



## **SHARE-BASED COMPENSATION PLAN**

### **EXPLANATORY DOCUMENT FOR THE LONG-TERM INCENTIVE PLAN ENTITLED “2022-2024 LTI PLAN”**

*Prepared pursuant to art. 114-bis of the Consolidated Law on Finance (Decree 58/1998 as amended) and art. 84-bis of the Issuers' Regulation (Consob resolution 11971/1999 as later amended and supplemented).*

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

**Modena, 30 May 2024**

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## Introduction

This explanatory document, prepared in accordance with art. 114-bis of the Consolidated Law on Finance and art. 84-bis, para.1, of the Issuers' Regulation, as well as Table 7 of Annex 3A to the Issuers' Regulation, seeks to provide adequate information to the shareholders of BPER Banca S.p.A. and to the financial community, pursuant to art. 84-bis, para. 5 of the Issuers' Regulation concerning the changes approved by the Board of Directors of BPER Banca S.p.A. on 30 May 2024 to the Long-Term Incentive Plan, entitled "**2022-2025 Long-term Incentive Plan**", initially approved by the Shareholders' Meeting of BPER BANCA S.p.A. on 20 April 2022 and later amended with the approval of the Shareholders' Meeting of BPER BANCA S.p.A. on 5 November 2022.

The proposed amendments are justified by the need to align this Incentive Plan with the amendments made to the 2022-2025 Business Plan and for which the Board of Directors, during the meeting of 30 May 2024, resolved upon the review of its duration, establishing its closure for 31 December 2024, bringing forward the verification of the achievement of the targets originally planned for 31 December 2025 and the start of works for the preparation of the strategic guidelines for the 2025-2027 period.

The proposed amendments to the LTI Plan consist in:

- a) reduction of the vesting period, from four years (2022-2025) to three years (2022-2024), in line with the content of the aforementioned resolution of BPER BANCA's Board of Directors of 30 May 2024 concerning the Business Plan;
- b) As a result of point a), verification of the achievement of the targets concerning the Gates and KPIs associated with the LTI Plan (remaining unchanged compared to those originally planned for 31 December 2025) brought forward to 31 December 2024;
- c) As a consequence of point a), pro-rated reduction of the number of shares to be granted to the Recipients.

The amended plan renamed the "**2022-2024 Long-Term Incentive Plan**" (hereinafter also "the Plan" or "the 2022-2024 LTI Plan") will be submitted for approval to the Shareholders' Meeting to be held at BPER Banca S.p.A., in Via San Carlo 8/20, Modena, on 3 July 2024.

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

In this regard, please refer to the Directors' Report prepared pursuant to arts. 125-*ter*, para. 1, and 114-*bis*, para. 1, of Legislative Decree no. 58 of 24 February 1998 as later amended and supplemented (the "Consolidated Law on Finance") and art. 84-*ter* of the regulation adopted by Consob with resolution no. 11971 of 14 May 1999 as later amended and supplemented (the "Issuers' Regulation"), available on the Bank's website [www.bper.it](http://www.bper.it), Governance section – Shareholders' Meeting.

The Plan is considered of "special importance" pursuant to art. 114-*bis*, para. 3, of the Consolidated Law on Finance and art. 84-*bis*, para. 2, of the Issuers' Regulation, as it relates to the personnel of BPER and the other companies in the BPER Group identified in art. 114-*bis* of the Consolidated Law on Finance.

The Explanatory Document is available to the public at the head office, from Borsa Italiana S.p.A. and on the Bank's website – [www.bper.it](http://www.bper.it) – Governance Section – Corporate Bodies – Shareholders' Meeting (or [www.gruppobper.it](http://www.gruppobper.it)).



## DEFINITIONS

The meanings of certain terms used in this explanatory document (“Document”) are indicated below:

**SHAREHOLDERS' MEETING** The Shareholders' Meeting of the Bank.

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

**VESTED BONUS OR BONUS** Bonus that constitutes a variable part of the remuneration based on the rules defined in the Remuneration Policies of the BPER Group.

**TARGET BONUS** Theoretical bonus which corresponds to the amount paid in the event of full achievement of the results.

**BPER or Issuer or BPER Banca** S.p.A. (hereinafter also referred to as the “Bank”, or “BPER” or the “Parent Company”)

**CLAW BACK** Mechanism that envisages the return of a bonus if it has already been paid out or if it has already vested but is still subject to a retention period.

**REMUNERATION COMMITTEE** The Remuneration Committee of the Bank.

**COMMON EQUITY TIER 1 RATIO (CET1)** Indicator of capital strength, representing the ratio of Common Equity Tier 1 to total risk-weighted assets (Pillar 1 RWAs)

**BOARD OF DIRECTORS** The Board of Directors of the Bank.

**COST/INCOME RATIO<sup>1</sup> (%)** Indicator of operational efficiency, calculated using the Group's reclassified consolidated accounting statements<sup>2</sup>. It is calculated as the ratio of net operating costs to net operating income.

