PRESS RELEASE

2022-2025 GROUP BUSINESS PLAN

"BPER e-volution"

THE PLAN ENVISAGES THE EVOLUTION TOWARDS A MULTI-SPECIALIST, CAPITAL-LIGHT BUSINESS MODEL CAPABLE OF ENHANCING THE GROUP'S NATIONAL SCALE, PRODUCT FACTORIES AND SPECIALISED DISTRIBUTION CHANNELS, VIA A PROFOUND TECHNOLOGICAL AND DIGITAL TRANSFORMATION

NET PROFIT ON THE RISE TO € 800 MLN IN 2025 WITH ROTE >10%

50% PAYOUT RATIO IN 2025
TARGET DIVIDENDS OF AT LEAST € 1 BN TO BE DISTRIBUTED OVER THE PLAN PERIOD

PRESERVATION OF STRONG CAPITAL SOLIDITY WITH A FULLY-PHASED CET1 RATIO >13%

ACCELERATION OF DE-RISKING VIA A MIX OF INDUSTRIAL ACTIONS AND ADDITIONAL DISPOSALS (BAD LOAN PLATFORM AND NPE PORTFOLIO)

- Gross NPE ratio considerably below 4% throughout Plan period (3.6% in 2025) even factoring in potential impacts from a worsening macro scenario

SELECTIVE DIVESTMENT OF NON-CORE ASSETS WITH A POSITIVE CET1 IMPACT OF OVER € 500 MLN

NETWORK DOWNSIZING BY APPROX. 600 BRANCHES BY 2024 (-29% VS. 31/12/2021)[1], 140 OF WHICH ALREADY CLOSED

OPERATING MODEL SIMPLIFICATION TO FOSTER MARKED EFFICIENCY AND PRODUCTIVITY IMPROVEMENT

- IT investments for over € 500 mln, almost three times prior Plan
- Structural reduction of personnel costs driven by generational and professional turnover in favour of skills and competencies in line with the new requirements of the Business Plan (in particular Bancassurance, Wealth Management, CIB, Digital, IT, Data Scientists and ESG)

FUTURE ESG STRATEGY DEFINED, IN THE AIM TO CREATE SHARED VALUE WITH CONCRETE MEASURES AND OBJECTIVES FOR ALL LINES OF ACTION IN THE BUSINESS PLAN

- € 7 bn earmarked for green loans to support the climate and energy transition of businesses and households

[1] Referring to a pro-forma number of branches of 2,124 including Banca Carige (1,742 BPER + 382 Carige) at 31/12/2021.

BPER Banca S.p.A., Head Office in Via San Carlo 8/20, Modena - Tax Code and Modena Companies Register No. 01153230360 – Company belonging to the BPER BANCA GROUP VAT, VAT No. 03830780361 – Share capital Euro 2,100,435,182.40 - ABI Code 5387.6 - Register of Banks No. 4932 - Member of the Interbank Deposit Guarantee Fund and of the National Guarantee Fund - Parent Company of the BPER Banca S.p.A. Banking Group - Register of Banking Groups No. 5387.6 - Tel. +39 059.2021111 - Telefax +39 059.2022033 - e-mail: servizio.clienti@bper.it - Certified e-mail (PEC): bper@pec.gruppobper.it - bper.it – istituzionale.bper.it

Main economic-financial objectives of the Plan

Income Statement *(€/mln)*	**2021 normalised**[2]	**2024**	**2025**
Net Interest Income	1,505	~1,920	~1,950
Net commission income	1,642	~2,125	~2,180
Other income	233	~245	~245
Operating Income	**3,380**	**~4,290**	**~4,370**
Operating Costs	**(2,099)**	**~(2,570)**	**~(2,530)**
Net operating income	**1,281**	**~1,715**	**~1,840**
LLPs	(528)	~(635)	~(590)
Net Operating Income after provisioning	**753**	**~1,080**	**~1,250**
Profit before tax	**580**	**~930**	**~1,160**
Net profit[3]	**384**	**~640**	**~800**

Balance Sheet *(€/bn)*	**2021 normalised**	**2024**	**2025**
Loans to customers	~79	~93	~95
Total direct funding	~101	~112	~111
Total indirect funding	~166	~187	~190

