideration, including mergers and demergers by absorption or a non-proportional spin-off in the strictest sense, if carried out with Group Entities, and increases in capital excluding option rights.

Litigation transactions: any kind of transaction, which give rise to: losses, a transfer to non-performing loans, in- or out-of-court settlements.

Intercompany transactions: transactions that are carried out with or between subsidiary or companies subject to significant influence, providing that other Relevant Persons do not have a significant interest in them. Merely having in common one Director or more or other Managers with strategic responsibilities shall not be considered as significant.

"Through" transactions: transactions carried out through subsidiaries, for which a preliminary examination has to be carried out or prior approval obtained from the Parent Company before the transaction can be carried out by the subsidiary.

Urgent transactions: transactions that, due to objective circumstances, cannot be approved in accordance with the terms and methods laid down in this Policy.

⁹ This definition only concerns the personal data perimeter of Related Parties referred to in Consob Regulation no. 17221, the scope of the Associated Persons referred to in the Bank of Italy Circular no. 263 and the scope of the Relevant Shareholders.

Transactions to be carried out on the basis of instructions from the Supervisory Authorities: transactions carried out on the basis of instructions issued by the Supervisory Authorities or on the basis of provisions issued by the Parent Company for the implementation of instructions from the Supervisory Authorities for the purpose of maintaining the stability of the BPER Group.

Managers with strategic responsibilities: those persons who have the power and responsibility, directly or indirectly, for planning, managing and controlling the Bank's assets, including its directors (whether executive or not). For this purpose, the BPER Banca Group considers as managers with strategic responsibilities:

- the Members of the Board of Directors;
- the Members of the Board of Statutory Auditors;
- the Members of the General Management as defined by the articles of association (the General Manager; and the Deputy General Managers);
- the Manager Responsible for Preparing the Company's Financial Reports;
- CBO - Chief Business Officer;
- CLO - Chief Lending Officer;
- COO - Chief Operating Officer;
- CL&GO - Chief Legal & Governance Officer;
- CRO - Chief Risk Officer;
- CFO - Chief Financial Officer.

or other persons identified as such by the Board of Directors.

Corporate Officers: persons who perform administration, management and control functions at a bank, a financial parent company or a supervised intermediary. For this purpose the BPER Banca Group considers as Corporate Officers:

- the Members of the Board of Directors;
- the Members of the Board of Statutory Auditors;
- the Members of the General Management as defined by the articles of association (the General Manager; and the Deputy General Managers);

Persons as per art. 136 CBA: Relevant Persons as defined by art. 136 of CBA.

The issues involved in art. 136 of the Consolidated Banking Act are only dealt with in this document when in contrast with the overall rules on Relevant Persons.

3. Regulatory reference context

3.1 External regulations

The following are the main external regulatory sources to which this document makes reference:

- "Related Parties Regulation" adopted by Consob with resolution 17221 of 12 March 2010 on

transactions with related parties and subsequent amendments and integrations¹⁰

- Consob's Communication no. DEM/10078683 of 24 September 2010, containing "*Indications and guidelines for the application of the Regulation on transactions with related parties adopted with resolution no. 17221 of 12 March 2010 and subsequent amendments*"¹¹;
- International Accounting Standard IAS 24 "Related-Party Disclosures";
- "New regulations for the prudential supervision of banks", Bank of Italy's Circular no. 263 of 27 December 2006 – Title V, Chapter 5 "Risk assets and conflicts of interest with associated persons"¹²
- "Instructions for the reporting of capital adequacy and prudent coefficients" "Circular 155 of 18 December 1991 - 15th update of 19 March 2013; Persons associated on an individual basis - section 13 (from 13.1.1 to 13.3.7) and Persons associated on a consolidated basis - section 14 (from 14.1.1 to 14.3.3);
- Articles 2391, 2391-bis and 2498 and 2634 of the Italian Civil Code;
- Legislative Decree 58 dated 24 February 1998 and subsequent amendments¹³ ;
- Legislative Decree no. 385 of 1 September 1993 "Consolidated Banking Act";
- "Supervisory Provisions for Financial Intermediaries", Circular no.288 dated 3 April 2015 and subsequent amendments;
- ICRC resolution no. 277 of 29 July 2008;
- EC Regulation no. 1126/2008 of the Commission of 3 November 2008, in compliance with EC Regulation no. 1606/2002 of the European Parliament and of the Council, published in the Official Journal of the European Union on 29 November 2008 and subsequent amendments;
- Supervisory Instructions for Banks - Title II - Chapter 1III (Bank Officers' Obligations) and subsequent amendments;
- Bank of Italy's Circular no. 285 of 17 December 2013 and subsequent amendments;
- "Instructions for banks and securities firms on the preparation of supervisory reports", Bank of Italy's Circular no. 286 of 17 December 2013 and subsequent amendments;
- EU Regulation 575/2013 of the European Parliament and the Council of 26/06/2013 on prudential requirements for credit institutions and investment companies "CRR";
- Joint guidelines EBA-ESMA "*on the assessment of the suitability of members of the management body and key personnel*";
- the "*Guide to fit and proper assessments*" by the European Central Bank (version updated in May 2018);
- Code of Conduct promoted by the Committee for Corporate Governance.

3.2 Internal regulations

The main internal regulatory sources are listed below:

- Articles of Association;
- Code of Ethics;
- Group Corporate Governance Guidelines

¹⁰ Hereinafter also "Consob Regulation"

¹¹ Hereinafter also "Application Communication"

¹² Hereinafter "Supervisory Provisions", or "Bank of Italy's Circular"

¹³ Hereinafter also Consolidated Finance Act or CFA

- Group Internal Control System Guidelines ;
- Group policy for the governance of non-compliance risk.
- This Policy.

4. Methods and rules

4.1 Transactions

The rules defined for the classification of Transactions are reported below, in line with the regulatory provisions:

- **More material transactions:** these are the transactions with at least one of the following materiality indices, applicable depending on the specific transaction, that is higher than the threshold of 5%:

1. *Value materiality index:* this is the ratio between value of the transaction and the eligible capital taken from the latest consolidated balance sheet published by the Parent Company. If the economic conditions of the transaction have been determined, the counter-value of the transaction is:
 - a) for cash components, the amount paid to/by the contractual counterparty;
 - b) for components consisting of financial instruments, the fair value determined on the date of the transaction, in compliance with the international accounting standards adopted by Regulation (EC) no. 1606/2002¹⁴;
 - c) for the granting of loans or guarantees, the maximum amount payable.

If the economic conditions of the transaction depend in whole or in part on amounts that are not yet known, the counter-value of the transaction is the maximum value receivable or payable under the agreement.

2. *Asset materiality index:* this is the ratio between the total assets of the entity involved in the transaction and the total assets of the Group¹⁵. The figures to be used are taken from the most recent consolidated balance sheet published by the Parent Company; where possible, similar figures are used to determine the total assets of the entity involved in the transaction.

For transactions involving the acquisition and disposal of equity investments in companies that have an impact on the scope of consolidation, the value of the numerator is the total assets of the investee, regardless of the percentage of capital subject to disposal.

For transactions involving the acquisition and sale of investments in companies that do not affect the scope of consolidation, the value of the numerator is:

- a) in the case of acquisitions, the counter-value of the transaction increased by any liabilities of the acquired company taken on by the purchaser;
- b) in the case of sales, the consideration for the transferred asset.

For transactions involving the acquisition and disposal of other assets (other than equity investments), the value of the numerator is:

- a) in the case of acquisitions, the higher of the consideration and the carrying amount that will be attributed to the asset;
- b) in the case of sales, the carrying amount of the asset.

¹⁴ See Group regulations for the fair value measurement of financial instruments, in force from time to time

¹⁵ "Off-balance sheet" items must be included in assets; for existing transactions put in place by components belonging to the sub-holding perimeter the data is taken from the sub-consolidated profit and loss account.

3. *Liability materiality index*: this is the ratio between the total liabilities of the entity acquired and the total assets of the Group. The figures to be used must be taken from the most recent consolidated balance sheet published by the Parent Company; where possible, the figures to be used for determining the total liabilities of the company or business unit acquired must be taken from the latest published consolidated balance sheet, if one has been prepared.

It should be noted that the Banks and Companies of the BPER Banca Group subject to the provisions of the Consob Regulation, for the application of the provisions of this definition, on an individual basis:

- refer to the eligible capital taken from the latest published balance sheet (consolidated, if one has been prepared);
- a threshold of 2.5% (instead of 5%) is applied for transactions with the listed parent company or with related parties that are in turn related to the companies.

- **Less material transaction**: transactions in which one of the indices of greater materiality is applicable, depending on the specific transaction, is less than or equal to the 5% threshold and with a counter-value of more than 500,000 euros (or 0.05% of the consolidated eligible capital, if lower).

- **Transactions of low amount**: transactions in which the amounts used to calculate the indices referred to in the definition of "More material transactions", where applicable, are less than or equal to 500,000 euros (or 0.05% of the consolidated eligible capital, if lower), or the corresponding counter-value in another currency.

For the purposes of this regulation, the following sub-classifications have also been defined:

- **Ordinary transactions¹⁶ carried out at market or standard conditions**: less material transactions that form part of the ordinary day-to-day operations of the Group bank or company, to which conditions equivalent to market or standard conditions are applied, i.e. at terms similar to those normally applied to ordinary customers, for transactions of a similar nature, size and risk, or based on regulated tariffs or imposed prices or those charged to parties with whom the bank or company is obliged by law to contract for a set fee. Transactions involving the acquisition of equity investments are, in any case, not considered ordinary:

- in companies in temporary financial difficulty, through conversion of the loans and in order to allow rebalancing;
- in the debtor company aimed at facilitating loan recovery.

