*__Courtesy translation:__ in case of discrepancy between the Italian language original text and the English language translation, the Italian text shall prevail*

**Report of the Board**
**ITEM N. 10 ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING ON 14 APRIL 2015 OR 16 APRIL 2015 (SECOND CONVOCATION).**

Dear Shareholders,

You have been summoned to the ordinary shareholders' meeting to resolve the following argument, item N. 10 on the agenda:

- GROUP REMUNERATION REPORT 2015 Pursuant to Art. 123-ter of the Consolidated Law on Finance.

# GROUP REMUNERATION REPORT 2015

Pursuant to Art. 123-*ter* of the Consolidated Law on Finance

## Summary

# GLOSSARY OF TERMS

| English | Italian |
|---|---|
| Accident Insurance Policy | Polizza infortuni |
| Article 123-*ter of the Consolidated Law of Finance* | Art. 123-ter del Testo Unico della Finanza |
| Articles of Association | Statuto |
| Attendance fee | Medaglia di presenza |
| Audit and Risks Committee | Comitato Controllo e Rischi |
| Board of Directors (BoD), | Consiglio di Amministrazione |
| Board Director | Consigliere |
| Board of Statutory Auditors | Collegio Sindacale |
| CEO – Chief Executive Officer | Amministratore Delegato |
| Chairman | Presidente del Consiglio di Amministrazione |
| Commercial campaigns | Contest |
| Company Bonus | Premio Aziendale – ex VAP |
| Complementary Pension Funds | Fondo di previdenza complementare |
| Control functions - risk, audit and compliance | Funzioni Aziendali di controllo |
| Deputy General Manager | Vice Direttore Generale |
| Deputy Chairman | Vice Presidente del Consiglio di Amministrazione |
| Direct Fees | Provvigioni dirette |
| Division Head | Responsabile di Direzione |
| Executive Committee | Comitato Esecutivo |
| Financial Advisors | Promotori Finanziari |
| Financial Advisory Network | Rete di Promozione Finanziaria |
| Financial Statement | Bilancio |
| General Manager | Direttore Generale |
| Health Insurance Policy | Polizza sanitaria |
| Identified Staff | "Personale più Rilevante" ai sensi delle Disp. BankIt |
| Internal Audit Committee | Comitato per il Controllo Interno |
| Internal Board Committees | Comitati interni al Consiglio di Amministrazione |
| Internal Remuneration Functional Group | Comitato Operativo Remunerazione |
| Local market departments | DTM – Direzione Territoriale Mercato |
| LPO – incentive system | Sistema incentivante - Lavorare per obiettivi |
| Luncheon vouchers | Buoni pasto |
| Manager responsible for preparing the Company's financial reports | Dirigente Preposto alla Redazione dei Documenti Contabili |

| | |
|---|---|
| Managers | Dirigenti |
| Management fees | Provvigioni di gestione |
| Middle Managers | Quadri Direttivi |
| Member of the Board (MoB) | Membro del Consiglio |
| National Collective Labour Agreement | CCNL |
| Nomination and Remuneration Committee | Comitato Nomine e Remunerazione |
| Professional Areas | Area Professionali |
| Related Party Transactions Committee | Comitato per le operazioni con le Parti Correlate |
| Restructuring Plan | Piano di Ristrutturazione |
| Salary | RAL – Retribuzione Annua Lorda |
| Scorecard | Scheda obiettivo |
| Second Level Agreement | Contrattazione di II livello |
| Severance packages | Incentivi all’esodo |
| Shareholders' Meeting | Assemblea |
| Statutory Auditor | Sindaco Effettivo (Collegio Sindacale) |
| Trade Unions | Organizzazioni Sindacali |

# INTRODUCTION

In 2014, the national and international regulatory developments concerning remuneration and incentive policies and practices in the banking sector continued at a fast pace.

To mention the most relevant interventions, the Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("CRD IV"), transposed into the national regulations starting from 1 January 2014, was followed by the Commission Delegated Regulation (EU) N. 604/2014 with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile, and towards the end of the year, the new supervisory provisions published by the Bank of Italy "Remuneration and incentive policies and practices" in banks and banking groups which transpose (with some discretion) the provisions stated in the CRD IV and the guidelines formulated within an international scope (EBA and FSB). To be added to the above interventions is the transposition by the Bank of Italy and by CONSOB of the ESMA guidelines, aimed at promoting greater convergence in interpretation of remuneration practices and in the supervisory approach in relation to conflicts of interest and conduct, as outlined in the MIFID Directive.

The new provisions, although maintaining unchanged the framework and key principles of the pre-existing EU regulations, introduce some important changes regarding variable remuneration for management, with impacts also on the Articles of Association, which the banks are required to transpose in compliance with the specific timing set forth in each provision.

Given the above and in consideration of the strategic importance of the remuneration and incentive system within the scope of the corporate governance of the Group, which represents one of the main drivers through which it is possible to achieve the stakeholders' objectives, in 2015, as in 2014, the commitment of the Group will remain focused on the alignment of its remunerations and incentive policies with the new requirements, and on the implementation of a comprehensive system of regulations and processes for the management of variable remuneration for all personnel, to be applied as soon as the Bank is in a position to remunerate its own capital. In fact, it must be noted that in the three year period 2012/2014, no incentive system was implemented.

This Report fulfils simultaneously both the reporting obligations, pursuant to art. 123-ter of the TUF (Italian Consolidated Law on Finance - TUF) and the obligations arising from the regulations issued for the banking sector. The latter consist in providing the Shareholders' Meeting, ex ante, with a clear and complete description of the remuneration and incentive policies and practices that the banking group intends to implement during the year; ex post, a structured report about the methods used in the previous year to implement said policies and practices.

The document is available on the website of the Bank at the URL www.mps.it, in the section **Investors & Research – Corporate Governance – Shareholders' Meetings**.

# SECTION I

## 1. Principles of the MPS Group remuneration policies

The Group's remuneration policies, which aim at improving corporate performance and creating long term value, pursue the following objectives:

- attract and retain appropriate skilled professionals in relation to the complexity of the business;
- reinforce the connection between remuneration and performance, rewarding results obtained responsibly, without increasing corporate risks;
- promote merit and encourage the motivation and growth of employees;
- ensure internal equality of treatment and external competitiveness;
- guarantee transparency.

The Group's remuneration policies comply with the national and international regulatory framework, as well as the internal regulatory context within which they are implemented.

## 2. Rules of governance

The rules of governance and internal power attributions on the subject of remuneration, defined in compliance with the legal and regulatory framework of reference, are instrumental to the correct implementation of remuneration policies. They refer to all personnel in the Group according to a rationale of coherence, albeit respecting the various ways that the individual companies do business, and cover all of the main management processes that impact remuneration, with particular emphasis on those that involve "Identified Staff", or "*the categories of parties whose professional activity has or can have a significant impact on the Group's risk profile*".

The task of defining and implementing adequate remuneration and incentive policies is attributed by the company's **Articles of Association** to the **Shareholders' Meeting** and to the Board of Directors (BoD). In fact, Art. 13 of the Articles of Association assigns to the ordinary **Shareholders' Meeting** the power to determine the remuneration of Board members and Statutory Auditors (pursuant to the following Art. 27), and to approve the remuneration policies and the payment plans based on financial instruments in favour of BoD, employees, and other collaborators not bound by relationships of subordinate employment to the Bank.

It is, instead, the responsibility of the **Board of Directors** (Art. 17 of the Articles of Association) to implement the remuneration policies approved by the Shareholders' Meeting, intervening on the legal and economic status of the personnel, and in particular of the CEO/General Manager, the Deputy

General Managers, the Division Heads and Managers of departments reporting directly to the CEO[1], as well as - following consultation with the Board of Statutory Auditors - the Managers in charge of the Control functions.

The **Nomination and Remuneration Committee**, set up within the Board of Directors and composed of five members, the majority of whom are independent (including the Chairman of the Committee), has the task of expressing an independent judgement regarding remuneration policies and practices and submitting proposals to the Board of Directors regarding the remuneration of Board members with special mandates and the Bank's Top Management[2].

The **CEO**, delegated by the Board of Directors, pursuant to Art. 22 of the Articles of Association, has propositional autonomy in remuneration regarding the **incentive system**, the definition of policies and internal regulations regarding the **legal and economic status of staff**, the nomination and relative remuneration of the Deputy General Managers, and the definition of the economic status of the Top Management and the managers directly reporting thereto. Whereas the CEO has decision making autonomy regarding the **legal and economic status of staff of all ranks and levels**, with the exception of the Manager responsible for preparing the Company's financial reports, the Managers of the Control functions and all of the aforementioned roles for which the nomination and remuneration structure are the exclusive responsibility of the BoD pursuant to the Articles of Association.

