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**Shareholders' Meeting of 21 April 2021**

**Report on item 7a) of the agenda**

**Report on the Remuneration Policy and  
Compensation Paid, made up of:**

- a1) Remuneration Policies of the BPER Banca Group for 2021;**
  - a2) Compensation Paid in 2020**
- 

*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  
21 April 2021****Report pursuant to art. 125-ter of the Consolidated Finance Act  
Point 7a) of the agenda  
Report on Remuneration Policy and Compensation Paid, made up of:  
a1) Remuneration Policies of the BPER Banca Group for 2021;  
a2) Compensation Paid in 2020**

Shareholders,

With reference to item 7a) on the agenda of the Ordinary Shareholders' Meeting, based on the provisions of art. 11, paragraph 2, of the Articles of Association, the Board of Directors has called you to present the Report on Remuneration Policy and Compensation Paid, divided into two sections dedicated to the remuneration policies of the BPER Banca S.p.A. Group for 2021 and the compensation paid in 2020, and to vote on them.

The remuneration policies of the BPER Group aim to support the achievement of its short and long-term goals by using the drivers identified in the "BPER 2019-2021 Strategic Plan". To ensure the effectiveness, competitiveness and strength of the remuneration policies, the Group conducts regular analyses in order to monitor the main market practices and trends and uses external consultants with solid experience in the field.

The BPER Group's remuneration policies for 2021 continue to follow the path taken in recent years, being characterised by:

- pursuit of the interests of all stakeholders, in a context of creating value for shareholders, the community, customers, employees and the overall eco-system in which the Group operates;
- alignment with best market practices to ensure that the BPER Group has a strong capacity for attraction, retention and engagement of the best resources;
- growing attention to the impact on ESG (Environmental, Social and Governance) factors and their inclusion in remuneration policies;
- continuous verification of regulatory changes and compliance with the regulatory framework of reference.

The policies have therefore been defined in order to guarantee their adequacy and consistency in relation to the recommendations received also from stakeholders that are both internal and external to the Group, with a view to constant alignment with corporate strategies in order to guarantee a close correlation between the consistency of remuneration, results achieved and sustainability of the initiatives carried out both with regard to prudent risk management and compliance with the law.

The principal innovations introduced during the year and included in the 2021 Remuneration Report include the following, which are consistent with last year:

- completion of the process of adapting the Report to what has been implemented in the national legislation of the Shareholder Rights Directive II (SRD II);

- gender neutrality as the guiding principle of the remuneration policies;
- a greater focus on Corporate Social Responsibility through the inclusion of ESG objectives linked to three key areas for the BPER Group, namely: "Sustainable Finance", "Reputation and the Environment" and "Inclusion and Diversity";
- the introduction of shares for the financial instrument component of the MBO scheme (instead of phantom stock) in order to align the incentive instruments with the main market practices and requests from investors and proxy advisors;
- extension of the deferral period for Material Risk Takers from 3 to 4 years (for Top MRTs, the deferral period remains 5 years) from a prudential point of view with reference to the next update of Circular 285 of the Bank of Italy;
- the reflection on the LTI objectives of the adjustment of the Industrial Plan Targets approved following the incorporation of the business unit originating from Intesa Sanpaolo.

The full text of the Report on the Remuneration Policy in 2021 is attached.

With reference to the compensation paid in 2020, the prudential approach taken to the variable remuneration paid in accordance with the remuneration policy approved by the Shareholders' Meeting of 22 April 2020, taking into account the pandemic situation still underway and the complexity of the macro-economic scenario in which the Group has been operating.

The full text of the Report on Compensation Paid in 2020 is attached.

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## **Resolutions proposed to the Shareholders' Meeting**

Shareholders,

the Board of Directors invites you to adopt the following resolutions:

### **(i) on item 7 a1) of the agenda:**

*“The Ordinary Shareholders' Meeting of BPER Banca S.p.A., having examined the Report on the Remuneration Policy and on Compensation Paid, pursuant to art. 123-ter of Legislative Decree 58 of 24 February 1998, and in particular the section on the remuneration policies in 2021, agreeing with the proposal made by the Board of Directors*

*resolves*

*to approve, with a binding vote, the remuneration policies of the BPER Banca Group for 2021, corresponding to section 1- “Remuneration Policies of the BPER Group for 2021”;*

### **(ii) on item 7 a2) of the agenda:**

*“The Ordinary Shareholders' Meeting of BPER Banca S.p.A., having examined the Report on the Remuneration Policy and on Compensation Paid, pursuant to art. 123-ter of*

*Legislative Decree 58 of 24 February 1998, and in particular the section on the compensation paid in 2020, agreeing with the proposal made by the Board of Directors*

*resolves*

*to approve, with an advisory vote, the section relating to the compensation paid in 2020, corresponding to section 2 - "Report on Compensation Paid in 2020".*

Modena, 16 March 2021

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

**BPER:**  
Gruppo

**BPER:**  
Banca

# REPORT ON REMUNERATION POLICY FOR 2021 AND COMPENSATION PAID IN 2020

(prepared pursuant to art. 123-ter of Legislative Decree 58 of 24 February 1998, as amended by Legislative Decree 49 of 10 May 2019, and art. 84-quarter of the Issuers' Regulation approved by Consob Resolution 11971 of 14 May 1999 and subsequent amendments and additions)

BPER Banca S.p.A., head office in Modena, via San Carlo, 8/20 - Tax Code and Modena Companies Register no. 01153230360 – Company belonging to the BPER BANCA GROUP VAT, VAT no. 03830780361 – Share capital Euro 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. 059.2021111 - Telefax 059.2022033 - Certified e-mail (PEC): [bper@pec.gruppobper.it](mailto:bper@pec.gruppobper.it) - [bper.it](http://bper.it) – [istituzionale.bper.it](http://istituzionale.bper.it)

# DEFINITIONS

Shareholders' Meeting	Ordinary Shareholders' Meeting of the Bank
Shares	The ordinary Shares of BPER listed on the Italian stock exchange managed by Borsa Italiana
Bonus	Variable part of remuneration, defined in accordance with the Remuneration Policies of the BPER Group
Bonus Pool	Overall allocation of funds for incentive schemes
BPER or Issuer	BPER Banca S.p.A.
Parent Company	BPER Banca S.p.A.
Cash	Cash component of variable remuneration (as opposed to the component in financial instruments)
CEO	Chief Executive Officer. From 1 January 2020 the Chief Executive Officer also acts as General Manager
Claw-back	Mechanism that envisages restitution of a bonus if it has already been paid or if the right has already vested but is still subject to a retention period
Board of Statutory Auditors	Board of Statutory Auditors of the Bank
Remuneration Committee	Remuneration Committee of the BPER Group
Consolidated Pillar 1 Common Equity Tier 1 Ratio under transitional arrangements	The Common Equity Tier 1 ratio is the Common Equity Tier 1 capital expressed as a percentage of the total risk exposure
Board of Directors	The Board of Directors of the Bank
Cost/income ratio	Ratio between operating costs and operating Income <sup>1</sup>
CSR	Corporate Social Responsibility
Grant date	Date on which the Board of Directors of the Bank assigns the Ordinary Shares to the Beneficiaries, following approval of the Plan by the Shareholders' Meeting
Recipients or beneficiaries	The persons to whom the Shares will be assigned
Executives with strategic responsibilities	Those identified as such according to Consob's regulations. At the time of drafting these Remuneration Policies, they include the following: Directors, Statutory Auditors, members of General Management (General Manager and Deputy General Managers), "C-level" executives who are members of the General Management Internal Committee, members of General Management at Group Banks and Companies and the Manager Responsible for preparing the Company's financial reports.
Current Supervisory Provisions	Bank of Italy Circular 285 of 17 December 2013, 25th update of 23 October 2018 (hereinafter Bank of Italy Circular 285)
Entry gates	Minimum parameters (equity, profitability and liquidity) which, if surpassed, may lead to a bonus being granted
ESG	An acronym that defines a set of metrics and factors relating to Environmental sustainability, Social development and corporate Governance, together considered as strategic indicators also in incentive plans
BPER Group	BPER Banca and its direct and indirect subsidiaries, as defined by current legislation
KPI	Key Performance Indicator
LCR	Liquidity Coverage Ratio: the ratio between the stock of high quality liquid assets and net outflows in the 30 days after the reporting date
Malus clause	Ex-post corrective mechanisms, based on which accrued bonuses can be reduced to zero
MREL	Minimum Requirement for own funds and Eligible Liabilities
Gross NPE ratio	Gross Non-Performing Exposures ratio: ratio between gross non-performing loans and total gross loans
UCITS	Undertaking for Collective Investment in Transferable Securities (UCITS)
Performance share	The real financial instruments (BPER Banca ordinary Shares) assigned as a bonus according to the achievement of the performance objectives of the 2019-2021 LTI Plan, subject to the entry gates being surpassed.
Deferral period	The period between the moment when the right to participate in the Plan is assigned (or "granted") and the moment when that right matures (or "vests")
Retention period	The period between the moment when the right to participate in the Plan vests and the moment when part or all of the bonus is paid out
Material Risk Takers	Group personnel whose professional activities have or could have a significant impact on the risk profile of the Bank,

<sup>1</sup> The reference Income Statement scheme is the reclassified one, used internally by the BPER Group to draw up annual / multi-year forecasts and summarize the management trend (budget, business plan, quarterly). Consequently, due to some accounting reclassifications, it differs from the usual scheme defined by Circular 262 of the Bank of Italy.

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(MRTs)	as defined in the Remuneration Policies of the BPER Group
Phantom Stock	These are "virtual" financial instruments that give each recipient the right to payment on maturity of an amount of money corresponding to the value of BPER Banca Shares
Phantom Stock Plan	The Phantom Stock-based compensation plan for Material Risk Takers adopted by the BPER Group
LTI Plan	Long-Term Incentive Plan
Long Term Incentive Plan 2019-2021	This is the long-term incentive plan based on financial instruments for certain key members of staff, as approved by the Board of Directors at the board meeting held on 27.02.2019.
Post Provisions Profit	The operating income net of credit impairment losses for credit risk <sup>2</sup> .
Issuers' Regulations	Consob Regulation no. 11971/99 and subsequent amendments and additions
Fixed remuneration	This is the stable part of remuneration, determined and paid based on pre-established criteria; it also includes the components closely linked to the person's role and responsibilities or aimed at offsetting specific charges, above all those related to the logistical inconvenience or, in any case, components that do not create any incentive to take risks and not related to company performance
Variable remuneration	This is the part of remuneration whose recognition or disbursement can change in relation to performance and, in any case, it is measured either according to other parameters (e.g. the period of service with the company), discretionary pension benefits and amounts agreed between the bank and personnel in view of or on the occasion of early termination of employment or early termination of office
Total remuneration	For MRTs and those for whom information on remuneration is provided individually, total remuneration for the year is considered the cash portion of total remuneration, while the portion paid in financial instruments is included in the annual calculation of actual maturity (meaning it is vested and attributable) i.e. it has already passed the vesting period and the verification of non-application of the malus clauses. For other personnel, the remuneration actually received during the year is used (cash basis)
Risk Appetite Framework (RAF)	Guidance document for the Group's internal control system to steer the synergistic governance of planning, control and risk management. It constitutes the frame of reference, that in line with the risk capacity, defines the business model and strategic plan, risk appetite, tolerance thresholds, risk limits, risk management policies and the key processes needed to define and implement them.
RORAC (Return On Risk-Adjusted Capital)	The ratio between the profit (loss) for the period, including minority interests <sup>3</sup> and the target capital absorbed given by the product of Pillar 1 RWA and the Target CET1 Ratio
RORWA (Return On Risk-Weighted Assets) under the transitional arrangements	The ratio between the profit (loss) for the period, including minority interests <sup>4</sup> , and Pillar 1 RWA.
RTS	Regulatory Technical Standards issued by the European Banking Authority (EBA).
SGR	Società di Gestione del Risparmio (Asset management company)
Companies/banks	Unless otherwise specified, this refers to Companies/Banks of the BPER Group
Theoretical Ex-Right Price (TERP)	The theoretical price of a share after detaching the option right relating to an increase in capital
TLOF	Total Liabilities and Own Funds
TSRr	This indicates the total return of the BPER Banca Share price measured in relation to the positioning compared with the TSR of its peers
TUF (CFA)	Legislative Decree 58 of 24 February 1998, as amended by Legislative Decree 49 of 10 May 2019, known as the <i>Testo Unico della Finanza</i> or Consolidated Finance Act (CFA)
Up-front	Payment of bonuses not subject to deferral conditions

<sup>2</sup> See previous note (pag.3)

<sup>3</sup> See previous note (pag.3)

<sup>4</sup> See previous note (pag.3)

# Content

LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE .....	7
SECTION I - 2021 REMUNERATION POLICIES OF THE BPER GROUP .....	10
1. GOVERNANCE OF THE REMUNERATION AND INCENTIVE POLICIES .....	11
1.1. SHAREHOLDERS' MEETING .....	11
1.2. BOARD OF DIRECTORS .....	12
1.3. REMUNERATION COMMITTEE .....	13
Composition of the Committee .....	13
Role of the Committee .....	14
The Committee's work cycle .....	14
1.4. CONTROL AND RISK COMMITTEE .....	15
2. IDENTIFICATION OF MATERIAL RISK TAKERS .....	16
3. PRINCIPLES AND OBJECTIVES OF THE REMUNERATION POLICY .....	19
"BPER 2021 Strategic Plan" and sustainability: remuneration strategy in support of long-term growth .....	21
4. MARKET PRACTICE AND USE OF EXTERNAL CONSULTANTS .....	23
5. TARGET AUDIENCE OF THE REMUNERATION POLICIES .....	24
6. REMUNERATION OF THE CORPORATE BODIES .....	25
6.1. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS .....	25
6.2. REMUNERATION FOR BEING A MEMBER OF A COMMITTEE .....	26
6.3. REMUNERATION FOR SPECIAL POWERS .....	26
6.4. REMUNERATION FOR THE OFFICE OF CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER (CEO) .....	26
6.5. REMUNERATION OF EMPLOYEES APPOINTED AS DIRECTORS OF SUBSIDIARIES .....	27
6.6. REMUNERATION OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS .....	27
7. 2021 REMUNERATION POLICIES .....	28
7.1. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER (CEO) .....	30
Variable bonus scheme - MBO .....	31
Variable bonus scheme - Long term incentive (LTI) Plan 2019-2021 .....	35
Claw-back clauses .....	41
7.2. REMUNERATION OF MRTS .....	41
7.3. REMUNERATION OF CONTROL FUNCTIONS .....	43
7.4. REMUNERATION OF MANAGERS .....	44
7.5. REMUNERATION OF OTHER PERSONNEL .....	45
Incentive scheme (MBO) .....	45
7.6. REMUNERATION OF EXTERNAL COLLABORATORS .....	46
7.7. REMUNERATION OF THE NETWORK: FOCUS ON TRANSPARENCY IN THE SALE OF BANKING GOODS AND SERVICES .....	47
7.8. REMUNERATION OF PERSONNEL OF THE SGR AND BPER BANK LUXEMBOURG .....	48

<b>7.9. NO-COMPETITION AGREEMENTS, NOTICE EXTENSION AGREEMENTS AND STABILITY AND/OR RETENTION AGREEMENTS .....</b>	<b>51</b>
<b>7.10. FRINGE BENEFITS .....</b>	<b>51</b>
<b>7.11. COMPENSATION GRANTED ON TERMINATION OF EMPLOYMENT OF MRTS.....</b>	<b>51</b>
<b>7.12. DISCRETIONARY PENSION BENEFITS.....</b>	<b>53</b>
<b>SECTION II - 2020 ANNUAL REMUNERATION REPORT .....</b>	<b>54</b>
<b>PART I.....</b>	<b>55</b>
<b>1.1. ITEMS THAT MAKE UP REMUNERATION .....</b>	<b>55</b>
<b>1.2. MAIN 2020 RESULTS AND PAY-FOR-PERFORMANCE .....</b>	<b>57</b>
<b>1.3. IMPLEMENTATION OF THE 2020 REMUNERATION POLICIES.....</b>	<b>62</b>
<b>1.4. ANNUAL CHANGE IN THE COMPENSATION PAID AND PERFORMANCE OF BPER GROUP ..</b>	<b>66</b>
<b>1.5. VOTE EXPRESSED BY THE 2020 SHAREHOLDERS' MEETING.....</b>	<b>69</b>
<b>PART II.....</b>	<b>70</b>
<b>PART III.....</b>	<b>79</b>



# Letter from the Chairman of the Remuneration Committee

Shareholders,

In submitting the BPER Group's Annual Remuneration Report for the year 2021, on behalf of the Remuneration Committee, I am asked to provide a brief analysis of the scenario within which we found ourselves operating in the last year of the term of office of the Board of Directors and the Remuneration Committee.

Never in recent history has there been an event like the pandemic still in progress, capable of changing the ways of personal, public and corporate behaviour in such a sudden and profound way. We all found ourselves having to question long-standing methods and decisions, and with little time to do so. This also concerned the matters within our sphere of competence, as the Remuneration Policies for 2020 were established at a time when it was impossible to know how the situation was going to evolve, though we soon found out.

For example, the need to offer immediate answers to the new scenario appeared in all its importance as early as spring 2020, the purpose being to guarantee banking operations, while dedicating the utmost attention to the staff and, above all, to the safety and health of all human resources and customers. The Board of Directors and the Committees were always updated promptly on the measures taken and the problems and solutions adopted as they arose. The organisational and economic effort was undoubtedly huge. In this difficult situation, it became particularly important to analyse the impact of the pandemic on business models and the possibility of having to revise the priorities of incentive schemes. The recommendations issued immediately by the Supervisory Authorities were promptly taken on board and new market practices, such as peer reviews, were analysed and compared. A solution was soon found - a revision of the 2020 bonus pool - with the aim of reconciling the necessary prudence and sustainability in defining variable remuneration, while maintaining tension at a high level to achieve the results expected for the current year and the incentive value of the remuneration systems.

It should not be forgotten that the particular regulatory interventions issued following the pandemic were added to a general regulatory framework which, as in previous years, features profound changes, with national and supranational interventions that follow one another without interruption, forcing us, even now, to intervene with the necessary timeliness, often anticipating the news on the basis of documents being issued. To summarise, the impact of the Capital Requirements Directive V on the process of identifying Material Risk Takers and on the objective of pursuing "gender neutrality" in defining the Remuneration Policies. This last aspect is

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also reiterated in the EBA Guidelines on Remuneration Policies, which introduce the ESG issues that I will discuss shortly. The innovations introduced in the Issuers' Regulation are also extremely important, especially those concerning the disclosure of many aspects of the Remuneration Policies and their application in the organisational and operational context, which have necessarily been taken into account in the preparation of this report.