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

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

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

**EXECUTIVES WITH STRATEGIC RESPONSIBILITIES** At the date of preparation of this Document, the scope comprises Directors, Statutory Auditors, members of the General Management (General Manager, where appointed, and Deputy General Managers), C-Level personnel that make up the internal General Management committee and the “Manager responsible for preparing the company's financial reports” of the Parent Company.

**ENTRY GATE CONDITIONS** Minimum parameters (capital, profitability and liquidity) which, if exceeded, may lead to the allocation of a bonus according to the performance objectives of the Plan

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

**HEDGING** In the specific context, this relates to hedging or insurance strategies that protect the actual amount of remuneration against adverse changes in the market price of the shares concerned.

**PARTICULARLY HIGH AMOUNT (BONUS)** A bonus amount higher than the threshold – calculated on the basis of the provisions of Circular No. 285 of the Bank of Italy – and specifically referred to in the Annual Report on the Bank's Remuneration Policy. For the 2022-2024 LTI Plan, the reference year considered is 2024.

**KEY PERFORMANCE INDICATORS (KPIs)** Economic, financial and sustainability indicators that contribute to determining the bonus

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<sup>1</sup> For the calculation of the results, referred to the ordinary component, i.e. net of any normalisations

<sup>2</sup> Further details on the methods of presentation of the reclassified statements are available in the attachment to the separate financial statements entitled “Reconciliation between the consolidated financial statements and the reclassified statements”.

**SHARE OWNERSHIP GUIDELINES** The share ownership guidelines applicable to the Chief Executive Officer and Executives with Strategic Responsibilities of BPER

**LCR** Liquidity Coverage Ratio: Ratio of the stock of high-quality liquid assets to net outflows in the 30 calendar days subsequent to the reporting date.

**MALUS** Ex-post adjustment mechanisms, based on which vested bonuses can be reduced to zero

**MATERIAL RISK TAKERS (MRTs)** Group personnel whose professional activities have or could have a significant impact on the Bank's risk profile, as defined in the Remuneration Policies of the BPER Group (hereinafter also referred to as Material Risk Takers).

**GROSS NPE RATIO (%)** Risk indicator linked to credit quality, measured as the ratio of gross impaired loans (bad, unlikely-to-pay and past-due loans) to gross loans to customers (performing and non-performing)

**BUSINESS PLAN OR STRATEGIC PLAN** The Business Plan "2022-2025 BPER e-volution", approved by the Board of Directors of BPER Banca on 9 June 2022 and communicated to the market on 10 June 2022, amended with the Board of Directors' resolution of 30 May 2024.

**ISSUERS' REGULATION** Consob Regulation 11971/99 and subsequent amendments and additions.

**RETENTION** Period between the time of allocation/recognition of the up-front portion or the deferred portions and the time of the actual award of the Bonus (1 year).

**RECOGNITION** The award of variable remuneration for a given evaluation period, regardless of the actual time of payment of the amount recognised.

**RISK APPETITE FRAMEWORK (RAF)** Guidance document for the Group's Internal Control System, steering the synergistic governance of planning, control, and risk management. The RAF is "the frame of reference that, in line with the maximum acceptable risk, defines the business model and the strategic plan, the risk appetite, the tolerance thresholds, risk limits and risk management policies, as well as the key processes needed to define and implement them".

**RETURN ON RISK WEIGHTED ASSETS (RORWA)<sup>3</sup> PHASED-IN** Ratio of gross profit (loss) for the period to total RWAs. It should be noted that since 1 January 2024 the calculation methodology has changed: non-controlling interests are excluded and gross profit (profit (loss) from current operations before tax) is used.

**ROTE (%)** return on tangible equity, an indicator of profitability calculated on the basis of the Group's reclassified consolidated financial statements<sup>4</sup>. ROTE is measured as the ratio of the Parent's Company's net profit to the Group's average tangible equity. Tangible equity is the algebraic sum of the valuation reserve (item 120 + item 125), reimbursable shares (item 130), reserves (item 150), share premiums (item 160), capital (item 170) - treasury shares (item 180), consolidated profit net of dividends distributed (or approved) by the Parent Company or in any case by the consolidating company (item 200) - and intangible assets (item 100).

**Consolidated Law on Finance (TUF)** Legislative Decree no. 58 of 24 February 1998.

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

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<sup>3</sup> See footnote 1

<sup>4</sup> Further details on the methods of presentation of the reclassified statements are available in the attachment to the separate financial statements entitled "Reconciliation between the consolidated financial statements and the reclassified statements".

## 1. RECIPIENTS

The Plan's potential beneficiaries are certain persons included in the scope of Material Risk Takers among the BPER Group's top managers and other selected resources considered key to the achievement of the Group's strategic guidelines (up to a maximum of 70 resources) , as at the date of the update of this document. The Plan excludes the Heads of the Control and similar Functions<sup>5</sup>, whose variable remuneration is expected not to exceed 33% of their fixed remuneration, having regard for the specific restrictions imposed by sector regulations on the indicators usable for this purpose.