The **Control functions** - Compliance, Risk Management and Internal Audit - participate, from the phase of policy definition and planning onwards, in such a way as to guarantee independence, as well as provide the necessary technical contribution in order to ensure that the policies implemented comply with the regulatory framework of reference.

Lastly, **Human Resources** implements the policies from a technical and operative viewpoint, overseeing their coordination at a Group level (individual companies), regarding both the fixed salary component and the variable salary component connected to the incentive system.

## 3. Compliance

C**ompliance** with regulatory requirements and at the same time compliance with the commitments undertaken by the Group towards stakeholders, with particular emphasis on presiding over the qualitative level of the relationship with customers and implementing effective behaviours for the correct management of this relationship, is ensured by the contributions provided by the **Corporate Control functions – Compliance, Risk Management and Internal Audit** – which alongside with the **Human Resources** function, participate in the different stages of the process for the implementation of the remuneration policies.

[1] For clarity, the following terms will be used in this document:
Top management and other managers reporting directly to the CEO: Deputy GM, Division Heads and other managers reporting directly to the CEO
Level II Management Bank Parent Company's Area Managers and Territorial Area Managers, GM and Deputy GM of the main subsidiaries.

[2] In the course of 2014, the Committee convened 16 times (cf. Report on Corporate Governance and Ownership Structure)

In particular, the Group's **Compliance** function continuously verifies the coherence of the remuneration policies and practices implemented with the external regulatory framework and annually, in time for the Remuneration Report to be approved by the Shareholders' Meeting, prepares a note for the Audit and Risks Committee in which it points out any areas that require attention for compliance purposes. Moreover, the Compliance function and the Human Resources function also work closely together to define the set of requirements that must be fulfilled by the various HR functions that oversee the operational implementation of the remuneration policies.

The **Risk Management** function safeguards the sustainability of the remuneration policies, ensuring the necessary alignment between remuneration and risk-adjusted profitability. In this respect, it works closely with the Group's **Planning** function in order to define the objectives - at corporate level (Gate) and for business units - assigned for the purposes of the company incentive system. The alignment of the Group incentive system to objectives related to risk propension is also ensured by the **Audit and Risk Committee** and formalised through a formal opinion issued by the same and submitted to the Board of Directors.

The **Internal Audit** function is called upon to verify, on an annual basis, the coherence of the remuneration practices with the policies approved by the Shareholders' Meeting and the regulations in force, submitting the results of the audit to the highest corporate body.

The joint actions of the company Control functions are carried out through the internal **Remuneration Functional Group** which is headed by the Human Resources function and also comprises the Planning function, as well as the Control functions. This Committee has the purpose of overseeing the definition and implementation of remuneration and incentive policies, in compliance with the regulatory framework of reference, and of supporting the Nomination and Remuneration Committee, the BoD and the CEO/General Manager on matters related to remuneration and incentives. The Internal Audit function participates as a listener.

Among the issues addressed by the Committee, there is also the alignment with the development of all applicable laws and the requirement of carrying out a self-evaluation for the identification of the "identified staff" (on a quarterly basis, concurrently with the review of the organisational structure and/or change in roles of the single units, and on an annual basis for the remuneration policies to be submitted to the Shareholders' Meeting).

## 4. Remuneration of the Board of Directors and Statutory Auditors

The gross annual remuneration due to the **Board Directors** for the financial years 2012-2013-2014 was established, at the time of appointment, by the Shareholders' Meeting of 27/4/2012 at a fixed amount of **Euro 60,000** (80,000 for the previous mandate). A further **Euro 15,000** is due to members of the **Executive Committee**.

The amount of **Euro 400** is added to the gross payment as an **attendance fee** (Euro 500 for the financial years 2009-2011) for participation in Board of Directors' and Executive Committee Meetings (no more than one attendance fee can be accumulated for the same day), as well as the reimbursement for any work-related travel or accommodation expenses sustained in the financial year.

During the same sitting, the Shareholders' Meeting established the compensation due to the **Chairman**, reducing the gross annual amount from Euro 700,000 to **Euro 500,000** - inclusive of the payment due as a member of the Board. In this regard we would like to point out that the Chairman, Alessandro Profumo, waived the above mentioned amount, retaining only the part due for his role as a Board Director.

For the **Board of Statutory Auditors**, the Shareholders' Meeting established a gross payment of **Euro 100,000** (130,000 for the previous mandate) for the Chairman, **Euro 60,000** for the **Statutory Auditors** (80,000 for the previous mandate) and **Euro 400** as an **attendance fee** (Euro 500 for the previous mandate) for their attendance at Board of Directors' Meetings.

The following complete the framework regarding the payments for Directors and Statutory Auditors:

- the resolution regarding the compensation due to the **Deputy Chairmen -** pursuant to Art. 2389 of the Italian Civil Code - passed by the Board of Directors on 28/8/2012, following the proposal of the Nomination and Remuneration Committee and consultation with the Board of Statutory Auditors, established for the "Deputy Chairman with the functions provided for by Art. 23, par. 2 of the Articles of Association" the gross annual amount of **Euro 85,000** (Euro 109,000 for the previous mandate), which, together with the compensation due as a member of the Board, leads to an overall gross annual amount of Euro 145,000, and for the other Deputy Chairman a gross annual amount of **Euro 65,000** (83,000 for the previous mandate), which together with the compensation due as a member of the Board form an overall gross annual amount of Euro 125,000; both Deputy Chairmen, Marco Turchi[3] and Pietro Giovanni Corsa, waived the aforementioned additional payments, following the example set by the Chairman, maintaining only the payment due for the office of Director;
- the establishment, also by the Board of Directors, of the compensation regarding attendance at meetings of internal board committees within the Board of Directors: "Related Party Transactions Committee", "Nomination and Remuneration Committee" and the "Audit and Risks Committee" (previously the "Internal Audit Committee"); with a resolution passed on 20 February 2014, the compensation for these committees was harmonised by applying the all- inclusive yearly amount of **Euro 10,000.**

The compensation set by the Board of Directors for the office of **CEO**, based on the proposal of the Nomination and Remuneration Committee, amounts to **Euro 400,000**, in addition to the remuneration due to Mr. Viola for the Office of General Manager; this compensation was suspended from 1 December 2013 to 30 June 2014 as a consequence of the cap (at Euro 500,000 in terms of total compensation) imposed by the European Commission on the overall remuneration levels of the Group's management.

In relation to the remuneration of Board members, the principle approved by the Shareholders' Meeting that **there be no connection with the economic results** achieved by the Group and that no incentive plans of any nature are to be assigned to them, is confirmed. The aforementioned principle is also applicable to the managing bodies of the subsidiaries.

In compliance with the provisions of the European Commission Recommendation 2004/913/EC, no compensation is foreseen in favour of directors in the event of termination of their office (so-called "golden parachute").

[3] In office until 18/9/2014.

## 5. Staff remuneration

### 5.1. General principles

The implementation of the Group remuneration policies, approved by the Shareholders' Meeting, is the responsibility of the Parent Company Board of Directors, which delegates part of this responsibility to the CEO.

In the execution of the policies approved by the Shareholders' Meeting, the decisions of the Board of Directors and the CEO, which are always guided by a rationale of equity and economic sustainability, pursue the following objectives:

- **attract and retain** the resources with high levels of professional standing;
- **motivate** and **support the professional growth** of all employees, focussing in particular on resources in positions of responsibility, with strategic skills or with a high level of potential;
- **ensure coherence between the compensation structure and the value of professional competence**, differentiating between the nature and the strategic "weight" of roles as well as the priority for positions of high business impact;
- **differentiate** the treatments according to principles of internal consistency while trying to preserve the value of corporate cohesion and unity from which the sense of belonging, that characterises the Group's employees, originates.

In their maximum scope, the remuneration structures currently in force are made up of a **fixed component** (annual gross base salary - in Italian "RAL"), a **variable component** (mainly composed of the Company Bonus and the Bonus related to the achievement of performance objectives), "**benefits**" and any other compensation (e.g. for consensual termination of employment). Following are the main elements that characterise the salary structure, divided into the different population clusters.

The combination of the fixed and the variable component (the so-called "**pay mix**") is defined for each subcategory, in compliance with the relevant provisions, in order not to encourage behaviour oriented towards an excessive undertaking of risks. For **Managers**, **the maximum weight of the variable component in relation to the fixed component** is established ex-ante.