I wanted to give an overview of the general picture, and of the regulatory framework in particular, before addressing the specific issues of the BPER Group, precisely to describe how the action of all sectors of the Bank has been prompted by challenges of increasing complexity, some of them totally unexpected, but which were cope with thanks to a well-designed system of safeguards and controls. In this regard, we cannot fail to mention that, in addition to the difficult context outlined here, there was also the major corporate deal that in early 2021 boosted the Group's national importance considerably, with a significant increase in assets of the like that the Bank had never experienced in its entire history. The preparatory activities for this event involved a huge commitment of time and resources throughout the second half of 2020. It is fair to say that the objective of this operation has largely been achieved and that with this acquisition the most ambitious goal of the Business Plan presented in 2019 and in its last year has been achieved; but we must not forget all the other significant extraordinary operations carried out during in the last three years.

Closely linked to the Industrial Plan are the objectives of the LTI Plan, also for the period 2019-2021. It involves all of the managers with key roles and responsibilities, who are assessed not only according to the annual objectives, but also according to the objectives of the LTI.

Most of the remuneration policies outlined for the previous two years are therefore reiterated for 2021, taking into account the above paragraphs. In this way, a prudential approach to remuneration policy is reaffirmed, which takes into account the recommendations of the Supervisory Authority on the mitigation of variable remuneration at least for the current year, while in the same way maintaining almost all of the incentive criteria already in place, despite the increased complexity of the Group.

The Remuneration Committee has always been very attentive about best practice on the issues in its sphere of competence. This includes pay benchmarking which will give us increasingly valuable input given the Group's present size. There has been constant supervision of aspects concerning the transparency, adequacy and consistency of the Policies with respect to the strategic lines pursued by the stakeholders and by the management bodies, with a view to enhancement of the business and the protection of investors and customers. There have been constant discussions, also with consultants, to verify that the remuneration policies remained consistent with the economic prospects, also during the year, staying in line with the general picture and regulatory framework even as they changed.

I would now like to briefly summarise the main innovations in the 2021 Remuneration Report, which goes into greater depth on the issues mentioned in the previous paragraphs:

- adaptation of the Policies to the Supervisory Authority's instructions regarding the Covid-19 pandemic, which is still in progress;
- with reference to the short-term incentive system, the increase in the minimum deferral period for Material Risk Takers who are not part of top management from 3 to 4 years;
- a revision of the criteria for identifying Material Risk Takers;
- the application and monitoring of gender neutrality for the remuneration policies and the monitoring of the gender pay gap, including its evolution over time (which the Committee has always paid attention to, as reflected in the LTI plan with short and long term objectives);
- the use of real Shares, rather than phantom stocks, in incentive schemes;
- implementation of the new provisions contained in the update of the Issuers' Regulation, which regulate in particular:
  - o certain aspects on the disclosure of remuneration policies, such as the incentive curve underlying the MBO scheme for the Chief Executive Officer and General Manager;
  - o information on the change in the remuneration paid to certain categories of personnel (including the average remuneration of employees) and the relationship with the company's results;
- the introduction, in the incentive scheme of the CEO and Deputy General Managers of KPIs linked to ESG objectives, such as sustainable finance, reputation and the environment, inclusion and diversity (already partly present in the LTI plan 2019-2021);
- refinement of the short-term MBO incentive scheme because of the Group's new scope of consolidation.

At the end of this three-year period, I would like to thank my colleagues on the Remuneration Committee who have dedicated their professionalism and a great deal of time. They have supported me in this period in which we have witnessed significant internal and external changes. I would like to thank all of the Bank's personnel and consultants who we have often asked for extraordinary support; and the shareholders who have always been able to grasp the point of our proposals and measures, expressing their appreciation of our policies. I trust that this will also be the case this year for the text that we are about to present to you.

I would like to conclude on behalf of the Committee by thanking you for your attention and inviting you to read the following Report.

*Mara Bernardini*



# SECTION I - 2021 REMUNERATION POLICIES OF THE BPER GROUP

# 1. Governance of the remuneration and incentive policies

The BPER Group has established a governance process in order to regulate the definition, implementation and management of its remuneration policies. This process will involve various control bodies and business functions at different levels, according to their sphere of competence:

## Definition of the remuneration and incentive policies

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

### 1.1. Shareholders' Meeting

In the field of remuneration, the Shareholders' Meeting:

- determines, in accordance with applicable legal and regulatory requirements, the remuneration payable to the Directors and statutory auditors;
- approves the remuneration policies in favour of the bodies with supervisory, management and control functions and the staff;
- is consulted about the remuneration paid in the previous year to the bodies responsible for supervision, management and control activities and to the Executives with Strategic Responsibilities;
- approves any remuneration plans based on the use of financial instruments;
- approves the criteria for calculating any special remuneration to be awarded in the event of early termination of employment or stepping down ahead of schedule, including the limits set on such remuneration in terms of the number of years of the fixed portion of remuneration and the maximum amount that derives from applying these criteria;

- has the power to resolve, with qualified majorities required by current supervisory regulations, a ratio between the variable and fixed element of individual MRT remuneration higher than 1:1, but not exceeding the maximum established in such regulations.

BPER Banca currently extends this rule to all Personnel.

The above maximum limit on the ratio of variable to fixed remuneration for MRTs is currently set at 2:1, except in relation to control functions and similar activities, in order to have the flexibility to make payments ahead or at the time of early severance, while also making appropriate operational drivers available so that the external resources needed to achieve our business objectives can be attracted. The ratio for other personnel is fixed at 1:1, except as described in chapter 7, including the specific exceptions envisaged for certain sectors.

## 1.2. Board of Directors

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

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

- determining the remuneration of Directors with particular responsibilities, having heard the opinion of the Board of Statutory Auditors;
- approving the process for the identification of MRTs, assessing full compliance with the **pertinent regulations**<sup>5</sup>, and the list of roles included in this category as a result of the process, with the help of the Statutory Auditors;
- approving Group remuneration policies, with particular reference to MRTs and the Report on Compensation Paid, to be submitted to the Shareholders' Meeting for final approval;
- approving the share-based incentive schemes to be submitted to the Shareholders' Meeting for final approval;
- checking proper implementation of the Group's remuneration policies.

As envisaged in art. 123-ter, para. 3-bis, of TUF (CFA), updated in 2019, and by the update of the Issuers' Regulation of December 2020, the Company may make temporary exceptions to the Remuneration Policy after hearing the opinion of the Remuneration Committee, but only under exceptional circumstances when necessary in pursuit of the long-term interests and sustainability of the Company as a whole, or to ensure its survival in the marketplace. Even in these cases, it is still necessary to comply with all regulatory and legal constraints and, with reference to the Chief Executive Officer, General Manager and Executives with Strategic Responsibilities of the Parent Company, the procedure governing related-party transactions.

As part of the Report on Compensation Paid which follows, information is given on any exceptions that have been applied, highlighting the elements subject to derogation, the exceptional circumstances, why they were needed

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<sup>5</sup> Bank of Italy Circular 285.

in terms of the pursuit of the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay on the market long term and, hence, the procedure followed.

Specifically, the elements of the policy from which it is possible to derogate, in the circumstances and applying the procedure described above, in compliance with legal and regulatory constraints, are the following:

- Variable bonus scheme - Management by objectives (MBO)
- Variable bonus scheme - Long Term Incentive (LTI) Plan 2019-2021
- additional elements of variable remuneration, such as entry bonuses and/or retention bonuses

Examples of some of these elements are:

- with reference to the MBO scheme:
  - mix of objectives and/or corrective measures;
  - target and maximum incentives, in any case within the limit of the total variable remuneration approved by the Shareholders' Meeting;
  - access and/or malus conditions;
  - vesting and/or payout conditions.
- With reference to the 2019-2021 LTI Plan:
  - mix of objectives and/or targets that are not attributable to an update of the Strategic Plan of which the LTI Plan is an integral part;
  - vesting and/or payout conditions.

### 1.3. Remuneration Committee

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

### Composition of the Committee

The Remuneration Committee is made up of three non-executive directors, the majority of whom meet the independence requirements envisaged by art. 148, paragraph 3, of the CFA; at least one of them must have adequate knowledge and experience in financial matters or remuneration policies, to be assessed by the Board of Directors at the time they are appointed. The Board of Directors appoints the three members and chooses one of those who meet the independence requirements to act as Chairman. On the Chairman's proposal, the Remuneration Committee appoints a Secretary, who need not be one of its members.

## 2020 Members of the Remuneration Committee

Mara Bernardini	Chairman
Elisabetta Gualandri	Member
Roberta Marracino	Member from 01/01 to 30/06
Silvia Elisabetta Candini	Member from 09/07 to 31/12

### Role of the Committee

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

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

### The Committee's work cycle

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

The Committee's activities were intense during the course of 2020, particularly on the question of Remuneration Policies. The Committee met 21 times and the average duration of each meeting was approximately 1 hour and 50 minutes; from time to time, depending on the issues being addressed, committee meetings were attended by the Heads of Department in question to provide detailed information on topics on the agenda (on average, 3 people were invited to each meeting). The Committee met 6 times in January and February 2021.

The Committee calendar of events in 2020 was structured as follows:

## Main activities carried out in 2020 by the Remuneration Committee

- Analysis and strategic decisions concerning the remuneration systems and long-term incentive plans
- Conclusion of pay benchmarking started in 2019
- Analysis and assessment of the guidance document and remuneration report in support of the Board of Directors
- Monitoring the analyses to identify MRTs within the BPER Group
- Analyses and opinions on the MBO scheme for 2020
- Monitoring the preliminary results on the MBO scheme for 2019



- Monitoring the final results on the MBO scheme for 2019
- Verification of changes in the MRT perimeter during the year
- Analysis of the impact of the Covid-19 pandemic on remuneration policies and consequent resolutions
- Presentation of pay surveys e data analysis

- Start of planning on the MBO scheme for 2021
- Regulatory verifications and updates
- Assessments concerning the remuneration of Group management
- Impact analysis of the extraordinary acquisition planned for early 2021

### 1.4 Control and Risk Committee

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

## 2. Identification of Material Risk Takers

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

For MRTs, the **Regulation**<sup>6</sup> envisages stricter rules in the way that their remuneration is structured; this is because of the need to create as close a link as possible between their remuneration and the company's performance, both in the present and in the future, according to factors that take into account the risks assumed and the long-term sustainability of the company's results.

The process of identifying MRTs is carried out individually by each Italian bank within the BPER Group and by the SGR. The Parent Company then identifies the MRTs at Group level, ensuring the overall consistency of the process and taking account of the assessments made by the individual Group companies. In this context, in order to identify the MRTs for the Group, BPER Banca applies the EU directive 878/2019 (CRD V), the complete implementation of which in the national legal system is expected to take place in the first half of 2021 through the publication of the update of Circular 285. of the Bank of Italy. Furthermore, the criteria used were the regulatory technical standards (RTS) contained in the **EBA's Final Report**<sup>7</sup> soon to be published in the Official Gazette and the consistency of the process at Group level is ensured.

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

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

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

The self-assessment process consists of the following stages:

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

The Group's risk profile is analysed by the Chief Risk Officer and his staff, who analyse the structure of the risks to which the Group is exposed. In particular, they identify:

- The main risk categories that affect the Group as a whole;
- The parameters on which to measure the risk profile of the Group

<sup>6</sup> Bank of Italy Circular 285.

<sup>7</sup> EBA/RTS/2020/05 18 June 2020

and individual companies;

- The level of contribution of each component to the overall risk of the Group and the individual types of risks.

Depending on these parameters, "Material Legal Entities" have been identified for the purpose of determining the perimeter of MRTs.

The self-assessment process is coordinated at Group level by the Chief Human Resource Officer (CHRO) and his staff. After receiving the assessments of the Group's risk profile prepared by the Chief Risk Officer (CRO) together with the Planning and Control Department, they analyse the various organisational positions (or roles) with the support of the Chief Legal and Governance Officer (CLEGO) and the Planning and Control Department. Among the latter, only those that are likely to have an impact on the Group's risk profile, according to the relevant legislation and based on salary levels, are analysed (involving the application of qualitative and quantitative criteria).

Group companies actively participate in the process of identifying the Group's MRTs, as carried out by the Parent Company, providing it with the necessary information in accordance with the instructions received. The Human Resources function of each Italian bank and the SGR within the Group contributes to the preparatory work needed to identify the MRTs and drafts the "Self-assessment for the identification of MRTs" which will be examined and approved by the Board of Directors of each bank and SGR, after obtaining a compliance opinion from the Chief Compliance Officer (CCO) of the Parent Company, if that function has been centralised.

The CLEGO of the Parent Company checks any updates of the signature powers granted to particular roles at the individual Group companies, pointing out to the CHRO the main changes with respect to the previous year and the presence of any specific executive appointments involving individual directors in order to identify anyone belonging to companies not included in the list of "Material Legal Entities", but which can be identified as MRTs because of the positions held and the impact of their activities on the risk profile.

Taking into account the results of the assessments carried out by the individual members of the Group, the CHRO then prepares the "Self-assessment for identifying MRTs of the Group", which is reviewed by the CCO and then approved by the Board of Directors, after consulting the Remuneration Committee.

Based on the above assessment, if one or more persons identified using the quantitative criteria indicated in the RTS of the EBA are not deemed to be MRTs, because they only exercise powers within an insignificant operating unit/business, or play a role without significant impact on the risk profile of an operating unit/business that is significant within the Group, those persons may be excluded.

The CHRO and his staff monitor the situation constantly and can revise the list of MRTs during the second half of the year. To be precise, the list of MRTs is revised if situations arising after the annual self-assessment could have a stable impact on the MRT perimeter, such as corporate reorganisations and changes in the loan approval procedures and signature powers.

The outcome of this analysis for 2021 led to the identification of the following perimeter:

Category of personnel	Number of people
I. Executive Directors <sup>#*</sup>	3
II. Non-Executive Directors	49
III. General Managers and Heads of the main Corporate Functions*	15
- Parent Company	7
- Banco di Sardegna	2
- Other Banks/Companies	6
IV. Heads of Control Functions*	13
- Parent Company	13
V. Other Risk Takers	50
- Parent Company	39
- Banco di Sardegna	8
- Other Banks/Companies	3
VI. Application of quantitative criteria	2
<b>TOTAL</b>	<b>132</b>

<sup>#</sup> Including the Chief Executive Officer and General Manager of Arca Fondi SGR

\* 17 people are included in the definition of top management

In the light of those identified by applying the qualitative and quantitative criteria, the perimeter of MRTs for 2021 consists of 132 people.

	2020	2021
Non-Executive Directors	59 (43%)	49 (37%)
MRTs	66 (48%)	70 (53%)
MRTs – Control functions	13 (9%)	13 (10%)
<b>TOTAL</b>	<b>138 (100%)</b>	<b>132 (100%)</b>
% Total BPER Group personnel (see Bank of Italy Circular 285)	0.96%	<b>0.96%</b>

The calculation does not take into consideration 2 financial advisors that fall within the perimeter because of quantitative criterion 7.1 b). For one of them, the intention is to present a request for prior authorisation to the Supervisory Authority with a view to exclusion; for the other, a request is not necessary, as authorisation for exclusion has already been requested from the Supervisory Authority and obtained for the first time in 2020.

# 3. Principles and objectives of the remuneration policy

The BPER Banca Group was founded in 1992 on the initiative of BPER Banca. The main objective was to create a system whereby each Bank could exploit the synergies of a large Group, while maintaining operational autonomy and local roots.

Reliability, transparency and professionalism are the basic values that inspire the BPER Group's "way of banking", giving preference to household savings and corporate resources in each context, as we see the granting of credit as a tool for the development and promotion of the local area.

Today, the BPER Banca Group is the combination of two **commercial banks**<sup>8</sup>, both autonomous and with long-standing root in the territories to which they belong. In addition to credit institutions, the Group also includes numerous product companies (asset management, personal credit, leasing and factoring) and support companies, as well as a bank in Luxembourg.

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

**To create value for**

Customers	<ul style="list-style-type: none"> <li>▪ Awareness of customers' different needs.</li> <li>▪ Products offered in an appropriate way to each segment or market.</li> <li>▪ Attention to the quality of the relationship.</li> <li>▪ Discouraging any conduct that is considered pure speculation or financial gambling.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>▪ Increase in profitability and investment value over time.</li> <li>▪ Balanced development.</li> <li>▪ Diversification and expansion of markets served.</li> <li>▪ Conscious management of risk.</li> </ul>
Group personnel	<ul style="list-style-type: none"> <li>▪ Development of internal expertise.</li> <li>▪ Stimulation of human and professional growth.</li> <li>▪ Implementation of a transparent and effective communication at all levels.</li> <li>▪ Continuing education.</li> </ul>
Social context	<ul style="list-style-type: none"> <li>▪ Adopting a business approach with a wider purpose than just making a profit, aimed at creating value for all of the stakeholders, with a positive impact on the Environment, Society as a whole and Governance, in continuity with the mutualistic purpose that historically characterised the original roots of the Group.</li> </ul>

<sup>8</sup> BPER Banca and Banco di Sardegna plus Bibanca, one of the product companies, given its focus on consumer credit.

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

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

### Purpose

<p>To orient conduct towards the Group's priorities</p>	<p>To attract and retain highly qualified personnel and support motivation at an individual level, recognising merit and enhancing professional development</p>	<p>To develop and improve the quality of services offered to customers</p>
<p>To support sound and prudent risk management</p>	<p>To safeguard internal and external pay equity and support the gender neutrality of remuneration policies, closely monitoring personnel costs and taking into account the working conditions of all employees</p>	<p>Support conduct consistent with the code of ethics and with current rules and regulations</p>

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

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

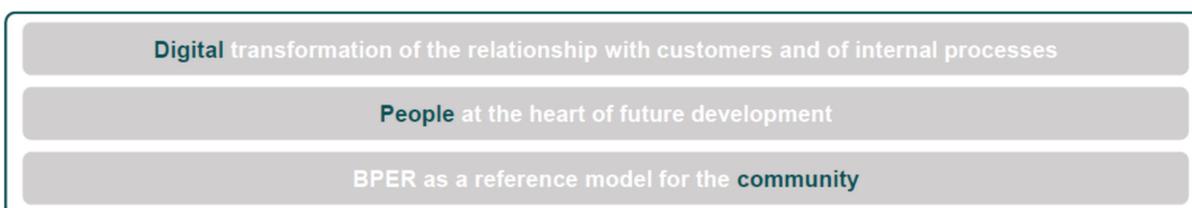
The Group requires MRTs:

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

To ensure compliance with this, the relevant corporate functions carry out sample checks on the internal custody and administration accounts of the MRTs concerned, in full compliance with the regulatory provisions.