- **More material transactions by accumulation**: various less material transactions that are similar (in terms of type and characteristics of the transaction) or carried out in execution of a single plan, completed during the year with the same Related Party or with a same Associated Person, the value of which is accumulated for the purpose of calculating the more material threshold and applying the related decision-making procedure.

- **Transactions relating to the remuneration of the officers**: transactions with Relevant Persons pursuant to the Consob Regulation concerning the remuneration due to the members of the Board of Directors, the Executive Committee, the Directors vested with special powers, the members of the Board of Statutory Auditors, and the Managers with strategic responsibilities, provided they a remuneration policy has been adopted, that the Remunerations Committee was involved in its definition, that a report was submitted to the

¹⁶ To define a transaction as ordinary: with regard to the object, only those transactions that form part of the main revenue generating activities are included among those admitted to mutual recognition; regarding the recurrence, for each of the types of transactions indicated above, only those that are repeated regularly and continuously over time are taken into consideration; in terms of size, transactions that are not significantly larger than those that usually characterise similar transactions carried out by the Bank are taken into consideration; with regard to the terms and conditions of the contract, only those transactions whose contractual characteristics do not deviate from the standard conditions or those prevailing in the market are considered; as regards the consideration for the transaction, transactions for which a non-monetary consideration is envisaged, even if subject to expert appraisals, do not form part of ordinary operating activities; as regards the nature of the counterparty, transactions carried out with a counterparty that has abnormal characteristics with respect to the type of transaction carried out are not taken into consideration

approval of the Shareholders' Meeting illustrating the remuneration policy and the fact that the remuneration is coherent with the remuneration policy adopted by the bank and with the Bank of Italy's supervisory provisions on remuneration and incentives.

4.2 The Committee and alternative equivalent controls

The Committee is composed of three Independent, non-executive, non-related Directors and has the advisory and investigative tasks envisaged by the Consob Regulation, by the Bank of Italy's Circular no. 263 and by this Policy.

The Components of the Committee who have an interest, either of a personal nature or on behalf of third parties, in the Transaction are required to advise the other components, of the nature, terms origin and extent thereof.

In relation to a Transaction, should the Committee not be composed of three Independent, non-related Directors, the following alternative equivalent controls are applied, in the order indicated: (i) the opinion of two Independent Directors; (ii) the opinion of the only Independent Director.

It should be noted that the Committee is constituted at the Parent Company and at the Italian Banks of the BPER Group; vice-versa, the establishment of a specific internal Committee is not envisaged for the foreign banks and non-banking Companies, whether Italian or foreign, and the relative tasks are attributed to the Independent Directors' Committee of the Parent Company.

5. Definition of risk

The risk of non-compliance with regulations concerning transactions with Related Parties and of risk assets and conflicts of interest with respect to Associated Persons is the risk of incurring legal or administrative sanctions, financial losses and reputational damages due to non-compliance with the rules and the obligations to prevent and correctly manage potential conflicts of interest - as understood by the current general regulations - pertaining to any direct or indirect relationship that the Group banks and companies have with the Related Parties and the Associated Persons.

6. Risk governance

Strategic decisions at Group level concerning risk governance are taken by the corporate bodies of the Parent Company. Decisions made take account of the specific operations and risk profile of each Group company to ensure an integrated and consistent risk management policy.

In this regard, the BPER Banca Group has adopted a risk governance model that envisages decentralized risk-taking, coordinated by and under the guidance of the Parent Company.

BPER Banca, in its capacity as Parent Company, is responsible for establishing non-compliance governance guidelines for the entire Banking Group.

The Parent Company has the following responsibilities:

- to ensure adequate implementation of the model for the governance of non-compliance risk both at individual Group company level and at consolidated level;
- to ensure that the model for the governance of non-compliance risk is prepared in accordance with the requirements of the Supervisory Authorities, taking into account the specific features of the Group and of the individual Group companies belonging to it;
- to allocate loans in line with the qualitative indications established by the Board of Directors.

Implementation of these principles takes place through the adoption of the model for the governance of the risk of non-compliance with the regulations on conflicts of interest with Related Parties and risk assets with Associated Persons formalized in this Policy, which ensures:

- clarity in the attribution of roles and responsibilities;

- separation between the functions involved in the processes of assuming and operationally managing risks from those responsible for managing and controlling non-compliance risk, guaranteeing the separation of duties and responsibilities.

Implementation of the guidelines laid down by the Parent Company takes place according to principles of graduality and proportionality according to the specific features of the various companies belonging to the Group and included in the scope of consolidation.

The Parent Company, in its role of guidance and coordination, defines, also by preparing and updating this Policy, the methods with which the BPER Banca Group intends to apply the regulations related to Transactions with Relevant Persons, in order to limit the risk that the proximity of certain persons to decision-making centres of entities belonging to the Group might compromise the objectivity and impartiality of the decisions underlying the relationships with these persons, which could lead to distortions in the allocation of resources and exposure of the individual Bank and of the Group as a whole to risks not adequately measured or controlled and to potential damage for deposit holders and shareholders.

7. Risk appetite

The governance of non-compliance risk in matters related to conflicts of interest with Related Parties and assets with Associated Persons should be seen in the wider context of the risk of non-compliance with laws and, consequently, adheres to the main principles thereof.

In this respect reference should be made to the Risk Appetite Statement in force from time to time for the risk appetite and risk tolerance level of non-compliance risk.

In relation to regulations on Related Parties and Associated Persons this assessment takes into account the presence of:

- the internal regulations which govern the methods of carrying out business processes involved in transactions with Relevant Persons, as well as the roles, responsibilities and coordination mechanisms between the different functions involved; the Group has also adopted necessary information systems to support these processes;
- a structured system of limits both at an individual and overall level (in terms of the maximum extent of risk assets vis-à-vis Associated Persons considered acceptable in relation to Eligible Capital, with reference to total exposures towards all Associated Persons);
- specific organizational structures as well as an internal controls system that ensure continuous compliance with both the system of limits and with internal processes and procedures, including those related to resolutions.

8. Risk exposure and operational limits

This paragraph has not been filled in as the risk of non-compliance mentioned above is one of the “unmeasurable” risks, for which quantitative exposure limits are not envisaged.

9. Risk management

In exercising its role of guidance and coordination, the Parent Company defines the ways in which the BPER Banca Group intends to apply the rules on transactions with Relevant Persons, in order to avoid the risk that the proximity of certain persons to the decision-making centres could compromise the objectivity and impartiality of decisions concerning the granting of loans and other related transactions.

To this end, the Parent Company establishes the rules and defines the oversights, including controls, to

prevent the risk of non-compliance with the relevant legislation, particularly with respect to:

- the identification of sectors of activity and types of economic relationships in which conflicts of interest could arise;
- the identification of Relevant Persons, including the definition of the subjective and objective scope of application of rules and controls;
- the procedures for preliminary investigation, negotiation, resolution and approval of transactions, including the ways in which the Independent Directors' Committee should get involved;
- the criteria for the identification and classification between more and less material transactions;
- any exceptions or exemptions, including the criteria for verifying the existence or otherwise of significant interests and the transactions concluded in the event that they give rise to losses, transfers to non-performing loans, settlement agreements or in- or out-of-court settlements;
- the hypotheses in which the Parent Company examines or approves transactions by Group banks or companies and the suitable controls established for Italian non-banking companies and foreign banks;
- the definition and management of the prudential limits on risk assets vis-à-vis Associated Persons, as well as the methods of monitoring the limits on an on-going basis and the management of any overruns;
- information flows.

The operating activities and procedures for compliance with the obligations and activation of the controls are also regulated as part of the specific processes, particularly those relating to the granting and management of loans.

9.1 Identification of the sectors of activity and types of economic relationships

The Parent Company has identified - in relation to the Group's operating characteristics and strategies - the sectors of activity and types of economic relationships in which conflicts of interest can arise:

- Lending: this includes all forms of credit lines granted to customers. The following types of transactions have also included in this area:
 - a) transfer to non-performing loans;
 - b) losses or forbearance, also resulting from settlement agreements related to loans booked to the bank's "non-performing loan account";
 - c) losses or forbearance, also arising from agreements relating to loans;
- Corporate banking: this includes corporate finance, merchant banking and advisory services to companies on financial structure, industrial strategy and related matters;
- Contracts/agreements and purchases: this includes agreements of a commercial nature, conventions for the distribution of products and services, sponsorships, purchases/sales of commercial/advertising spaces, other marketing/publishing initiatives, other agreements, as well as any other banking services offered by the Bank (e.g. agreements for the placement of third-party products through the banking network);
- Property: this includes purchase, sale and renting (in or out) of a building;
- Direct deposits: this includes direct deposit operations such as current accounts (also the virtual banking services management contract), savings deposits, certificates of deposit, deposits handled by the treasury function with corporate customers (cold money). Repo operations are not included in this area (included under Finance for customers) as is the subscription of bonds in issue (also included under Finance for customers);
- Equity investments: these include the purchase/sale of investments or extraordinary corporate finance transactions (e.g. mergers/demergers, etc.);
- Treasury management: this includes the deposit treasury and foreign exchange treasury;
- Finance for customers: this includes managing the securities deposit and investment services contracts (reception and transmission of orders, proprietary trading, placement with or without a firm commitment, asset management, consulting), including the online trading contract and the related safe-deposit box

service. This category also includes all purchases of financial instruments carried out in relation to investment services such as bonds issued by the Bank and OTC derivatives and repurchase agreements with customers;

- Proprietary finance: this includes proprietary trading in financial instruments.