The internal power attributions in relation to the remuneration structures of the different categories of employees are represented below:

**RULES OF GOVERNANCE FOR THE IMPLEMENTATION OF REMUNERATION POLICIES**

| *Cluster of personnel* | *Proponent body* | *Consultation* | *Deliberative body* |
|---|---|---|---|
| Chief Executive Officer (CEO) | N&RC | BSA | BoD |
| General Manager | N&RC | - | BoD |
| Deputy GM, Division Heads and Managers reporting directly to CEO | CEO | N&RC | BoD |
| Managers in charge of Control Functions and Manager responsible for preparing Company's Financial Reports | N&RC | A&RC + BSA | BoD |
| Other Identified Staff | according to autonomy (see below) | | |
| Other Staff - Managers | HRD | - | CEO |
| Other Staff - Professional Areas & Middle Management | Technican Function | - | HRD |

| | |
|---|---|
| *BoD* | *Board of Directors* |
| *A&RC* | *Audit and Risk Committee* |
| *N&RC* | *Nomination and Remuneration Committee* |
| *BSA* | *Board of Statutory Auditors* |
| *HRD* | *Human Resource Department* |
| *Other Top Management* | *Division Heads and other Managers reporting directly to CEO* |

## 5.2. Fixed remuneration

The fixed component (salary) is generally intended to remunerate the level of responsibility, experience and competence associated with the individual position.

In particular, for **Managers** - including the "Identified Staff" - the fixed component is calculated, also based on position and responsibilities, bearing in mind the remuneration levels expressed by the market, and in particular by the subset of internal company units with similar business models, with respect for internal coherence.

For **Middle Management and Professional** staff, who make up the large majority of the company population (98.7%, of which 59.9% in Professional staff), the base salary levels for the various categories provided for by the sectorial regulations are integrated by interventions aimed at valorising the decisive contribution of these resources to the soundness of the Group's operational growth and profitability, as well as reflecting a better correlation between levels, organisational positions and remuneration.

## 5.3. Variable remuneration

The variable portion of remuneration integrates the salary and is primarily connected to the short and medium/long term results achieved. Its correlation with performance allows for the implementation of a mechanism of differentiation and meritocracy and, no less important, makes it possible to align the interests of the management and employees with those of the shareholders.

The two main components of the variable remuneration - in terms of economic weight and cost - are the **Company Bonus (formerly "VAP")** and the **incentive system** (in the two formulations of LPO and MBO, as explained in the following pages).

In exceptional circumstances, for the management of business-critical internal resources, other more stable components can be added to the ones mentioned above, such as components related to time with the company (e.g. stability or non-competition agreements), which are comparable to variable remuneration for the purposes of the regulatory provisions in force.

Commercial campaigns (Contests) complete the set of results-based instruments: these represent leverage of limited cost that are nonetheless effective in supporting commercial activities, also from the point of view of acquiring/retaining clientele without encouraging improper behaviour on the part of the Networks.

Regarding the **Managers in charge of the Control functions** and the **Manager responsible for preparing the Company's financial reports**, in order to avoid potential conflicts of interest, the Shareholders' Meeting decided to exclude these positions from variable performance-related remuneration by assigning to them a **position indemnity**, calculated as a percentage of the fixed salary and subject to variation from year to year. This provision, which has been in effect since 2010 for the Area Managers of the Parent Company, in the following years was extended also to the second level Managers of the Control functions.

Lastly, it should be noted that no variable component is paid to employees subject to disciplinary actions and/or negative professional evaluations.

### 5.3.1. Company Bonus (formerly "VAP")

This instrument is regulated by national negotiations and is predominantly **distributive**. It is in fact paid to all employees - based on their position - in relation to the achievement of specific results at a corporate level, providing that the company does not present a negative result for its ordinary activities, net of any extraordinary components positive or negative (Art. 48, National Collective Labour Agreement).

An agreement between the Company and Trade Unions establishes the structure of the bonus, i.e. the access conditions and payment criteria.

In compliance with the regulatory provisions, the payment of this variable component is now also subordinated to the achievement of **objective profit parameters** and a predetermined level of **capital adequacy**.

### 5.3.2. Incentive System

- *LPO ("Working for objectives")*

The tool used to guide and emphasize the value of the employees' [4] commitment to the pursuit of the company's strategic objectives is the incentive system, LPO – Working for Objectives. Developed within the scope of the 2012-2015 Business Plan, it is based on the measurement of the **performance**, both quantitative and qualitative, for the purpose of awarding, in a differentiated manner, those who have responsibly contributed to the achievement of the Group's results.

[4] Top Management, direct reports to the CEO and the Level II Management (CGB [Bank Parent Company Area] and AT [Territorial Area], GM and Deputy GM of the Group's companies) are excluded.

The system, designed in compliance with the regulatory provisions (connection with risks, compatibility with capital and liquidity levels), formally begins at the start of the year, Group assets and profitability conditions permitting, with the **allocation by the Board of Directors** of the Parent Company **of the "bonus pool"**, the global amount available for the bonuses of the entire Group. This allocation is established in the context of coherence with the annual (Budget) and multi-year (Business Plan) forecast, so as not to limit the Group's capacity to maintain/achieve adequate levels of capital growth in relation to the risks undertaken.

Together with the bonus pool, the Board of Directors of the Parent Company establishes the consolidated performance conditions ("gate") that, ex post, create the conditions that allow for the opening of the incentive system; the amount payable is instead determined on the basis of criteria that correlate the degree of achievement of performance conditions (also established at the time of allocation of the bonus pool) with a percentage of the pool.

The assessments regarding the allocation of the bonus pool and consolidated performances conditions ("gate") for the purpose of the LPO system, must take into account all the incentive instruments that the Bank intends to activate (e.g. toward management at highest level).

The **internal distribution** of the objectives is regulated by specific "scorecards", defined in the context of the operational planning process, which contain the indicators of reference ("target mix") for the individual business units (both central and peripheral), based on their respective competences. These indicators are of both a quantitative (equity-based and economic, with corrections for risks) and qualitative nature.

The scorecards operate on an individual basis for part of the management and on a structural (i.e. Branch) level for other employees, and are accompanied by a "bonus-malus" system aimed at limiting exposure to risk.

**Indicators of quality and compliance** have become very important in the context of the scorecards assigned to the network structures (ISP - Synthetic Indicators of Performance), especially for the purpose of improving levels of loyalty and enhancing valorising relations relations with families and companies in the marketing of products by showing greater appreciation for virtuous behaviours and penalising non-virtuous practices.

The **distribution stage** of the bonus pool starts the following year with the verification of the degree of achievement of the objectives assigned, on the basis of information contained in the certified financial statements (**final figures**).

At this stage, starting from the "bonus target" associated with each resource, the degree of achievement of the objectives is taken into account. The resulting amount of the bonus is confirmed or amended by the individual performance evaluation. This evaluation is carried out by the CEO for managers and by the direct managers for all the remaining employees. The HR office, while assisting the individual units in carrying out these activities, presides over the coordination of the Group in order to ensure consistency.

The **payment** of the bonus takes place following the approval of the Financial Statement.

– *Incentives for Top Management, other direct reports of the CEO and Level II management (MBO)*

The incentive systems for higher part of the management, are normally related to company results and the sustainability/quality of the performance, as required by the supervisory provisions, but have also a multi-annual value as they are linked to the objectives and the duration of the strategic plan[5] (and therefore are effective also in terms of strengthening retention).

Their sustainability is assessed in terms of the range of variable remuneration instruments that the Bank intends to activate during the year, while their viability is subject to the same performance requirements, set forth by the Board of Directors for the LPO incentive system, to which others may be added by the Board itself.

For Top Management and the direct reports to the CEO, if they are the recipients of a performance-related bonus, it is the Board of Directors itself that establishes the **objectives** to be assigned to each manager and the **maximum percentage of the variable payment in relation to the Gross Annual Salary**, within the limits set in the Group's Remuneration Policies (see the table on the next page).

The determination of the bonuses for the members of Top Management, for the other direct reports to the CEO and for the Level II Managers, as well as for all managers with high salaries, is based on the following criteria:

- **70%** upon achievement of the personal "mix" of **performance indicators**, identified from among the objectives of the annual budget. The “mix”, communicated to the interested party at the beginning of the year, is deemed fully achieved, for the purpose of awarding the variable bonus, when at least 95% of it has been achieved. For lower levels of achievement, up to 80%, a proportional reduction is applied to the bonus; beneath this threshold (80%) no bonus is due. The results are verified on the basis of the Financial Statements approved by the Shareholders' Meeting;
- **30%**, only if at least 80% of the mix mentioned above is reached, to the **assessment of managerial skills** undertaken by the Board of Directors for Top Management and for the other direct reports to the CEO (upon obtaining the opinion of the Nomination and Remuneration Committee), or by the CEO for the other Managers.

The **payment** of the bonus takes place following the approval of the Financial Statement.