## “BPER 2021 Strategic Plan” and sustainability: remuneration strategy in support of long-term growth

The new “BPER 2021 Strategic Plan” was presented at the start of 2019. This is founded on 3 pillars with common cross-functional accelerators:



The business plan includes a sustainable approach, founded on the digital transformation, people and positioning as a point of reference for society, among the "drivers" that will accelerate the achievement of our long-term objectives: ensuring that the BPER Group remains a point of reference for households and businesses by supporting economic growth in the areas served, with a growing focus on the digital transformation, innovation in processes and products, new internationalisation strategies and a renewed commitment to corporate social responsibility.

This investment in digital skills and the transformation of customer relations and internal processes represents our commitment to develop a "sustainable" working environment, in which the new professions combine different experiences that fuel a culture of inclusion and respect for diversity (roots, experience, gender, age, education, professional specialisation etc.).

People are the “heart” of the organisation. We strive daily to ensure that they are the starting point for our future development and leaders of constant, sustainable growth focused on:

- diversity and inclusion
- corporate welfare
- training and coaching
- flexible working

Being a reference model for society means working every day to improve the lives of people, building on their experiences and the territories in which they live, and concentrating our efforts on:

- energy consumption
- sustainable mobility
- culture and literature
- financial education
- optimisation of the value chain

The enhancement of people and the creation of value for the entire ecosystem in which BPER operates underpin the social responsibility policy of the Group and, therefore, the systems designed to incentivise the achievement of our short and long-term goals in a sustainable manner.

Accordingly, the remuneration policy of the BPER Group supports the achievement of the short and long-term goals by using the drivers identified in the BPER 2021 Strategic Plan:

- the presence of common entry gates to both systems, linked to risk-weighted capital adequacy, liquidity and profitability parameters, ensures their sustainability from an economic and financial standpoint;
- the systems apply to key roles (linked to areas of the Bank that generated significant value added) for the success of the 2019-2021 Business Plan;
- the LTI Plan, based on BPER Shares and activated in 2019 together with the Business Plan, ensure that the interests of MRTs are aligned with those of the shareholders and all stakeholders:
  - the targets are closely linked to the objectives of the Business Plan, updated by the Board of Directors on 29 September 2020;
  - the profitability, efficiency and risk management objectives defined seek to build the profitability and long-term financial strength of the Group, as a source of value creation for the entire eco-system;
  - the introduction of a multiplier-demultiplier mechanism correlated with the growth in shareholder value, as measured using Total Shareholder Return (TSR) compared with a peer, increases our alignment with shareholders;
  - the corrective mechanism linked to the desirable certification of our "ethical" reputation, our gender balance achieved by raising the number of women executives, and our support for the development of a financial culture in the upper schools, assures the sustainability of the objectives incentivised in the Plan.
- the MBO scheme incentivises the achievement of objectives that are consistent with the strategic directions detailed in the Plan and the priorities linked to the extraordinary transaction for the inclusion of the business unit acquired from Ubi Banca and Intesa Sanpaolo;
  - the "Strategic Card", a summary of the 2021 priorities of the Strategic Plan, is the founding element of the MBO system and of the objectives for the entire structure, integrated from 2021 with the following ESG priorities:
    - Sustainable Finance
    - Reputation and Environment
    - Inclusion and diversity.
  - the enhancement of people is essential for all components of the organisation involved in the digital transformation or the strengthening of the value chain, requiring the implementation of an inclusive development plan designed to support professional growth, agility in the development of skills and gender balance, supported by remuneration policies based on the principle of gender neutrality;
  - alignment with the interests of customers and the creation of shared value represent drivers of the systems used to incentivise the internal business and commercial organisations.

## 4. Market practice and use of external consultants

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

Consistent with this, the Group periodically benchmarks salaries against those of a panel of companies operating in the same sector, as well as those identified in segment surveys carried out by the trade association, and applies analytical criteria to compare similar roles and positions in order to determine the positioning of our pay levels in terms of fixed, variable and total remuneration.

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

In carrying out all the activities necessary to ensure the competitiveness and effectiveness of its pay systems, the Group has been supported by external, independent consultancy firms with considerable expertise in this area. In particular, the Group now collaborates with an international consultancy, Willis Towers Watson, which has helped to revise the incentive schemes, and with Mercer, which has provided support for the benchmarking of salaries at various levels within the employee population.

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

Company	Intesa Sanpaolo	UniCredit	Banco BPM	Banca Mediolanum
	Finecobank	CREDEM	Mediobanca	Banca Generali

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

# 5. Target audience of the remuneration policies

In line with the principles and purposes set out in chapter 3, the remuneration policies are aimed at creating value for all Group personnel, differentiated by category. They are therefore structured in order to ensure maximum effectiveness compatibly with the type and objectives of the relevant corporate function. In this direction, the remuneration and incentive policies are addressed to the five categories of personnel listed below:

- Corporate bodies
- MRTs
- Managers
- "Other personnel"
- External collaborators
- SGR personnel



## 6. Remuneration of the Corporate Bodies

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

### 6.1. Remuneration of the members of the Board of Directors

The remuneration of the Directors of BPER Banca S.p.A. is established with a view to rewarding their skills and responsibilities in fulfilling the task entrusted to them. For all Directors of the Parent Company, with the exception of the Chief Executive Officer, their remuneration is set entirely on a fixed basis, without any variable component of remuneration.

The Shareholders' Meeting of 22 April 2020 established the total amount of remuneration to be paid to the Directors for the year 2020, pursuant to art. 2389 para. 1 of the Italian Civil Code (ICC): a total of Euro 1,700,000 (of which Euro 1,125,000 for the members of the Board of Directors and Euro 575,000 for the additional remuneration of members of Board Committees), in addition to a fee of Euro 400 for individual attendance at each board meeting; the Directors also benefit from reimbursement of any expenses incurred in the exercise of their duties (travel, accommodation, training costs, etc.) and are not required to pay the premium for the D&O insurance policy for third-party liability, taken out by the Bank in their favour, all in compliance with applicable legislation and taking current market practice into account.

By virtue of the above, net of additional emoluments as a member of board committees or from having particular responsibilities, each Director benefits from a fixed annual emolument of Euro 75,000 in addition to the attendance fees mentioned previously.

On the proposal of the Remuneration Committee and after consulting the Board of Statutory Auditors, the Board of Directors then determined additional compensation, again fixed, for those executives with particular responsibilities, pursuant to art. 2389 para. 3 ICC, as follows: Euro 315,000 for the Chairman, Euro 600,000 for the Chief Executive Officer and Euro 50,000 for the Deputy Chairman.

The Ordinary Shareholders' Meeting called to approve the 2020 financial statements is called upon to resolve, among other things, on the amount of remuneration to be paid to the Directors for the current year, on the basis of the proposal made by the Board of Directors, explained in greater detail in the report pursuant to art. 125<sup>ter</sup> of the CFA on point 4) of the agenda, to which reference is made.

Following the approval of the Shareholders' Meeting, the Board of Directors will proceed with the recognition of the additional emoluments for the benefit of the executives with particular responsibilities, according to the procedures indicated previously.

## 6.2. Remuneration for being a member of a committee

The Directors who are members of Board Committees receive a fixed remuneration in proportion to the commitment required. At the same meeting at which they set the additional remuneration for executives with particular responsibilities, pursuant to art. 2389 para. 3 ICC, the Board of Directors also established the remuneration for being a member of a Board Committee. The following table shows the remuneration that is currently received.

Office	Executive Committee	Control and Risk Committee	Remuneration Committee	Nominations Committee	Independent Directors Committee
Chairman	€ 50,000	€ 55,000	€ 35,000	€ 30,000	€ 30,000
Member	€30,000	€ 35,000	€ 20,000	€ 20,000	€ 20,000

The board meeting that will decide on the additional emoluments for executives with particular responsibilities will also set the fees for being members of board committees, according to the procedures indicated previously.

## 6.3. Remuneration for special powers

Non-executive directors with particular responsibilities see their remuneration supplemented by an emolument, again for a fixed amount, which takes into account their greater commitment, specific skills and responsibilities. The additional emoluments paid to directors with particular responsibilities are established by the Board of Directors on the proposal of the Remuneration Committee and after hearing the opinion of the Board of Statutory Auditors. Remuneration for being vested with special powers is paid to:

- Chairman of the Board of Directors
- Deputy Chairman
- Chief Executive Officer and General Manager

## 6.4. Remuneration for the office of Chief Executive Officer and General Manager (CEO)

As part of the reorganisation of top management, which involved the assignment of the supervision of the governance, business and operational organisations to a single person, the emoluments of the **Chief Executive Officer**<sup>9</sup> have been redefined by the Board of Directors now that the roles of CEO and General Manager have been combined with effect from 1 January 2020. This revision took account of the total amount approved at the Shareholders' Meeting for the remuneration of the Board of Directors, as well as the best practices adopted in the banking sector for roles of similar standing.

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

<sup>9</sup> See Table 1 Part II Section II

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

## 6.5. Remuneration of employees appointed as directors of subsidiaries

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

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

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

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

Payment of this indemnity takes place according to the terms and methods laid down in the regulations in force from time to time.

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

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

Office	Compensation
<b>Chairman of the Board of Statutory Auditors</b>	€ 142,500
<b>Member of the Board of Statutory Auditors</b>	€ 95,000

The Ordinary Shareholders' Meeting called to approve the 2020 financial statements will decide on the remuneration of the members of the Board of Statutory Auditors, including that of the Chairman for the entire term of office.

Any expenses connected with carrying out the office, including the D&O insurance premium for third-party liability, are borne directly by the Bank/Company or reimbursed to the Statutory Auditor.

# 7. 2021 Remuneration policies

The Group remuneration and incentive policy is designed in compliance with the principles and purposes defined in section 3 and in accordance with the **regulations**<sup>10</sup> currently in force. To ensure the effectiveness, competitiveness and strength of the remuneration policies, the Group conducts regular analyses to monitor the main market practices and trends and for this purpose uses external consultants with solid experience in the field.

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

## Ratio between variable and fixed remuneration

In line with the regulatory requirements and the resolutions adopted at the Shareholders' Meeting held in 2020, the ratio between variable and fixed remuneration is set at 2:1 for all **MRTs**<sup>11</sup> (except for control and similar functions). This is to have the flexibility to make payments ahead or in the event of early termination, within the maximum limits already established in these policies, and to apply all the operational tools needed to attract external resources in order to achieve our **corporate objectives**<sup>12</sup>.

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

Nevertheless, the Group also sets the maximum fixed/variable ratio at 2:1 for all other personnel too (excluding the control functions once again) in the following limited circumstances:

- a. to make payments ahead or in the event of early severance, within the maximum limits already established in these policies under specific circumstances;
- b. to obtain the appropriate flexibility needed to manage in a suitable manner the competitive pressures in the job markets for certain, highly profitable business segments and specific professional families (Wealth Management and Corporate Banking); these professional families comprise a maximum of 521 persons, within which only a very small minority can exceed the 1:1 limit.

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

The table below shows the short and long-term variable incentive levels (target and maximum) defined for MRTs and for Control Functions. Note that these limits apply normally, though there may still be specific situations in which the Bank may use the entire regulatory limit of **100%**<sup>13</sup> (for example,

<sup>10</sup> Bank of Italy Circular 285.

<sup>11</sup> This ratio does not apply to personnel belonging to the SGR within the Group, for whom the regulations envisage the possibility of different limits. See section 7.8 for further details.

<sup>12</sup> Without prejudice to the objectives mentioned, the Group's intention is to maintain the proportion of variable to fixed remuneration well within the ordinary limits, as shown in the table on the following page.

<sup>13</sup> Possibly increased to 200% for the CEO, MRTs and the highly profitable business segments discussed above.

paying entry bonuses or offering incentive packages to help recruit resources that the company deems necessary to achieve important objectives). This exception applies to all categories of MRTs, if permitted by the regulations.

	Short-term target bonus		Long-term target bonus spread over 8 annual tranches <sup>14</sup>		Long-term target bonus calculated on the three-year vesting period	
	Target bonus	Maximum bonus	Target bonus	Maximum bonus	Target bonus	Maximum bonus
	(% GAI)	(% GAI)	(% GAI)	(% GAI)	(% GAI)	(% GAI)
CEO	35%	45%	15%	21%	40%	55%
Material Risk Takers (MRTs)	35%	45%	12%	16%	32%	45%
Control functions	33% <sup>15</sup> (25%)	33%	-	-	-	-

The aim of the Remuneration and Incentive Policy is to reward the achievement of company objectives, with a view to creating value for the shareholders. At the same time it is based on clear and defined indicators that regulate the disbursement of variable bonuses, subjecting their payment, especially for MRTs, to the fact that there are adequate capital, liquidity and risk-adjusted return ratios, also in compliance with the Bank of Italy's **requirements**<sup>16</sup>. The structure of the bonus schemes for MRTs can be explained starting from the one for the CEO and General Manager in paragraph 7.1, highlighting the elements that differ from it. In the event of significant and unexpected changes in market conditions, the Board of Directors can order a review of the annual budget, with a consequent revision of **individual targets**.<sup>17</sup>

It is a consolidated approach in the BPER Group that the measurement of results is adjusted by extraordinary components in order to eliminate the effects of extraordinary events, such as non-recurring income or costs, write-downs of equity investments, capital gains or losses on disposal, etc. To this end, in line with internal regulations, the Board of Directors has the right to adjust any items to arrive at the results to be used for the bonus scheme.

The Board of Directors of the Parent Company also has the right to reduce the bonuses accrued if in total they exceed the approved bonus pool.

The main changes introduced in the Remuneration Policy for 2021 are:

<sup>14</sup> For the purpose of calculating the limit to the variable/fixed ratio, the amount of the long-term incentive plan is calculated in full in the year it is recognised; however, it is possible to calculate this amount, according to a linear pro rata criterion, within the limit relating to each year of the long-term incentive plan (also considering the deferral period), this being more than 6 years. In absolute terms, therefore, the figure has to be multiplied by 8 years.

<sup>15</sup> Limit set by law

<sup>16</sup> Bank of Italy Circular 285.

<sup>17</sup> Just as, more normally, this need can arise in the case of extraordinary transactions that affect the perimeters of the Group or the individual companies that make it up.

- integration of the strategic card with the focus on Corporate Social Responsibility, by including ESG objectives linked to three key areas for the BPER Group, namely "Sustainable Finance", "Reputation and the Environment" and "Inclusion and Diversity";
- introduction of Shares with reference to the financial instrument component of the MBO scheme (instead of Phantom Stocks) in order to bring the incentive tools into line with the main market practices and the requests of investors and proxy advisors;
- extension, for prudence sake with reference to the next update of Circular 285 of the Bank of Italy, of the deferral of Material Risk Takers from 3 to 4 years (for Top MRTs, the deferral remains 5 years).

Other adjustments were introduced in line with the update of the Issuers' Regulation in terms of disclosure of the components of remuneration.

## 7.1. Remuneration of the Chief Executive Officer and General Manager (CEO)

The remuneration of BPER's CEO and General Manager comprises a fixed component, a short-term variable component and a long-term variable component. In line with 2020 and the prudent principles of the Group remuneration policy and the prudent approach underlying the BPER Group's remuneration policy decisions, the maximum pay-out is a ratio of 1:1 between the overall variable component and the fixed component, although the limit on the ratio between variable and fixed remuneration approved by the Shareholders' Meeting is 2:1.

The short-term variable component, described in more detail below, is determined with reference to clear and measurable performance parameters. Discretionary bonuses are not awarded. The calculations are made after checking that the access conditions envisaged for all MRTs have been achieved. The areas of reference are as follows:

- a. A "quantitative" area involving the financial results and risk management.
- b. A "qualitative" area with Environmental, Social and Governance (ESG) objectives .

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

Expressing BPER's strategic objectives in terms of financial targets, risk management and ESG makes sure that the annual priorities are in line with the interests of all of the stakeholders.

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

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

reference are as follows:

1. The "Financial results and risk management" area (with KPIs concerning operational efficiency (Cost/Income), profitability (Post-Provisions Profit) and credit quality (NPE ratio)).
2. The "Creation of shareholder value" area with a target of Total Shareholder Return.
3. The "Sustainability" area with Corporate Social Responsibility objectives (social and environmental sustainability, in terms of gender diversity, financial education and sustainability of the value chain).

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

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

## Variable bonus scheme - MBO

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

The incentive scheme provides for the identification of a bonus pool which represents the maximum amount of bonuses that can be paid. The bonus pool for the CEO and General Manager and MRTs is set at a **Group**<sup>18</sup> level. The amount of the bonus pool for MRTs is correlated to the results achieved, in terms of the Post Provision Profit reported by the Group, and constitutes a maximum limit.

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

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<sup>18</sup> With the exception of MBO bonuses for Control Functions, which are of limited amount and not even indirectly correlated with the financial results, and those for the asset management company, included in a separate pool at company level.

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The entry gates for 2021, all of which have to be achieved at the same time, are as follows:

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

Failure to achieve even only one of the entry gates means not paying any bonus under this **scheme** (MBO) <sup>19</sup>.

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

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

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

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

After checking that the entry gates have been exceeded, the bonus allocation and the extent of the variable remuneration are defined by evaluating individual performances using a process that includes the analysis of various qualitative and quantitative indicators. For 2021, the CEO's scorecard comprises both quantitative and qualitative targets.

<sup>19</sup> As will become clearer from reading the following paragraphs, CET1 and LCR are binding for all MBO systems, RORWA does not apply to the Control Functions.

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## Scorecard for the CEO and General Manager

### Quantitative objectives<sup>20</sup> (85%)

- |   |     |
|---|-----|
| • Post Provisions Profit                        | 30% |
| • Gross NPE ratio (%)                           | 25% |
| • Net customer balance                          | 15% |
| • Net inflows to assets under management (€/Mn) | 15% |
| • CET 1 ratio fully-loaded (%)                  | 15% |

### Qualitative objectives ESG (15%)

- Sustainable finance: definition of framework, implementation of preparatory activities and issuance of ESG bonds.
- Reputation and Environment: maintaining a top ranking in ESG indices (Standard Ethics Rating and Carbon Disclosure Project)
- Inclusion and Diversity: support gender diversity in the "Talent Pipeline"

A qualitative assessment is envisaged for Material Risk Takers which can act as a supplement to the overall assessment with a maximum incidence of +/- 10%, still within the limits of the approved bonus pool. This provision does not normally apply to the CEO and General Manager or to Executives with strategic responsibilities. If the Board of Directors decides to apply it on the proposal of the Remuneration Committee and based on a hypothesis formulated by the Chairman of the Board of Directors, specific internal procedures will be adopted as necessary.

Once the results have been measured by the Board of Directors, the system provides for the application of parameters to adjust for risk, based on those contained in the Risk Appetite Framework (RAF). These parameters adjust the incentive earned on achievement of the objectives specified in the CEO's personal scorecard. If they are not satisfied, the bonus earned may be reduced, or even eliminated.