With reference to the acquisition of equity investments¹⁷, in accordance with these regulations, the BPER Group has adopted specific regulations, which meet the following objectives:

- (i) to limit the risk of excessive immobilisation of assets deriving from equity investments in financial and non-financial companies by setting precise "limits" (both generic and specific) in relation to the size of own funds and consolidated eligible capital¹⁸;
- (ii) to promote the management of risk and conflicts of interest in accordance with the criterion of sound and prudent management, through the adoption of appropriate organisational models and internal controls.

On the other hand, with reference to the provision of investment and ancillary services, as well as personal transactions as per art. 18 of the Bank of Italy/CONSOB Joint Regulation of 29 October 2007, the BPER Banca Group adopts and maintains organisational and administrative arrangements that are able to prevent conflicts of interest adversely affecting the interests of customers¹⁹: in this context, the Group has adopted specific rules on the subject, including the "BPER Group Internal Code of Conduct" and the "Policy on Conflicts of Interest".

9.2 Identification of Relevant Persons

In accordance with Consob's Regulations on Related Parties, the Bank of Italy's rules on Associated Persons and IAS 24, the Parent Company takes a census of Relevant Persons, within the limits of ordinary diligence.

To this end, it makes use of the information available internally, through access to its own data bases or to any suitable documentary support, as well as consulting archives and external databases (Cerved, etc.), as well as communications made pursuant to law.

Those that qualify as Related Parties cooperate with Group banks and companies with which they have relationships in order to allow a complete and correct census of Associated Persons, particularly as regards the identification of connected persons or entities.

The Parent Company defines and maintains the perimeter of the Banking Group in order to monitor its evolution and its characteristics over time, in accordance with these regulations and for an adequate supply of IT applications in use for the management of personal data.

It also defines the rules and functionalities of the IT application used by the banks and companies aligned for the census and classification of Corporate Officers and, in general, of the persons falling within the definitions and scope of application of the regulations, as well as for managing the scope of Associated Persons.

In any cases, the Parent Company ensures that the Group has IT systems that can handle the decision-making process of transactions and allow it to constantly verify compliance with the consolidated prudential limits. The IT solutions adopted by the banks and companies of the BPER Banca Group allow among other things:

- a census of Associated Persons and their identification from the start of the relationship;
- to provide each Group unit with updated knowledge of the persons or entities related to the Group;
- to record any changes appropriately;
- to monitor the trend in assets at risk and their total amount;

¹⁷ See Bank of Italy's Circular no. 285/2013 "Supervisory Instructions for banks", Third Part "Other provisions of prudential supervision", Chapter 1 "Equity investments that can be held by banks and banking groups"

¹⁸ See Bank of Italy's Circular no. 285/2013 "Supervisory Instructions for banks", Third Part "Other provisions of prudential supervision", Chapter 1 "Equity investments that can be held by banks and banking groups", more specifically the reference to the provisions of art. 89 of the CRR, which refers to the definition contained in art. 4 point 71 lett. a).

¹⁹ See art. 23, MIFID II Directive 2014/65/UE; art. 23, paragraph 2, Joint Regulation of Consob – Bank of Italy.

- to have a system for reporting information to government bodies and the general public.

In coordination with the Parent Company's guidelines and instructions, the Italian and foreign Group banks and companies which are not aligned from an IT point of view, have adopted procedures and systems to facilitate the identification of counterparties and transactions with Relevant Persons.

9.3 Procedures for the preparation and approval of transactions with Relevant Persons

In compliance with CONSOB's Regulations and the Bank of Italy's Circular, the Parent Company has defined the controls to be adopted for the decision-making procedures to be applied to transactions with Relevant Persons carried out by the Italian Banks of the BPER Banca Group.

The Parent Company, in compliance with these regulations, has also identified additional safeguards, proportionate to the effective relevance of potential conflicts of interest, to be applied to transactions concluded through Group Entities, as well as transactions concluded by foreign banks and by Italian or foreign non-banking companies.

The approval procedures²⁰ include:

- verification that the person being investigated belongs in the personal data perimeter; this is carried out from time to time by the function in charge of the investigating a transaction;
- continuous verification and monitoring of compliance with the prudential limits, in cases where the transaction may generate risk assets;
- classification of the transaction, taking into account the importance of the personal data (Related Party and/or Associated Person and/or person subject to art. 136 of the CBA), of the value of the transaction (less material transaction, more material transaction, possibly also for accumulation), of any exemptions that might be applicable or whether the transaction is attributable to a framework resolution;
- approval of the transaction by the competent decision-making body in compliance with the system of delegated powers in force at the time, subject to involvement of the Independent Directors Committee where necessary;
- fulfilment of the required information flows.

In managing its activities, each organisational unit of the BPER Banca Group is required, also with the support of the various IT procedures available, to verify promptly whether the transactions for which the preliminary investigation is being carried out qualify as transactions with Relevant Persons, in which case proceeding according to this Policy.

9.4 Identification and classification of transactions with Relevant Persons

Transactions involving risk assets, transfer of resources, services or obligations constitute transactions with Relevant Persons, regardless of whether there is a consideration, including mergers and demergers if carried out with Relevant Persons, and capital increase operations with the exclusion of option rights.

For the sole purpose of the Bank of Italy's Supervisory Provisions, the following are not considered transactions with Associated Persons:

- those carried out between members of a banking Group when there is a relationship of 100% control between them, including joint control;
- the fees paid to Corporate Officers, if they comply with the supervisory provisions regarding bank remuneration and incentive systems;

²⁰ See also the rules applicable to the specific process.

- transactions involving intercompany transfers of funds or collateral as part of the system of liquidity risk management at consolidated level;
- the transactions to be carried out on the basis of instructions issued by the Bank of Italy for stability purposes or on the basis of provisions issued by the Parent Company for the execution of instructions given by the Bank of Italy in the interest of the Group's stability.

Note that, in compliance with the overall rules laid down in CONSOB's Regulations and the Bank of Italy's Circular, the specific rules identified for the management of transactions with Relevant Persons are to be applied in the cases mentioned above, identifying differentiated procedures depending on the relevance and characteristics of the individual transactions, as explained below.

In any case, the Parent Company's Board of Directors has the right to decide whether it is opportune to consider as material any transaction carried out by it or its Subsidiary Companies.

9.5 Less material transactions

For less material transactions, which do not form part of the exemptions, the function in charge of the investigation sends the competent decision-making body complete and adequate information regarding the transaction, according to the times and procedures laid down in the current internal regulations. For decisions on less material transactions, the competent body is appropriately identified in accordance with the system of delegated powers, as defined internally from time to time.

The same information is provided to the Committee through the competent corporate function.

The Committee has the right to be assisted, at the Bank's expense, by one or more independent experts of its choice. For this purpose a maximum budget is set²¹ for each transaction at 0.1% of the value of the transaction, up to a maximum of 100,000 euro.

The Committee presents any shortcomings and inadequacies found during the pre-approval phase to the decision-making functions.

On the basis of the information received, the Committee expresses to the decision-making body, in sufficient time for the relative resolution, a preliminary and motivated opinion on the Bank's interest in completing the transaction, as well as on the convenience and substantial fairness of the related conditions. The Committee's opinion is to be considered valid only if at least two Independent Directors are present.

The decisions made by the competent body on transactions with Relevant Persons have to contain adequate justification regarding the economic opportunity and convenience of the transaction, as well as the reasons for any deviations, in terms of economic-contractual conditions and other characteristic profiles of the transaction, compared with standard or market ones. To this end, suitable documentation is provided to support each decision.

With regard to the Group's international banks and non-banking companies, please refer to the provisions on application of the so-called "suitable controls".

9.6 More material transactions

For more material transactions with Relevant Persons, the procedural rules defined for less material transactions apply, with the exception of the indications relating to the maximum expense in cases of recourse to the assistance of one or more independent experts, not applicable, as well as forecasts relating to transactions for which the Committee has expressed a negative opinion.

Furthermore, the Board of Directors is exclusively competent to approve more material transactions, except for cases in which the law or the Articles of Association assign competence to the Shareholders' Meeting.

The Committee is involved in the negotiations and in the investigation, at least through the receipt of a complete and timely flow of information and has the right to request information and to make observations to the delegated bodies and to the persons appointed to conduct the negotiations or investigation.

For more significant transactions, the opinion expressed by the Committee is to be considered

²¹ By resolution of the Board of Directors, on the proposal of the Chairman.

binding, so it has to be issued in good time for the meeting of the Board of Directors called to decide on the matter. In the case of a conditional opinion or subject to qualification, the transaction can only be completed or executed if all of the conditions mentioned in the opinion expressed by the Committee have been fulfilled.

If more material transactions form part of the list of more material transactions mentioned in the internal and external regulations in force from time to time, for the purpose of expressing its binding and preliminary opinion on carrying out the transaction, the Committee receives preliminary information on the opinion regarding its consistency with Risk Appetite Framework (RAF) issued by the Parent Company's Risk Management Function²².

With regard to the Group's foreign banks and non-banking companies, reference should be made to the provisions on application of "suitable controls".