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

The names of the recipients of the 2022- 2024 LTI Plan included in the categories indicated, as at the date of preparation of this document, are set out below:

- Gianni Franco Papa, Chief Executive Officer of BPER Banca.

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

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

In addition to the names listed in the previous point 1.1, the 2022-2024 LTI plan is reserved for selected members of the BPER Group's management, including certain General Managers, who have been identified according to their roles and contribution to the achievement of the Business Plan objectives. At the time of preparation of this document, 64 resources have been identified, fewer than the previously disclosed maximum number of 70 potential recipients.

The actual number is subject to change based on the criteria described in point 4.8

### 1.3 Names of persons benefiting from the Plan who belong to the following groups:

#### a) general managers of the issuer of financial instruments;

To date, no General Manager has been appointed for the Parent Company (it being understood that the previous CEO/General Manager is a pro-rata recipient of the Plan).

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

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<sup>5</sup> As laid down by Circular 285 of 17 December 2013 "Supervisory Instructions for Banks", Title IV, Chapter 2.

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

Not applicable.

**c) natural persons controlling the share issuer, who are either employees or who collaborate with the issuer.**

Not applicable.

#### **1.4 Description and number of persons in each category:**

**a) executives with strategic responsibilities other than those indicated in paragraph 1.3 b);**

This category includes seven (7) members of the Parent Company's staff

**b) for companies classified as "smaller" pursuant to article 3, paragraph 1 f) of Regulation no. 17221 of 12 March 2010, the aggregate number of all executives with strategic responsibilities of the issuer of financial instruments;**

Not applicable.

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

No. 46 resources fall within this category. No. 5 terminated resources are pro-rata recipients.

The actual number may change based on the criteria described in point 4.8.

## **2. REASONS FOR ADOPTING THE PLAN**

**2.1 Objectives intended to be achieved via the plans (this information is more detailed and includes, for example: - the reasons and criteria based on which the issuer has decided to establish a relationship between incentives based on financial instruments and other components of total remuneration; - purpose of the long-term incentive plans; - the criteria used to determine the time horizon of the incentive plans)**

The purpose of the 2022-2024 LTI Plan is to reward the Group's strategic personnel with an incentive payable solely in ordinary shares of BPER Banca, on the basis described further below and subject to the achievement of certain entry gate conditions as well as specific performance objectives, consistent with the Business Plan

In accordance with current regulations and in line with best market practice, the 2022-2024 LTI Plan seeks to:

- align management's interests with the creation of long-term value for the shareholders and all stakeholders;
- incentivise management to achieve the economic, financial and ESG<sup>6</sup> objectives of the Business Plan, within a framework of sound and prudent risk management;
- strengthen key persons' sense of belonging with a view to achieving the Group's medium-long term strategy;

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<sup>6</sup> By including ESG (Environment Social Governance) sustainability objectives.

In particular, to achieve these objectives, it is proposed to:

- assign a significant part of the annual variable remuneration in the form of BPER ordinary shares, whose payment is linked to the achievement of specific business objectives;
- establish a three -year vesting period in line with the duration of the Business Plan;
- provide for specific malus and clawback clauses to ensure that ex-post adjustments can be made to bonuses vested/awarded.

More detailed information on the reasons for the adoption of the 2022-2024 LTI Plan is available in the 2024 Report on Remuneration Policy, whose update will be submitted for approval at the Shareholders' Meeting due to be held on 3 July 2024.

**2.2 Key variables, in the form of performance indicators or otherwise, considered for allocations of plans based on financial instruments (this information is more detailed and includes, for example: - factors, in terms of performance or otherwise, and the criteria used to determine the specific characteristics relating to the terms of remuneration based on financial instruments; - the manner in which these terms have been determined in relation to directors, general managers, executives with strategic responsibilities, other specific categories of employees or collaborators for which plans are in place with specific conditions, or collaborators of the listed company and of companies involved in a control relationship; - the reasons for deciding on specific remuneration envisaged by the plans, including the achievement of identified long-term objectives.**

The 2022-2024 LTI Plan based on financial instruments provides for the award of an individual bonus payable in BPER Banca ordinary shares to the Personnel indicated in paragraph 1 at the end of the three -year vesting period (1 January 2022 - 31 December 2024)<sup>7</sup>, aligned with the long-term corporate strategies and objectives defined in the Business Plan, and linked to the results of the business, as appropriately adjusted to take account of all relevant risks, consistent with the levels of capital and liquidity needed to conduct the activities undertaken and, in any case, in a manner that avoids distorted incentives that may lead to an excessive acceptance of risks for the Bank and the overall banking system.<sup>8</sup>