### Adjustments (in order of impact)

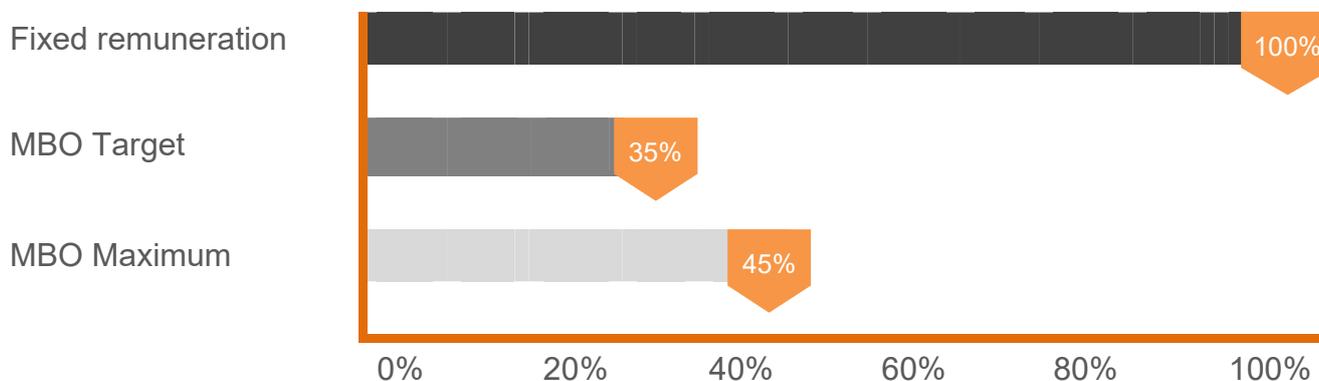
- Gross NPL Ratio
- LCR
- Transitional CET1 %
- Economic Capital Adequacy Ratio
- MREL (% TLOF)

<sup>20</sup> Each card has a total of 100%: the quantitative objectives are worth 85%, the ESG objectives 15%. The reference perimeter of the metrics included in the CEO and General Manager scorecard is the Group consolidated one.

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The CEO's and General Manager short-term bonus opportunity is capped at 45% of his fixed remuneration, namely:

## MBO scheme for the CEO and General Manager



The method of paying accrued bonuses after the final calculation of the results of the scorecard has been set by the Board of Directors in line with the regulatory **requirements**<sup>21</sup>, with the dual aim of achieving alignment with the ex-post risk and supporting the medium and long-term orientation, as well as managing to correlate the variable component with the actual results and the risks assumed. The Board also decided to use BPER Banca Shares in order to align the MBO scheme with the best market practices and the requests of investors and proxy advisors, starting from **2021**<sup>22</sup>.

In line with the above, payment of the CEO's bonus is structured as follows:

- 45% is attributed on the date the bonus is granted (up-front portion): 20% cash and 25% through BPER Banca Shares subject to a **retention period of 1 year**<sup>23</sup>.
- The other 55% (25% cash and 30% BPER Banca Shares) gets deferred in equal annual instalments over 5 years with a 1-year retention period (during which the Shares cannot be sold). The deferred portions are subject to malus conditions that are applicable to other MRTs.
- If the bonus is a **particularly high amount**<sup>24</sup>, the up-front portion is 40% (20% cash and 20% BPER Banca Shares subject to a 1-year retention period), while the other 60% (25% cash and 35% BPER Banca Shares) gets deferred in equal annual instalments over 5 years with a 1-year retention period (during which the Shares cannot be sold).

<sup>21</sup> Bank of Italy Circular 285.

<sup>22</sup> The amount of remuneration based on financial instruments may not be assigned entirely in the form of Shares if the Bank decides to pay a portion by means of other kinds of instrument according to the specific regulations (such as convertible bonds).

<sup>23</sup> "Sell to cover" remains a possibility (i.e. selling sufficient securities to fulfil any tax and social security obligations generated by the delivery of the securities subject to retention) for all amounts that are subject to a retention period.

<sup>24</sup> See Circ. 285, 25th update: A "particularly high amount" means the lower of: i) 25% of the average total remuneration of Italian high earners according to the latest report published by the EBA; ii) 10 times the average total remuneration of bank employees". In the BPER Banca Group, the level of variable remuneration which represents a particularly high amount is Euro 437,000 and is the lower of i) and ii), deriving from the application of point i). The situation is monitored constantly and updated every three years.

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- align management's interests with the creation of long-term shareholder value;
- motivate management to achieve the objectives of the 2019-2021 Business Plan, within a framework of healthy, prudent risk management and CSR sustainability;
- strengthen key persons' sense of belonging in order to implement the Group's medium-long term strategy;
- reward virtuous behaviour and positive results while penalizing failure to achieve results and any deterioration in the Group's capital, liquidity and profitability by not paying any bonuses.

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

The Plan is for around 40 members of Group top management considered key to the success of the **2019-2021 Business Plan**<sup>25</sup>.

The incentive system provides for the identification of a bonus pool which represents the maximum amount of bonuses that can be paid. The bonus pool for the CEO and for MRTs is set at a Group level. The amount of the bonus pool is related to the results achieved and constitutes a maximum limit; its distribution is entirely subject to compliance with certain entry gates, based on indicators of capital strength, liquidity and risk-adjusted profitability. The entry gates for the LTI Plan 2019-2021, all of which have to be achieved at the same time, are in line with those established for the MBO, to which reference should be made.

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

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

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

The Board of Directors of the Parent Company can also order the reduction or elimination of bonuses attributed to all categories of personnel in the event of particularly low net profitability or a loss, both at consolidated and separate level, in companies in which the combined capital requirements set by the **Supervisory Authorities**<sup>26</sup> are not complied with.

After checking that the entry gates have been exceeded, the actual

<sup>25</sup> To access the Plan it is necessary, at the end of it, to have held - and still hold - a position within the scope defined by the Board of Directors of the Parent Company for at least 18 months. Any exceptions require a specific resolution of the Parent Company's Board of Directors. Bonuses allocated to beneficiaries who have held positions within the scope for only part of the period of the Plan are calculated proportionally on a time basis.

<sup>26</sup> Circular no. 285 of 17 December 2013 – 3.1 PART ONE – Implementation rules for the CRD IV Directive (3.1.2 Capital reserves).

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allocation of the bonus and the related amount, within the **maximum**<sup>27</sup> limits set for the variable remuneration, are defined through a process of corporate performance evaluation that includes an analysis of three KPIs.

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

Targets are aligned with the objectives of the 2019-2021 Strategic Plan, of which the LTI Plan forms an integral part (the remuneration policies approved in 2019 and 2020 provided that any changes in the objectives of the strategic plan automatically became changes in the LTI Plan targets) .

In this regard, it should be noted that on 5 August 2020 the financial, capital and profitability metrics of the three-year Strategic Plan (2019-2021) were revised following the acquisition of a network of branches from the Intesa Sanpaolo Group, so as to reflect the forecast evolution of earnings.

The following September, in conjunction with confirmation of the strategic and industrial rationale underlying the acquisition, having revised the phasing of the project, on 29 September 2020 the Board of Directors approved the update of the Group's economic and financial prospects to 2021, which was communicated to the financial community on 1 October 2020.

On 9 March 2021, after consulting the Remuneration and Risk Committees, BPER's Board of Directors aligned the targets of the LTI Plan with the objectives of the **Strategic Plan**<sup>28</sup>, as well as updated by the Board of Directors on 29 September 2020.

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

The measurement and weighting mechanism of the LTI Plan, which is meant to balance the various types of objectives and support the motivation and incentive to achieve company results within a framework of sound and prudent risk management and CSR sustainability, is as follows :

## LTI 2019-2021 scorecard

	KPIs	Weighting
1	Post-Provisions Profit (PPP) in 2021 <i>Target: 600 (€.Mn)</i> <sup>29</sup>	<b>50%</b>
	Cost/Income ratio in 2021 <i>Target: &lt;60.6%</i> <sup>30</sup>	<b>25%</b>
	Gross NPE ratio in 2021 <i>Target: &lt;8.2%</i> <sup>31</sup>	<b>25%</b>

<sup>27</sup> The bonus pool, i.e. the theoretical maximum amount of bonus that can be paid, is the sum of the maximum bonuses that can be received at an individual level.

<sup>28</sup> See notes no. 25, 26 and 27 Report on Remuneration 2020 and notes 27, 28 and 29 Report on Remuneration 2019

<sup>29</sup> Objectives aligned with the 2019-2021 Business Plan as updated by the Board of Directors on 29 September 2020. (target from a "combined" perspective: "Bper Stand Alone" + "Branch". Prospectus page 127). As reported in the initial definitions, the reference format is the reclassified Income Statement usually used by the Group.

<sup>30</sup> See previous note, Prospectus page 127.

<sup>31</sup> See previous note. During the Board meeting of 9 March 2021 it was aligned with the forecast data of the "combined entity", which assumes an improvement in the NPE Ratio (-1.1% compared with the target of 9.3%, resolved in September 2020), as per the Prospectus page 84.

These objectives have a percentage weight on the individual bonus and their evaluation is based on progressive thresholds (from the minimum level of achievement to the target level), which correspond to bonus percentages equal to 70% below the target and rising to between 100% and 120% with a mechanism of linear progression.

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

### Multiplier/demultiplier

Positioning of the TSR of the BPER stock compared with a panel of competitors (Intesa Sanpaolo, Unicredit, **UBI**<sup>32</sup>, Banco BPM, Credem, Popolare di Sondrio):

2

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

### Sustainability Corrective

Depending on whether three **CSR**<sup>33</sup> (social and environmental sustainability) objectives are achieved or not, the bonus accrued up to this point can be further corrected:

3

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

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

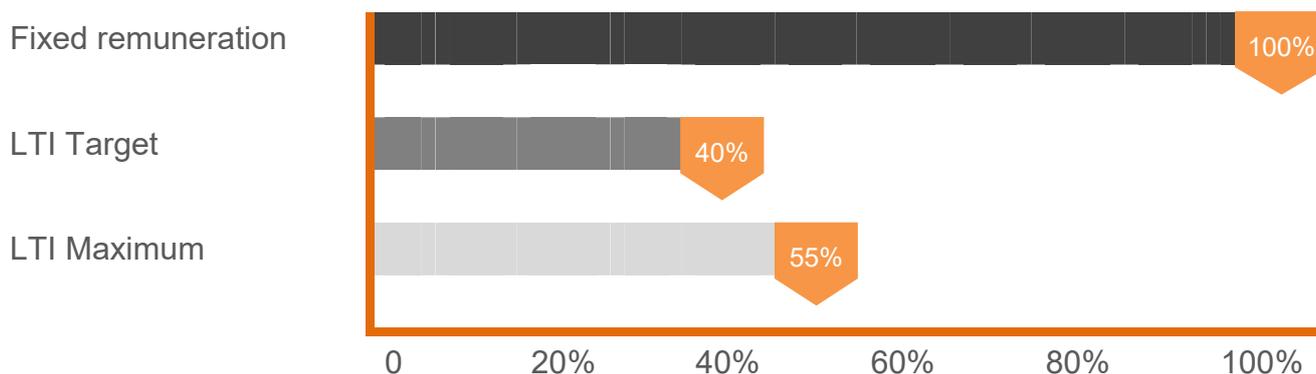
The bonus opportunity of the CEO is capped at an annual rate of **55%**<sup>34</sup> of his fixed remuneration:

<sup>32</sup> Delisted on 5 October 2020.

<sup>33</sup> 1) To acquire a Standard Ethics Rating of EE, 2) To increase the share of female executives to 15% from the current level of 8.5% 3) To achieve financial literacy in lower and upper secondary schools (altogether 3,300 classes with 66,000 people).

<sup>34</sup> This portion is determined annually over a period of 3 years. The cumulative value is therefore equal to 120% (target) and 165% (maximum). The total value may be spread over as many as 8 years, as envisaged in the regulation, in which case the target is 15% and the maximum is 21%.

## LTI of the CEO and GENERAL MANAGER (calculated over three years)



The method of paying accrued bonuses after the final calculation of the results of the scorecard has been set by the Board of Directors in line with the **regulatory requirements**<sup>35</sup>, with the dual aim of achieving alignment with the ex-post risk and supporting the long-term orientation, as well as managing to correlate the variable component with the actual results and the risks assumed. The Board has also decided to use BPER ordinary Shares for 100% of the long-term bonus.

In line with the above, payment of the CEO's and General Manager bonus is structured as follows.

At the end of the three-year period, 45% is attributed at the bonus assignment date (up-front portion), but subject to retention period of one year. The other 55% is deferred in equal annual instalments over five years with a **1-year**<sup>36</sup> retention period. Bonuses are subject to *ex-post* correction, malus and claw back conditions, as for short-term incentive schemes.

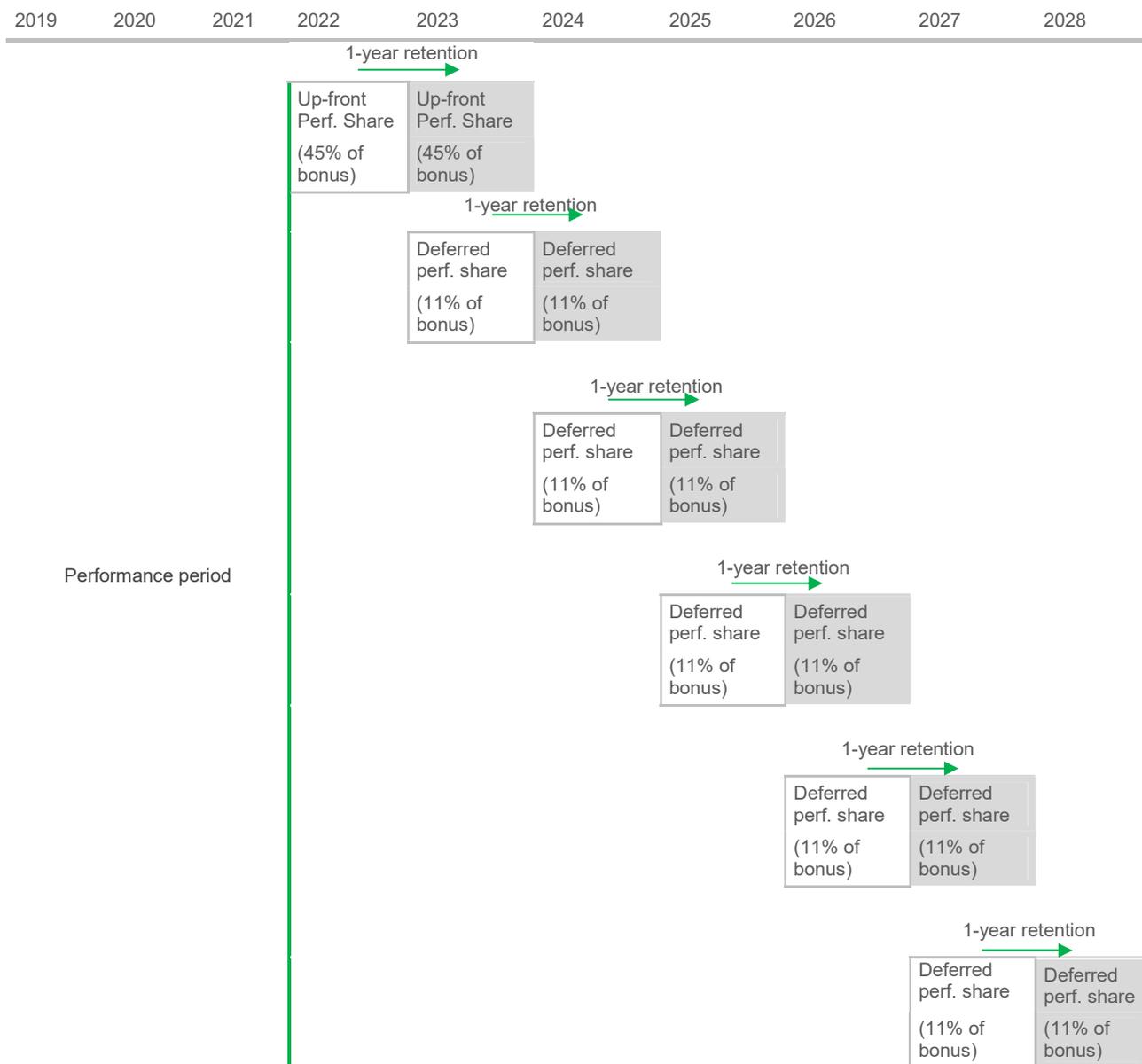
<sup>35</sup> Bank of Italy Circular 285.

<sup>36</sup> Without prejudice to the possibility of "sell to cover" (selling securities to pay any tax or social security contributions generated by delivery of the securities subject to retention). For a "particularly high amount", the up-front tranche will be equal to 40% and the five deferred tranches will be equal to 12% of the bonus.

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## Payment of the CEO's and General Manager LTI bonus

(example of 5-year deferral, if the accrued amount is higher than the maximum variable amount, the up-front portion falls to 40% and the deferred portion rises to 60%)



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

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

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

No change-of-control clauses apply to the CEO.

## Claw-back clauses

All **incentives paid**<sup>37</sup> are subject to claw-back clauses, although their effective application depends on predetermined circumstances taking place:

- types of behaviour that do not comply with the law, regulations and/or the articles of association and/or the code of ethics and/or conduct applicable to the Group, resulting in a significant loss for the Bank and/or for its customers;
- *ex-post* adjustment of the results of the Bank and/or of the person concerned, which gave rise to the pay-out of the bonus, following circumstances not known at the time of the pay-out. In such circumstances, the clause applies in the event that the review of the results involves adjustments exceeding Euro 1 million or if it was made unforeseeable or difficult/impossible because of the deed or fault of the person concerned;
- breaches of the obligations imposed pursuant to art. 26 or, when the employee is the person concerned, of art. 53, paragraphs 4 et seq. of the Consolidated Banking Act or obligations in the field of remuneration and incentives;
- types of behaviour subject to disciplinary initiatives and proceedings that may have led to termination of employment due to just cause or for justified subjective reason and in any case of termination for just cause;
- fraudulent behaviour or gross negligence to the detriment of the Bank or its customers, whether or not they resulted in a third-party sanction.
- implementation of personal hedging or remuneration insurance strategies following *ex-post* controls in order to alter the remuneration systems, undermining the effects of the risk alignment inherent in the remuneration mechanisms.

Specific claw-back clauses can be added for individual incentive schemes.

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

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

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

## 7.2. Remuneration of MRTs

The remuneration of MRTs is composed of a fixed element and a short-term variable element that for some may also be long-term. The variable component of the bonus is governed by very strict rules, as required by the Bank of Italy's **rules**<sup>38</sup> on the remuneration of MRTs.

Note that a variable component of the remuneration may be foreseen on the basis of qualitative objectives and not connected in any way to the financial results for those in control or similar functions (subject to agreements with the Trade Unions, valid for all employees and applicable to these professional positions). The amount of the variable component is held below the regulatory limit of **100%**<sup>39</sup> of the fixed component, except in specific situations in which the percentage may be raised to the limit approved in a

<sup>37</sup> Including special one-off reward bonuses.