9.7 Transactions falling within the scope of art. 136 of the CBA

These are transactions concluded with Relevant Persons also falling within the scope of application of art. 136 of the CBA and for whom these legislative provisions are applied.

Specifically as regards the information requirements, with reference to these transactions:

- a) at least three days prior to their meetings and for the purposes of their respective obligations, the Committee and the Board of Directors are provided with complete and adequate information regarding the various aspects of the transaction being decided on. The Committee is not notified in advance about transactions involving small amounts. If the transaction conditions are considered equivalent to those of the market or standard terms, the documentation prepared and made available must contain objective evidence of this;
- b) the Committee has to present to the competent decision-making body any weaknesses or inadequacies that have been found, only for the pre-resolution phase;
- c) in the event of a more material transaction, the Committee is involved in the negotiations and in the investigation phase, receiving complete and timely information. The Committee also has the right to ask for information and to make observations to the delegated bodies and the persons appointed to carry out the negotiations or the preliminary investigation;
- d) the Minutes of the approvals are adequately motivated with regard to the opportunity and economic convenience of the transaction for the Bank, as well as the reasons for any deviations in terms of economic-contractual conditions and other characteristics of the transaction, compared with standard market conditions. It also explains suitable elements to support this motivation, provided in the documentation supplied with the resolution.

9.8 Transactions within the sphere of competence of the Shareholders' meeting

If the power to decide transactions with Relevant Persons is granted, by law or by the Articles of Association, to the Shareholders' Meeting, the rules on more or less material transactions apply.

9.9 Framework resolutions

It is the exclusive right of each Italian Group Bank's Board of Directors to adopt framework resolutions concerning a series of homogeneous and sufficiently defined transactions with Relevant Persons. By way of example, but without being exhaustive, the following transactions may be covered by framework resolutions:

- contracts for the purchase, sale, exchange or hire of movable assets for use in the business activities of Group banks or companies;
- contracts for the supply of goods for use by Group banks or companies;

²² See "Group regulation of the macro process for the management of more material transactions (MMO)".

- procurement contracts for works or services to support the activities of Group companies;
- rent, use, loan or leasing contracts of property or movable assets intended for use by Group banks or companies or to help employees, collaborators or shareholders of these banks and companies;
- contracts concerning the granting or acquisition of access rights to software or its execution or distribution.

For the adoption of framework resolutions, the rules for more and less significant transactions are applied to the transactions submitted for approval, based on the estimated maximum aggregate amount of transactions to be entered into.

Framework resolutions must not last longer than one year and have to contain all foreseeable information about the transactions to which they refer.

Transactions carried out within the ambit of a single framework resolution are authorised directly by the functions and bodies concerned in accordance with the system of delegated powers in force at the time and are no longer subject to the procedures for the management of more or less material transactions.

The Board of Directors receives on a quarterly basis a complete set of information on the status of the framework resolutions (see the paragraph “Information Flows related to Transactions concluded with Relevant Persons – Information to Corporate Bodies and internal functions”).

If a transaction, initially attributable to a framework resolution, according to the assessments of the function that initiates the investigation, does not comply with the requirements of specificity, consistency and determination, the rules generally established for the execution of transactions with Relevant Persons provided for the management of more or less material transactions.

In the event that the maximum amount of transactions with Related Parties, in accordance with the CONSOB Regulation subject to the same resolution, exceeds the threshold of materiality identified, the Italian bank or company of the Group are required to prepare an information document.

9.10 Accumulation of transactions for the calculation of the materiality threshold

Transactions of low amount, less material transactions considered exempt (under the provisions of paragraph 9.13 “Exemption cases”), as well as transactions covered by framework resolutions, covered in an information document set out in paragraph 9.9 “Framework resolutions, are not subject to accumulation.

9.11 Litigation transactions

~~Il Board of Directors di ciascuna Banca o Società del Gruppo è competente, in via esclusiva, a deliberare l'approvazione delle presenti operazioni;~~ For these transactions it is not possible to have recourse to exemption because of the small amount and the ordinary nature of the transaction; according to the amount of these transactions, the additional rules for the management of more or less material transactions apply together with the relative reporting obligations.

For transactions of low amount the approval procedure for less material transactions are applied.

9.12 Urgent transactions

Procedural exceptions are not provided in the event of urgent transactions.

9.13 Exemption cases

Consistently with the provisions of the Consob Regulation and the Bank of Italy's Circular no. 263, , the types of transactions for which partial or full exemption is envisaged under the procedural obligations of these rules are identified below. Even if transactions that generate risk assets fall within the cases of exemption or waiver, they are always taken into consideration when calculating the prudential limits.

The reporting obligations pursuant to art. 17 of the Regulation (EU) 596/2014 (“MAR”) is still binding if the transaction is subject to such regulation (see paragraph 10.3).

9.13.1 *Transactions of low amount*

The approval and/or disclosure requirements laid down in this document do not apply to transactions of low amount

Information flows: transactions of low amount, the counter-value of which is above 200.000 euros, are shown in the quarterly reports submitted to the Board of Directors, the Committee and the Board of Statutory Auditors (see paragraph 10.1).

9.13.2 *Ordinary transactions*

In the case of ordinary transactions concluded at standard/market conditions, the approval requirements laid down in this document for transactions with Relevant Persons do not apply. The related resolution contains elements that prove the ordinary nature of the transaction. It is understood that such exemption does not however include more material transactions.

Information flows: (i) at least on an aggregated basis, is provided to the Corporate Bodies (see paragraph 10.1 below); (ii) periodic financial information (see paragraph 10.4 below).

9.13.3 *Transactions concluded with or between subsidiaries or companies subject to significant influence ("Intragroup")*

Group banks and companies have to comply with the guidelines provided by the Parent Company in making use of this exemption, particularly when assessing whether there are any significant interests of other Related Parties, as well as specific circumstances that are indicative that such interests may exist.

Information flows: (i) at least on an aggregated basis, to the Corporate Bodies, suitable to enable adequate monitoring of these transactions, also by the Committee, in order to implement any corrective measures (see paragraph 10.1 below); (ii) periodic financial information (see paragraph 10.4 below).

As regards more and less material transactions that are exempt under this paragraph, both of a strategic nature (for which the decision-making power is attributed to the Board of Directors, by law or the Articles of Association), and those involving the assumption or the sale of controlling interests or significant investments, the Independent Directors' Committee of the Parent Company is the recipient of a specific flow of preliminary information.

9.13.4 *Transactions related to the remuneration of Company Officers*

For transactions related to the remuneration of company officers, the approval requirements laid down in this document are not applied.

Information flows: (i) at least on an aggregated basis, to the Corporate Bodies (see paragraph 10.1 below); (ii) periodic financial information, where applicable (see paragraph 10.4 below).

For transactions other than those referred to above, the opinion of the Independent Directors Committee is expressed, if necessary, having heard the opinion of the Parent Company's Nominations Committee and Remuneration Committee.

9.13.5 *Compensation plans based on financial instruments*

In the case of compensation plans based on financial instruments pursuant to art. 114-*bis* of the CFA TUF, the approval requirements laid down in this document do not apply

Information flows: periodic financial information, where applicable (see paragraph 10.4 below).

9.13.6 *Transactions to be carried out on the basis of instructions from the Supervisory Authorities*

The approval requirements laid down in this document are not applicable to transactions to be carried out on the basis of instructions issued by the Supervisory Authorities, or based on instructions issued by the Parent Company for the execution of instructions issued by the Supervisory Authority in the interest of the stability of the Group.

Information flows: (i) at least on an aggregated basis, to the Corporate Bodies (see paragraph 10.1 below); (ii) which exclusively refer to operations concluded with Related Parties pursuant to the Consob Regulation, it is necessary that the obligations relating to disclosure to the public of more material transactions, both individually and accumulated, are guaranteed (see paragraph 10.2 below); (iii) periodic financial information (see paragraph 10.4 below); (iv) information to Consob (see paragraph 10.5 below).

This does not include transactions carried out within the scope of the Parent Company's decision-making autonomy, subject to prior authorization or notification to the Supervisory Authority.

9.14 Negative or conditioned opinion of the Committee

In the case of a negative or conditioned opinions to transactions submitted, the approval resolution of the transaction must provide detailed reasons for having been approved in any case and an timely response to the observations made by the Committee.

Furthermore, in the case of a negative or conditioned opinion by the Committee, the approval of Less Material transactions falls within the exclusive competence of the Board of Directors²³, without prejudice to the powers and the responsibilities collectively assigned to this Body by law.

The More Material transactions approved notwithstanding the Committee's negative or conditioned opinion are individually communicated to the Board of Statutory Auditors as soon as approved, without prejudice to the tasks and duties generally established for this Body by civil and banking legislation.

In case of the approval of Less Material Transactions in the presence of the Committee's negative opinion, within fifteen days from the closure of each quarter, a document is made available to the public, according to the methods indicated in Title II, Chapter I of the Issuers' Regulation, containing details of: (a) the counterparty, the subject and the consideration of the Less Material Transactions approved in the relative quarter in the presence of a negative opinion, as well as (b) the reasons for which the opinion was not agreed with.

9.15 "Through" transactions

In all cases where the Parent Company is required to examine and/or approve a transaction carried out by a subsidiary of the BPER Banca Group, even if the subsidiary is not registered as part of the Banking Group as it does not satisfy the "near-banking" requirements, the Parent Company is initially responsible for approving the transaction in accordance with internal approval regulations in force at the time. To this end, the transaction is notified in advance to the Parent Company (or to the direct holding company, if any, but only to examine the transaction).