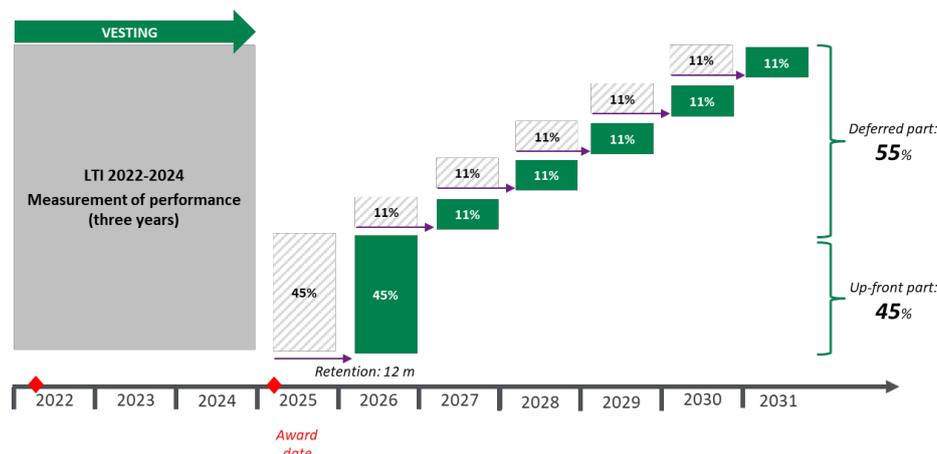
In the context of the 2022-2024 LTI Plan and in line with the current regulations applicable in the banking sector, the assignment of bonuses is structured with an up-front portion, paid upon satisfaction of the three -year vesting conditions, and a deferred portion paid pro rata, in equal tranches, over an extended period (5 years). The payment structure for the shares envisages a retention period of one year for the up-front portion and the deferred portions.

The deferral scheme for bonuses for less than the “particularly high amount” is shown below<sup>9</sup>.

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<sup>7</sup> Except as set out in paragraph 4.8.

<sup>9</sup> In the event of a “particularly high amount” (Euro 435,000), 40% is attributed on the bonus assignment date (up-front portion), but is subject to a retention period of one year. The remaining 60% is deferred in equal annual instalments over five years with a 1-year retention period.



The recognition of shares is subject to verification in 2025 of satisfaction of the entry gate conditions as at 2024 (for the up-front tranche) and in 2025, 2026, 2027, 2028 and 2029 for the deferred tranches (allocated after a 1-year retention period).

In line with market practices, the entry gate conditions envisaged for the LTI Plan are those established by BPER for the short-term plan ending in 2024; in particular: the consolidated Common Equity Tier 1 (CET1) ratio, the consolidated Liquidity Coverage Ratio (LCR) and the consolidated Return On Risk-Weighted Assets (RORWA), as set out in the RAF in force at any given time.

Performance is measured using the following metrics (KPIs): a profitability objective (Return On Tangible Equity or “ROTE” as at 2024), an operational efficiency objective (Cost/income ratio as at 2024), a credit quality objective (Gross NPE ratio as at 2024) and an ESG objective (mix of objectives for “sustainable finance”, “energy transition”, “diversity and inclusion” and the “Future” project as at 2024). The KPIs are verified by the competent internal functions for vesting purposes. They are also monitored constantly during the three -year reference period, in order to verify alignment with the objectives of the Business Plan.

The above objectives each have a percentage weighting within the individual bonus and their measurement is based on progressive achievement thresholds (from Minimum to Target to Maximum), which correspond to Bonuses of 70%, 100% and 120%, with linear progression within the performance ranges from “Minimum to Target” and from “Target to Maximum”.

The target values of quantitative KPIs of the LTI Plan are defined in the Business Plan and remain unchanged compared to the targets initially set for 31 December 2025.

Indicator	Weight	Level of achievement	Pay-out	Measurement
ROTE at 31/12/2024	50%	Max	120%	Cap
		Target	>=100% and <120%	Linear
		Min	70% and <100%	Linear
Gross NPE ratio at 31/12/2024	15%	Max	120%	Cap
		Target	>=100% and <120%	Linear
		Min	70% and <100%	Linear
Cost/income ratio at 31/12/2024	20%	Max	120%	Cap
		Target	>=100% and <120%	Linear
		Min	70% and <100%	Linear
ESG at 31/12/2024	15%	Max	120%	Cap
		Target	>=100% and <120%	Linear
		Min	70% and <100%	Linear

The ESG objective comprises:

- 25% Sustainable Finance (amount of Green Loans as at 31/12/2024);
- 25% Energy Transition (reduction of CO2 emissions by 31/12/2024 with respect to the 2030 Paris Objectives);
- 25% Diversity and Inclusion (increase in the least represented gender among Senior Managers and Executives (Business Plan target by 31/12/2024));
- 25% "Future" project (assessment as at 31/12/2024 of the social impact of specific projects for young people, launched using the "Future" fund).