Indicators (%)	**2021 normalised**	**2024**	**2025**
ROTE	n.s.	~8.9%	>10%
C/I ratio	62%	~60%	<58%
Cost of risk (bps)	67	~68	~60
Gross NPE ratio	4.9%	~3.7%	~3.6%
NPE coverage	60.4%	~47.4%	~50.9%
CET 1 ratio fully phased	13.5%	>13%	>13%
Dividend payout[4]	~20%	~50%	~50%

[2] Calculated by excluding from the Income Statement the one-off items reported in the FY21 presentation and assuming a tax rate of 28%. Data does not include Banca Carige input.
[3] Net profit for 2024 and 2025 factors in €112 mln and €50 mln worth of provisions for contributions to banking system funds.
[4] calculated on normalised profit.

Modena, 10 June 2022. The Board of Directors of BPER Banca yesterday reviewed and approved the 2022-2025 Group Business Plan (the “**Plan**”).

Bper’s Chief Executive Officer Piero Luigi Montani commented: *“The 2022-2025 Business Plan approved by the BoD outlines a new phase of the BPER Banca Group with ambitious objectives that we know are well within our reach, building on the remarkable results achieved by BPER today in terms of improved competitive positioning, profitability and credit quality.*
The 2025 expected net profit of approximately Euro 800 million will be delivered by enhancing our product factories in the Group’s strategic businesses and strengthening our model as a multi-specialist bank, in the aim to further increase the fee-based component of our revenues. Our non-core assets, including the NPE platform, will be disposed of and this will enable us to make further substantial progress in derisking, delivering a stable gross NPE ratio of less than 4% throughout the Plan period. On the cost side, actions will be implemented that will enable us to structurally improve the Group’s operational efficiency and make the sizeable investments we have planned in technology, which are indispensable for us to meet customers’ growing demands and accelerate the digital transformation that is underway across the financial system.
I would also highlight that the Group’s profitability growth will be supported by the significant synergies arising from the integration with Banca Carige, which we have quantified at over Euro 150 million before tax on a running basis, confirming the sound industrial assumptions underlying the transaction.
The increase in profits will be coupled by an increase in shareholder remuneration, with a payout ratio of 50% in 2025 and dividends of around EUR 1 billion to be distributed over the plan period, while maintaining a solid capital position.
The achievement of our targets will also be made possible by the important levers for growth envisioned for the Group’s employees, whom I would like to take this opportunity to thank once again for their accomplishments, commitment and effort contributed on a daily basis in a phase of profound transformation and growth of our Bank.
With reference to sustainability issues, which are already largely incorporated in our business model, we have identified concrete actions to be pursued crosswise in all lines of action, with precise targets in terms of reducing environmental impacts, supporting customers in their climate and energy transition, and finally focusing on inclusion, diversity and the weaker sections of society, with the aim of creating shared value.
The new Plan will therefore allow us to evolve towards a business model more focused on core activities, making the most of our product factories, characterised by greater efficiency and a strong thrust for digitalisation driven by logics of sustainability to the benefit of all stakeholders.

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Underlying assumptions

Projections are based on a **conservative macroeconomic scenario, in particular with regard to the progression of interest rates, with the most recent estimates pointing to a more substantial rise in the short term than assumed in the Plan**[5].

Key assumptions include:

- Italian GDP growth expectations conditioned by the Russia-Ukraine conflict;
- High inflationary pressures in 2022 expected to subside from 2023;
- Expectation of more restrictive monetary policies, with consequent gradual increase in rates;
- Loans to households and businesses on an uptrend, albeit revised downwards, with rates and spreads up significantly;
- Growth in indirect funding and assets under management conditioned in the short term by greater risk aversion resulting from the recent increase in volatility in financial markets;
- Higher risk profile for businesses in 2022, returning to normal from 2023;

	2022	2023	2024	2025
Italian GDP	2.20%	2.50%	1.90%	1.70%
Inflation in Italy	5.00%	1.80%	1.90%	1.70%
3M Euribor	-0.43%	0.10%	0.66%	1.05%
10Y IRS	1.13%	1.78%	2.05%	2.12%

Source: Prometeia – Scenario Analysis - April 2022

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The Plan lays down two major lines of growth:

- **Extraordinary transactions**, designed to further strengthen the Group's competitive position in the national arena and ensure a closer focus on its core activities, including via the disposal and deconsolidation of non-strategic assets, which will make it possible to free up over € 500 mln worth of capital to be leveraged for core business growth.
- **Organic growth levers,** subdivided into 5 project tracks for BPER's evolution towards a new multi-specialist capital-light business model, through the enhancement of its strategic product factories and a strong drive for digitalisation.