If the transaction which has to be examined or approved by the Parent Company is being carried out with a Related Party of the Parent Company, the Subsidiary company, having identified the relationship and verified that the transaction is not subject to exemption or waiver as envisaged in this document, informs the Specific Regulatory Requirements Office of the Parent Company.

9.16 Suitable controls for foreign Group banks and companies

Pursuant to Supervisory Provisions, the Parent Company, in order to avoid possible circumvention of legislation through transactions with Associated Persons by the foreign Group banks and companies (within the limits of the local legislation in force at the time), provides such banks and companies with specific instructions and guidelines, requesting the application of controls which are in line with those envisaged in this Policy, applied in proportion to the effective materiality of the potential conflicts of interest.

To this end, appropriate internal operating processes have been defined to handle transactions with Group Relevant Persons, in compliance with the instructions that follow.

a) Independent Directors' Committee

For foreign banks and Italian and foreign non-banking companies, setting up a specific internal committee is not envisaged. The related duties are assigned to the Independent Directors Committee of the Parent Company.

²³ Except for transactions that fall within the sphere of competence of the Shareholders' Meeting, if the Articles of Association so provides.

b) Personal data perimeter

According to the Bank of Italy's Circular no. 263 mentioned above, for transactions with Associated Persons, the foreign banks and non-banking Italian and foreign companies belonging to the BPER Banca Group have to refer to the same perimeter of related parties as defined for the entire Banking Group.

c) Exemptions and exclusions

As regards exemptions and exclusions, in relation to the specific operations of an intermediary, the following exemptions apply, where possible and in the presence of the necessary conditions and requirements:

- for very low amounts;
- for being ordinary according to standard/market conditions, each Supervised Intermediary, considering the type of operations that it carried out, defines what are "ordinary" activities, the standard conditions and those of the reference market;
- intercompany, for transactions with or among subsidiaries or companies subject to significant influence, in the absence of significant interests on the part of other Relevant Persons.

d) Limits to risk assets

Foreign banks and Italian and foreign non-banking companies are required to inform the Parent Company in advance, when necessary, about transactions involving the assumption of risk assets vis-à-vis Group Associated Persons, so that compliance with the prescribed consolidated limit can be verified.

e) Transaction approval procedure

All transactions with Relevant Persons not included in the cases of exemption or exclusion mentioned in this Policy always have to be approved by the Board of Directors of the foreign banks and foreign and Italian non-banking companies, based on the motivated binding opinion of the Parent Company's Independent Directors' Committee; to this end, they transmit the documentation used to prepare the transaction to the Parent Company's Specific Regulatory Requirements Office. The resolutions relating to transactions with Relevant Persons contain adequate justification regarding the expedience and economic convenience of the transaction for foreign banks or for Italian or foreign non-banking companies.

f) Information flows

All transactions with Relevant Persons are recorded in the appropriate Group application in order to generate information flows, with rules of content similar to those laid down in this document.

9.17 Management limits and prudential limits on risk assets with Associated Persons: definition, monitoring and management of breaches

The Parent Company, in the performance of its guidance and coordination duties and in compliance with current legislation, defines the limits for the assumption of risk assets vis-à-vis Associated Persons, which all the Group banks and companies must respect.

The Parent Company identifies and controls, the rules and the instruments for monitoring and managing them.

9.17.1 Risk assets and methods of calculation

In order to comply with the prudential limits, the BPER Banca Group considers all transactions that generate risk assets concluded with Group Associated Persons.

Transactions of an economic nature other than those that generate risk assets are therefore not included in risk assets. In particular, the following are excluded:

- risk assets involved in transactions between entities belonging to the Banking Group;
- assets deducted from own funds in accordance with Chapter 10 of Circular No. 288/13 relating to Large Exposures, temporary exposures related to the provision of the following services: fund transfer and clearing, settlement and custody of financial instruments, in the cases and under the conditions foreseen in

the regulations on Large Exposures, as well as all other cases foreseen in them.

The transactions, whether included or excluded, are in any case subject to the required approval procedures.

To calculate the limits on exposures to Associated Persons, the weighting factors and eligibility conditions of the risk mitigation techniques established for risk concentration discipline are applied²⁴.

9.17.2 *Definition of the management limits and prudential limits on risk assets*

The Group, in line with the provisions of the regulatory reference regulations, adopts a system of limits approved by the Board of Directors of the Parent Company, structured as follows:

- management limits:
 - overall exposure limit (at a consolidated level), related to total exposures towards all Associated Persons, definable as the maximum extent of risk assets expressed as a percentage of Eligible Capital at a consolidated level;
 - internal warning threshold defined for the Group related to the exposure towards a single Associated Person (at a consolidated level) with reference only to the Corporate Officers category;
- prudential limits:
 - exposure limits on single Associated Persons in line with Supervisory Provisions and referred to Eligible Capital on an individual and consolidated basis and differentiated according to the type of Associated Persons;

The levels established for the above-mentioned limits are shown in "Attachment 2 – Management limits and prudential limits to risk assets with Associated Persons "

9.17.3 *Monitoring and management of breaches of internal and prudential limits*

The BPER Group has adopted a specific system for monitoring transactions with Associated Persons in order to guarantee ongoing compliance with the management and prudential limits to risk assets. Therefore each new transaction requested with Associated Persons produces a control which blocks the resolution in the event of a breach of the prudential and management limits. However, if a preliminary control shows only a breach of the internal warning threshold (by Corporate Officers and the persons associated to them), the new transaction requested can be approved by the competent Bodies and subsequently completed if, after examining all of the risk assets currently in existence with the Group attributable to the single Corporate Officers and any persons associated to them, a repayment plan is drawn up beforehand for the entire amount to be repaid, reducing the balance below the prescribed internal limit within a maximum of six months. The repayment plan is approved by the Board of Directors of the Parent Company; the Board of Directors of the individual Group Banks and/or Companies involved take note of this decision, taking steps to implement it²⁵.

If the repayment plan is not approved, the transaction cannot be carried out.

Without prejudice to compliance with prudential limits, if for reasons beyond the control of the Parent

²⁴ It should be noted that, according to the rules on risk concentration, unsecured and financial guarantees (within the limits and conditions at which they are admitted) make it possible to apply the substitution principle, i.e. to ascribe the exposure to the protection provider rather than to the main associated debtor. For the substitution principle to have the effect of reducing the exposure to a certain body of associated persons, the protection provider obviously must not be linked, directly or indirectly, to the body of associated persons in question.

²⁵ The repayment plan is communicated to the Bank or Company where the transaction that led to the overrun that exceeded the internal management limit set for the Group was carried out; if the repayment plan impacts relationships between the relevant counterparty and other Entities, they receive the same communication.

Company or of the subsidiary companies, one or more limits are exceeded, the risk assets must be reduced to below the limits as soon as possible.

To this end, within 45 days of the limit being exceeded, the Parent Company prepares a repayment plan that is approved by the Board of Directors on the proposal of the Chief Executive Officer, after consulting the Board of Statutory Auditors.

The repayment plan, formulated in this way, is communicated to any Group Banks or Companies involved, which take steps to implement it.

The plan is also sent to the Bank of Italy within 20 days of approval by the Parent Company's Board of Directors, together with the Minutes of the relevant board resolutions.

If the overrun of the limit involves a Related Party (pursuant to Circular no. 263 of the Bank of Italy) by virtue of an investment held in a Bank or Company of the Banking Group, the administrative rights associated with the investment are suspended.

9.18 General supervision of employees and collaborators

In addition, the BPER Banca Group oversees transactions that show potential risks of conflicts of interest - in particular transactions concerning the provision of credit - as employees and collaborators may have an interest in other activities.

In order to preside over such situations, the Group takes into consideration at least the group of persons identified in connection with the BPER Banca Group's current remuneration policies in force from year to year.

In accordance with what is laid down in the Code of Ethics, employees must avoid any situation or personal activity that could lead to real or even potential conflicts of interest with the company or that could interfere with the ability to make impartial decisions in the best interests of the Group.

In addition, in compliance with the regulation governing "Personal Transactions" and its Code of Conduct, it is the duty of each relevant person to report potential situations of conflict of interest that might result in violations of current regulations and internal rules.

In any event, if when exercising their professional activities and managerial skills in a relationship (e.g. granting credit, transferring a loan to non-performing, etc.), a real or potential conflict of interest arises or could arise, employees and collaborators must inform their immediate superior, without going ahead with any transaction.

9.19 Organizational Units of the Parent Company

Guidance and Coordination duties

Risk Management Department

- together with the Credit Area, proposes the updating of the management limits related to risk assets with Associated Persons to the Corporate Bodies of the Parent Company ;
- handles the measurement and monitoring of the risks underlying relationships with Associated Persons performing, in particular, analyses on the credit risk profile and single file review activities on such counterparties: the results of these activities are periodically included in the periodic information submitted to the Corporate Bodies.

Compliance Function

- proposes to the Corporate Bodies of the Parent Company for their approval the metrics and tolerance thresholds for the risk of non-compliance to regulations;
- it verifies the existence and reliability on an on-going basis of procedures and systems suitable to ensure compliance with all regulatory obligations and those established by internal regulations regarding conflicts of interest vis-à-vis Relevant Persons and risk assets vis-à-vis Associated Persons. In particular:

- it identifies non-compliance risks, at Group level, examining the standards applicable to the Group on an on-going basis and assessing their impact on Banks e Group companies;
- It proposes organisational and procedural interventions to ensure adequate protection from any risks of non-compliance that have been identified and monitors their implementation.