### 5.3.3. Benefits

In addition to the fixed and variable components, the Group envisages for its employees various interventions that effectively increase its remunerative offer under a structural profile, raising motivation and reinforcing Group identity. In particular, investments in instruments for personal support are on the rise - as defined periodically with the Trade Unions and approved by the Board of Directors - among which the following are aimed at the majority of the employees:

- a company contribution to Complementary Pension Funds for all employees - for a transitional period - currently 2.5% of 77% of the salary;

[5] These types of plans are appreciated also by institutional investors, as confirmed by SODALI, a leading company consulting on corporate governance and investor relations.

- an Accident Insurance Policy and Health Insurance Policy, the latter for both active and retired employees;
- luncheon vouchers, for Professional Areas, Middle Management and Managers without a “personalised” contract;
- special conditions for banking transactions (savings, loans, other banking services);

and others granted on an individual basis, such as:

- the provision of sublet accommodation for personal and family use in the event of transfer upon the company's decision, or a commuting allowance;
- a company car for private and business use, with expenses charged to the Bank, for Managers with “personalised” contracts, as determined by the Board of Directors, and for other positions with high mobility requirements.

### 5.3.4. Other provisions

With reference to the remunerations for personnel in top positions, a “guaranteed minimum duration” clause, expiring in June 2015, is included in the agreements of three Top Managers which were finalised at the beginning of 2012.

This clause ensures that in the event of termination by the Bank without just cause, notified at any time prior to the expiry of the minimum duration period, the Bank is obliged to pay to these Managers, in a lump sum compensation payment the gross equivalent of the amount they would have received globally as their gross annual salary and Incentive System (equal to the amount received in the financial year prior to termination) for the remaining period of the “guaranteed minimum duration”. In any case, the amount paid cannot be less than the amount that corresponds to the maximum number of monthly payments due at that time, as supplementary indemnity, pursuant to ex Art. 30 of the National Collective Labour Agreement (CCNL) in force for managers (corresponding, to date, to 27 months of pay[6]).

In the event of the above hypothesis, the amount due shall be recognised - on a contractual basis - as equitable and defined as a settlement in order to prevent future disputes in this regard. The amount specified cannot be reduced or increased for any purpose, reason or cause, and no further claims may be made by either party.

The purpose is that of defining a “certain” cost for the company, contained within the limits - including maximums - contractually provided for in the event of “ad nutum" dismissal, avoiding any possible, further and potentially greater expenses related to other risk factors that often characterise disputes of this nature, extending the spectrum (litigation due to “downgrading", damage to image, etc.).

Pending the alignment of existing individual agreements, should it become necessary to make payment in relation to this clause, the Bank, in any case, reserves the right to evaluate the possible payment in

[6] 27.5 as at 30 June 2015 for two people.

line with the remuneration policies adopted, with the internal and external regulatory framework in force and with the contractual provisions that regulate individual employment relationships.

As already highlighted in the Report regarding remuneration policies implemented in 2013, the "guaranteed minimum duration" clause, included in the contracts of a few Managers who during the course of 2013 consensually terminated their employment with the Bank, has yet to be implemented.

Regarding the position of the General Manager, already represented in detail in the Group Remuneration Report last year, it must be noted that the settlement agreement reached with the Manager on 28 November 2013 ("*comprise agreement")* provides that he is paid, according to regulations in force, only in the case of termination without just cause, a gross conventional, global and inclusive amount equal to the difference between Euro 3,540,000 (due in application of the "guaranteed minimum duration" clause present in the Manager's contract of employment) and the settlement amount of 1,200,000, paid to the Manager during 2014 following completion of the capital increase (in accordance with the previsions specified in above mentioned agreement of November 2013).

### 5.3.5. The remuneration of Financial Advisors

In 2014, the MPS Bank availed itself, for the distribution of its own products and third parties products, of a network of Financial Advisors with whom it entered into agency agreements, without representation.

In December, the Bank transferred the branch of business related to financial advisory services, including customers, agency agreements and employees working for the Financial Promotion Unit, to Widiba Spa.

In the following month of January the contracts of the National Manager of the Network and the four General Managers were terminated[7]: to this regard, it must be noted that the positions in question were the only recipients of an incentive variable component, which, to date, is no longer used in the Financial Advisory Network.

Based on the agency contract for financial advisors the remunerative components are commissions regarding the management of clients ("management fees") and fees regarding the placement of products ("direct fees").

For the two managerial positions, Area Manager and District Manager, part of their remuneration is also linked to coordination of resources.

A bonus system is also formally provided for in the Advisor's agency agreement, a non-significant amount, which aims at stimulating the Network in the pursuit of portfolio and revenue objectives, identified annually based on the parameters defined by the Commercial Plan and differentiated between Financial Advisors and Managers. Within this context, a correlation with qualitative

[7] The amounts accrued in 2014, as incentives, by these managers have not yet been defined and will be detailed in the next Report.

parameters related to training activities carried out by the Advisors during the year, is to be established.

The agency agreement will also include a Personnel Retention System. The system in force, adopted in 2014, consists of a financial benefit in favour of all the Financial Advisors and Managers, in the form of an annual percentage allocation; the Bank annually sets aside the amount calculated in a capital-guaranteed Life Insurance Policy, in which the Bank itself is a contracting party.

The recognition of the full accrued amount, in reference to the personnel retention system, is paid out only in the event of the termination of the agency agreement due to (i) entitlement to retirement (ii) cancellation from the Financial Advisors Register or (iii) death of the Financial Advisor.

In addition to the above, the Bank sets aside the amounts related to the previous retention systems in order to create a specific fund for the future Financial Advisor beneficiaries:

- retention system "Premio Fedeltà" (for resources recruited from 1998 to June 2005), which recognises a financial benefit to advisors and managers who accrue an employment seniority from 5 to 10 years, from the date of execution of the agency agreement;
- retention system "Settennale" (for resources recruited from July 2005 to September 2011) based on which the advisor is entitled to the financial benefit if the employment lasts seven years and certain other requirements are met.

In addition, a new system is being finalised for non-retained financial advisors, already approved by the Board of Directors, which harmonises and simplifies the conditions and execution of the pre-existing systems.

# 6. The implementation of remuneration policies in 2014

## 6.1. Changes in the "Identified Staff" perimeter

In 2014, within the perimeter of the "identified staff"[8], the following were recorded: 15 exits, of which 11 following termination of employment, and 12 new entries including 5 *risk takers,* one of which is a new hire.

In Statement A - Quantitative information regarding the "Identified Staff" (Bank of Italy) - in order to facilitate comprehension and to represent all amounts paid, the data represented in the statement is that of the perimeter unchanged.

It should be noted that, as regards the 2014 remuneration policies, the profile of the perimeter was already completed in compliance with the EBA standards published in the Delegated Regulation EU n. 604 of 4/3/2014 which entailed its extension from 26 to 132 names.

## 6.2. Remuneration trend

[8] Identified at the beginning of the year for the 2014 Remuneration Policies.

The trend of remuneration levels in 2014 was impacted by the effects of extraordinary measures that continued during the year:

- the recomposition of the organisational structure, due to the exit of an additional 2,540 resources (of which 1,273 resources through the solidarity fund), including 26 Managers;
- the labour cost containment measures pursuant to the agreement of 19/12/12, for three years (including the suspension of work for 6 business days and the reduction of 23% of the base calculation of employee Severance Indemnity - TFR).

For the Managers, the following is added to the above-mentioned manoeuvres:

- the continuation of the effects of the manoeuvre (started in 2012) to reduce the salary for the highest paid managers by 5%;
- the abolition of holiday entitlement (introduced in 2013) to facilitate management of "working time" in relation to targets rather than attendance, in consideration of the managerial independence that distinguishes this category, with the consequential waiver of unused holiday entitlement and relevant arrears.

The few remuneration reviews, about 40 in the entire Group that occurred during the year, and all of them for retention purposes, concerned for the most part network positions that are critical for the business as well as a few selective interventions to managerial profiles in terms of alignment to market value.

As regards the new hires in the Group, the employment agreements of the new managers (15 total, one of them an independent collaborator), prepared in compliance with the policies approved by the Shareholders' Meeting, are positioned at median market levels, based on equal organisational positions, and in any case, below internal average levels.

The table below outlines the average remuneration levels of the Group[9] regarding the fixed remuneration component for Group employees (staff as at 31/12/2014: amounts in Euro):

**GROUP FIXED REMUNERATION**

| | Staff at 31/12/2014 | Average Salary 2014 | Average Salary 2013 |
|---|---|---|---|
| **CEO & Top Management** | 11 | 448.993 | 438.568 |
| **Other Managers** | 330 | 128.032 | 129.177 |
| **Middle Managers & Professional Area** | 25.620 | 44.168 | 43.664 |
| **Overall total** | **25.961** | **45.433** | 44.901 |

The above average values take into account the effects of solidarity and the salary CAP which in the first half of the year impacted the CEO remuneration.