The **extraordinary transactions** include:

- The **acquisition of the Carige Group** (whose integration process is expected to be completed by the end of 2022) resulting in the BPER Banca Group's national scale increase in regions with a limited footprint and a 20% expansion of the customer base to over 5 mln, including Carige's 800 thousand customers. The transaction will improve future profitability with positive reverberations also on the Group's credit quality and capital position, confirming its strong strategic and industrial significance. Thanks not least to BPER's proven track record in integration processes, important synergies have been identified for a total gross amount of €

[5] Prometeia – Scenario Analysis - May 2022: Euribor 3M 2022 (-0.21%), 2023 (+0.49%) 2024 (+0.82%) 2025 (+1.10%). IRS 10Y 2022 (+1.64%), 2023 (+2.27%), 2024 (+2.28%), 2025 (+2.22%).

155 mln[6], with 100% unfolding in 2024 and 50% as early as from 2023. More specifically:

- **€ 85 mln** refers to **cost synergies** arising from (i) Carige IT re-insourcing to the Group's platform, (ii) implementation of a cost excellence plan making the most of the Parent Company's scale/negotiation power and best practices, (iii) rationalisation of acquired branches, (iv) Governance and Control cost reduction and (v) depreciation and amortisation reduction from writedowns of IT assets;

- **€ 40 mln** will be generated by **funding synergies** from non-renewal of Carige bond maturities and stepwise re-alignment of Carige's cost of funding to that of BPER;

- **€ 30 mln** is expected from **revenue synergies** primarily arising from increased cross selling, with the proposition of the BPER Group's product factories being extended to Carige's customers.

On the **capital** side, approximately **€ 2 bn** upside is expected over the plan period from **lower RWAs** resulting from the extension of the AIRB models to the scope of loans to customers acquired from Carige, with an expected positive impact of **40bps on the Group's capital position**.

- **Disposal of in-house bad loan and UTP platform and subsequent NPE servicing agreement** (closing expected by the end of 2022 with completion within the first half of 2023). The transaction is part of the broader derisking strategy that the Group has effectively pursued in recent years and involves the sale of the in-house bad loans and UTP platform, with the parallel disposal of a portfolio of non-performing loans, for which expressions of interest have already been received from 4 industry-leading players.

- **Disposal of the merchant acquiring business.** In this respect, a strategic agreement was signed with Nexi S.p.A. on 1 June 2022 for a long-term strategic partnership to be implemented by transferring the merchant acquiring and POS management businesses of BPER Banca and Banco di Sardegna to Nexi. The transaction will enable the BPER Group to enhance these businesses by leveraging the degree of specialisation and the economies of scale offered by the partnership with Nexi, while retaining a significant economic return from the merchant acquiring business for the entire duration of the agreement. Closing, which is expected by the end of the second half of 2022, will enable the BPER Group to obtain a gross capital gain of € 318 mln, with a potential additional deferred component of € 66 mln, whose payment is contingent upon the achievement of certain economic and qualitative targets.

- **Disposal of 48 branches** (of which 40 of former Carige and 8 of Banco di Sardegna) to Banco Desio e della Brianza, to prevent the emergence of antitrust issues deriving from the acquisition of control of the Carige Group. The disposal agreement, signed on 3 June 2022, is due for closing in the first quarter of 2023.

- **Deconsolidation of Long-Term Rental Company – Sifà** planned to be completed within the first half of 2023.

- **Deconsolidation of Sardaleasing** (planned for the first half of 2023) with a view to simplifying the leasing proposition.

- **Creation of a Wealth Management & Asset Management hub** (planned for the second half of 2023). Value enhancement of Banca Cesare Ponti as a specialised vehicle and centre of excellence for the direct management of Private banking customers. As an investment and advisory centre, Banca Cesare Ponti will also have the task of coordinating the different product factories focusing on WM (Arca SGR, Optima SIM, BPER LUX, etc,). This transaction will maximise synergies between the distribution networks and the product companies of Asset Management and Life Bancassurance.

[6] Does not include the upside from the BPER Group's new HR manoeuvre.