Administration and Supervisory Reporting Function

- identifies the situations that, in accordance with compliance risk regulations, generate “risk assets with Relevant Persons”;
- communicates these situations to the SRRO, as quickly as possible, in order to update/carry out maintenance on the IT application, also in preparation of the overall activities related to so-called on-going monitoring.

Credit Area – Operational Loan Management and Credit Advisory Office

- provides on-going management and monitoring of both individual and consolidated management and prudential limits, of the risk assets, after consulting the various competent corporate functions, and handles the periodic information for the Corporate Bodies of the Parent Company and the Group Companies;
- together with the Risk Management Department, proposes to the Corporate Bodies, the updating of the management limits related to risk assets with Associated Persons;
- handles the detection and the management of overruns of the management and prudential limits.

Specific Regulatory Requirements Office

- maintains the personal data perimeter of the BPER Banca Group on an ongoing basis, after consulting the Financial Reporting Office, the Equity Investments and Special Projects Office and the Operational Loan Management and Credit Advisory Office of the Parent Company;
- draws up the proposal to revise the model of governance of the risk of non-compliance with regard to conflicts of interest with related parties and risk assets vis-à-vis Associated Persons.

Duties of BPER Banca

Manager Responsible for Preparing the Company's Financial Reports

- receives the information related to the transaction performed with Relevant Persons;
- receives the information related to risk assets (individual and consolidated exposure) with Associated Persons.

Servizio Compliance

- identifies, at the level of individual company, the risks of non-compliance and continuously examines the applicable rules, assessing their impact on corporate performance;
- is involved in the ex-ante assessment of compliance with regulations applicable to all innovative projects (including the launch of new products or services) that BPER Banca intends to undertake, as well as in the prevention and management of conflicts of interest concerning the various activities carried out by the Bank as well as employees and corporate officers;
- performs system evaluations to verify compliance on the part of all operations;

- performs functional checks on the compliance of processes and procedures; to carry out these functional checks, it can make agreements with the Group Internal Audit Management, in accordance with the principle of cost effectiveness; in any event, it is always possible to carry out direct checks in cases where such investigations require specialist skills or are particularly urgent;
- monitors particular company phenomena, based on a materiality levels to check that procedures are suitable to ensure compliance with the rules of conduct;
- proposes organisational and procedural interventions to ensure adequate protection from any risks of non-compliance that have been identified and monitors their implementation.

Specific regulatory requirements office

- verifies transactions carried out with Relevant Persons and, under the competition rules, persons as per art. 136 CBA, also using the IT application made available for the purpose;
 - performs the activities related to the approval of the transaction by the competent Decision-Making Bodies and the advance involvement of the Independent Directors Committee - in the cases envisaged, already in the phases of negotiations and in the course of the investigation - for the purpose of issuing the (binding or non-binding) opinion or completing the information for disclosure;
- manages and creates statistics for transactions, also using the IT application made available for the purpose;
- prepares the information flows to the Bank's corporate bodies and to the public on transactions with Relevant Persons after consulting the Financial Reporting Office, the Supervisory Reporting Office, the Monitoring and Control of Financial Reporting Office of the Parent Company;
- looks after the formalisation of information flows relating to transactions with Relevant Persons for the Corporate Bodies, the Independent Directors Committee and the Manager responsible for preparing the company's financial reports.

Operational Loan Management and Credit Advisory Office

- it prepares the reports on risk assets vis-à-vis Associated Persons, intended for the Corporate Bodies and Board sub-committees, completing the information to be disclosed.

Duties of other Group companies

Compliance Function

- identifies, at the level of individual company which has a Compliance Function, the risks of non-compliance and continuously examines the applicable rules, assessing their impact on corporate performance;
- it is involved in the *ex-ante* assessment of compliance with regulations applicable to all innovative projects (including the launch of new products or services) that the Company intends to undertake, as well as in the prevention and management of conflicts of interest concerning the various activities carried out by the Company as well as employees and corporate officers;
- it performs system evaluations to verify compliance on the part of all operations;
- it performs functional checks on the compliance of processes and procedures; to carry out these functional checks, it can make agreements with the Group Internal Audit Management, in accordance with the principle of cost effectiveness; in any event, it is always possible to carry out direct checks in cases where such investigations require specialist skills or are particularly urgent;
- it monitors particular company phenomena, based on a materiality levels to check that procedures are suitable to ensure compliance with the rules of conduct;
- It proposes organisational and procedural interventions to ensure adequate protection from any risks of non-compliance that have been identified and monitors their implementation.

Specific Regulatory Requirements Office

Companies subject to so-called "Suitable Controls"

- it handles the formalities in connection with the advance involvement of the Independent Directors' Committee, during a preliminary investigation, for the purpose of issuing the (mandatory and binding) opinion in cases of application of the "Suitable Controls" and on the conclusion of "through" transactions;

For **Group banks**

- it prepares the information flows to the corporate bodies relating to transactions with Relevant Persons.

Operational Loan Management and Credit Advisory Office

- it prepares monthly and quarterly reports on risk assets to Associated Persons, intended for Corporate Bodies and Board sub-committees.

9.20 Companies' Organizational Units

Duties of the other Companies

Manager Responsible for Preparing the Company's Financial Reports²⁶

- receives the information related to the transactions carried out with Relevant Persons.

Organizational Unit responsible for compliance with the rules on Relevant Persons²⁷

For **Italian Group Banks**

- it verifies transactions carried out with Relevant Persons and, under the competition rules, persons as per art. 136 CBA, also using the IT application made available for the purpose;
- it manages and creates statistics for transactions, also using the IT application made available for the purpose;
- it performs the activities related to the approval of the transaction by the competent Decision-Making Bodies and the advance involvement of the Independent Directors Committee - in the cases envisaged, already in the phases of negotiations and in the course of the investigation - for the purpose of issuing the (binding or non-binding) opinion or completing the information for disclosure;
- it looks after the formalisation of information flows, on an individual basis, relating to transactions with Relevant Persons for the Corporate Bodies, the Board Sub-committees and, where present, the Manager responsible for preparing the company's financial reports.

for **Foreign Banks and Italian and foreign non-banking companies**

- it verifies transactions carried out with Relevant Persons, also using the IT application made available for the purpose;
- it manages and creates statistics for transactions, also using the IT application made available for the purpose;
- it prepares the communication to its own corporate bodies on the results of applying "Suitable Controls" in the cases where this is foreseen.

Tasks for other Group companies

Not envisaged.

²⁶ Where envisaged.

²⁷ For the identification of the OUs in question at banks and companies of the banking Group reference should be made to attachment 1 "Links with o.u".

9.21 Parent Company's Corporate Bodies

Roles and responsibilities of guidance and coordination

Board of Directors

- Approves any proposals for changes to the management limits (overall exposure limits related to total exposures towards all Associated Persons and the internal warning threshold);
- in cases where the internal management limit defined for the Group has been exceeded, as well as in cases where the individual and consolidated prudential limits have been exceeded, it approves the agreed repayment plan.

Chief Executive Officer

- it proposes changes to this Policy, also at the time of the review, after consultation with the General Affairs Department;
- in cases where the internal prudential and management limits defined for the Group have been exceeded, proposes a repayment plan to the Board of Directors;
- it proposes to the Board of Directors any changes to the overall exposure limits and the internal warning threshold;

Independent Directors' Committee

- plays a role that involves carrying out evaluations, providing support and making proposals on organisational matters and on the performance of internal controls with respect to the overall assumption and management of risk versus associated persons, as well as carrying out general checks on the overall consistency with the strategic and management guidelines;

Roles and responsibilities exercised for BPER Banca

Board of Directors

- receives the quarterly reports on transactions with Relevant Persons;
- receives the quarterly reports on risk assets (consolidated and individual exposures) vis-à-vis Associated Persons;
- approves transactions with persons as per art. 136 of the CBA and transactions with Relevant Persons in the cases where this is foreseen;
- approves all more and less material transactions when the Independent Directors Committee has issued a negative or conditional opinion;
- approves the operating rules of the Independent Directors' Committee.

Chief Executive Officer

- receives the quarterly reports on transactions with Relevant Persons;
- receives the quarterly reports on risk assets vis-à-vis Associated Persons

Independent Directors' Committee

- expresses a binding opinion for more material transactions;
- expresses a non-binding opinion for less material transactions;
- acts in an advisory role for transactions pursuant to art. 136 CBA not of a low amount;

- receives information related to transactions with Relevant Persons;
- receives information related to risk assets with Associated Persons;
- on first time approval or at the time of review it expresses in advance a binding, analytical and motivated opinion on the overall suitability of the Policy to achieve the objectives set by the relevant legislation.

Roles and responsibilities for other Group companies

Independent Directors Committee

in cases of appeal and application of "Suitable Controls", for which reference should be made to the paragraph where this was discussed (9.1.14)

- expresses a binding opinion for more material transactions;
- expresses a non-binding opinion for less material transactions.