<sup>38</sup> Bank of Italy Circular 285.

<sup>39</sup> Subject to the circumstances specified in section 7.

specific **Shareholders' Resolution**<sup>40</sup>.

The bonuses set with reference to 2020 account for a percentage ranging from 0% to **92.5%**<sup>41</sup> of the fixed remuneration.

MRTs are beneficiaries of the MBO variable incentive scheme explained in paragraph 7.1.

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

The MBO scheme generally provides incentive opportunities for MRTs of up to 45% of their fixed remuneration, except in the case of Control Functions, as described below.

Determination of the bonus pool for MRTs follows the same criteria explained in section 7.1 (linked to changes in the reference indicator).

The personal scorecards of MRTs are linked to results that are relevant to their respective **roles and responsibilities**<sup>42</sup>, comprising both quantitative and qualitative objectives as in the case of the CEO, as explained in section 7.1. The qualitative assessment refers to ESG issues or to any specific planning or functional responsibilities. Since, in a limited number of cases, it is not feasible to identify quantitative indicators representative of the functions held by certain persons, the parameters applicable to the broader organisations to which they belong are used.

Payment of the accrued variable remuneration takes place consistently with what is provided for in banking **regulations**<sup>43</sup>. Bonuses are paid in different ways depending on their amount and whether or not the recipient is an MRT belonging to top management (CEO, Chief Executive Officers and/or General Managers of "**significant**"<sup>44</sup> business units" with RWA >2% and, for the Parent Company, Deputy General Managers, Executives with strategic responsibilities and C-Level managers reporting directly to the CEO and General Manager).

#### **MRTs belonging to top management:**

Variable remuneration > Euro 437 thousand (**particularly high amount**)<sup>45</sup>:

- 40% is attributed at the date the bonus is granted (up-front portion): 20% cash and 20% through BPER Banca Shares subject to a 1-year retention period (during which the Shares cannot be sold). The other 60% (25% cash and 35% through BPER Banca Shares) is deferred in equal annual instalments over the five years from that of the grant, subject to a retention period of one year from the vesting date of each deferred tranche (during which the shares cannot be sold).

Variable remuneration > Euro 50 thousand (or 1/3 of the total annual remuneration) and ≤ Euro 437 thousand:

- 45% is attributed on the date the bonus is granted (up-front portion): 20% cash and 25% through BPER Banca Shares subject to a 1-year retention period (during which the Shares cannot be sold). The other 55% (25% cash and 30% through BPER Banca Shares) is deferred in equal

<sup>40</sup> For example, the granting of entry bonuses or incentive packages designed to facilitate the acquisition of resources that the company deems necessary for the achievement of important objectives.

<sup>41</sup> In one specific case. With regard to persons set ordinary bonus targets, the maximum level was 26%.

<sup>42</sup> Measured using KPIs and corrections that are derived from the Strategic Framework linked to the card shown in paragraph 7.1 with reference to the CEO. The parameters take on different weightings according to the activities that the person concerned performs, the responsibilities that they have been assigned and the operating levers that they manage.

<sup>43</sup> Bank of Italy Circular 285.

<sup>44</sup> Based on the EBA's RTS, companies with RWA >2% or marginal contribution to total Group revenues >2% are a "significant operational unit". For the purposes of identifying top management, only companies with RWA >2% are considered: BPER Banca, Banco di Sardegna, Sardaleasing and Emil.Ro Factor.

<sup>45</sup> As defined by Bank of Italy's Circular 285, 25th update. See note 24.

annual instalments over the five years from that of the grant, subject to a retention period of one year from the vesting date of each deferred tranche (during which the shares cannot be sold).

Variable remuneration  $\leq$  Euro 50 thousand and  $\leq$  1/3 total annual remuneration:

- paid up-front in monetary form.

**MRTs not belonging to top management:**

Variable remuneration  $>$  Euro 437 thousand (particularly high amount):

- 40% is attributed at the date the bonus is granted (up-front portion): 20% cash and 20% through BPER Banca Shares subject to a 1-year retention. The other 60% (30% cash and 30% through BPER Banca Shares) is deferred in equal annual instalments over the four years from that of the grant, subject to a retention period of one year from the vesting date of each deferred tranche (during which the Shares cannot be sold).

Variable remuneration  $>$  Euro 50 thousand (or 1/3 of the total annual remuneration) and  $\leq$  Euro 437 thousand:

- 60% is attributed at the date the bonus is granted (up-front portion): 30% cash and 30% through BPER Banca Shares subject to a 1-year retention period (during which the Shares cannot be sold). The other 40% (20% cash and 20% through BPER Banca Shares) is deferred in equal annual instalments over the four years from that of the grant, subject to a retention period of one year from the vesting date of each deferred tranche (during which the Shares cannot be sold).

Variable remuneration  $\leq$ 50 thousand Euros and  $\leq$  1/3 total annual remuneration:

- paid up-front in monetary form.

The LTI Plan 2019-2021 envisages annual incentive opportunities for MRTs ranging from 32% to 45% over a three-year period.

Please refer to paragraph 7.1. for the other aspects.

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

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

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

Change of control clauses are not currently foreseen for any MRTs.

### **7.3. Remuneration of Control Functions**

The remuneration of those performing Control Functions with the MRT perimeter is made up of a fixed component, supplemented by a specific function indemnity and a variable component which can be up to a maximum of 33% of the fixed component.

The latter does not depend on meeting financial targets, but is related to the specific objectives of the **function**<sup>46</sup>, in order to safeguard the independence that is required of these functions. The size of the bonus pool, defined within the MBO incentive scheme, is not related to the economic and financial results achieved, but is set as a fixed amount. Unlike what applies for MRTs, the payment of bonuses for the control functions is subject only to the entry gates based on capital (CET1) and liquidity (LCR) ratios.

Once the entry gates have been surpassed, the size of the annual bonus is linked to role-related objectives that may be quantitative and/or qualitative. People in this category have applied to them the rules for deferment of the variable portion, use of financial instruments, the malus and clawback clauses defined for the other MRTs and described in the paragraph 7.2 above.

## 7.4. Remuneration of managers

The remuneration of managers consists of a fixed element and a variable element. Net of any component resulting from the application of agreements with the Trade Unions, the variable part is of limited amount and within a maximum of 50% of the **fixed component**<sup>47</sup>, and in any case within the limit set by the law and the articles of association.

Management personnel are usually **beneficiaries**<sup>48</sup> of the MBO plan described in paragraph 7.1, including the qualitative component. The operating rules (e.g. entry gates, KPI, qualitative assessment and corrective action) foreseen for the specific perimeter are applied to MBO recipients subject to specific perimeters (network, private bankers, managers of BPER Credit Management...). In the event that the minimum levels associated with the entry gate parameters applied to MRTs are not reached, the Board of Directors of the Parent Company can decide whether to recognise bonuses of a limited amount, within a buffer that could be significantly lower than the original bonus pool.

The personal scorecards of managers are linked to results that are relevant to their **respective roles**<sup>49</sup> and responsibilities and are based on quantitative and qualitative objectives. Since, in a limited number of cases, it is not feasible to identify quantitative indicators representative of the functions held by certain persons, the parameters applicable to the broader organisations to which they belong are used, considering from a qualitative standpoint, where applicable, their actual contributions to achieving these results.

If the variable remuneration exceeds Euro 50,000 or 50% of the fixed remuneration (in any case, always within the maximum limit), a part will be deferred for at least one year, subject to malus conditions (where not otherwise specified, the malus conditions that apply to MRTs are used).

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

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<sup>46</sup> The CHRO is assimilated to the Control Functions as regards the overall rules, without prejudice to the possibility of assigning specific economic and financial objectives to the function.

<sup>47</sup> Except for specific situations in which it is possible to raise this percentage (for example the payment of entry bonuses or incentives packages designed to facilitate the acquisition of resources that the company deems necessary for the achievement of important objectives).

<sup>48</sup> A small number of executives, especially those in units run by in-charge managers, do not benefit from the MBO scheme and participate in the bonus system established for their organisation.

<sup>49</sup> Measured using KPIs that are derived from the Strategic Framework linked to the scorecard described in paragraph 7.1 with reference to the CEO and General Manager. The parameters take on different weightings according to the activities that the person concerned performs, the responsibilities that they have been assigned and the operating levers that they manage.

As required by the **regulations**<sup>50</sup>, the variable remuneration paid is subject to claw-back clauses in the same manner and circumstances as were explained in paragraph 7.1 above.

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

The provisions of this paragraph apply where an **executive director**<sup>51</sup> does not belong to the category of MRT and receives variable remuneration.

## 7.5. Remuneration of other personnel

The remuneration of middle managers and professional areas consists of a fixed element and a variable element. Net of any component resulting from the application of agreements with the Trade Unions, the variable part is of limited amount and within a maximum of 50% of the **fixed component**<sup>52</sup>, and in any case within the limit set by the law and the articles of association.

If the bonus exceeds Euro 50,000 or 50% of the fixed remuneration (always within the maximum limit), a half will be deferred for at least one year, subject to malus conditions (where not otherwise specified, the malus conditions that apply to MRTs are used).

A significant portion of these categories of personnel benefit from **MBO**<sup>53</sup> schemes linked to both qualitative and quantitative criteria. The most important relate to the Network, to Private Bankers and to NPE Managers.

In the event that the minimum levels associated with the entry gate parameters applied to MRTs are not reached, the Board of Directors of the Parent Company can decide whether to recognise bonuses of a limited amount, within a buffer that could be significantly lower than the original bonus pool.

As required by the **regulations**<sup>54</sup>, the bonuses paid are subject to claw-back clauses in the same manner and circumstances as were defined in paragraph 7.1 above.

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

## Incentive scheme (MBO)

In recent years, an increasing number of employees have been included as beneficiaries of the Group's MBO scheme, clearly with some differences related to the specific nature of the functions and activities performed. The MBO scheme now covers more than 70% of Group employees and almost all those who hold positions in the commercial sphere, in order to ensure greater consistency with the position held. Additional performance indicators have been defined for certain categories of personnel. These are linked to their individual or team ability to generate revenues and supplement the

<sup>50</sup> Bank of Italy Circular 285.

<sup>51</sup> Executive directors of companies not defined as significant by the analysis conducted by the CRO.

<sup>52</sup> Except for specific situations in which it is possible to raise this percentage, but generally not beyond 100% (for example the payment of entry bonuses or incentive packages designed to facilitate the acquisition of resources that the company deems necessary for the achievement of important objectives).

<sup>53</sup> The assignment of bonuses linked to performance or exceptional situations to integrate what is foreseen by the MBOs is not excluded.

<sup>54</sup> Bank of Italy Circular 285.

existing entry gates for application of the MBO scheme.

The MBO system requires the entry gates to be exceeded. In order to establish a link with the performance of the business, the amount of each bonus pool for specific clusters of functions or companies is tied to one/two specific indicators measured against the budget objectives. The size of the target bonus is usually determined by the position held, while that for the managers of customer portfolios is usually linked to the size of the portfolio managed. Individual bonuses are linked to achievement of the objectives set in the respective scorecards, which are strictly quantitative in nature, supplemented by qualitative indicators, and the overall **management assessment**<sup>55</sup>, which is mostly based on qualitative objectives. An adjustment factor linked to compliance parameters is then applied to the results.

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

For some specific figures not belonging to the category of MRTs, extended MBOs are possible over a multi-year period, possibly to supplement the ordinary annual MBO.

## 7.6. Remuneration of external collaborators

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

As a rule, the remuneration of external collaborators only consists of a fixed element. However, there is the possibility for variable remuneration to be awarded, still within the limits of 50% of the fixed component and, in any case, within the limit set by law and the articles of association.<sup>56</sup> The amount of the variable component will be determined each time based on specific indicators for the activity carried on.

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

The activities and remuneration of collaborators are evaluated as part of the process of identifying MRTs for inclusion or exclusion, following specific procedures, in accordance with the relevant regulations.

In order to achieve its strategic objectives and provide services to customers, the Group also makes use of financial advisers, hired under agency contracts (for wealth management services), and financial agents (for **consumer credit**)<sup>57</sup>.

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

The former represents the most stable part of the remuneration of the adviser/agent. This relates to the routine activities carried out, reflecting the main characteristics of the agency contract: the payment of percentage commissions agreed in advance between the Bank and the Agent and linked to "conclusion of the business" (e.g. formal agreement to purchase financial

<sup>55</sup> "Performance Management" as a business process

<sup>56</sup> Except for specific situations in which it is possible to raise this percentage, once verified limits set by the current articles of association (for example the payment of entry bonuses or incentives packages designed to facilitate the acquisition of resources that the company deems necessary for the achievement of important objectives).

<sup>57</sup> The Group also works with insurance agents, none of whom have been identified as MRTs and who are always remunerated on a current basis.

products offered by third parties or Group companies) introduced by the adviser/agent.

The latter, on the other hand, represents an incentive linked to the achievement of specified objectives (e.g. net inflows, development of the customer portfolio or banking customers etc.) and, as such, is subject to exceeding specified entry gates represented by the minimum supervisory requirements for capital adequacy and liquidity, as determined at the time of payment of the commission. In general terms, the "short-term" incentive schemes that reward business development are complemented by "medium-term" schemes that build loyalty and consolidate the relationships with the financial advisers or agents concerned.

These objectives are defined in a manner that does not reward conduct inconsistent with the interests of customers.

Similarly, management of the remuneration and incentive schemes for financial advisers and financial agents dedicates special attention to the evaluation of individual conduct, as well as the control over operational and reputational risks (e.g. compliance with the regulations and internal procedures and transparency in relations with customers). This ensures that the work of financial advisers and agents is focused on satisfaction of the interests of customers, in compliance with sector regulations. "Non-recurring" remuneration is therefore subject to partial or total reduction (malus) and/or repayment (claw-back) mechanisms in the event of fraudulent behaviour or gross negligence, without which the bonus would not have been awarded.

Remuneration can be affected by specific quality clauses, examples of which are listed below: audits with adverse or partly adverse outcomes, justified customer complaints about facts attributable to the adviser or agent, penalties levied by supervisory authorities etc.

The activities and remuneration of financial advisers/agents are evaluated as part of the process of identifying MRTs for inclusion or exclusion, following specific procedures, in accordance with the relevant regulations.

The non-recurring remuneration of any financial advisers and/or agents identified as MRTs within the Group is subject to the same rules (entry gates, ratio of non-recurring/recurring components, deferrals, malus and claw-back clauses) envisaged for payment of the variable remuneration of other MRTs (see section 7.2).

## 7.7. Remuneration of the Network: focus on transparency in the sale of banking goods and services

The Banking Group has identified the personnel considered significant for the sale of banking goods and services.

In particular, there are 12,975 **people**<sup>58</sup> who report to 85 Area Managers or equivalent management figures.

The remuneration of significant persons does provide incentives to work in their own interests or that of the intermediary, to the detriment of the customer. In particular, the variable component of the remuneration:

- is linked to quantitative and qualitative criteria;
- does not incentivise the offer of a specific product or category or combination of products that fails to satisfy the objectives and financial needs of the customer;
- is suitably balance with respect to the fixed component of the remuneration;

<sup>58</sup> Persons within the commercial network who work mostly in branches or facilities in direct contact with customers, private bankers, contact centre operators, financial advisers and agents.

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

- is subject to adjustment mechanisms that allow for its reduction (even significantly) or elimination in the event of conduct that resulted in or contributed to significant losses for customers.

Achievement of the commercial and economic-financial objectives is verified in light of the manager's assessment which includes, as a priority, the contribution to customer satisfaction and loyalty and to the development and dissemination of a team spirit. In order to contain exposures within the limits defined in the risk management policies of the Banking Group, having regard for the applicable regulatory limits, the remuneration and incentive systems for personnel responsible for the assessment of creditworthiness also include indicators that monitor the prudent management of risk, including credit risk in particular.

The overall assessment includes the results from monitoring the organisations responsible for checking the adequacy of customer relations, the low level of complaints attributable to specific responsibility for improper conduct towards customers and adjustments linked to the assessment of other quality indicators (e.g. proper Mifid profile, mandatory training).

The results of checks carried out by the control functions are also considered.

These elements, used to assess proper personal conduct (compliance with internal regulations and procedures and transparency in relations with customers), are given due consideration when assigning the variable component.

## 7.8. Remuneration of personnel of the SGR and BPER Bank Luxembourg

The Banking Group includes a company operating in the asset management sector (UCITS-AIF) and a bank based in Luxembourg, both subject to specific regulations.

### Asset management company

Arca SGR is subject to the **sector legislation**<sup>59</sup> deriving from the transposition into Italy law of Directives 2014/91/EU (UCITS V) and 2011/61/EU (AIFMD), most recently integrated into the Bank of Italy Regulation issued on 5 December 2019 in implementation of articles 4-*undecies* and 6, c.1, letters b) and c-*bis*), of the CFA and the specific provisions of the broader consolidated banking regulatory framework.

This subsidiary prepares the remuneration and incentives policy for its personnel in application of the principles and objectives embodied in the Group's remuneration policy (described in Chapter 3), having regard for the applicable regulatory requirements and, in particular:

- the role of the Shareholders' Meeting, the Corporate bodies, the Remuneration Committee and the governance processes at company level, regarding the coordination and control role of the **Parent Company**<sup>60</sup>;
- identification of MRTs at SGR level and contribution to the process of identifying the MRTs at Group level;
- clear distinction between fixed and variable remuneration;

<sup>59</sup> Joint Bank of Italy and Consob regulation dated 27 April 2017.

<sup>60</sup> The Parent Company prepares the remuneration and incentives policy for the entire Banking Group, ensures its overall consistency, provides guidance for its implementation and checks its proper application, without prejudice to the responsibility of the SGR to comply with those regulations that are directly applicable and to implement properly the guidance provided by the Parent Company.

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- short and long-term incentive schemes linked to the performance indicators of the SGR and of the Undertaking for the Collective Investment of Transferable Securities (UCITS) and of the Alternative Investment Funds (AIF), as managed and measured net of any risks associated with their operations, and taking account - via the definition of **entry gates**<sup>61</sup> and mechanisms for determining the bonus pool - of the capital resources and liquidity needed to finance the activities and investments of the SGR and the funds;
- application of specific deferral procedures for the different categories of risk taker, envisaging assignment of part of the variable remuneration in the form of financial instruments linked to fund units on passing a materiality threshold, set in line with sector practice at Euro 80,000;
- limits on variable remuneration including the definition of the company's own specific bonus pool which includes all personnel belonging to the company, none excluded, also in relation to membership of the Banking Group and the regulations applicable to it *pro tempore* (see above, paragraph 7 of the Remuneration Policy for 2021 "Ratio between variable remuneration and fixed remuneration" and application of the exception to the limit of the ratio between variable and **fixed remuneration**<sup>62</sup>);
- specific **malus conditions**<sup>63</sup> and claw-back mechanisms;
- specific conditions with regard to severance payments;
- disclosure requirements.