**2.3 Elements used to determine the amount of the compensation based on financial instruments, i.e. the criteria for its determination (this information is more detailed and includes, for example: - the factors considered when deciding the amount of the compensation; - the elements taken into account for changes with respect to previous similar plans; - the manner in which any compensation under the previous plans has influenced this determination; - indications as to the consistency between the elements on which the determination of the compensation is based and the objectives established)**

Based on the characteristics described above, the 2022-2024 LTI Plan envisages an incentive payable to the Recipients, if all the objectives are fully achieved, for a maximum amount of approx. Euro 19.3 million (the "Total Bonus"), defined according to the expected cost for the company as at the date of assignment, as can be determined on the basis of defined terms and conditions (see para. 4.12) when all objectives are achieved to the fullest extent possible.

The target number of shares promised at the beginning of the three -year period covered by the Plan is calculated based on the ratio of the amount of the Recipients' Individual Bonus to the share price, calculated as the average official price of BPER Banca ordinary shares listed on the Electronic Stock Market (Mercato Telematico Azionario, MTA) organised and managed by Borsa Italiana S.p.A., recorded in the 30 days prior to the date of the Shareholders' Meeting (20 April 2022).

In the event of entries after the beginning of the reference three-year period (and in any case before April 2024), the share price is calculated as the straight average of the official price of BPER Banca ordinary shares listed on the MTA market organised and managed by Borsa Italiana S.p.A., recorded in the 30 days prior to the Shareholders' Meeting that approved the previous year's financial statements.

The target amount of the Individual Bonus (on a one-year and three -year vesting basis) for each Recipient shall be determined<sup>10</sup> as a percentage of the relevant individual gross annual remuneration: (i) 60% (180% on a three -year basis) for top management and C-Level personnel (including the Chief Executive Officer ) and (ii) 40% (120% over three -years) for senior management and (iii) 15% (45% over three-years) for the recipients selected from among the key resources for the achievement of the strategic guidelines. The list of Recipients does not include staff of the Company's control (and similar) functions, as indicated in paragraph 1 of this document.

Based on the measurement of the KPIs, the number of shares may be increased by 20% if the maximum objectives are fully achieved, or reduced to 70% if only the minimum objectives are achieved. The bonus will be zeroed in the event of performance below the minimum level.

Accordingly, the sum of the shares accrued shall be recognised only at the end of the three -year period covered by the LTI Plan, after having verified the level of achievement of the KPIs that takes account of the performance achieved at the end of the three -year period.

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<sup>10</sup> In accordance with the variable to fixed ratio defined in the relevant remuneration policies at the time of participation and in compliance with the regulations in force at any given time.

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

The Recipients and the number of shares to be assigned to each of them are determined by the Board of Directors at their discretion and without any right of appeal, in compliance with the regulatory provisions. The Bank may not assign shares to the Recipients, in whole or in part, and it retains the right to request them to return the shares, in whole or in part, should the conditions described below occur (so-called malus and clawback clauses).

The Bank will ask the Recipients - through specific individual agreements - not to arrange any personal hedging or insurance strategies which might alter or compromise the effects of the alignment with the risk inherent in the Plan, in compliance with the regulatory framework in force.

This is without prejudice to the fact that, even in the event of the KPIs being achieved, BPER Banca will not award the up-front tranche and/or the deferred tranches to the Recipients upon their failure to achieve the BPER Group gates (CET1; LCR; RORWA) as defined above (in relation to 2024, 2025, 2026, 2027, 2028, 2029).

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

Not applicable.

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

The preparation of the 2022-2024 LTI Plan was not influenced by any significant tax or accounting issues. In particular, the tax and social contribution regime applied to the bonus shares allocated shall comply with current laws in the country of tax residence of the employee.

**2.6 Support, if any, for the Plan by the Special fund for the encouragement of worker participation in firms, pursuant to article 4, para. 112, of Law no. 350 of 24 December 2003**

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

**3. APPROVAL PROCESS AND TIMING FOR THE ASSIGNMENT OF INSTRUMENTS**

**3.1 Extent of powers and functions delegated by the Shareholders' Meeting to the Board of Directors to implement the Plan**

The draft resolution approving the changes to the LTI Plan, prepared by the Board of Directors of the Bank for submission to the Shareholders' Meeting called for 3 July 2024, provides *inter alia* for the Chief Executive Officer to be granted - with the right to sub-delegate - all appropriate powers needed to execute the Plan.

### **3.2 Persons appointed to manage the Plan and their functions and duties**

The Board of Directors is responsible for managing the Plan and may delegate certain activities to the Internal Functions, especially the Chief Human Resource Officer, who operates after hearing the opinion of the Remuneration Committee.

### **3.3 Procedures, if any, for the amendment of the Plan, should the underlying objectives change**

The objectives are identified and fixed by the Board of Directors. The related targets and weights are maintained in line with the long-term strategies and objectives defined in the Business Plan.

In the event of more restrictive changes at the regulatory level and/or in the RAF to the access conditions for the 2022–2024 LTI Plan, the established thresholds shall be updated accordingly.