In reference to the high earners, i.e. those with a total remuneration of at least Euro 1 million on an annual basis (periodically reported to the supervisory authorities), we wish to inform that at the end of the year only one manager in the Group belonged to such category (the CEO).

[9] Calculated excluding foreign personnel with local contracts (approx. 500 employees).

Below is a table showing the Group remunerations broken down by business segment:

| GROUP REPORT BY BUSINESS SEGMENT | | | |
|---|---|---|---|
| | No. staff at 31/12/2014 | Σ Remuneration * | Average values |
| PRIVATE | 20.568 | 907.627.677 | 44.128 |
| CORPORATE | 688 | 38.641.106 | 56.164 |
| FINANCE | 207 | 11.931.931 | 57.642 |
| SERVICE & CORPORATE CENTRE | 4.498 | 232.200.700 | 51.623 |
| **OVERALL TOTAL** | **25.961** | **1.190.401.414** | **45.854** |

* *In contrast to the previous table, this includes, in addition to the gross annual basic salary also fixed revocable remuneration items (e.g. position-related indemnities, control function indemnities, etc.)*

## 6.3. 2014 Variable remuneration

In 2013, the Bank activated the 2013 LPO incentive system intended for the resources of the Network's commercial structures (Branches, Specialist Centres, and Local market departments - DTM) which provided for the distribution of the bonus pool to be carried out, in 2014, once the Consolidated Net Profit of the Group reached or exceeded 50% of the forecast figure. The non achievement of this “gate", already verified on the basis of the preliminary data of the 2013 Financial Statements, blocked the payment of bonuses to resources in the performing business units.

However, the Board of Directors, in the first few months of the year, acknowledging the excellent performance that various business units had achieved, despite the challenging market situation, approved the payment of a small symbolic monetary value, but with a strong motivational value, to a small number of merit-worthy resources.

This acknowledgement, averaging Euro 1,500, allowed the rewarding of about 1,500 resources, who in the previous year stood out, together with their teams, for commitment and quality of the achieved results.

In 2014, due to the negative performance of the Group, already evident in the first months of the year, no incentive system or bonus (former VAP) distribution was activated.

The Bank resorted to the use of targeted low cost specific instruments (ex. Contest) effective for motivating and rewarding excellent network resources.

Also in reference to the business positions, a strong effort was made to improve the capacity of the Group to retain business-critical internal resources. In particular, in order to counter the loss of professionals in the private banking sector, in addition to several initiatives aimed at boosting engagement, a contractual instrument known as a non-competition agreement was adopted.

Regarding the 155 new hires completed during the year (of which 13 were managers), 10 entry bonuses were paid with an average value of Euro 19,800.

As for employment terminations, involving 26 managers of the Group, the incentives paid, related to 14 consensual terminations, were granted upon verification, by the competent function, and in compliance to the agreement with the labour legislation and applicable category contractual provisions, within the scope of the specific policy approved by the Board of Directors in 2012, aimed at limiting the discretional factor in determining the amounts to be granted while guaranteeing equal treatment.

Finally, with reference to the perimeter of "identified staff", the managers in charge of the Control functions (not included in any incentive schemes) were given a position-related indemnity for the 2014 Financial Year, equal to an average of 13% of their annual gross basic salary.

During the year, as had already occurred in the previous year, the Board of Directors didn't deliberate any variable pay for Managers or "Identified Staff". With reference to the latter, severance pay granted to resources included in the perimeter, is specifically indicated in the Section III of this Report.

## 7. 2015 Remuneration policies

### 7.1. The evolution of the regulatory context

On 18 November 2014, the Bank of Italy published its 7th update of Circular n. 285 of 17 November 2013, where in Part 1, Section IV "Corporate governance, internal controls, risk management", Chapter 2 "Policies and practices on remuneration and incentives" was added.

The time frame and the methods for adjusting the remuneration policies to the new provisions are set forth in the regulations. It should also be noted that the European Banking Authority is currently studying the argument and therefore further regulatory interventions are not excluded, which, if they were to occur, would also involve the current Italian regulatory system.

Among the innovations introduced by the new regulations, formulated for a better alignment with the European and national regulations as regards internal controls and corporate organisation and governance, the following should be noted:

- the introduction of a maximum ratio of 1:1 concerning the variable and fixed components of remuneration;
- the attribution to the Shareholders' Meeting of the power to approve the application of a higher limit to the above ratio, up to a maximum of 2:1, and the criteria for the determination of the compensation to be awarded in the event of early termination of employment or early termination of office;
- the attribution to the EBA of the power to define the Regulatory Technical Standards (RTS) for the identification of the "Identified Staff";
- the reinforcement of the provisions on ex post risk-adjustment mechanisms (malus and clawback), through the introduction of qualitative indicators related to staff behaviour during employment.
- the extension of the rules - in line with the clarifications that were provided following public consultation about changes made to the Bank of Italy-Consob joint regulations, of 25 July 2012 - to external distribution networks (financial agents, insurance agents and financial advisors);
- a higher level of *disclosure* with the obligation of publication of the overall remuneration information related to other top managers.

As a whole, the new structure emphasises the correlation between **variable remuneration** and **governance and risk management** policies and requires consistency with Group objectives for the determination of risk propensity, as well as compatibility with the levels of **capital and liquidity,** introducing a specific provision which requires that the distribution of variable remuneration complies with the combined capital requirement.

The analysis of the impact of the new rules on the current remuneration policies of the MPS Group, has highlighted a substantial alignment, although with some specific gaps (hereinafter detailed) with the following time frame for their correction:

| *Timing* | *Intervention* | *Methods* |
|---|---|---|
| April 2015 | ▸ Statutory changes which attribute to the Shareholders' Meetings the powers to define the criteria for the determination of the compensation to be paid in case of an early termination of employment or early termination of office<br>▸ Definition of the above criteria<br>▸ Implementation, in the Remuneration policies for 2015, of alignment measures to the new provisions | ▸ Proposal to the 2015 Ordinary Shareholders' Meeting<br>▸ "<br>▸ " |
| December 2015 | Alignment of management agreements | ▸ Alignment of individual agreements to 2015 Remuneration policies |
| April 2016 | 2016 Remuneration policies:<br>▪ alignment of control functions (including HR)<br>▪ Financial Advisor alignment | ▸ Proposal to the 2016 Ordinary Shareholders' Meeting<br>▸ Alignment of individual agreements to 2015 Remuneration policies |

It must be noted that the proposal for an amendment to art. 13 of the Articles of Association about granting to the Shareholders' Meeting the necessary powers to define the criteria for the determination of the compensation to be paid in the case of an early termination of the employment relationship or early termination of office (including the limits set forth for this compensation in terms of annual fixed remunerations and maximum amount deriving from their application), has been submitted to the Ordinary Shareholders' Meeting concurrently with this document.

## 7.2. The 2015 "Identified Staff"

The new supervisory regulations provide for a different approach to the definition of the "Identified Staff" perimeter which, starting from the EBA standard criteria under the EU Delegated Regulations n. 604, of 4/3/2014 (already adopted by the Bank for the 2014 Remuneration Policies), ensures that the identification process of the perimeter of the Parent Company is preceded by assessments carried out at the level of the single components of the Group, although the Parent Company retains the task of ensuring the consistency of the identification process throughout the entire Group.

The identification process, according to the new regulations, has led to an expansion of the perimeter of the "Identified Staff" from 132 positions identified at the beginning of 2014 to 183 positions, distributed as follows[10]:

| | Group | | Company | |
|---|---|---|---|---|
| | **N°** | **Fixed remuneration** | **N°** | **Fixed Remuneration** |
| CEO | 1 * | 400.000 | | |
| Other managers with executive positions | | | | |
| Non-executive managers | 33 | 1.498.086 | | |
| General Manager | 1 * | 1.400.000 | | |
| Deputy General Manager | 2 | 1.270.648 | | |
| Division Heads, Corporate functions, Geographical Area Heads and those who report directly to the corporate bodies | 10 | 3.477.262 | | |
| Managers and personnel in charge of the internal control functions | 40 | 4.542.365 | | |
| Other staff who individually or collectively take on significant risks | 69 | 11.963.037 | 18 | 1.805.947 |
| Highly paid employees and collaborators not included in the criteria above | 28 | 5.456.317 | | |
| **Total** | **183** | **30.007.714** | **18** | **1.805.947** |

** Mr. Fabrizio Viola holds the offices of both CEO and General Manager. (Remuneration from the office of Director and member of the Executive Committee is not included in the above table)*

The profiling, according to the new criteria, identifies a perimeter with two different levels of impact on the risk profile of the Group: the first, relevant at a consolidated level (which, for instance, includes the General Managers of Group companies to which at least 2% of the internal capital is allocated); the second is identified only at the level of an individual subsidiary (and this is the case, for instance, of foreign banks that must notify the identified perimeter, based on its capital assets, to the supervisory authority of the country of establishment). The table highlights this dual identification. Board members of the main companies (the Directors who are also employees of the Group and repay the emoluments to the Bank, are not considered) are also included. Of the 33 Directors, 11 are from the Parent Company (CEO excluded).