9.22 Companies' Corporate Bodies

Board of Directors

- approves transactions with persons as per art. 136 of the CBA and transactions with Relevant Persons in the cases where this is foreseen;²⁸
- in cases where the internal management limit defined for the Group has been exceeded, as well as in cases where the individual and consolidated prudential limits have been exceeded, it takes note of the repayment plan set by the Parent Company, taking steps to implement it, if the Entity is interested;
- in cases where the individual and consolidated prudential limits have been exceeded, it takes note of the repayment plan set by the Parent Company, taking steps to implement it, if the Entity is interested;
- receives the quarterly reports on transactions with Relevant Persons (carried out directly or indirectly by the Bank or by the Company);
- receives the quarterly reports on risk assets vis-à-vis Associated Persons;
- approves all more and less material transactions when the Independent Directors Committee has issued a negative or conditional opinion;
- approves the operating rules of the Independent Directors' Committee.

General Manager

- receives the information related to transactions with Relevant Persons (carried out directly or indirectly by the Bank or by the Company);
- receives the information related to risk assets vis-à-vis Associated Persons.

Independent Directors' Committee

- expresses a binding opinion for more material transactions;
- expresses a non-binding opinion for less material transactions;
- acts in an advisory role for transactions pursuant to art. 136 CBA not of a low amount;
- receives information related to transactions with Relevant Persons (carried out directly or indirectly

²⁸ Exclusively for Group banks.

- by the Bank or by the Company);
- receives information related to risk assets with Associated Persons;
 - on first-time approval, at the time of review it expresses in advance, a binding, analytical and motivated opinion on the overall suitability of the Policy to achieve the objectives set by the relevant legislation.

10. Information Flows

10.1 *Information flows related to transactions with Relevant Persons – Reporting to Corporate Bodies and internal functions*

The Board of Directors, the Board of Statutory Auditors, the Independent Directors' Committee and the Chief Executive Officer²⁹ are the recipients of a quarterly report (containing at least the name of the counterparty the subject and the amount of each transaction) in relation to:

- a) more material transactions;
- b) less material transactions, with a specific list of the transactions approved with a negative opinion from the Independent Directors Committee;
- c) transactions subject to exemption for an amount exceeding Euro 200,000;
- d) implementation of the framework resolutions, as well as the individual transactions approved under them;
- e) transactions involving losses, a transfer to non-performing loans, in- or out-of-court settlements.

This report is prepared by the Specific Regulatory Requirements Office of the Parent Company for all of the Group's Italian banks

The above-mentioned Office³⁰, making use of the specific systems and applications acquired by the Group, will prepare this report for the Independent Directors' Committee set up at each Bank or for the bodies that perform this Committee's function.

With exclusive reference to the BPER Banca Group banks or companies subject to the provisions of the CONSOB Regulation, in order to ensure coordination with the activities carried out by the Parent Company pursuant to art. 154 bis of the CFA, the Manager responsible for preparing the company's financial reports is the recipient of a quarterly report (containing at least the name of the counterparty, the subject and the amount of each transaction), relating to all transactions.

10.2 *Disclosure to the public of more material transactions, both individually and accumulated*

Only banks and companies of the BPER Banca Group that are subject to the CONSOB Regulation are required to comply with the public disclosure requirements.

The information to be disclosed is prepared by the Specific Regulatory Requirements Office of the Parent Company or by the equivalent function at each Group bank or company.

²⁹General Manager, if the company has not appointed a Chief Executive Officer.

³⁰Or the equivalent function at each Bank .

For these purposes, the structure can make use of any additional support from other functions that are responsible at the time for the activities involved in publishing the information referred to in this paragraph, and informs the Monitoring and Control of Financial Reporting Office.

Group banks or companies have to comply with the following requirements in relation to transactions with Related Parties pursuant to the CONSOB Regulation:

- a) in the event of more material transactions, carried out also by Italian or foreign subsidiaries, pursuant to art. 114, paragraph 5 of the CFA, an information document has to be prepared in accordance with Attachment 4 of CONSOB Regulation no. 17221 ("**Information document relating to more material transactions with related parties**"). This document is made available to the public at the registered office and in the manner indicated in Title II, Chapter I, of the Issuers' Regulation within seven days of the transaction being approved by the competent body, or, if the competent body decides to submit a contractual proposal, from the moment in which the contract, also in preliminary form, is concluded according to the applicable regulations. In cases where it is within the sphere of competence or authorisation of the Shareholders' Meeting, this information document is to be made available within seven days of approval of the proposal to be submitted to the Meeting;
- b) it prepares the same document referred to in point a) even if, during the course of the financial year, less material transactions are concluded with the same Related Party or with Associated Persons connected with the latter or with the companies, which are similar in type or carried out in execution of a single plan which, even if not classifiable as more material transactions, exceed the materiality thresholds set if considered on a cumulative basis. To this end, transactions carried out by Italian or foreign subsidiaries are also taken into consideration, whereas any transactions excluded as they are approved under the exemption regime are not taken into consideration. The information document is made available to the public:
 - within fifteen days of approval of the transaction or of signing the contract that causes the materiality threshold to be exceeded and contains information, also on an aggregated basis for similar types of transactions, on all transactions considered for accumulation purposes;
 - if the transactions that cause the materiality thresholds to be exceeded are carried out by subsidiaries, the information document is made available to the public within fifteen days of the moment when the Company required to prepare the document had notice of approval of the transaction or of the signing of the contract that led to it being material. In this regard, the Group bank or company required to prepare the document has to issue the necessary instructions for the subsidiaries to provide the information needed to prepare the document. The subsidiaries are required to transmit the necessary information on a timely basis;
- c) with the same timing provided for in points a) and b) of this paragraph, the Group bank or company makes available to the public any opinions of the Independent Directors and independent experts, as an attachment to the information document referred to in point a) or on the website. With reference to the opinions of independent experts, the bank or company can publish only the items indicated in Attachment 4 of the CONSOB Regulation ("**Information document relating to more material transactions with related parties**"), explaining the reasons for this decision;
- d) if, in relation to a more material transaction with a Related Party the bank or company is required to prepare an information document pursuant to art. 70, paragraphs 4 and 5, and 71 of the Issuers' Regulation, it can publish a single document containing the information required in point a) and in articles 70 and 71 referred to previously. In this case, the document is made available to the public at the registered office and in the manner indicated in Title II, Chapter I, of the Issuers' Regulation by the shortest deadline envisaged in each of the applicable provisions. If the bank or company decides to publish the information requested in two separate documents, it is possible to include, by reference, the information already published;

The Manager responsible for preparing the company's financial reports receives from the Parent Company's Specific Regulatory Requirements Office, or from the equivalent function at the Group bank or company, the information prepared by this unit together with any items to be used in its analysis in order to

issue the attestation as per art. 154 bis, paragraph 2 of the CFA.

10.3 Disclosures to the public pursuant to art. 17 MAR

If a transaction with Relevant Persons is subject to the disclosure obligations of art. 17 of the Regulation (EU) no. 596/2014 (“**MAR**”), the relative Group Bank or Company, in addition to the other information to be published pursuant to the regulations mentioned above, must also provide the following information:

- a) an indication that the counterparty in the transaction is a Related Party and a description of the nature of the correlation;
- b) the name of the counterparty in the transaction;
- c) whether or not the transaction exceeds the materiality thresholds established in paragraph 4 above and an indication of any subsequent publication of an information document;
- d) the procedure that was followed or to be followed for the approval of the transaction and, in particular, if the bank or company took advantage of any exclusions under arts. 13 and 14 of CONSOB Regulation no. 17221/10;
- e) whether the transaction was approved despite the contrary opinion of the Independent Directors’ Committee.

The information to be disclosed is prepared by the Specific Regulatory Requirements Office of the Parent Company or by the equivalent function at each Group bank or company.

For these purposes, the structure can make use of any additional support from other functions that are responsible at the time for the activities involved in publishing the information referred to in this paragraph

10.4 Periodic financial information to the public

Only the Group banks and companies subject to the CONSOB Regulation have to fulfil the financial reporting requirements, without prejudice to the disclosure requirements of IAS 24.

The information is prepared by the Parent Company's Administration and Financial Reporting Department or by the equivalent department at another Group bank or company also required to provide the same information on the basis of the documentation sent by the Parent Company's Specific Regulatory Requirements Office, or the equivalent function at each Group bank or company.

The bank or the issuer issuing listed shares with Italy as its member state of origin, pursuant to art. 154-ter of the CFA, has to provide the following information in its directors' report on operations included in the financial statements and in the interim report on operations of the Group included in the consolidated half-yearly financial report:

- a) on the more material individual transactions concluded during the reference period (also through subsidiaries);
- b) on other individual transactions with Related Parties as defined under article 2426, second paragraph, of the Italian Civil Code, entered into in the reporting period, that have materially impacted the financial position and results of the Bank or Company;
- c) on any changes or developments in related-party transactions disclosed in the last annual report that have had a material effect on the financial position or results of Bank or Companies in the reference period.

As regards, in particular, the information to be included in periodic documents on individual transactions, the following items of information are considered to be important:

a) in the annual report on operations:

1. where applicable, a description of policies for the identification of related-party transactions and the strategy followed for such transactions;

2. an indication for each transaction of the following information, which may be in tabular form:
 - the name of the transaction counterparty;
 - the nature of the relationship with the related party;
 - the object of the transaction;
 - the consideration for the transaction;
 - any other information that may be necessary for an understanding of the impact of related party transactions on the financial statements;

b) in the interim report on operations:

1. any changes or developments in related-party transactions disclosed in the last annual report that have had a material effect on the financial position or results of companies in the reference period;
2. an indication for each transaction of the information required in letter a) of point 2), which may be in tabular form:

Banks or companies can include this information in their periodic financial documentation by reference to the information documents published according to the rules on periodic disclosures to the public.