Should extraordinary or unbudgeted events<sup>11</sup> occur that might alter the Gates and KPIs, the Board of Directors - having consulted the Remuneration Committee and the Control and Risks Committee, and supported by the relevant corporate functions - may adjust the targets to take into adequate consideration the impact of such events on the Gates and KPIs, having regard for further indicators linked to the Business Plan and in light of the more general performance achieved during the period.

In the event of capital increases by the Bank or other companies within the BPER Group, whether in the form of bonus issues or for payment, in order to service special operations, or of extraordinary dividend payments or other events that may, or only might, influence the price of BPER shares and, more generally, the economic content of the Plan, the Board of Directors - having consulted the Remuneration Committee and the Control and Risks Committee, and supported by the relevant corporate functions - may make necessary or appropriate changes in order to maintain unaltered the essential characteristics of the Plan<sup>12</sup>.

It is understood that the Chief Executive Officer, as a Recipient of the Plan, will not participate in any related Board discussions and resolutions.

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

In order to provide greater flexibility, the free of charge assignment of shares under the Plan will take place via the use of treasury shares originating from purchases authorised by the Shareholders' Meeting, pursuant to art. 2357 and 2357-ter of the Italian Civil Code.

The shares servicing the 2022-2024 LTI Plan, initially amounting to a maximum of 17,135,000, decrease to a maximum of approximately 11,200,000 BPER Banca ordinary shares (representing 0.79% of the Bank's share capital, as at the date of approval of this Explanatory Document by the Board of Directors on 30 May 2024). These shall derive from treasury shares already held by the Bank to date or from future acquisitions carried out in compliance with the applicable regulations and subject to the prior authorisation of the Shareholders' Meeting. As at the grant date, the overall cost, estimated with reference to the criteria

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<sup>11</sup> Including but not limited to: extraordinary operations and reorganisations regarding the BPER Group and capital transactions, regulatory amendments to the remuneration policies of the BPER Group or to the Group companies, public tender or exchange offers or changes of control, compliance with specific sector regulations applicable to individual Group companies and extraordinary accounting normalisations.

<sup>12</sup> Any changes are based on the TERP (theoretical ex-rights price) adjustment factor, as defined by Borsa Italiana following a dilution event.

described under point 4.12 of Annex 3A of the Issuers' Regulation, amounts to approximately Euro 19.3 million.

In this regard, it should be noted that, on 19 April 2024, the Shareholders' Meeting authorised the purchase of a maximum number of 17,400,000 shares (representing 1.2 % of the Bank's share capital as at that date), not exceeding the total amount of shares with no par value of approximately Euro 53 million, to service current and previous incentive systems and any severance payments due. In any event, the number of treasury shares that may be purchased, also by virtue of future authorisations, may not exceed the limit of one fifth of the share capital as laid down in art. 2357, paragraph 3, of the Italian Civil Code, taking account of the treasury shares already held by the Company to date.

Purchase of the shares is in any case subject to authorisation by the European Central Bank ("ECB").

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

In 2025, the Board of Directors will validate the opening of the Gates to the 2022-2024 LTI Plan, as well as the level of achievement of the specific KPIs (target amounts established by the Business Plan in relation to 2024) on the set dates, as described in paragraph 2.2.

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

### **3.5 Role played by each Director in determining the characteristics of the plans; any conflicts of interest involving the Directors concerned**

The Board of Directors determined the reduction in the performance period of the 2022–2024 LTI Plan (initially four years), to be submitted to the Shareholders' Meeting called for 3 July 2024, having noted the opinion of the Remuneration Committee dated 29 May 2024.

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

### **3.6 As required by art. 84-bis, paragraph 1, the date of the decision taken by the competent body to propose the approval of the plans to the Shareholders' Meeting and of any proposal made by the Remuneration Committee**

On 29 May 2024, the Remuneration Committee reviewed the proposed changes to the Plan and, having given a positive opinion thereon, resolved to submit the Plan for approval by the Board of Directors.

On 30 May 2024, the Board of Directors, with the favourable opinion of the Remuneration Committee and of the Control and Risks Committee, resolved to approve the proposed changes to the Plan and submit it for approval at the Shareholders' Meeting called for 3 July 2024.

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

In the event of approval of the changes to the 2022–2024 LTI Plan by the Shareholders' Meeting, the Board of Directors has to meet to take decisions concerning its implementation. The recognition of the shares shall be approved by the Board of Directors, upon verification of the level of achievement of the Plan's performance

conditions after having verified the access conditions (as further detailed in paragraphs 2.2, 2.3 and 3.4 above).

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

### **3.8 Market price recorded on the above dates for the financial instruments underlying the plans, if traded on regulated markets**

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

- Euro 4.8336 (opinion of the Remuneration Committee dated 29 May 2024);
- Euro 4.9509 (resolution on the Board of Directors' proposal of 30 May 2024 to the Shareholders' Meeting).

