

PRESS RELEASE

BPER GROUP: Press release pursuant to Art. 84-bis of Consob Regulation No. 11971/1999 and Art. 114 of Legislative Decree No. 58 of 24 February 1998

Notice of approval by the Board of Directors of BPER Banca ("BPER") of share-based compensation schemes to implement the BPER Group's remuneration policies for the year 2016, both to be submitted for approval by the Shareholders' Meeting

Modena, 28 February 2017. Following the activities performed by the Remuneration Committee, the Board of Directors of BPER Banca, Parent Company of the BPER Banking Group, has decided to submit the following items to the next Shareholders' Meeting:

- approval of the Remuneration Report pursuant to art. 123-ter of Legislative Decree 58 dated 24 February 1998, comprising the remuneration policies for 2017 of the BPER Group and annual disclosure regarding implementation of remuneration policies in 2016;
- approval of the compensation scheme pursuant to art. 114-bis of Legislative Decree 58 dated 24 February 1998, implementing the remuneration policies for 2017 of the BPER Group.

With reference to these decisions, the following is an explanation of the key elements of the proposed share-based compensation scheme (the "Scheme").

Characteristics and recipients of the Scheme 2017

In line with the Bank of Italy's instructions¹ on remuneration and incentive policies, by adopting the Scheme, the BPER Group aims to bring the interests of the Scheme's recipients into line with those of the Shareholders; in particular, the Plan envisages direct correlation between the remuneration of management and the growth in the value of the Group.

The Plan covers those employees of the BPER Group identified as "key personnel" as defined in Commission Delegated Regulation (EU) no. 604 of 4 March 2014, being those categories of personnel with a significant impact on the risk profile of the Bank. All persons identified as key personnel are included².

In light of this definition, the potential beneficiaries of the proposed Compensation Scheme are:

- the CEO of the Parent Company, the COO of Sardaleasing and the CEO of Emil-Ro Factor;

¹ Circular Letter of the Bank of Italy No. 285, 7th update of 18 November 2014, Title IV Chapter 2 "Remuneration and incentive policies and practices"

² With the exception of six (6) resources to whom bonuses exceeding 30,000 euro are not assignable. Beyond this limit phantom stocks can be assigned.

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- the General Managers of the Parent Company, of each Italian bank in the Group, of Emil.Ro Factor, IVI and of the consortium companies BPER Services and BPER Credit Management;
- Executives with strategic responsibilities at the Parent Company: seven (7) for the year 2017;
- Executives with strategic responsibilities at Banco di Sardegna: one (1) for the year 2017;
- other “key personnel” of the Parent Company: thirty six (36) for the year 2017.
- other “key personnel” of Banco di Sardegna: eight (8) for the year 2017.
- other “key personnel” of Cassa di Risparmio di Bra: one (1) for the year 2017

During 2017, in the event of changes in the positions identified as key personnel, those who take over the position will also be included among the recipients of the Scheme, to the extent that they are entitled to it.

The bonus will be allocated on condition that the BPER Group achieves a certain level of profitability established *ex-ante* (hereinafter known as “entry gates”). The bonus actually disbursed will be related to the individual performance of each recipient of the Scheme, assessed individually on the basis of a set of qualitative and/or financial indicators established as part of the Group's remuneration policies.

The Scheme will be activated if the bonus calculated in this way exceeds €30 thousand or 30% of the person's fixed remuneration. This provides for the free allocation of a certain number of phantom stocks, instruments that after any deferral or retention periods entitle the beneficiary to a cash bonus equal to the value of the BPER shares on that date. This value is calculated as a simple average of BPER's official stock prices posted during the 30 days prior to the Board of Directors' meeting that approves the Group results for the year in which the bonus is actually paid.

The Scheme envisages that the bonus element allocated using phantom stocks and deferred over time is split into equal portions and paid over a number of years following the one in which the bonus was allocated. This period of time can vary from a minimum of three years to a maximum of five, depending on the amounts involved, according to a pre-defined scale.

A one-year retention period is envisaged for each deferred instalment, starting from their maturity date and on condition that the entry gates established for the previous financial year have been exceeded. This period gets added on to the deferral period, with the result that the overall time period can range from a minimum of four years to a maximum of six.

As regards the Parent Company's CEO, and others beneficiaries with bonuses exceeding €100 thousand, the allocation of phantom stocks is envisaged both in relation to the portion of the bonus that is allocated with immediate effect, subject to a two-year retention period, and in relation to the portion of the deferred component, in which case the retention period is of one year. The Scheme is also activated in the event of bonuses, even if the amount is lower than the threshold established for the other personnel involved.

On condition that the established entry gates are exceeded, BPER identifies as beneficiaries of the 2017 Scheme only those people who, in accordance with the *ex-post* performance evaluation, have been granted a bonus that is higher than the amount defined by the Parent Company's Board of Directors. It is therefore not possible to determine *ex-ante* the total number of phantom stocks that will be allocated, nor their value or the actual number of beneficiaries.

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In light of the results achieved at Group level in 2016, no assignments of phantom stocks were approved on the basis of the 2016 Plan. Note that having verified the opening of the "entry gates", there have been the following effects on prior year plans:

- 2013 Scheme: maturity of 511 phantom stocks for a total of € 3 thousand;
- 2014 Scheme: maturity of 1,416 phantom stocks for a total of € 8 thousand;
- 2015 Scheme: maturity of 32,543 phantom stocks for a total of € 180 thousand.

The notices about the Scheme and the Remuneration Report will be available to the public for consultation by the deadline established by law at the head office of each BPER Group Bank, or at the head office of the Parent Company in Via San Carlo 8/20, Modena, as well as on the Bank's website www.bper.it - Governance – Corporate Bodies – Shareholders' Meeting (or www.gruppobper.it) or on each Group Bank's website.

BPER Banca S.p.A.

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

Modena, 28 February 2017

**Manager responsible for preparing the
Company's financial reports
Emilio Annovi**

The press release is also available in the 1INFO storage device.

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