The Parent Company includes SGR personnel in the process followed to identify MRTs. Inclusion involves adoption of the qualitative criteria envisaged in the EBA technical standards, with particular reference to the possibility that the activities of those persons at significant operating units might have a significant impact on the risks faced by the Group, including its economic, financial and/or reputational risks. Inclusion also involves adoption of the quantitative criteria envisaged by the regulations that govern the exclusion mechanisms and procedures.

Without prejudice to the variable remuneration limits described, the SGR personnel identified as MRTs within the Group are subject to the criteria specified in this Remuneration Policy regarding, in particular:

- deferral rules (percentages and time horizon);
- percentage recognised, consistent with sector requirements, in the form of financial instruments (fund units);
- materiality threshold for the application of deferrals and portions in financial instruments;
- malus and **claw-back clauses**<sup>64</sup>;
- remuneration policy applied to the severance payments made to MRTs;
- other specific conditions applicable to MRTs within the Group.

With reference to the entry gates, in addition to the SGR-specific conditions and the minimum regulatory requirements for capital adequacy and liquidity, the monetary element of the annual incentive is subject to the capital adequacy and liquidity requirements envisaged for MRTs within the Group.

The above requirements for persons identified as MRTs within the Group

<sup>61</sup> In addition to the minimum supervisory requirements for the capital adequacy and liquidity of the Banking Group.

<sup>62</sup> In this regard, it should be noted that on 22 April 2020 the Shareholders' Meeting of BPER approved an exception to the limit of the ratio between variable and fixed remuneration, at the same time raising it to 3:1 compared with the Group cap (2:1) for the Management of ArcaFondi SGR (including those that are considered the Group MRTs) and the resources involved in the investment process and sales and marketing, including the development of digital platforms.

<sup>63</sup> In addition to the malus conditions linked to the minimum supervisory requirements for the capital adequacy and liquidity of the Group.

<sup>64</sup> As for the other MRTs in the Group, the deferred components are subject to the same entry gates for the payment of bonuses, in this case being the capital adequacy and liquidity gates envisaged for Group MRTs that are applied to the cash portion.

supplement the remuneration policy of the SGR and its specific requirements.

## BPER Bank Luxembourg

BPER Bank Luxembourg s.a. provides a full range of banking services (current accounts and liquidity management, custody and administration, etc.) and investment services (asset management, receipt and transmission of orders, management of life insurance policies) to private and corporate customers and institutional investors.

The Bank also makes loans to customers and banks and operates in trade finance.

In accordance with Bank of Italy Circular no. 285, the remuneration and incentive policies of the BPER Group take into account the characteristics of the Luxembourg bank, which is regulated by the local supervisory authority, **Commission de Surveillance du Secteur Financier (CSSF)**<sup>65</sup> (i.e. size of the company, risk level brought to the group, type of activity, presence of specific rules based on the sector that it belongs to). BPER Bank Luxembourg s.a. adopts the Policies developed by the Parent Company in the terms described above, submitting them to its Board of Directors for approval; it remains in any case responsible for compliance with the legislation directly applicable to it and for correct implementation of the guidelines provided by the Parent Company.

In this context, the following aspects are assessed on the basis of the principle of proportionality and within the broader consolidated banking regulatory framework:

- role of the corporate bodies of BPER Bank Luxembourg and of governance processes in general;
- identification of the individual MRTs (General Manager, First Deputy General Manager, Deputy General Manager and Heads of the Control Functions);
- any applications of specific procedures for deferral and payment of the variable component characterised by greater detail;
- any limits on variable remuneration.

For 2021, the only role at BPER Bank Luxembourg s.a. falling within the perimeter of Group MRTs according to the criteria mentioned in chapter 2 is the General Manager.

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<sup>65</sup>In particular, it is subject to CSSF Circular 10/437 (guidelines on remuneration policies in the financial sector); CSSF Circular 11/505 (details relating to the application of the proportionality principle in the definition and application of remuneration policies consistent with sound and effective risk management); CSSF Circular 15/620 (transposition of the CRD IV directive into the Luxembourg regulatory framework) and CSSF Circular 17/658 (adoption of the EBA Guidelines on sound remuneration policies).

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## 7.9. No-competition agreements, notice extension agreements and stability and/or retention agreements

When the need to safeguard the Group's competitiveness and particular professional skills, as well as to protect commercial goodwill and customers' interests, requires or makes it appropriate, the Group can enter into no-competition agreements with specific categories of personnel and/or on an individual basis, whether in an ongoing working relationship or on severance. These agreements must comply with the Bank of Italy's Supervisory Instructions, jurisprudential interpretations, market practices and the criteria and limits approved at the Shareholders' Meeting.

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

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

Payments to remunerate agreements that cover ongoing working relationships must satisfy the entry gates represented by the minimum supervisory requirements for capital adequacy and liquidity, as determined at the **time of payment**<sup>66</sup>.

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

## 7.10. Fringe benefits

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

## 7.11. Compensation granted on termination of employment of MRTs

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

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

<sup>66</sup> In particular, this applies to the amounts paid, in relation to ongoing working relationships, for no-competition agreements, notice extension agreements and stability agreements (and/or retention bonuses).

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the additional remuneration mentioned above:

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

If there are cases of termination of employment on the initiative and/or interest of the Group, in a unilateral or consensual form, additional compensation may be envisaged as a leaving indemnity or in the case of early retirement (for whatever reason) or paid for the settlement of a current or potential dispute, in order to avoid the risk of the court deciding against the Group.

The amount of such additional remuneration cannot exceed two years' **fixed remuneration**<sup>67</sup> - deriving from the executive employment relationship and from any positions as director - and will be subject to a maximum limit of Euro 2.4 million (gross per employee).

In any case, without prejudice to the foregoing, the total amount of additional remuneration, of any no-competition agreements and amounts paid in lieu of notice to the Chief Executive Officer, the General Manager and Executives with strategic responsibilities cannot exceed 2 years of **total remuneration**<sup>68</sup>.

As regards the relationship between fixed and variable remuneration, the criteria mentioned in the Supervisory Provisions will be respected (taking into account any exemptions, such as the exclusion - for the purposes of this relationship - of any amounts paid for that part of a no-competition agreement not exceeding the last year of fixed remuneration).

The remuneration in question will take account of the performance achieved over time and the risks taken on by the person concerned and by the company.

These additional amounts of remuneration must therefore be defined taking into account, in addition to the purposes set out above, an overall assessment of the person's work in the various positions held, the presence or otherwise of individual sanctions imposed by the Supervisory Authority, having particular regard to the levels of capitalisation and liquidity of the Group (specifically, reference is made to the fact that at the time of signing the agreement on compensation, the Bank's liquidity and capital exceed the minimum requirements laid down by the Supervisory Authorities).

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

If a party to the agreement is a member of the Control Functions, the following predefined formula will apply to quantify any **additional amounts of remuneration**<sup>69</sup>: 1 month's salary for each year of service provided, up to a maximum of 1 year of fixed remuneration.

<sup>67</sup> The following are not included in the additional remuneration: amounts paid in lieu of notice within the limits of what is established on the basis of the law and of the collective employment contract, amounts paid for a no-competition agreement, for the portion that does not exceed the last year of fixed remuneration, amounts paid in execution of a decision of an independent third party (judge or arbitrator) on the basis of the applicable legislation.

<sup>68</sup> The amount of one year's salary used to calculate this total is determined by considering the current fixed remuneration plus the average of the incentives actually awarded in the last three years prior to termination, including the portion of incentives paid in shares.

<sup>69</sup> Without prejudice to the exemptions referred to in Circ. 285, part one, title IV, Chap. 2, Sec. III, 2.2.3 which are an alternative to the formula.

All personnel belonging to the category of MRTs, including Control Functions, can adhere to early retirement incentive agreements defined with the Trade Unions, including those for access to the banking sector's Solidarity Fund. In this case, quantification of the incentive is considered a "predefined formula" pursuant to the **Supervisory Provisions**<sup>70</sup>. In any case, the limits of 2 years of total remuneration envisaged for the amount of additional remuneration for the Chief Executive Officer, the General Manager and Executives with Strategic Responsibilities remain unaffected.

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

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

For those who are not deemed to be MRTs, the Group can raise the maximum variable/fixed remuneration to 2:1 in order to make payments ahead or at the time of severance, without prejudice to the specifics envisaged for the personnel of Arca Fondi SGR and embodied in the specific remuneration policies of the Company, while complying in all cases with the maximum limits stated in these policies.

With reference to the effects of the termination of the relationship on the rights assigned under the incentive plans based on financial instruments or to be disbursed in cash, please refer to the corresponding provisions of the information documents prepared pursuant to art. 114-bis of the CFA.

## 7.12. Discretionary pension benefits

There is no provision for discretionary pension benefits for anyone in the company for early termination of employment or office. In the event of an exceptional assignment, the rules provided for under current legislation will be applied.



<sup>70</sup> Without prejudice to the exemptions referred to in Circular 285, part one, title IV, Chap. 2, Sec. III, 2.2.3 which are an alternative to the incentive.



## SECTION II - 2020 ANNUAL REMUNERATION REPORT

# PART I

## 1.1. Items that make up remuneration

The 2020 remuneration policy, approved by the Shareholders' Meeting of 22 April 2020, was defined with the aim of ensuring consistency with the principles and purposes that inspire the Group. It is divided into various remuneration components, differing from each other according to the objective for which they have been established. The main components foreseen in the BPER Group's remuneration policy for 2020 are:

### Fixed remuneration

- Envisaged for all levels of responsibility and calibrated according to specific factors such as the complexity of the role, measured by adopting appropriate valuation methodologies, individual responsibilities, professionalism and experience.
- The fixed remuneration, which is constantly monitored for internal and external equity, is determined with reference to the members of the Board of Directors, also in relation to the particular positions held in the various Group companies and participation in Board Committees.
- The definition of remuneration levels is conducted in compliance with the principle of sound and prudent management of the Bank, with a view to sustainability.
- Fixed remuneration may be complemented by fringe benefits that, depending on the type, may be given to all employees or just to certain specific positions or roles.
- No discretionary pension benefits are envisaged.

### Variable remuneration

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

elapsed. In 2019, the Group has defined a long-term variable incentive system based on a long-term period of performance assessment (2019-2021), consistent with the objectives and duration of the Group's strategic plan. The Plan is for around 40 members of Group top management considered key to the success of the 2019-2021 Business Plan. The bonus is paid entirely in BPER Banca Shares, part up-front and part deferred over 5 years in equal instalments.

- Incentive systems are also envisaged for the control functions and those in charge of drafting the accounting and corporate documents. For these resources, the incentive schemes are linked to the objectives of the role and, in any case, they are not related to economic performance, except for any agreements provided for under collective contracts, which apply to all employees and are applicable also to these professional roles.
- Incentives are subject to malus and clawback clauses.

### Early termination of the employment relationship

The remuneration policy offers the possibility to grant indemnities linked to early termination of the employment relationship (in addition to what is foreseen in collective contracts) or of the office. The policy relative to such remuneration also provides for maximum payments and constraints, in line with current regulations, on the manner and timing of payment (retention, types of instruments, etc.). Various executives with strategic responsibilities left office during 2020. In accordance with the Remuneration Policy applicable to them, Euro 272,000 was paid in cash and upfront for a no-competition agreement and Euro 136,000 as a redundancy incentive, to be paid partially in cash (45%) and partially in phantom stock (55%). 55% is deferred in equal annual instalments over the 5 years following the year of termination (25% in cash and 30% in phantom stock). The number of phantom shares will be determined with reference to the BPER Banca share value as defined in the "Prospectus for phantom stock compensation plan – Phantom stock 2020". Consultancy contracts have been signed with former executives with strategic responsibilities to oversee certain important projects. Overall, compensation of Euro 483,000 is expected to be paid out between 2020 and 2021. Those who have left office are not recipients of the long-term incentive plan (2019-2021 LTI Plan), whereas they are pro-quota recipients of the short-term MBO 2020 incentive scheme.

## 1.2. Main 2020 results and Pay-for-Performance

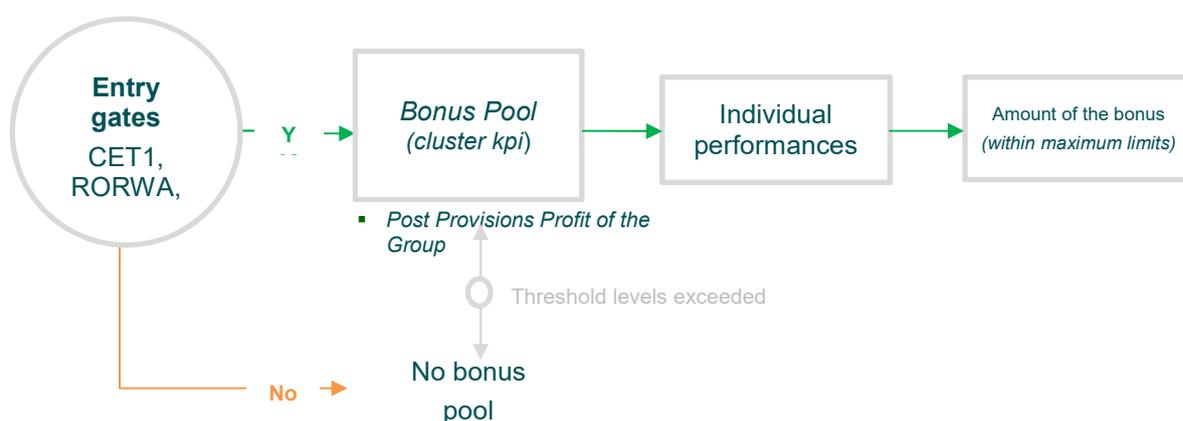
Remuneration policies are designed with the aim of ensuring an alignment between the results actually achieved and the remuneration paid. In this sense, the BPER Group policy envisages variable incentive schemes based on measurable performance indicators that are clear and directly related to Group and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

The profit for the year in 2020 was € 245.7 million, with good revenue growth and effective control over operating costs, despite the complexity caused by the health emergency and handling the acquisition of the branches from the Intesa Sanpaolo Group.

Implementation of the 2020 remuneration policy made it possible to ensure alignment between the incentives accrued and the results achieved, considering the pandemic scenario that was totally unpredictable at the time of drafting the remuneration policy. In this regard, it is worth noting that in 2020, following a review of the budget to reflect the impact of Covid-19 on the forecasts, steps were taken to reduce the target bonuses of MRTs by 50% and, more in general, the overall bonus pool of the short-term MBO scheme by 25%.

On 9 July 2020, given the pandemic and the uncertain state of financial markets, the Board of Directors decided to reduce the funding of the bonus pool, after consulting the Remuneration and the Control and Risk Committees. This demonstrates the attention given to keeping incentive schemes aligned to the sustainability of the Group's performance in the medium-long term.

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





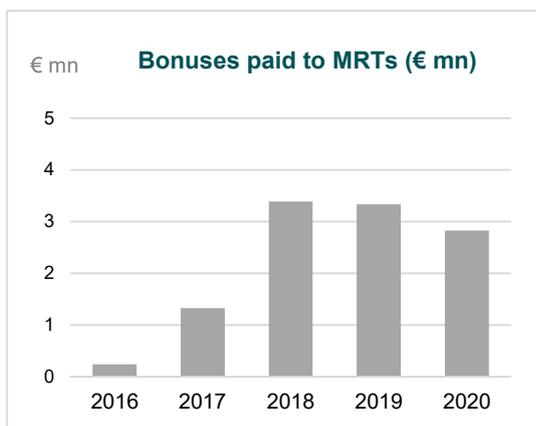
Implementation of the Group's remuneration policies, with particular reference to the variable incentive component, during the course of 2020 as well as in previous years, made it possible to put into practice the aims of the policies to act as a direct link between the bonuses paid and the results achieved. The charts show the trend in Group profit and the bonuses paid to MRTs from 2016 to 2020<sup>71</sup>. Note that MRT bonuses in 2020 were reduced by 15.2% compared with 2019, a reduction that becomes 32% by pro-forming the inclusion of Arca SGR MRTs at Group level, which took place in 2020. At the same time, it is worth pointing out that against a reduction in net profit, the Post Provisions Profit has grown significantly (see paragraph 1.4)

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

The extraordinary transaction being concluded in the first half of 2021, preceded by an increase in capital, has not affected the Group's capital strength, with a Fully Loaded CET 1 ratio of 15.90% and a Phased In CET 1 ratio of 17.70% incorporating the effects of the increase in capital.

Following the increase in capital, the Board meeting on February 25, 2021 approved the application of an adjustment mechanism in order to neutralise the technical effects on the reduction on the price of BPER Banca Shares attributable to the capital increase (adjustment for the discount on the TERP). The number of financial instruments assigned as part of the **existing incentive plans**<sup>72</sup> is therefore multiplied by an adjustment parameter equal to **1.4954**<sup>73</sup>

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



<sup>71</sup> Note that Arca Fondi SGR is included in 2020, which affects the total amount of incentives paid significantly.

<sup>72</sup> Phantom stock plans linked to the MBO schemes and to the additional remuneration granted on the early termination of MRTs, shares linked to the 2019-2021 LTI Plan

<sup>73</sup> Calculated by dividing the official price cum right of the BPER Banca Share of 29 September 2020 (€ 1.95) by the Theoretical Ex Right Price (TERP) equal to € 1.304.

## How the CEO's and General Manager bonus is calculated

Group performance	Entry gates	Common Equity Tier 1 Ratio (CET1) – Pillar 1					✓
		Return On Risk-Weighted Assets (RORWA)					✓
		Liquidity Coverage Ratio (LCR)					✓
	Bonus pool (Cluster KPIs)	No bonus pool	Base	Target	Maximum		
Post Provisions Profit (net of extraordinary items)							

The CEO's and General Manager MBO scheme is based on 5 indicators that have beaten the budgets set to take part in the incentive scheme and are generally located close to the maximum achievable level.

Risk correctives did not show any specific problems.

## The CEO's and General Manager scorecard

Individual performance	Quantitative assessment (Weighting 100%)		Weighting	Result versus target <sup>74</sup>	Not reached	Base	Target	Maximum
		Group gross non-performing loans	15%	-1142 mn				120%
		Commissions from Wealth Management and Group Bancassurance + Minter Bibanca	15%	+24.1 mn				118%
		Group Fully Phased CET 1 ratio (%)	15%	+0.6%				114%
		Group gross performing commercial loans	15%	+1610 mn				117%
		Post Provisions Profit of the Group* <small>* net of extraordinary items</small>	40%	+44.6 mn				120%
		<b>Management assessment</b>	<b>The quantitative assessment is confirmed<sup>75</sup></b>					

<sup>74</sup> BPER Banca does not announce the annual targets on individual indicators. Here the percentage level of achievement of the budgets is disclosed, based on the individual rules of performance linked to each indicator, gives rise to the summary performance of the MBO.