For the application of quantitative criteria (see Report on Remuneration 2014), only the identification at Group level is taken into consideration.

## 7.3. Remuneration policies for 2015

In addition to the requirements that must be met by the variable remuneration of the "Identified Staff" based on the Provisions of 30 March 2011:

- anchorage to medium/long term performance indicators;
- payment made partially up-front and partially in financial instruments;
- disbursement in a time frame of at least three years;

[10] The composition and population of the perimeter are subject to frequent changes, due predominantly to organisational and managerial factors.

- the deferred component is subject to malus mechanisms,

the update of last November introduces additional attributes:

- the relationship between fixed and variable remuneration cannot exceed 100% **(ratio 1:1)**[11];
- if the variable component represents a particularly high amount, the percentage to be **defered must** not be below **60%** and it is to be deferred for **no less than 5 years** for Directors, General Manager, Deputy General Managers, Managers of the main business areas (and those with a higher risk profile, e.g. investment banking), corporate units or geographical areas, as well as those who report directly to bodies with strategic supervisory, management and control functions;
- greater impact of adjustment mechanisms for ex-post risks, which include qualitative indicators tied to the conduct of personnel during their working relationship with the Bank.

Therefore, the attribution of a performance-related variable component to the "Identified Staff" must comply with the following parameters:

| Identified Staff cluster | EBA corrisponding criteria | % max of variable remuneration | UP-FRONT [1] PORTION | DEFERRED PORTION | DEFERRED COMPONENT PAYMENT | Adjustment mechanisms to manage risks |
|---|---|---|---|---|---|---|
| CEO + TOP MANAGEMENT + OTHER MANAGERS REPORTING DIRECTLY TO CEO | Division Heads, corporate functions, geographical Area Heads, and those who report directly to corporate bodies | 100% | 40% | 60% | One payment after **5 years** : 1/3 in cash e 2/3 in shares | **Malus:** mix of indicators to be measured at the end of the deferral period (e.g. Tier 1, liquidity)<br>**Claw-back:** contractual prevision aimed at recovering variable remuneration already paid ("clawback") following misconduct ascribable to employee misbehaviour, with or without intentional fault or serious misconduct |
| RISK TAKERS A + SUPPORT FUNCTIONS | Managers of key operative /corporate units;<br>Members of Committees<br>IT, Planning, Legal Affairs, etc. | 80% | 50% | 50% | One payment after **3 years** : 1/3 in cash e 2/3 in shares | |
| RISK TAKERS B + OTHER STAFF INCLUDED IN THE PERIMETER | Staff with responsabilities in key functions<br>Staff included for quantitative criteria | 60% | 50% | 50% | One payment after **3 years** : 1/3 in cash e 2/3 in shares | |

[1] Paid 50% cash and 50% in shares

As shown in the table, the setting for the definition of the remuneration policy within the perimeter of the "Identified Staff", according to the position held (organisational weight) and the actual capacity to impact on the Group's risk profile, already applied in 2014 at the time of the adoption of the new EBA standards, is confirmed also for 2015.

For the "identified staff" cluster, with exception of cluster I (CEO, Top Management and other managers reporting directly to the CEO), a threshold of significance equal to Euro 40,000 has been established, below which every payment is made entirely in cash / up-front, also taking into account the limited overall risk associated with the actual perception of this bonus, the guidelines at a system level and the results of supervisory consultations also at European level[12]. This limit, not applied in the case that the above mentioned amount is greater than 50% of the fixed remuneration received by the "identified" staff member, is deemed appropriate to avoid excessive risk taking on behalf of employees, considering that the Bank has decided to take on a conservative position overall in the application permitted by the supervisory provisions, both with reference to the identification of the "identified staff" as well as regarding the identification of the maximum theoretical threshold connected to variable remuneration (see above table).

[11] The limit may be elevated - up to a maximum of 200% - only upon resolution of the Shareholders' Meeting.
[12] EBA benchmarking and Consultation on High Earners

The managers of control units and the managers with responsibilities in control units will continue not to receive the variable portion of remuneration and instead are paid a position-related indemnity, defined on a yearly basis by the Board of Directors, upon proposal by the designated Director of the Audit and Risk Committee and in compliance with the supervisory provisions currently being issued.

For all of the Managers not included in the perimeter of the "Identified Staff" as well as the rest of the personnel, the maximum percentage of the variable remuneration is 50% of the fixed component. However, the Bank reserves the right to deviate from this limit in the case of business figures, which - in the market - show an atypical variable remuneration structure (e.g. remuneration associated with commission income).

### 7.4. Company Bonus (formerly "VAP")

**Negotiations** with the Trade Unions to define the conditions and distribution criteria of the 2015 Company Bonus are under way, in compliance with the contractual provisions for this Sector. The outcome will be submitted to the Board of Directors of the Parent Company.

### 7.5. LPO Incentive System 2015

The incentive system – in the version **LPO -** Working for objectives, intended for operational resources – is the tool that the Group has adopted to guide the performance of individuals towards corporate strategic objectives and, at the same time, to enhance the value of merit and to reward excellent performances.

Therefore, in consideration of the ambitious objectives set forth in the Restructuring Plan, it was decided to reactivate, for 2015, this instrument which, as in its last edition (2013), will be **challenging**, in terms of thresholds for achieving the assigned objectives, and **selective**, with reference to the final number of bonus receivers.

The distribution of the Bonus Pool is subject to prior verification of the minimum level set for the Group's capitalisation and liquidity parameters. These parameters, which represent the so-called "gate", have been respectively identified as the Group's **Common Equity Tier 1** and **Liquidity coverage ratio.**

Moreover, to more closely connect the incentive system to corporate results, in the interest of all stakeholders, the percentage of the bonus pool made available is related to the percentage of achievement of a pre-defined target **Group Profit before tax.**

The distribution of the portion of the bonus pool to the different structures is regulated by a set of indicators in "scorecards" assigned to each employee, in line with the position held and the responsibilities assigned.

LPO 2015 pays close attention to the non-financial objectives - the so-called "**long term value**" - (many of which are already used in the Group's control and reporting activities) which accompany the traditional economic-financial objectives. They represent non-financial indicators that reflect factors such as efficiency, operational conformity and quality of service to customers, etc.

This innovation, in addition to being a practice recommended by the regulatory provisions, contributes to the effective implementation of the Bank's strategy through the analyses of the related determinants/qualitative variables (operational efficiency, risk management, motivation, cooperation among organisational units, attention to customers and other stakeholders' expectations, legality, ethics, etc.).

The opening of the payment stage of the bonus pool will be verified in 2016 on the basis of the data of the certified Financial Statements.

The theoretical "bonus target", set for each position by the Human Resources unit, on the basis of the organisational impact of the position and comparison with market trends is adjusted based on the level of achievement of the team's objectives and the individual contribution of each employee ("tracked" by a specific Performance management system). For personnel in the central structures/companies, some specific corporate objectives may be added.

In both cases employees receive bonuses only when their team has reached its set targets.

The targets set are related to risk-adjusted economic indicators in all cases and take into consideration obligations concerning behaviour and conflicts of interest, pursuant to the Mifid Directive.

For operational staff of the Control Functions, quantitative and qualitative indicators from their activity will be used, guaranteeing independence from the results achieved by the areas of the Bank under their control.

The incentive plan for the year 2015 does not include Top Management, other direct reports to the CEO and Level II Management (Bank Parent Company Area Managers and Territorial Area Managers, GM and Deputy GM of the Group's companies).

However, for these Managers the Bank may activate specific initiatives for retention purposes as soon as the economic/asset-based and regulatory conditions are recreated for their sustainability.

## 8. Remuneration policies in the event of early termination of employment or termination of office

According to the new regulatory framework, "t*he Articles of Association foresees that the Ordinary Shareholders' Meeting, in addition to establishing remuneration due to Board members, approves the criteria for the determination of compensation to be granted in the event of early termination of employment or termination of office, including limits to the defined compensation in relation to annual instalments of fixed remuneration and the total maximum amount that results from their application".*

In consideration of the relevance of the novelties introduced it has been deemed appropriate to describe the criteria the Group intends to adopt for the management of cases of this kind in a specific Section of the document (cf. Section II).