### **3.9 In the event of plans based on financial instruments traded on regulated markets, the deadlines and procedures considered by the issuer, when establishing the timing of assignment of the instruments under the plan, for dealing with possible coincidences in the timing of: (i) the assignment or any related decisions taken by the remuneration committee on the matter; and (ii) the dissemination of any significant information pursuant to art. 17 of Regulation (EU) 596/14; for example, if that information: (a) has not yet been made public and might positively influence market prices, or (b) has already been published and might adversely influence market prices**

Pursuant to and for the purposes of current regulations and laws, notice has been given to the market of the resolution whereby the Board of Directors approved the proposal to be submitted to the Shareholders' Meeting concerning the 2022–2024 LTI Plan and the purchase of treasury shares.

On adoption and implementation of the 2022- 2024 LTI Plan, the market shall be informed to the extent required by current regulations and laws in force.

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

Certain Recipients are subject to the internal dealing obligations under Regulation (EU) 596/2014 of 16 April 2014 (and the related implementing provisions), the Consolidated Law on Finance and Consob's Issuers Regulation. Such subjects are thus required, if the conditions set forth in the aforementioned legislation are met, to promptly provide information to the market concerning relevant transactions – pursuant to the above regulations – involving the shares.

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

## **4. CHARACTERISTICS OF THE INSTRUMENTS ALLOCATED**

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

The 2022-2024 LTI Plan envisages the allocation of the Bonus to potential Recipients via the free of charge assignment of BPER Banca ordinary shares, subject to specific deferral and retention periods (as detailed earlier in paragraph 2.2).

The Bonus comprises:

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

- 40% is accrued up-front in 2025 and is subject to a retention clause up to 2026;
- the remaining 60% is deferred and paid in 5 annual equal portions and accrues in the period 2026-2027-2028-2029-2030; each deferred portion of shares is subject to a one-year retention clause.

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

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

The implementation period for the 2022-2024 LTI Plan runs from the year of first approval by the Shareholders' Meeting (2022) to the effective availability of the last deferred portion of shares (2031), as further described in paragraph 2.2.

**4.3 End of Plan**

In light of the above paragraph, the 2022–2024 LTI Plan will end in 2031.

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

In 2022 it was estimated that the maximum need comes to approximately 17,135,000 ordinary shares estimated taking into account the four-year period of performance assessment, Following a review of the Plan after 3 years and taking into account the scope of recipients as at April 2024, the need is for 11.2 million representing 1.21% of the Company's share capital on the date of approval of the Information Document by the Board of Directors on 30 May 2024.

**4.5 Methods and clauses for the implementation of the Plan, specifying whether the actual assignment of the instruments is contingent upon certain conditions or the achievement of certain results or performance levels; description of these conditions and results**

Please refer to paragraphs 2.2 and 2.3 above.

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

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

In the event of extraordinary capital transactions that provide for the exercise of option rights and/or extraordinary dividend distributions, the Board of Directors of the Parent Company may make subsequent changes to the shares vested but not yet available to the Recipients.

The Parent Company's Chief Executive Officer and other Executives with strategic responsibilities, consistently with the guidelines for share ownership that will be covered in the Plan regulation, undertake not to transfer a percentage of the available shares received under the Plan until termination of their appointment and/or position as key managers of the Parent Company.

#### **4.7 Description of any termination conditions in relation to the plans should recipients arrange hedges that neutralise any restrictions on the sale of the financial instruments assigned, including in the form of options, or of the financial instruments deriving from the exercise of those options**

The Plan does not provide for any termination conditions of the type described above.

However, in line with the relevant regulations, the Corporate Governance Code and the applicable Remuneration Policy, the Recipients are forbidden to arrange any personal hedging strategies or insurance coverage in relation to their remuneration, or other aspects thereof that might alter or compromise the effects of the risk alignment inherent in the incentive mechanism, as previously described in paragraph 2.3.

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

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

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

The Plan envisages good and bad leavers clauses that apply on termination of the employment relationship and/or position before the end of the Vesting Period and during the subsequent deferral and/or retention period. In particular, without prejudice to any more detailed rules envisaged in the Plan regulation and in any case unless the Board determines otherwise:

- (i) upon termination of the employment relationship or position prior to the end of the vesting period due to (a) early termination by mutual consent, (b) termination by natural expiration of the relationship, (c) termination of the relationship on reaching pensionable age or qualifying for special support from the sector solidarity fund or (d) on death or inability to work (good leaver), Recipients will maintain all rights under the Plan albeit on a time-apportioned basis or, if termination occurs after the vesting period, with reference to the deferred or retained portions; and
- (ii) in all cases of termination of the relationship or position other than the above (bad leaver), Recipients will lose all rights under the Plan, including any deferred and/or retained portions still

unpaid and will not be entitled to receive any compensation or indemnity for whatsoever reason from the Bank.

#### **4.9 Indication of any other grounds for termination of the plans**

Subject to the provisions of the foregoing paragraphs, the Plan does not envisage grounds for cancellation. The malus and clawback mechanisms may apply under certain circumstances, as described in BPER Banca Group's Remuneration Policies, and in line with the regulatory framework in force.