2022-2025 Business Plan pillars and levers

In addition to the extraordinary transactions mentioned above, the Plan is structured into 5 project tracks which will make it possible to significantly increase profitability while improving efficiency and productivity as compared to market best practice:

1. **Enhancement of the national-scale multi-specialist bank model**
2. **Transformation into a fee-based revenue model**
3. **IT and Business partnership for transformation and growth**
4. **Simple, digital bank**
5. **People at the centre**

The project work streams will be supported by 3 cross-cutting levers:

a) **De-risking and credit control**

b) **New model of innovation**

c) **ESG infusion**

The 5 pillars of the Plan

1. Enhancement of the national-scale multi-specialist bank model

The Plan aims to enhance the Group's acquired scale and proprietary product factories through the evolution of the business model to a multi-specialist approach, focusing on the following core businesses:

- **Wealth Management and Asset Management**
- **Bancassurance**
- **CIB**
- **Consumer Credit**

For this purpose, the "**Insurance strategies**" and "**Corporate & Investment Banking**" departments were established as early as at the end of 2021 to coordinate strategic businesses that are functional for future growth and profitability, which will complement the soon-to-be established Wealth Management hub. As part of this approach, Arca SGR will be enhanced as a major, distinctive player in the asset management business in Italy and the product proposition of Optima SIM will be strengthened to support the growth of the Group's Private banking customer base (asset management and advisory). In consumer credit, Bibanca will act as a product factory specialising in personal loans, fifth-of-salary/pension-backed loans and e-money.

2. Transformation into a fee-based revenue model

Completion of rotation to capital-light business models to increase fee and commission contribution to total revenues, via:

- Value enhancement of the **Group's Wealth and Asset Management,** building on the strong growth trajectory of the last 5 years, with the aim of reaching **~€ 100 bn worth of Assets Under Management (managed accounts and life insurance policies) which will contribute to generating ~40% of the Group's net commission income,** via:
  - **Consolidation and specialisation** of the Private Banking business, leveraging the vehicle Banca Cesare Ponti;

- Remuneration policy **focused** on business growth incentives;
- **Growth in Asset Management and Life Insurance** among captive customers, with a special focus on the Personal banking segment with its € 40-45 bn in convertible liquidity;
- **Initiatives for new acquisition** and winback of volumes from Carige customers;

- **Stronger positioning in bancassurance**, with non-life premiums expected to rise to **approx. € 360 mln in 2025** (vs. ca. € 200 mln in 2021) and expected **commissions** accordingly **rising to over € 110 mln in 2025** (vs. ca. € 60 mln in 2021) to be achieved through:
  - **Creation of a dedicate structure of ~225 resources,** onboarding both from outside with new hires and from inside the Group with staff reconversion implemented via a training plan rolled out in collaboration with an external insurance partner;
  - Specialisation of the service model via enhancement of post-sales services and **digitalisation of key products** in the non-life/health insurance segments;

- **Development and digitalisation of the consumer credit proposition,** with personal loan and fifth-of-salary/pension-backed loans granted rising to **ca. € 1.85 bn** (from approx. € 1.1 bn in 2021) and expected revenues[7] (NII and net commission income) of **over € 210 mln in 2025** (from approx. € 135 mln in 2021). The most important initiatives in consumer credit include:
  - **Centralisation** of **personal loan origination in Bibanca**;
  - **Reinforced network of** fifth-of-salary/pension-backed loan **agents;**
  - **Digitalisation of products and expansion of product proposition**, for self-guided and remote purchase of consumer credit and e-money products;
  - Implementation of **advanced analytics-based underwriting models** to increase consumer credit penetration among the Bank's customers;
  - **Enhancement of the E-money business**, leveraging the product factory Bibanca, by upgrading the catalogue of services on offer for better customer experience, innovating products (e.g. introduction of virtual credit cards) and improving sales and post-sales services;