<sup>75</sup> The Board of Directors approved an assessment of excellence for the results achieved and the supervision of CEO's managerial responsibilities, confirming his bonus.

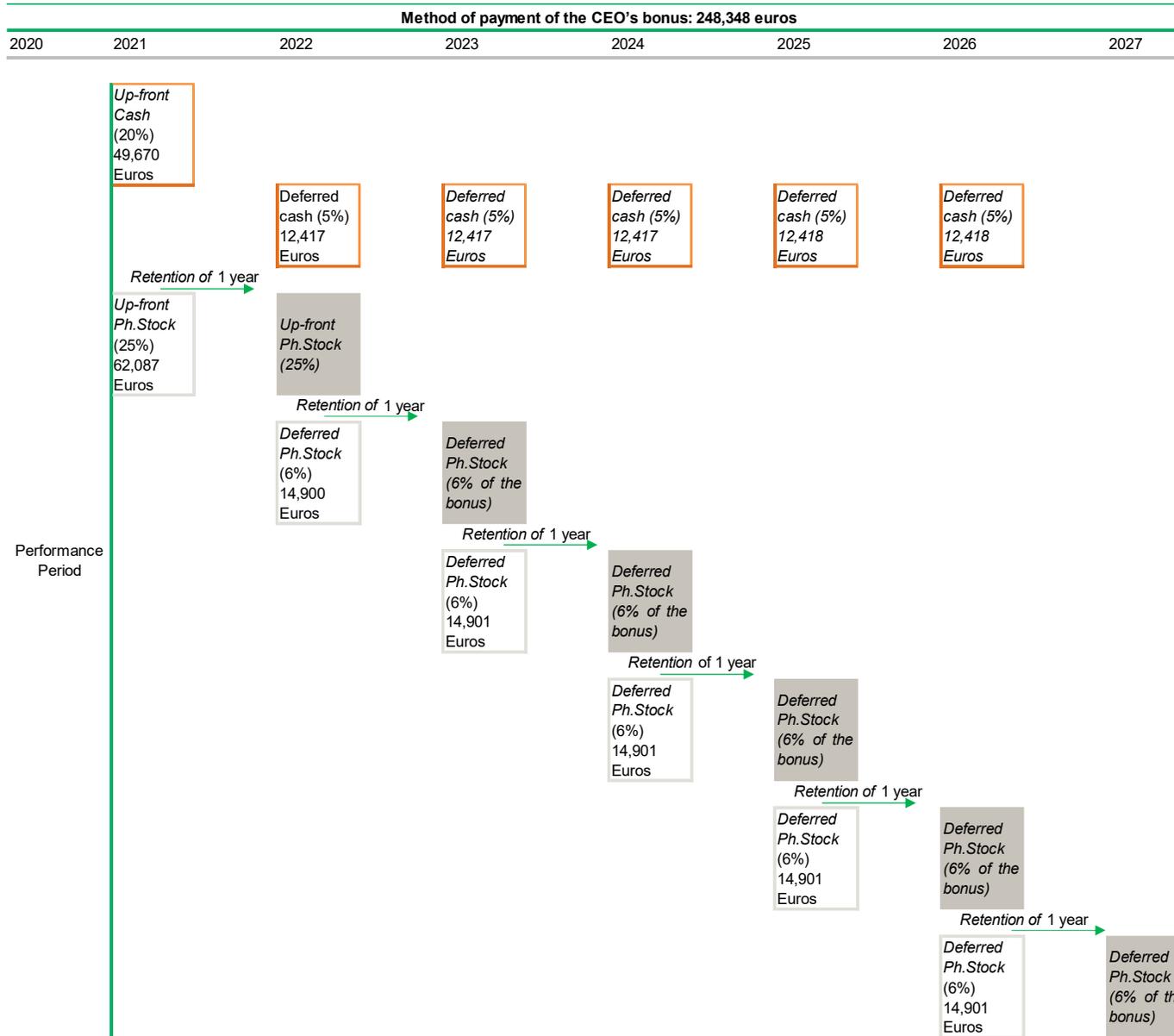
Correction factors	Economic Capital Adequacy Ratio (as part of ICAAP)	✓
	Gross non-performing loans ratio	✓
	MREL	✓
	Fully Loaded CET 1 (%)	✓
	Liquidity Coverage Ratio (LCR)	✓

The overall performance result for 2020 is 118%.

Following the budget review to include the impact of Covid-19 on the forecasts, the target bonus was reduced by 50%, going from Euro 420,000 to Euro 210,000. It follows that the overall bonus assigned to the CEO is equal to Euro 248,348 which is 16% of his total remuneration. The **fixed part of his remuneration**<sup>76</sup> comes to 84%. The scheme by which this variable remuneration will be paid is as follows.

<sup>76</sup> Made up of remuneration as General Manager and compensation as Chief Executive Officer of BPER Banca, including the fees for being a member of Board Committees (see section 2, part 2, table 1).

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



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### 1.3. Implementation of the 2020 Remuneration Policies

In accordance with the Bank of Italy's Guidelines and the remuneration policies introduced by the BPER Group for 2020<sup>77</sup>, the following information is provided on implementation of the remuneration policies and compensation plans that were introduced:

- a. aggregate quantitative information on remuneration, broken down by business area;
- b. aggregate quantitative information on remuneration, broken down among the various categories of MRTs, indicating the following elements:
  - I. the amounts of remuneration for the year, split into fixed and **variable elements**<sup>78</sup> and the number of beneficiaries;
  - II. the amounts and forms of variable remuneration, split into cash, Shares, instruments linked to Share and other types;
  - III. the amounts of outstanding deferred remuneration, split between the vested and unvested portions;
  - IV. the amounts of deferred Remuneration recognised during the year, paid and reduced through mechanisms for correcting the results;
  - V. any "golden hellos" and "golden handshakes" paid during the year and the number of beneficiaries;
  - VI. the amounts of severance indemnities paid during the year, the number of beneficiaries and the highest amount paid to a single person.
- c. Information on the total remuneration of the Chairman of the strategic supervisory body and of each member of the management body, the General Manager, Assistant General Managers and Deputy General Managers. This information as regards BPER Banca is shown in Consob table 1 "Remuneration paid to members of the Boards of Directors and Statutory Auditors, General Managers and other Executives with strategic responsibilities" published in section II of this document. The remuneration of members of the Board of Directors shown here is the amount actually received for the position held in the specific bank. For the remuneration of the General Managers and Deputy General Managers of the Italian Banks, taxable income for social security purposes earned in 2020 has been taken into account, while the corresponding amount has been considered for the foreign bank. The variable remuneration earned in 2020 is shown for the MRTs. In 2020, two people received remuneration of more than Euro 1 million.
- d. The performance-related variable remuneration is estimated with reference to pre-closing data and is subject to change when the final figures come available.

<sup>77</sup> The following tables also provide information on the 2019 Remuneration Policies.

<sup>78</sup> It is worth specifying that amounts awarded for non-competition and notice extension agreements are considered variable remuneration

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

	Business areas							
	Members of the strategic supervisory body	Members of the management body	Investment banking	Retail banking	Asset management	Business functions	Control functions	Other
<b>BPER BANCA GROUP</b>								
Staff (number of persons)	49	19						
Staff (FTE)			167	10,245	150	2,443	296	158
Fixed remuneration (mn €)	3.2	4.5	9.3	451.7	8.9	108.4	14.6	6.1
Variable remuneration (mn €)	-	1.1	0.7	31.5	4.1	5.3	0.8	0.2
<b>BPER BANCA</b>								
Staff (number of persons)	10	9						
Staff (FTE)			140	7,931	29	1,980	279	44
Fixed remuneration (mn €)	1.5	2.6	8.1	354.7	1.4	87.9	13.7	2.1
Variable remuneration (mn €)	-	0.4	0.6	24.2	0.1	3.8	0.7	0.1

**Note 1:** The above figures relate to the amounts of taxable income (for social security purposes) for employees of Italian companies and the corresponding amounts for foreign companies at 31 December 2020. With regard to the members of the administrative and control bodies, only the persons in office at 31 December 2020 are counted and the remuneration shown here corresponds to the total paid to Directors actually in office during the year. The members of the management body are the Chief Executive Officer, the members of the Executive Committee, the General Manager and officers with similar functions in other Group banks/companies.

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

**Table 2.** Aggregate quantitative information on remuneration, divided between the various categories of MRTs (GROUP FIGURES)

Code of the Banking Group Reference period	BPER Banca Group 2019								BPER Banca Group 2020							
	Members of the strategic supervisory body	Members of the management body	Investment banking	Retail banking	Asset management	Business functions	Control functions	Other	Members of the strategic supervisory body	Members of the management body	Investment banking	Retail banking	Asset management	Business functions	Control functions	Other
MRTs (number of persons)	41	20							37	16						
MRTs (number of persons)			6	34	-	10	13	-			6	40	-	14	13	1
MRTs in top management			1	3	-	3	6	-			1	4	-	2	6	-
Total fixed remuneration (mn €)	2.80	4.35	0.91	5.39	-	2.02	1.79	-	2.80	4.15	0.88	6.69	-	2.46	1.68	0.40
Total variable remuneration (mn €)*	-	0.87	0.20	1.21	-	0.45	0.21	-	-	1.10	0.16	1.13	-	0.40	0.26	0.02
of which: cash	-	0.47	0.15	0.95	-	0.32	0.21	-	-	0.64	0.13	0.99	-	0.33	0.26	0.02
of which: in equity and equity related instruments	-	0.40	0.05	0.26	-	0.13	-	-	-	0.46	0.03	0.14	-	0.07	-	-
of which: in other financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total deferred variable remuneration (mn €)	-	0.40	0.05	0.26	-	0.13	-	-	-	0.52	0.03	0.14	-	0.07	-	-
of which: cash (mn €)	-	0.16	-	0.05	-	-	-	-	-	0.25	0.01	0.07	-	0.03	-	-
of which: in equity and equity related instruments (mn €)	-	0.24	0.05	0.21	-	0.13	-	-	-	0.27	0.02	0.07	-	0.04	-	-
of which: in other financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred remuneration recognised in previous years and not in the year of reference - share allocated (mn €)	0.02	0.11	0.00	0.03	-	0.06	-	-	0.02	0.18	0.02	0.13	-	0.06	-	0.02
Deferred remuneration recognised in previous years and not in the year of reference - share not allocated (mn €)	0.05	0.64	0.05	0.39	-	0.18	-	-	0.04	0.72	0.08	0.52	-	0.27	-	0.08
Amount of ex post correction applied during the period to the variable remuneration for previous years ( mn €)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Number of beneficiaries of guaranteed variable remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total amount of guaranteed variable remuneration (mn €)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Number of beneficiaries receiving signing bonuses ("golden hellos")	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total amount of payments for signing bonuses (mn €)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Number of beneficiaries receiving payments for early termination of employment ("golden handshakes")	-	2	-	-	-	-	-	-	-	-	-	1	-	1	-	-
Total amount of payments for early termination of employment (mn €)	-	1.03	-	-	-	-	-	-	-	-	-	0.04	-	0.41	-	-
Number of beneficiaries receiving payments for termination of employment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total amount of payments for termination of employment (mn €)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Number of beneficiaries of discretionary pension benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total amount of discretionary pension benefits (mn €)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\* Including the company bonus.

The largest amount paid or due to a single person on termination of employment was Euro 408 thousand, made up of: Euro 136 thousand as a leaving incentive and Euro 272 thousand for a no-competition agreement

**Table 3.** Information on the total remuneration of the Chairman of the strategic supervisory body and of each member of the management body, the General Manager, Assistant General Managers and Deputy General Managers (figures in thousands of euro)

Banco di Sardegna					
Name	Position	Period in which the position was held	Fixed remuneration	Variable remuneration	Total remuneration
Antonio Angelo Arru	Chairman	01/01-31/12	176		
Giulio Cicognani	Deputy Chairman	01/01-31/12	56		
Venceslao Stevens	Director	01/01-31/12	43		
Viviana Ferri	Director	01/01-31/12	50		
Sabrina Gigli	Director	01/01-31/12	39		
Alberto Marri *	Director	01/01-31/12	40		
Grazia Orlandini*	Director	01/01-31/12	**		
Gavino Mariotti	Director	01/01-30/09	26		
Giuseppe Cuccurese*	Director	01/01-31/12	**		
Lavinia Nieddu*	Director	01/01-31/12	39		
Daniela Petitto	Director	01/01-31/12	39		
Eugenio Garavini*	Director	01/01-31/12	**		
Paolo Rinaldi	Director	01/01-31/12	44		
Giuseppe Cuccurese	General Manager	01/01-31/12	385***	81	

\* Executive Committee members

\*\* The remuneration awarded to Group personnel for positions held in subsidiaries is reimbursed by the subsidiary to the company that employs them.

\*\*\* Tax base for contribution to supplementary pension fund

Bibanca					
Name	Position	Period in which the position was held	Fixed remuneration	Variable remuneration	Total remuneration
Mario Mariani	Chairman	01/01-31/12	50		50
Eugenio Garavini	Director and Deputy Chairman **	01/01-31/12	25		25
Fabrizio Togni	Deputy Chairman	01/01-30/04	10		10
Carlo Barbarisi	Director	01/01-31/12	23		23
Pierpio Cerfogli	Director	07/07-31/12	10		10
Giuseppe Cuccurese	Director	01/01-31/12	20		20
Gianluca Formenton	Director	01/01-31/12	20		20
Monica Pilloni	Director	01/01-31/12	22		22
Diego Rossi	General Manager	01/01-31/12	246*	17***	

\* total tax base in 2020 for contribution to supplementary pension fund, including remuneration for the position held at the Parent Company

\*\* Deputy Chairman from July 2020

\*\*\* including variable remuneration for the position held at the Parent Company

## 1.4. Annual change in the compensation paid and performance of BPER Group

In accordance with the updated version of the Issuers' Regulations published on 11 December 2020, for 2019 and 2020, we show here the annual change in the **total remuneration**<sup>79</sup> of each of the subjects for whom the information in this section, part II, is provided by name, the **average total remuneration**<sup>80</sup> and the results of BPER Group.

Board of Directors BPER Banca:

Name	Position	Period in which the position was held in 2019-2020	Total remuneration 2019 (€ 000)	Total remuneration 2020 (€ 000)	Change
PIETRO FERRARI	Chairman	01/01/2019-31/12/2020	396	363	-8%
GIUSEPPE CAPPONCELLI	Deputy Chairman	01/01/2019-31/12/2020	136	124	-9%
RICCARDO BARBIERI	Director	01/01/2019-31/12/2020	110	106	-4%
MASSIMO BELCREDI	Director	01/01/2019-31/12/2020	110	106	-4%
MARA BERNARDINI	Director	01/01/2019-31/12/2020	137	131	-4%
LUCIANO FILIPPO CAMAGNI	Director	01/01/2019-31/12/2020	110	106	-4%
SILVIA ELISABETTA CANDINI	Director	06/07/2020-31/12/2020	-	57	-
ALESSANDRO ROBIN FOTI	Director	01/01/2019-31/12/2020	114	110	-4%
ELISABETTA GUALANDRI	Director	01/01/2019-31/12/2020	172	164	-5%
ROBERTA MARRACINO	Director	01/01/2019-30/06/2020	119	57	-52% <sup>81</sup>
ORNELLA RITA LUCIA MORO	Director	01/01/2019-31/12/2020	115	110	-4%
MARIO NOERA	Director	01/01/2019-31/12/2020	108	106	-2%

<sup>79</sup> For those for whom information on remuneration is provided individually, total remuneration for the year is considered the cash portion of total remuneration, while the portion paid in financial instruments is included in the annual calculation of actual maturity (meaning it is vested and attributable), i.e. the sum of column 6 in the CONSOB table 1 and, where present, column 11 of CONSOB table 2.

<sup>80</sup> For MRTs, average total remuneration is calculated as indicated in the previous note, while for the rest of the staff the remuneration actually received during the year is used (cash basis).

<sup>81</sup> Director left office during the year

Name	Position	Period in which the position was held in 2019-2020	Total remuneration 2019 (€ 000)	Total remuneration 2020 (€ 000)	Change
MARISA PAPPALARDO	Director	01/01/2019-31/12/2020	102	100	-2%
ROSSELLA SCHIAVINI	Director	01/01/2019-31/12/2020	130	124	-5%
VALERIA VENTURELLI	Director	01/01/2019-31/12/2020	143	137	-4%

Board of Statutory Auditors BPER Banca:

Name	Position	Period in which the position was held in 2019-2020	Total remuneration 2019 (€ 000)	Total remuneration 2020 (€ 000)	Change
PAOLO DE MITRI	Chairman of the Board of Statutory Auditors	01/01/2019-31/12/2020	142	142	0%
CRISTINA CALANDRA BUONAURA	Acting Auditor	01/01/2019-31/12/2020	95	95	0%
DIANA RIZZO	Acting Auditor	01/01/2019-31/12/2020	95	95	0%
FRANCESCA SANDROLINI	Acting Auditor	01/01/2019-31/12/2020	95	95	0%
VINCENZO TARDINI	Acting Auditor	01/01/2019-31/12/2020	95	95	0%

Chief Executive Officer and General Manager BPER Banca:

Name	Position	Total remuneration 2019 (€ 000)	Total remuneration 2020 (€ 000)	Change
ALESSANDRO VANDELLI	Chief Executive Officer (until 31/12/2019)	1,243	-	+ 22%
	Chief Executive Officer and General Manager (from 1/1/2020)	-	1,520	
FABRIZIO TOGNI	General Manager	758	-	-
		<b>2,001</b>	<b>1,520</b>	<b>- 24%</b>

In 2019, the positions of Chief Executive Officer and General Manager were held by two separate people. Since 2020, both positions have been held by the same person.

#### Average total remuneration of the BPER Group

Average total remuneration 2019 (€ 000)	Average total remuneration 2020 (€ 000)	Change
48.2	48.6	+ 0.8%

Average total remuneration is calculated by taking as a point of reference all employees of the Italian banks and companies belonging to the BPER Banca Banking Group, adjusted on a full time equivalent (FTE) basis.

#### Information on BPER Group results

indicator	BPER Group 2019 results (€ mn)	BPER Group 2020 results (€ mn)	Change
Post Provisions Profit	140	326 <sup>82</sup>	+ 133%
Gross performing loans	49,169	51,048	+4%
Asset under management and life insurance policies	48,535	50,021	+3%

The 2020 **Post Provisions Profit** is particularly significant as it was achieved in an emergency situation because of the pandemic and despite a considerable amount of one-off costs for the integration of the UBI and Intesa branches, which have already been expensed. It is also worth noting (a) that the 4th quarter 2019 figure was affected by the one-off staff manoeuvre costs for a total of Euro 136 million and (b) that the P&L impact of the line-by-line consolidation of Unipol Banca, Arca Holding and Finitalia only affected the second half of 2019.