#### **4.10 Reasons for any "redemption" by the company of the financial instruments covered by the plans, pursuant to article 2357 et seq. of the Italian Civil Code; the redemption recipients, indicating whether this only applies to specific employee categories; the impact of termination of the working relationship on the redemption**

Not applicable.

#### **4.11 Any loans or other benefits intended to be provided for the purchase of shares in accordance with Art. 2358 of the Italian Civil Code**

Not applicable.

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

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

Although it is not currently possible to indicate the exact cost of the bonuses awarded in the form of BPER shares, considering the access conditions and the achievement of performance objectives, the maximum total cost over the Plan period is expected to be about Euro 19.3 million taking into account the terms and conditions at the relevant assignment date.

This cost will be recognised over the vesting and deferral period.

#### **4.13 Indication of any capital dilution triggered by the compensation plans**

Not applicable.

#### **4.14 Any limits on the exercise of voting rights and the allocation of equity rights**

Not applicable.

#### **4.15 If the shares are not traded on regulated markets, provide any useful information for a proper assessment of the value attributable to them**

Not applicable.

#### **4.16 Number of financial instruments underlying each option**

Not applicable.

#### **4.17 Maturity of options**

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Please refer to paragraph 3.3.

## COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS

Table No. 1 of Schedule 7 in Annex 3A of CONSOB Issuers' Regulation

The table with a specific focus on the ILT Plan covered by the explanatory document will be updated in accordance with the requirements of article 84-bis, para 5, letter a) of the Regulation. Please note that changes were made to the items "Purchase price of instruments" and "Vesting period"

Name and surname or category	Position	TABLE 1						
		Financial instruments other than stock options						
		Section 1						
		Instruments relating to current Plans, approved on the basis of earlier Shareholders' meeting resolutions						
		Date of the related Shareholders' meeting resolution	Type of financial instruments	Number of financial instruments assigned	Date of assignment	Purchase price of instruments*	Market price at time of grant	Vesting period
Giuseppe Cuccurese	Banco di Sardegna General Manager	12-Apr-19	BPER Banca shares	146,837	2019	€1.79; €3.92	€3.74	2019-2021
		15-Apr-22	BPER Banca shares	453,515	2022	€3.92	€1.59	2022-2024
<i>Notes</i>								
Antonio Rosignoli	Sardaleasing General Manager	17-Apr-19	BPER Banca shares	61,132	2019	€1.79; €3.92	€3.74	2019-2021
		24-Apr-22	BPER Banca shares	193,689	2022	€3.92	€1.59	2022-2024
<i>Notes</i>								
Matteo Bigarelli	BPER Factor General Manager	17-Apr-19	BPER Banca shares	67,497	2019	€1.79; €3.92	€3.74	2019-2021
<i>Notes</i>								
Rossi Diego	Bibanca General Manager	17-Apr-19	BPER Banca shares	52,142	2019	€1.79; €3.92	€3.74	2019-2021
		6-Apr-22	BPER Banca shares	211,640	2022	€3.92	€1.59	2022-2024
<i>Notes</i>								

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

Name and surname or category	Position	TABLE 1						
		Financial instruments other than stock options						
		Section 1						
		Instruments relating to current Plans, approved on the basis of earlier Shareholders' meeting resolutions						
		Date of the related Shareholders' meeting resolution	Type of financial instruments	Number of financial instruments assigned	Date of assignment	Purchase price of instruments*	Market price at time of grant	Vesting period
Fulvio Grimaldi	Finitalia General Manager	11-Apr-22	BPER Banca shares	161,818	2022	*	€1.59	2022-2024
<i>Notes</i>								
7 BPER Banca Executives with strategic responsibilities		17-Apr-19	BPER Banca shares	108,937	2019	€1.79; €3.92	€ 3.74	2019-2021
		20-Apr-22	BPER Banca shares	3,561,243	2022	€3.92	€1.59	2022-2024
<i>Notes</i>								
28 other BPER Banca employees or collaborators who are recipients of the Plan		17-Apr-19	BPER Banca shares	655,648	2019	€1.79; €3.92	€ 3.74	2019-2021
		20-Apr-22	BPER Banca shares	4,396,221	2022	€ 3.92	€ 1.59	2022-2024
<i>Notes</i>								
1 other Banco di Sardegna employee or collaborator who is a recipient of the Plan		12-Apr-19	BPER Banca shares	48,492	2019	€1.79; €3.92	€ 3.74	2019-2021
		15-Apr-2022	BPER Banca shares	186,352	2022	€ 3.92	€ 1.59	2022-2024
<i>Notes:</i>								

*The table does not include the bonus for the 13 individuals who are no longer employed.*

*\*The values in the table for the 2019-2021 plan, stand for the average unit price of own treasury shares purchased in the two stock purchase plans*