- **Stronger large corporate business advisory and support**, with the stock of loans by the CIB department expected to rise to **over € 11 bn in 2025** and revenues[8] (NII and net commission income) for this segment expected to rise to **approximately € 150 mln in 2025**. The new department will contribute, synergically with the Corporate banking department, to making the most of the **NRRP** opportunities to support the country's growth, with a special focus on the regions of Southern Italy and Sardinia, to which more than 40% of the total NRRP resources will be allocated. The set targets will be achieved primarily via:
  - Start-up of **new CIB Department** to manage currently underserved customer segments and operations;
  - **Strengthening of structured finance desk/advisory** by centralising competences and leveraging product cross-selling opportunities in a logic of maximum return on capital employed;
  - **Wider CIB coverage** for medium/large businesses;
  - Enhancement of **collaboration with product factories** (e.g. BPER Factor), including in line with the objectives of the NRRP
  - Potential **synergies with the Private banking market**, **not factored into the Plan**;

[7] Calculated on operational management data
[8] Calculated on operational management data

3. **IT and Business partnership for transformation and growth**

The renewal of the technological infrastructure plays a key role in supporting the Group's growth in size and its business model transformation. For this reason, the BPER Group has planned to make IT investments for **over € 500 mln**, a significant increase compared to the previous plan (€ 210 mln), of which **€ 90 mln** for IT equipment renewal (including **€ 40 mln to increase IT security**) and over **€ 400 mln for development of the Plan projects**, completion of the extraordinary transactions and regulatory adjustments.

4 lines of action have been defined for the transformation of the IT platform:

- **Digital, data-driven application architecture**: data-driven, omnichannel architecture, modernisation of legacy systems and gradual adoption of open architecture solutions (20-25% workload conversion from legacy systems to open systems/cloud);
- **Hybrid cloud infrastructure:** rationalisation and modernisation of data centres, combined with advanced cybersecurity solutions to improve service reliability and performance (scale cloud adoption with 15-20% carbon footprint reduction in IT);
- **Centralised, agile IT Governance**: centralised Group IT Governance, new vendor management strategies and definition of specific career paths to attract and retain digital talents;
- **Industrialised IT integration:** industrialised IT operating model to manage activities and higher level of technological capability to support extraordinary transactions;

The new investment plan will be complemented by a planned **scale-up in IT headcount** from 320 resources in 2019 to over 600 in 2025, with specific training and dedicated career paths.

4. **Simple, digital bank**

Branch network rationalisation combined with simplification of processes to be achieved through enhanced digitalisation and omnichannel innovation of the customer service model. Actions planned in this area include:

- **Digitalisation of the proposition**: stronger digital proposition developed around customer needs, with a view to gradually increasing the volume of products sold via omnichannel customer journeys, from today's <5% to over 40% in 2025, thanks to:
  - **Enhancement of Project DOTS** (virtual BPER card for digital payments) evolving from virtual cards to a fully digital product proposition;
  - **Evolution of the "Family" segment proposition** via an expansion of self-guided purchase, digitalisation of core products and services (customer onboarding, e-money, personal loans, remote loan applications) and a wider range of omnichannel customer journeys;
  - *Human+digital* **evolution of the "Affluent" segment proposition** through enhanced advisory tools and services: (remotisation, robo4advisory, roboadvisor) and digitalisation of the asset management and insurance offering;
  - **Digitalisation of the Corporate segment proposition** via the development of a digital platform with dedicated onboarding and digital credit products (lending, factoring, advances on invoices);
  - **Digitalisation of end-to-end processes** with the aim of increasing the network sales and distribution productivity, focusing efforts on customer relations, improving customer experience and reducing the impact on the environment (e.g. by extending the use of paperless processes).
- **Branch network rationalisation**: **distribution network downsizing by approx. 29% via the closure of 600 branches by 2024, of which 140 already closed, to a** total network of about 1,500 branches. The reduction will be enabled by the gradual digitalisation of the offering and parallel development of specialised distribution channels (corporate banking centres, private banking centres). The most

important actions planned include:

- **Closure/disposal** of branches identified as overlapping (due to proximity to another branch), located in limited growth potential areas;
- **Extension of «lean»** branch **models** thanks to the introduction of self-technology (e.g. Advanced ATMs, self-guided cash-in and cash-out services, Remote Teller)
- **Multi-format strategy** enhancement (Hub/Spoke model evolution);
- **Customer relationship** gradually shifting to digital banking and other specialised channels (strengthening of Private/Corporate banking centres in the footprint areas).

5. **People at the centre**

Enhancement of human capital through training plans, new career paths and new workplace/models.