Moreover, in the event of an exception to the disclosure requirements for more material transactions, the disclosure to be made to the public pursuant to art. 17 of the MAR is still binding:

- the banks or companies with shares listed on regulated markets have to indicate in their interim report on operations and in their annual report on operations, as part of the information indicated above, which transactions subject to disclosure obligations have been carried out taking advantage of the exclusion as the terms are equivalent to standard market conditions;
- the banks or the companies with widespread shares have to indicate in their report on operations the name of the counterparty, the subject and the consideration involved in more material transactions carried out during the financial period, taking advantage of the exclusion as the terms are equivalent to standard market conditions.

10.5 Information to Consob

Only the Group banks and companies subject to the CONSOB Regulation have to comply with the disclosure requirements for information to be reported to CONSOB.

At the same time that information documents are distributed to the public, the bank or company has to transmit the same documents and opinions to CONSOB through the link with the authorized storage mechanism pursuant to art. 65-septies, paragraph 3, of the Issuers' Regulation.

With reference to exempt ordinary transactions carried out at terms equivalent to standard market conditions, the bank or company has to inform CONSOB of the name of the counterparty, the object and the consideration of any transactions that benefited from the exclusion by the set deadline.

10.6 Information flows relating to risk assets with Associated Persons

Information to the Corporate Bodies

AI quarterly report has to be sent to the Parent Company's Board of Directors, Board of Statutory Auditors and Independent Directors' Committee, with the following information:

- a) consolidated exposure³¹ attributable to all Associated Persons³²;

³¹ Exposure calculated on the consolidated eligible capital.

- b) consolidated exposure attributable to individual Associated Persons;
- c) individual exposure³³ attributable to all the Associated Persons;
- d) individual exposure attributable to single Associated Persons.

The Boards of Directors, Boards of Statutory Auditors, Independent Directors' Committees of the individual Italian Banks receive a quarterly report relating to individual exposures attributable to single Associated Persons.

The same information has to be reported to the Chief Executive Officer of the Parent Company on a monthly basis.

The same information has to be sent to the General Managers of the individual Group Banks³⁴ on a monthly basis.

The same information has to be sent to the Internal Audit Department on both a monthly and quarterly basis.

With specific regard to the stage of implementation of any repayment plans approved by the Parent Company's Board of Directors, in cases where the prudential limits or internal management limit for the Group have been exceeded, a quarterly report on the implementation of such repayment plans has to be sent to the Boards of Directors of the individual Group banks and companies concerned³⁵ by the competent corporate and Group structures.

10.7 Supervisory reports

10.7.1 Information flows relating to transactions with Associated Persons

In accordance with the reporting formats laid down in Circular 286/2013 and subsequent updates, the Parent Company has to send information flows during the reference period indicated below:

- on a quarterly basis: including all of the more material transactions carried out;
- on an annual basis: all transactions with Associated Persons, with exclusion from the scope of recognition of transactions of low amount and of transactions non-classifiable as more material which, jointly, are: i) inter-company; ii) ordinary; iii) concluded at market conditions.

10.7.2 Information flows relating to risk assets with Associated Persons

In accordance with the reporting formats laid down in Circular 286/2013 and subsequent updates, the Parent Company has to send quarterly information flows containing the overall exposures with Associated Persons outstanding at the reference date which exceed the lower of the following amounts: i) 250,000 euro; ii) 2% of eligible individual capital.

³² Broken down by macro type: Corporate Officers; participants in control or able to exercise significant influence; other participants and persons different from the participants; persons subject to control or significant influence.

³³ Exposure calculated on the individual eligible capital.

³⁴ If there is no Chief Executive Officer.

³⁵ To be understood as the Group Entities involved in measures referred to in the approved repayment plan.

Sender	Recipients	Description of the flow	Frequency
Flussi informativi relativi ad operazioni concluse con Relevant Persons			
Specific Regulatory Requirements Office (or by the corresponding structure at the Group bank that carried out the transaction)	Board of Directors* Chief Executive Officer** Board of Statutory Auditors* Independent Directors' Committee * Manager Responsible for preparing the Company's financial reports (where envisaged) * *of the Parent Company and the Group Banks ** General Manager; if the company has not appointed a Chief Executive Officer.	Information on transactions concluded with Related Parties e Associated Persons	On a quarterly basis
Specific Regulatory Requirements Office (or by the corresponding structure at the Group bank that carried out the transaction)	Public	Disclosure to the Public on more material transactions with Related Parties both individually and accumulated	When the event takes place
Specific Regulatory Requirements Office (or by the corresponding structure at the Group bank that carried out the transaction)	Public	Disclosure to the Public pursuant to art.17 MAR	When the event takes place
Administration and Financial Reporting Department of the Parent Company	Public	Periodic information to the Public	Semi-annual/annual
Information flows related to risk assets with Associated Persons			
Operational Loan Management and Credit Advisory Office of the Parent Company	Chief Executive Officer** Internal Audit Department * of the Parent Company and the Group Banks (for the latter the information is limited to letters c and d) ** General Manager; if the company has not appointed a Chief Executive Officer.	Information on: a) consolidated exposure attributable to all Associated Persons; b) consolidated exposure attributable to individual Associated Persons; c) individual exposure attributable to all Associated Persons; d) individual exposure attributable to individual Associated Persons.	On a monthly basis
Operational Loan Management and Credit Advisory Office of the Parent Company	Board of Directors* Chief Executive Officer** Board of Statutory Auditors* Independent Directors' Committee* Manager Responsible for preparing the Company's financial reports* Internal Audit Department *of the Parent Company and the Group Banks (for the latter the information is limited to letters c and d.) ** General Manager; if the company has not appointed a Chief Executive Officer.	Information on: a) consolidated exposure attributable to all Associated Persons; b) consolidated exposure attributable to individual Associated Persons; c) individual exposure attributable to all Associated Persons; d) individual exposure attributable to individual Associated Persons.	On a quarterly basis
Supervisory Reports			
PUMA2 Office/Parent Company Supervision	Bank of Italy	Information on more material transactions;.	On a quarterly basis
PUMA2 Office/Parent Company Supervision	Bank of Italy	Disclosure relating to transactions with Associated Persons (excluding transactions of low amount and non-classifiable as more material, at the same time intercompany, ordinary and carried out at standard market conditions).	On an annual basis
PUMA2 Office/Parent Company Supervision	Bank of Italy	Flows bearing the total exposures to Associated Persons outstanding at the reference date, which exceed the lower of the following amounts: i) 250,000 euro; ii) 2% of eligible individual capital.	On a quarterly basis

11. Attachment 1 “Connection of the Organizational Units”

This attachment identifies the “Organizational Units of the Group bank/company responsible for compliance with the overall regulations on Relevant Persons”³⁶

B. SARDEGNA	CR BRA	CR SALUZZO	B. SASSARI	BPER LUX	BPER SERVICES	MO TERMINAL	NADIA	NUMERA	THOLOS
Specific Regulatory Requirements Office	General Management Staff	General Affairs Office	Legal Office and Secretariat		Organization Office ³⁷				

BPER CREDIT MANAGEMENT	EMIL-RO FACTOR	SARDALEASING	ESTENSE C.B.	MUTINA	ESTENSE C.B. CPT	OPTIMA SIM	BPER TRUST COMPANY

³⁶ Where the local Organizational Unit is not indicated, the transactions have to be understood as carried out by the Parent Company’s Organizational Unit.

³⁷ Only for outsourcing.

12. Attachment 2 “Management limits and prudential limits to risk assets with Associated Persons”

Management limits:

Overall exposure limits (at a consolidated level)

These refer to total exposures towards all Associated Persons, definable as the maximum extent of risk assets expressed as a percentage of Eligible Capital at a consolidated level, with differentiated levels according to the type of Associated Person;

TIPOLOGIA SOGGETTI COLLEGATI	% CAPITALE AMMISSIBILE CONSOLIDATO
ESPONENTI AZIENDALI	2,50%
PARTECIPANTI DI CONTROLLO O IN GRADO DI ESERCITARE UN'INFLUENZA NOTEVOLE E ALTRI PARTECIPANTI	7,50%
SOGGETTI SOTTOPOSTI A CONTROLLO O INFLUENZA NOTEVOLE	30%
MISURA MASSIMA TOTALE DELLE ATTIVITA' DI RISCHIO VERSO LA TOTALITA' DEI SOGGETTI COLLEGATI	40%

Internal warning threshold

Defined as **2,5% of Eligible Capital at a consolidated level** and is related to the exposure at a consolidated level towards a single Associated Person with reference only to the Corporate Officer category.

Prudential limits:

Exposure limits on individual Associated Persons in line with Supervisory Provisions and referred to eligible capital on an individual and consolidated basis and differentiated according to the type of Associated Persons.

In particular there are two types of exposure limits **at a single Associated Person level**:

- **Consolidated limits**, with reference to the **Banking Group** exposure towards a Related Party and the relative connected parties, differentiated by the type of Associated Persons;
- **Individual limits**, with reference to the exposure of **the individual Bank** towards Related Parties and the relative connected parties and is common to all the types of Associated Persons.

		Soggetti Collegati			
		Esponenti aziendali	Partecipanti di controllo o in grado di esercitare un'influenza notevole	Altri partecipanti e soggetti diversi dai partecipanti	Soggetti sottoposti a controllo o influenza notevole
Limiti consolidati	5%	Parti correlate non finanziarie			
		5%	7,50%	15%	
		Altre parti correlate			
		7,50%	10%	20%	
Limite individuale	20%				