## SECTION II

### 1. Criteria for the determination of compensation to be awarded in the event of early termination of employment and related limits

As specified in chapter 4 of the first Section "Remuneration of Board Directors and Statutory Auditors", no compensation is foreseen in favour of Directors in the event of termination of their office.

For Executive Directors, the General Manager and other Managers, compensation for the termination of employment, when not determined by a competent third party (as for example a judicial authority and/or arbitration and/or conciliation) ("Severance"), is quantified and paid out by the Bank in accordance with the regulatory framework in force at the time, in application of the below illustrated criteria, and always with respect and in pursuit of the best interests of the Company.

In particular the Severance can be recognised by the Bank only in the case of termination of employment at company initiative without just cause, and with the exclusion of the possibility of voluntary resignation, and it is determined according to the following main criteria:

- Age and specific personal conditions of the interested party;
- Length of service, with reduction of amount to be paid in the event of short duration of employment;
- Professional contribution provided to the Company, *performance* in relation to expectations; conduct and alignment to values, in corporate interest and in relation to risk; effective integration in the context and dynamics of the company;
- motivation behind the decision to terminate employment (also with reference to the notions of just cause and justification according to parameters in force at the time) placed in relation to the risk of controversy which the Manager could ascertain in relation to his previous employment and related termination, considering, among other things, possible indications provided by competent third parties such as judicial authorities and/or arbitration and/or conciliation.

The above mentioned criteria are, based on the characteristics of each case, carefully considered and balanced between themselves, and always in pursuit of the best interests of the Company.

Overall, the number of months related to notice and to Severance, as a rule do not exceed (where agreed within the company, and not determined by a competent third party, as described above), an amount which corresponds to 24 months' salary.

In very exceptional circumstances (never occurred in the recent past) and when required in the interests of the company, deviations from the above mentioned amount are not excluded provided that the limit of the maximum number of months is granted, at the time of the resolution, as supplementary indemnity according to the collective agreement in force at the time[13].

This may take place, moreover, only following a strict and articulated evaluation process, which includes the issuing of opinions from the relevant company functions (and when necessary external consultants), the formulation of a proposal extensively motivated by the Nomination and Remuneration Committee and approved by the Board of Directors.

The months' salary for notice and for Severance are calculated considering the mandatory criteria of the law and of the collective agreement, thereby enhancing the so-called total remuneration (including fixed remuneration, the average variable remuneration paid in the last three years and the value of benefits in kind)[14], which together also incorporate the performance demonstrated by the interested party (as reflected in the average variable remuneration), bringing about a reduction, which can be significant, of the overall amount granted in the event of negative performance.

The Severance is paid according to the regulatory provisions from time to time in force and is subject to ex post correction mechanisms (malus and claw-back) to cover any fraudulent behaviour or serious negligence against the Bank and the Group.

---

[13] Currently between 22 and 29 months' salary, depending on age.

[14] In consideration of the request, formulated in Circular 285, to indicate the limit of Severance also in terms of annual instalments of fixed remuneration, it is to be noted that within the context of the Bank, where practically no variable remuneration has been paid to top management in recent years, global remuneration currently corresponds to fixed remuneration (with the exception of the minimal incidence determined by the valorisation of *fringe benefits),* with the result that the above mentioned limit of 24 months' salary does not diverge significantly from two annual instalments of fixed retribution.

However, in the case – today entirely theoretical – of a manager who in the three years preceding termination receives a bonus totalling the maximum amount feasible currently determined by the Bank, that is of 100% of fixed remuneration (moreover, % applicable only for a selected number of interested parties, see par. 7.3), the 24 months' maximum severance could incorporate this average bonus, reaching therefore a larger amount in terms of annual instalments of fixed remuneration.

## SECTION III

This section analytically illustrates the remuneration paid or in any case attributed during FY 2014 to Board Directors, Statutory Auditors and Managers with strategic responsibilities (pursuant to Art. 123-*ter* of the Consolidated Law on Finance), as provided by Art. 84-*ter* of the Issuers' Regulations as well as data regarding “Identified Staff”, pursuant to the Bank of Italy provisions of March 2011.

In this regard it should be noted that the abovementioned Consob Regulation imposes the obligation to record payments made to all parties who held the office of Director, General Manager or Managers with strategic responsibilities during the course of the year, or for a fraction of the year.

As mentioned in Section I, **there was no accrual or payment of bonuses during the year.** Consequently, the tables do not contain values regarding the variable component for 2013.

Moreover, no stock option plans are active at a Group level.

List of the information in this Section:

| Tables | Contents | Applicable Law |
|---|---|---|
| Table 1 | Remuneration paid to the Members of the Board, Statutory Auditors, General Managers, Deputy General Managers and other Managers with strategic responsibilities. | Consob |
| Table 3B | Monetary incentive plans in favour of Members of the Board, Statutory Auditors, General Managers, Deputy General Managers and Managers with Strategic responsibilities. | Consob |
| Chart 7-*ter* | Schedule 7-ter : Shareholding in MPS held by Members of the Board, Statutory Auditors, General Managers and Managers with Strategic Responsibilities. | Consob |
| Statement A | Quantitative information regarding the “Identified Staff” | Bank of Italy |

**Table 1 - FEES PAID TO THE DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGER, DEPUTY GENERAL MANAGERS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES**
(pursuant to the Consob Resolution no.11971 of 14 May 1999 and subsequent amendments).
Data with reference to the period 1/1 - 31/12/2014

| Name and Surname | Office | Period for which the office was held | Termination of office *(*)* | Fixed remuneration | Remuneration for participation in committees | Non-equity variable pay | | Non-monetary benefits (**) | Other remuneration | Total | Fair value of the equity remuneration | Severance pay |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| **PROFUMO Alessandro** | **Chairman** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 68.400 *(1)* | 15.000 | | | 1.810 | | 85.210 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **68.400** | **15.000** | | | **1.810** | | **85.210** | | |
| **VIOLA Fabrizio** | **CEO** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 234.000 | 7.500 | | | | | 241.500 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | 80.700 *(2)* | 80.700 | | |
| (iii) Total | | | | **234.000** | **7.500** | | | **-** | **80.700** | **322.200** | | |
| **TURCHI Marco** | **Deputy Chairman** | 1/1 – 18/09/2014 | 18/09/2014 | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 48.600 | 10.750 | | | 1.810 | | 61.160 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | 11.700 *(3)* | 11.700 | | |
| (iii) Total | | | | **48.600** | **10.750** | | | **1.810** | **11.700** | **72.860** | | |
| **CORSA Pietro Giovanni** | **Deputy Chairman** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 67.600 | 35.603 | | | 1.810 | | 105.013 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **67.600** | **35.603** | | | **1.810** | | **105.013** | | |
| **ALEOTTI Alberto Giovanni** | **Director** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 66.800 | 15.000 | | | 1.810 | | 83.610 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **66.800** | **15.000** | | | **1.810** | | **83.610** | | |
| **BERNARD BEATRICE** | **Director** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 67.200 | | | | | | 67.200 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | 360.782 *(4)* | 360.782 | | |
| (iii) Total | | | | **67.200** | **-** | | | **-** | **360.782** | **427.982** | | |
| **DEMARTINI Paola** | **Director** | 1/1 – 18/09/2014 | 18/09/2014 | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 49.000 | 25.084 | | | 1.810 | | 75.894 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **49.000** | **25.084** | | | **1.810** | | **75.894** | | |

*(*)The members of the Board of Directors and the Board of Statutory Auditors are in office until the date of the Shareholders' General Meeting for the approval of 2014 Financial statements.*

(1) Mr. Profumo waved his fee for the Office of Chairman (€500.000) with the exception of the portion provided for the office of Director (€60.000).

(2) Viola, amounts paid by subsidiaries and deposited to Banca MPS SpA:

- € 10.000 from AXA MPS Assicurazioni Danni SpA for the office of Director;
- € 10.000 from AXA MPS Assicurazioni Vita SpA for the office of Director;
- € 60.700 from Wise Dialog Bank (WIDIBA) for the office of Chairman.

(3) Turchi:

- € 5.950 from Corporate Social Insurance Fund for Monte Dei Paschi di Siena Employees for the office of Chairman;
- € 5.750 from the Complementary Pension Fund for employees of Banca MPS Spa from 1/1/1991 for the office of Director.