The most important actions planned include:

- **Workforce reduction and renewal**: efficiencies have been identified, which will free up approx. 3,300 resources, with the pool of management skills and competencies being enriched by 1,450 new hires from the market with skills aligned to the new needs of the Business Plan (IT, Digital, Data, WM, ESG).
- **Human capital development**, via:
  - Rethinking and refocusing the incentive/**MBO** system with increased overall funding available;
  - Defining the **new Long-Term Incentive plan** with objectives linked to the Business Plan targets;
  - New **performance-remuneration** correlation mechanisms;
  - **Over 1,450 new hires**, with the aim of enriching managerial skills and specialist expertise in the priority areas of the Business Plan and reinforcing presence in the most attractive regions;
  - Increased training (+20% in training content) and roll-out of the new **Learning Academy model;**
  - Gradual improvement of the «**Gender Mix**» in leadership roles;
  - Defining and implementing a **Women's Leadership Programme;**
  - Evolving **corporate culture and values**, including through the delivery of **ESG training content**
- **New workplace model**: stepwise adoption of one design for all of the Group's head offices characterised by a standardised approach to hybrid work-supporting technology and smart office equipment in line with ESG and sustainability objectives.

With reference to personnel costs, steady-state projections for 2025 point to an expense of approx. € 1.6 bn, significantly impacted by the expected increase in labour costs (mainly in connection with CCNL national labour agreement renewal), which will, however, be offset by planned HR management actions (early retirements and deconsolidation of companies).

The 3 cross-cutting levers

a) **De-risking and credit control**

Plan actions are aimed at achieving a structured and sustainable improvement in the Group's credit quality. With reference to the de-risking process, the aforementioned disposal of the bad loans and UTP recovery platform together with the sale of additional NPE portfolios and improved NPE workout will contribute to structurally reducing the gross NPE ratio to less than 4% (3.6% in 2025), although very conservative assumptions regarding NPE flows were made in order to reflect the macro-economic scenario resulting from the ongoing Russia-Ukraine conflict. The derisking process will be further complemented by measures designed to strengthen credit risk monitoring, including:

- **Upgraded credit policies**, via:
  - Promotion of lending to sectors consistent with risk/return targets;
  - Closer integration with the sales network in all customer segments;
  - Increased sectoral specialisation and introduction of a supply chain approach;
  - **Stronger ESG framework,** in line with market best practice.
- **Enhanced credit management model**, via:
  - Review and specialisation of the **Credit Department organisational structure;**
  - Development of ***data driven*** methodologies for credit origination and management;
  - Streamlined and digitalised **origination** and **pre-approval processes;**
  - Stronger **credit culture** via dedicated Academies.
- Development of a new **early management** system and more efficient proactive management of higher risk **positions**

b) New model of innovation

Innovation as an accelerator of Group transformation and new growth engine.

Planned enhancement of the "Innovation" office and development of an internal proposition, aimed at speeding up the **time-to-market** of projects and extending their ambition by specifically leveraging:

- Scouting for market solutions/technologies;
- Project conception, incubation and acceleration;
- Seeking funds to support innovation-related projects;
- Activation of partnerships and collaboration with aggregators/fintech labs;

c) ESG infusion

The Business Plan has traced the Group's future ESG strategy with the aim of creating long-term shared value by focusing on sustainability issues as part of the corporate business model. Building on its international commitments (as a signatory of the ***Principles for Responsible Banking*** and the ***Net Zero Banking Alliance***), the Group intends to improve its leadership in the management of ESG issues in order to become more efficient, competitive and be a credible and reliable partner of its clients in creating a more sustainable, equitable and inclusive society. To this end, the Plan identifies concrete actions and objectives to be delivered across all lines of action described below:

Environmental

- **External Transition**: support the green transition of companies and households by earmarking a ceiling amount of over € 7 bn for green loans (specific sectors/supply chains, NRRP, 110% superbonus, green mortgages);
- **Internal transition**: set a science-based emissions reduction target, aligned with the Paris Agreement (-50% by 2030) of -23% in 2025); energy efficiency activities are contained in the Energy Plan with 2022

as the baseline and expected completion by 2025. By the end of 2022, the Group's electricity supply will be 100% from renewable sources.