Over the past 15 months **gross performing loans** have increased thanks to the inclusion of Unipol Banca and Finitalia, the constant commercial drive, the provision of loans to support the economy (moratoriums and loans guaranteed by the State to cope with the health emergency) and the benefit deriving from the need to saturate the objectives inherent in the T-LTRO target.

From the end of December 2020, **total assets under management**, including life insurance policies, exceeded 50 billion euro for the first time. The very negative market effect on indirect deposits seen in 1st half 2020 due to the pandemic has been completely reabsorbed. Net inflows to assets under management were well above the annual target. There was a positive performance on the part of portfolio management schemes.

<sup>82</sup> Gross of extraordinary items. As mentioned in chapter 7, when calculating bonuses, the Bank normally adjusts the figures to eliminate any extraordinary items. A particularly prudent approach was used in 2020 and even the extra contribution from finance was eliminated.

## 1.5. Vote expressed by the 2020 Shareholders' Meeting

In line with art. 123-*ter* of the CFA, the Shareholders' Meeting of 22 April 2020 expressed an advisory vote in favour (98%) of Section 2 of the “Report on the Remuneration Policy for 2020 and Compensation Paid in 2019”.

In defining the Remuneration Policy for 2021 - as explained in the Section 1 of this document - the BPER Group took into consideration the outcome of the vote by the Shareholders' Meeting in 2020, on both Section 1 and Section 2; even though this vote was amply in favour, various in-depth analyses were carried out on the market and on changes in the regulatory framework. This led to the introduction of the amendments and improvements to the Remuneration Policy for 2021 explained in this document.

# PART II

Compensation paid during 2020, for any reason and in any form by the company and its subsidiaries and associates, to members of the Boards of Directors and Statutory Auditors, General Managers and other Executives with strategic responsibilities.

**Table 1.** Compensation paid to members of the Boards of Directors and Statutory Auditors, General Managers and other Executives with strategic responsibilities (amounts of compensation in thousands of Euro).

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Position	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation****	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Participation in profits					
PIETRO FERRARI	Chairman	01/01-31/12	2021 Shareholders' Meeting									
				(I) Remuneration in company preparing the financial statements	363	-	-	-	-	-	363	
				(II) Remuneration from subsidiaries	-	-	-	-	-	-	-	
				(II) Remuneration from associates	-	-	-	-	-	-	-	
				<b>(III) Total</b>	<b>363</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>363</b>	
GIUSEPPE CAPPONCELLI	Deputy Chairman	01/01-31/12	2021 Shareholders' Meeting									
				(I) Remuneration in company preparing the financial statements	124	-	-	-	-	-	124	
				(II) Remuneration from subsidiaries	-	-	-	-	-	-	-	
				(II) Remuneration from associates	-	-	-	-	-	-	-	
				<b>(III) Total</b>	<b>124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124</b>	
ALESSANDRO VANDELLI**	Chief Executive Officer and General Manager*	01/01-31/12	2021 Shareholders' Meeting									
				(I) Remuneration in company preparing the financial statements	1,279	27	112	-	7	-	1,425	626
				(II) Remuneration from subsidiaries***	-	-	-	-	-	-	-	
				(II) Remuneration from associates***	-	-	-	-	-	-	-	
				<b>(III) Total</b>	<b>1,279</b>	<b>27</b>	<b>112</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>1,425</b>	
RICCARDO BARBIERI*	Director	01/01-31/12	2021 Shareholders' Meeting									
				(I) Remuneration in company preparing the financial statements	79	27	-	-	-	-	106	
				(II) Remuneration from subsidiaries	-	-	-	-	-	-	-	
				(II) Remuneration from associates	-	-	-	-	-	-	-	
				<b>(III) Total</b>	<b>79</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106</b>	

Name	Position	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation****	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Participation in profits					
MASSIMO BELCREDI	Director	01/01-31/12	2021 Shareholders' Meeting									
				79	27	-	-	-	-	106		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				79	27	-	-	-	-	106		
MARA BERNARDINI	Director	01/01-31/12	2021 Shareholders' Meeting									
				79	52	-	-	-	-	131		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				79	52	-	-	-	-	131		
LUCIANO FILIPPO CAMAGNI*	Director	01/01-31/12	2021 Shareholders' Meeting									
				79	27	-	-	-	-	106		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				79	27	-	-	-	-	106		
SILVIA ELISABETTA CANDINI	Director	06/07-31/12	2021 Shareholders' Meeting									
				39	18	-	-	-	-	57		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				39	18	-	-	-	-	57		
ALESSANDRO ROBIN FOTI	Director	01/01-31/12	2021 Shareholders' Meeting									
				79	31	-	-	-	-	110		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				79	31	-	-	-	-	110		
ELISABETTA GUALANDRI	Director	01/01-31/12	2021 Shareholders' Meeting									
				79	85	-	-	-	-	164		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				79	85	-	-	-	-	164		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Position	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation****	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Participation in profits					
ROBERTA MARRACINO	Director	01/01-30/06	2021 Shareholders' Meeting									
				(I) Remuneration in company preparing the financial statements	39	18	-	-	-	-	57	
				(II) Remuneration from subsidiaries	-	-	-	-	-	-	-	
				(II) Remuneration from associates	-	-	-	-	-	-	-	
				(III) Total	39	18	-	-	-	-	57	
ORNELLA RITA LUCIA MORO	Director	01/01-31/12	2021 Shareholders' Meeting									
				(I) Remuneration in company preparing the financial statements	79	31	-	-	-	-	110	
				(II) Remuneration from subsidiaries	-	-	-	-	-	-	-	
				(II) Remuneration from associates	-	-	-	-	-	-	-	
				(III) Total	79	31	-	-	-	-	110	
MARIO NOERA*	Director	01/01-31/12	2021 Shareholders' Meeting									
				(I) Remuneration in company preparing the financial statements	79	27	-	-	-	-	106	
				(II) Remuneration from subsidiaries	-	-	-	-	-	-	-	
				(II) Remuneration from associates	-	-	-	-	-	-	-	
				(III) Total	79	27	-	-	-	-	106	
MARISA PAPPALARDO	Director	01/01-31/12	2021 Shareholders' Meeting									
				(I) Remuneration in company preparing the financial statements	79	21	-	-	-	-	100	
				(II) Remuneration from subsidiaries	-	-	-	-	-	-	-	
				(II) Remuneration from associates	-	-	-	-	-	-	-	
				(III) Total	79	21	-	-	-	-	100	
ROSSELLA SCHIAVINI*	Director	01/01-31/12	2021 Shareholders' Meeting									
				(I) Remuneration in company preparing the financial statements	79	45	-	-	-	-	124	
				(II) Remuneration from subsidiaries	-	-	-	-	-	-	-	
				(II) Remuneration from associates	-	-	-	-	-	-	-	
				(III) Total	79	45	-	-	-	-	124	
VALERIA VENTURELLI	Director	01/01-31/12	2021 Shareholders' Meeting									
				(I) Remuneration in company preparing the financial statements	79	58	-	-	-	-	137	
				(II) Remuneration from subsidiaries	-	-	-	-	-	-	-	
				(II) Remuneration from associates	-	-	-	-	-	-	-	
				(III) Total	79	58	-	-	-	-	137	

Name	Position	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation****	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Participation in profits					
PAOLO DE MITRI	Chairman of the Board of Statutory Auditors	01/01-31/12	2021 Shareholders' Meeting									
				142						142		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				142	-	-	-	-	-	142		
CRISTINA CALANDRA BUONAURA	Acting Auditor	01/01-31/12	2021 Shareholders' Meeting									
				95	-	-	-	-	-	95		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				95	-	-	-	-	-	95		
DIANA RIZZO	Acting Auditor	01/01-31/12	2021 Shareholders' Meeting									
				95	-	-	-	-	-	95		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				95	-	-	-	-	-	95		
FRANCESCA SANDROLINI	Acting Auditor	01/01-31/12	2021 Shareholders' Meeting									
				95	-	-	-	-	-	95		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				95	-	-	-	-	-	95		
VINCENZO TARDINI	Acting Auditor	01/01-31/12	2021 Shareholders' Meeting									
				95	-	-	-	-	-	95		
				-	-	-	-	-	-	-		
				-	-	-	-	-	-	-		
				95	-	-	-	-	-	95		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Position	Period in which the position was held	End of term of office	Fixed remuneration	Remuneration for participating in committee meetings	Variable non equity-based compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity-based compensation****	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Participation in profits					
<b>No. 5 DEPUTY GENERAL MANAGERS</b>												
				1,719	-	144	-	23	-	1,886	396	408 <sup>#</sup>
				75	5	-	-	-	-	80		
				-	-	-	-	-	-	-		
				<b>1,794</b>	<b>5</b>	<b>144</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>1,966</b>		
<b>No. 5 EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</b>												
				944	-	169	-	15	-	1,128	174	
				47	3	-	-	-	-	50		
				-	-	-	-	-	-	-		
				<b>991</b>	<b>3</b>	<b>169</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>1,178</b>		

\* Members of the Executive Committee

\*\* this remuneration does not include any amounts earned for positions held in subsidiaries, as they are paid directly to the company that employs the person

\*\*\* this remuneration does not include any amounts earned for positions held in associates, as they are paid directly to the company that employs the person.

\*\*\*\*inclusive of the portion pertaining to the year of the LTI plan 2019-2021

<sup>#</sup> paid as follows: Euro 136 thousand as a leaving incentive and Euro 272 thousand for a no-competition agreement

The dates shown here refer to: a) office of Director for members of the Board of Directors, regardless of their role; b) office of statutory auditor for members of the Board of Statutory Auditors, regardless of their role.

**Table 2.** Equity-based remuneration plans, other than stock options, for members of the Board of Directors, General Managers and Executives with strategic responsibilities (amounts of compensation in thousands of Euro).

A)	(B)	(1)	Financial instruments granted in prior years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price at time of grant	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair value
ALESSANDRO VANDELLI	Chief Executive Officer												
(I) Remuneration in company preparing the financial statements		Remuneration policies for 2020 22/04/2020			86,199 Phantom Stock*	137	Bonus attributed in equal annual tranches over the five years after the one in which it was granted	16/03/2021	1.58	-	39,181 Phantom Stock	62	137
		Remuneration policies for 2019 17/04/2019	21,163 Phantom Stock	Bonus attributed in equal annual tranches over the subsequent four years	-	-	-	-	-	-	5,291 Phantom Stock	8	-
		Remuneration policies for 2018 14/04/2018	26,749 Phantom Stock	Bonus attributed in equal annual tranches over the subsequent three years	-	-	-	-	-	-	8,917 Phantom Stock	14	-
		Remuneration policies for 2017 08/04/2017	3,130 Phantom Stock	Bonus attributed the subsequent year	-	-	-	-	-	-	3,130 Phantom Stock	5	-
		Remuneration policies for 2015 18/04/2015	-	-	-	-	-	-	-	-	-	3,808 Phantom Stock	6
		LTI Plan 2019-2021 17/04/2019	347,349 BPER Banca Shares#	Performance Period: 2019-2021. Up-front 2022: 45% Deferral: <i>pro rata temporis</i> between 2023 and 2027	-	-	-	-	-	-	-	-	489
(II) Remuneration from subsidiaries and associates		Not applicable	-	-	-	-	-	-	-	-	-	-	-
(III) Total						137						95	626

\*bonus for 2020, granted in 2021 on the 2020 results. # In the Report 2022 on the remuneration policy and compensation paid, evidence will be given of the number of shares actually matured in consideration of the level of performance achieved. This number will be adjusted through the "TERP" adjustment mechanism following the capital increase carried out in October 2020.

(A)	(B)	(1)	Financial instruments granted in prior years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price at time of grant	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair value
No. 7 EXECUTIVES WITH STRATEGIC RESPONSIBILITIES													
(I) Remuneration in company preparing the financial statements		Remuneration policies for 2020 22/04/2020			114,740 Phantom Stock*	182	Bonus attributed in equal annual tranches over the five years after the one in which it was granted	16/03/2021	1.58	-	52,155 Phantom Stock	83	182
		Remuneration policies for 2019 17/04/2019	59,315 Phantom Stock	Bonus attributed in equal annual tranches over the subsequent four years	-	-		-	-	-	14,829 Phantom Stock	23	-
		Remuneration policies for 2018 14/04/2018	34,558 Phantom Stock	Bonus attributed in equal annual tranches over the subsequent one or two years	-	-	-	-	-	-	31,601 Phantom Stock	50	-
		Remuneration policies for 2017 08/04/2017	-	-	-	-	-	-	-	-	5,090 Phantom Stock	8	-
		LTI Plan 2019-2021 17/04/2019	293,937 BPER Banca Shares#	Performance Period: 2019-2021. Up-front 2022: 45% Deferral: <i>pro rata temporis</i> between 2023 and 2027	-	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates		Not applicable	-	-	-	-	-	-	-	-	-	-	-
(III) Total						182						164	570

\*bonus for 2020, granted in 2021 on the 2020 results. # In the Report 2022 on the remuneration policy and compensation paid, evidence will be given of the number of shares actually matured in consideration of the level of performance achieved. This number will be adjusted through the "TERP" adjustment mechanism following the capital increase carried out in October 2020.

**Table 3.** Monetary remuneration plans for members of the Board of Directors, General Managers and other Executives with strategic responsibilities.  
(amounts of compensation in thousands of Euro)

(A)	(B)	(1)	(2)			(3)			(4)
Name	Position	Plan	Bonus for the year			Bonus of previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
ALESSANDRO VANDELLI	Chief Executive Officer								
(I) Remuneration in company preparing the financial statements		Remuneration policies for 2020 22/04/2020	50	62	Bonus attributed in equal annual tranches over the subsequent five years	-	-	-	-
		Remuneration policies for 2019 17/04/2019	-	-	-	-	-	66	-
		Remuneration policies for 2018 14/04/2018	-	-	-	-	19	74	-
		Remuneration policies for 2017 08/04/2017	-	-	-	-	10	19	-
		Remuneration policies for 2015 18/04/2015	-	-	-	-	13	14	-
(II) Remuneration from subsidiaries and associates		Not applicable	-	-	-	-	-	-	-
(III) Total			50	62	-	-	42	173	-

(A) Name	(B) Position	(1) Plan	(2)			(3)			(4) Other bonuses
			Bonus for the year			Bonus of previous years			
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
No. 10 EXECUTIVES WITH STRATEGIC RESPONSIBILITIES									
(I) Remuneration in company preparing the financial statements	Remuneration policies for 2020 22/04/2020	230	83	Bonus attributed in equal annual tranches over the subsequent five years	-	-	-	-	
	Remuneration policies for 2019 17/04/2019	-	-	-	-	-	-	-	
	Remuneration policies for 2018 14/04/2018	-	-	-	-	13	33	-	
	Remuneration policies for 2017 08/04/2017	-	-	-	-	-	-	-	
	Remuneration policies for 2015 18/04/2015	-	-	-	-	-	-	-	
(II) Remuneration from subsidiaries and associates	Not applicable	-	-	-	-	-	-	-	
(III) Total		230	83	-	-	13	33	-	

# PART III

Shares held in the company and subsidiaries by members of the Boards of Directors and Statutory Auditors, General Managers and other Executives with strategic responsibilities, as well as their spouses, if not legally separated, and minor children, directly or through subsidiaries, trustees or nominees.

**Table 1.** Shares held by members of the boards of Directors and statutory auditors and General Managers.

Name	Investee company	No. Shares held at 31/12/2019 (*)	No. Shares purchased	No. Shares sold	No. Shares held at 31/12/2020 (*)
<b>Board of Directors</b>					
RICCARDO BARBIERI	BPER Banca	-	-	-	-
MASSIMO BELCREDI	BPER Banca	-	-	-	-
MARA BERNARDINI	BPER Banca	11,075	42,120	-	53,195
LUCIANO FILIPPO CAMAGNI	BPER Banca	-	-	-	-
SILVIA ELISABETTA CANDINI	BPER Banca	-	-	-	-
GIUSEPPE CAPPONCELLI	BPER Banca	-	15,000	-	15,000
PIETRO FERRARI	BPER Banca	58,396	119,432	-	177,828
Spouse	BPER Banca	26,966	43,144	-	70,110
ALESSANDRO ROBIN FOTI	BPER Banca	-	-	-	-
ELISABETTA GUALANDRI	BPER Banca	7,159	16,648	-	23,807
ROBERTA MARRACINO	BPER Banca	-	-	-	-
ORNELLA RITA LUCIA MORO	BPER Banca	-	-	-	-

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

Name	Investee company	No. Shares held at 31/12/2019 (*)	No. Shares purchased	No. Shares sold	No. Shares held at 31/12/2020 (*)
<b>Board of Directors</b>					
MARIO NOERA	BPER Banca	-	-	-	-
MARISA PAPPALARDO	BPER Banca	-	-	-	-
ROSSELLA SCHIAVINI	BPER Banca	-	-	-	-
ALESSANDRO VANDELLI	BPER Banca	115,000	275,000	-	390,000
Spouse	BPER Banca	5,000	21,000	-	26,000
VALERIA VENTURELLI	BPER Banca	-	-	-	-

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

Name	Investee company	No. Shares held at 31/12/2019 (*)	No. Shares purchased	No. Shares sold	No. Shares held at 31/12/2020 (*)
<b>Board of Statutory Auditors</b>					
CRISTINA CALANDRA BUONAURA	BPER Banca	142			142
PAOLO DE MITRI	BPER Banca	126	200		326
Indirect investment	BPER Banca	101			101
DIANA RIZZO	BPER Banca	-			-
FRANCESCA SANDROLINI	BPER Banca	-			-
VINCENZO TARDINI	BPER Banca	21,166	70,000	21,166	70,000
Spouse	BPER Banca	1,511			1,511
Indirect investment	BPER Banca	30,000		30,000	-

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

**Table 2.** Shares held by other Executives with strategic responsibilities

Name	Investee company	No. Shares held at 31/12/2019 (*)	No. Shares purchased	No. Shares sold	No. Shares held at 31/12/2020 (*)
Other Executives with strategic responsibilities (no. 9)					
Executives with strategic responsibilities	BPER Banca	45,164	93,264	13,000	125,428
Spouses of Executives with strategic responsibilities	BPER Banca	14,446	26,080	1,000	39,526
Minor children of Executives with strategic responsibilities	BPER Banca	143		143	-
<b>TOTAL</b>		<b>59,753</b>	<b>119,344</b>	<b>14,143</b>	<b>164,954</b>

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

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

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

Modena, 16 March 2021

Manager responsible for preparing the company's financial reports

Marco Bonfatti