Social

- **Strong community orientation**: allocation of € 15 mln to sustain activities that support communities and local development;
- **Youth initiatives**: financial literacy and ambitious nationwide youth inclusion projects that will involve over 400,000 young people over the Plan period; an advanced training project is additionally envisaged for the most deserving young students of Università Cattolica del Sacro Cuore ("loan of honour");
- **Further development of the service model for Non-Profit Organisations with dedicated products and increased lending;**
- **Definition of a Diversity & Inclusion project**: Bank unified vision in DE&I (Diversity, Equity and Inclusion) reverberating on the Board of Directors, Board of Statutory Auditors, top management, employees and subsidiaries with concrete goals in terms of gender diversity and equal pay to be measured and reported in the DNF on a yearly basis;
- **Dissemination of the "ESG Culture" and specific ESG training**: awareness and engagement actions for all of the company's population on sustainability issues with upskilling and reskilling programmes for over 50% of the employees;
- **Initiatives** in support of **culture** and promotion of **art and museum heritage;**
- Initiatives to encourage agile work and **life/work balance** including via a different management of the working space **(new workplace**).

Governance

The major strengthening of ESG governance initiated in 2021 through the creation of a **Board-internal sustainability committee** and the implementation of a dedicated function reporting directly to the BoD, will be complemented by:

- including ESG targets in the Management's long-term incentive system with ESG KPIs weighing at least 15% of the total;
- redesigning the internal Organisational Model to define roles and responsibilities in ESG.

Other cross-cutting interventions include:

- Integration of ESG factors into risk, credit and investment processes;
- **25% expansion of the ESG investment product offering** and 25% increase in ESG-related assets under management compared to 31/12/21 (€ 12.7 bn);
- Incorporating **ESG criteria** in the Bank's **procurement choices** (through ESG vendor assessment)

Capital position and liquidity profile

The capital position is expected to remain high, with a Fully Phased CET1 ratio of more than 13% in 2025 (a level considered adequate for the Group's risk profile), supported by strong earnings generation that will allow for a significant increase in shareholder remuneration, **with an expected pay out ratio of 50% in 2025 and at least € 1 dividends bn to be distributed over the Plan period**.

The liquidity profile will likewise remain robust over the plan horizon thanks to an institutional issuance programme of about € 6 bn, in line with the TLTRO III phase-out and in compliance with regulatory requirements. The planned actions will thus make it possible to preserve robust liquidity ratios, significantly in excess of regulatory requirements: LCR and NSFR are projected to remain well above minimum regulatory requirements throughout the Plan period.

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In view of the approval of the new 2022-2025 Business Plan, the following will be submitted to a forthcoming Shareholders' Meeting (i) amending the Long-Term Incentive (LTI) Plan approved by the Shareholders' Meeting of 20 April 2022, in order to align it with the duration and objectives of the Business Plan, and (ii) amending, to the extent necessary, the Remuneration Policy approved by the same Shareholders' Meeting of 20 April 2022.
With reference to the above, the target KPIs of the Long-Term Incentive Plan (ILT) to be met as at 31/12/2025 are reported below:

- **ROTE** (50% weight): >10%

- **Cost/Income** (20% weight): <58%

- **Gross NPE Ratio** (15% weight): ~3.6%

- **ESG objectives** (15% weight):

    - Sustainable Finance - Green Lending ceiling amount of over € 7 bn throughout the Plan period;
    - Energy Transition - 23% reduction in Group CO_2 emissions[9];
    - Diversity and Inclusion - 25% women executives and 33% women managers (senior and middle managers);
    - "Future" project – Increasing financial education programmes and definition of a youth inclusion project: both projects will be supported by an analysis of the positive social impact generated.

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[9] Science-Based Targets: 23% emission reduction by 2025 and 50% reduction by 2030.

The BPER Banca Group's 2022-2025 Business Plan will be presented today at 10:30 a.m. (CET) at the "*Museo Nazionale della Scienza e della Tecnologia* Leonardo Da Vinci" in Milan. The event will be hosted by Piero Luigi Montani, Chief Executive Officer of the BPER Banca Group, and can be followed via:

- live video/audio webcast at: https://87399.choruscall.eu/links/bperbanca220610.html
- conference call, dialling the following numbers:

ITALY: +39 02 8020911
UK: +44 1212 818004
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A set of slides to support the presentation will be made available on the Bank's website https://istituzionale.bper.it. in the Investor Relations section shortly before the start of the conference call.

Further details are available at www.bper.it – https://istituzionale.bper.it/investor relations

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