(4) Bernard:

- € 360.782 from AXA MPS Assicurazioni Vita SpA for the office of General Manager (of which € 64.241 bonus and other incentives and € 5.541 other remuneration).

| Name and Surname | Office | Period for which the office was held | Termination of office *(*)* | Fixed remuneration | Remuneration for participation in committees | Non-equity variable pay | | Non-monetary benefits (*) | Other remuneration | Total | Fair value of the equity remuneration | Severance pay |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| **DISCEPOLO DANIELE** | **Director** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 68.000 | 20.000 | | | | | 88.000 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **68.000** | **20.000** | | | **-** | | **88.000** | | |
| **DRINGOLI Angelo** | **Director** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 68.400 | 20.000 | | | 1.810 | | 90.210 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **68.400** | **20.000** | | | **1.810** | | **90.210** | | |
| **GORGONI Lorenzo** | **Director** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 68.400 | 32.719 | | | 1.810 | | 102.929 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **68.400** | **32.719** | | | **1.810** | | **102.929** | | |
| **ISOLANI Roberto** | **Director** | 9/10 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 16.181 | 5.742 | | | 1.086 | | 23.009 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **16.181** | **5.742** | | | **1.086** | | **23.009** | | |
| **MARTINEZ David Manuel** | **Director** | 9/10 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 15.781 | 4.594 | | | 1.086 | | 21.460 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **15.781** | **4.594** | | | **1.086** | **-** | **21.460** | | |
| **MICCINESI Marco** | **Director** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 68.400 | 14.484 | | | 1.810 | | 84.694 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **68.400** | **14.484** | | | | | **84.694** | | |
| **RUBINI MARINA** | **Director** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 67.600 | 11.304 | | | 1.810 | | 80.714 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **67.600** | **11.304** | | | **1.810** | | **80.714** | | |
| **SALVADORI Paolo** | **Chairman of the Board of Statutory Auditors** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 108.400 | | | | 1.810 | | 110.210 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | 62.800 *(5)* | 62.800 | | |
| (iii) Total | | | | **108.400** | **-** | | | **1.810** | **62.800** | **173.010** | | |
| **GASPERINI SIGNORINI Claudio** | **Standing Auditor** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 68.400 | | | | 1.810 | | 70.210 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | 20.619 *(6)* | 20.619 | | |
| (iii) Total | | | | **68.400** | **-** | | | **1.810** | **20.619** | **90.829** | | |

*(*)The members of the Board of Directors and the Board of Statutory Auditors are in office until the date of the Shareholders' General Meeting for the approval of 2014 Financial statements.*

(5) Salvadori:

€ 27.500 from AXA MPS Assicurazioni Danni SpA for the office of Chairman of Board of Statutory Auditors;

€ 35.300 from AXA MPS Assicurazioni Vita SpA for the office of Chairman of the Board of Statutory Auditors.

(6) Gasperini:

€ 20.619 from MPS Immobiliare Spa for the office of Chairman for the Board of Statutory Auditors.

| Name and Surname | Office | Period for which the office was held | Termination of office *(*)* | Fixed remuneration | Remuneration for participation in committees | Non-equity variable pay | | Non-monetary benefits (*) | Other remuneration | Total | Fair value of the equity remuneration | Severance pay |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| **SERPI Paola** | **Standing Auditor** | 1/1 – 16/05/2014 | 16/05/2014 | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 25.867 | | | | 1.810 | | 27.677 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | 10.368 *(7)* | 10.368 | | |
| (iii) Total | | | | **25.867** | **-** | | | **1.810** | **10.368** | **38.045** | | |
| **ANDREADIS Stefano** | **Standing Auditor** | 16/5 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 42.867 | | | | 1.810 | | 44.677 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **42.867** | **-** | | | **1.810** | | **44.677** | | |
| **VIOLA Fabrizio** | **General Manager** | 1/1 – 31/12/2014 | = | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 950.000 | | *(8)* | | 33.865 | | 983.865 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | | - | | |
| (iii) Total | | | | **950.000** | **-** | | | **33.865** | | **983.865** | | |
| **BARBARULO ANGELO** | **Deputy General Manager (substitute GM)** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 464.615 *(9)* | | | | 29.216 | | 493.831 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | 41.254 *(10)* | 41.254 | | |
| (iii) Total | | | | **464.615** | | | | **29.216** | **41.254** | **535.086** | | |
| **MINGRONE BERNARDO** | **Deputy General Manager** | 1/1 – 31/12/2014 | | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 573.744 *(11)* | | | | 19.791 | | 593.535 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | 131.753 *(12)* | 131.753 | | |
| (iii) Total | | | | **573.744** | | | | **19.791** | **131.753** | **725.289** | | |
| **MANAGERS WITH STRATEGIC RESPONSIBILITIES** | | 1/1 – 31/12/2014 | = | | | | | | | | | |
| (i) Fees in the company that prepares the Financial Statements | | | | 2.389.173 *(13)* | - | - | | 122.730 | | 2.511.903 | | |
| (ii) Fees from subsidiaries and affiliates | | | | | | | | | 233.768 *(14)* | 233.768 | | |
| (iii) Total | | | | **2.389.173** | **-** | **-** | | **122.730** | **233.768** | **2.745.671** | | |

---

*(*)The members of the Board of Directors and the Board of Statutory Auditors are in office until the date of the Shareholders' General Meeting for the approval of 2014 Financial statements.*

(7) Serpi:

€ 6.318 from MPS Tenimenti Poggio Bonelli and Chigi Saracini So. Agricola Spa for the office of Chairman of Board of Statutory Auditors (period 1.1 - 16.05.2014);

€ 4.050 from the Complementary Pension Fund for employees of Banca MPS Spa from 1/1/1991 for the office of Auditor.

(8) Viola:

Settlement amount of €1.200.000 agreed upon following the salary reduction imposed by the EU for the state aid, already presented in the 2013 Group Remuneration Report, paid in July 2014.

(9) Barbarulo:

Despite holding the office from 17/2/2014, the amount refers to the period 1/1 – 31/12/2014 in consideration that the Manager was already included in the Managers with Strategic Responsibilities; the above amount does not include contributions paid to the National Fund to Support Employment (FOC).

(10) Barbarulo:

Amounts paid by subsidiaries and deposited to Banca MPS SpA.

(11) Mingrone:

Despite holding the office from 17/2/2014, the amount refers to the period 1/1 – 31/12/2014 in consideration that the Manager was already included in the Managers with Strategic Responsibilities; the above amount does not include contributions paid to the National Fund to Support Employment (FOC).

(12) Mingrone:

Amounts paid by subsidiaries and deposited to Banca MPS SpA.

(13) Managers with Strategic Responsibilities:

The amount does not include contributions paid to the National Fund to Support Employment (FOC).

(14) Managers with Strategic Responsibilities:

Amounts paid by subsidiaries and deposited to Banca MPS SpA.

**TABLE 3B - MONETARY INCENTIVE PLANS IN FAVOUR OF MEMBERS OF THE BOARD, STATUTORY AUDITORS, GENERAL MANAGERS, DEPUTY GENERAL MANAGERS AND MANAGERS WITH STRATEGIC RESPONSIBILITY (pursuant to the Consob resolution n. 11971 of 14 May 1999 and subsequent amendments)**
**(data refers to period 1/1 - 31/12/2014)**

| Name and Surname | Office | Plan | Annual Bonus | | | Bonus from previous years | | | Other Bonuses |
|---|---|---|---|---|---|---|---|---|---|
| | | | Payable/paid out | Differed | Differment period | No longer payable | Paid out/to be paid out | Still differed | |
| | | | | | | | | | |
| (I) Compensation in the company that prepares the Financial Statements | | Plan A / / | - | - | / / | - | - | - | - |
| | | Plan B / / | - | - | / / | - | - | - | - |
| | | Plan C / / | - | - | / / | - | - | - | - |
| (II) Compensation from subsidiaries and affiliates | | Plan A / / | - | - | / / | - | - | - | - |
| | | Plan B / / | - | - | / / | - | - | - | - |
| | | Plan C / / | - | - | / / | - | - | - | - |
| | | | | | | | | | |
| (I) Compensation in the company that prepares the Financial Statements | | Plan A / / | - | - | / / | - | - | - | - |
| | | Plan B / / | - | - | / / | - | - | - | - |
| | | Plan C / / | - | - | / / | - | - | - | - |
| (II) Compensation from subsidiaries and affiliates | | Plan A / / | - | - | / / | - | - | - | - |
| | | Plan B / / | - | - | / / | - | - | - | - |
| | | Plan C / / | - | - | / / | - | - | - | - |
| | | | | | | | | | |
| (I) Compensation in the company that prepares the Financial Statements | | Plan A / / | - | - | / / | - | - | - | - |
| | | Plan B / / | - | - | / / | - | - | - | - |
| | | Plan C / / | - | - | / / | - | - | - | |
| (II) Compensation from subsidiaries and affiliates | | Plan A / / | - | - | / / | - | - | - | - |
| | | Plan B / / | - | - | / / | - | - | - | - |
| | | Plan C / / | - | - | / / | - | - | - | - |

No plans activated or paid out

**Chart 7 - *ter* - Table 1: SHAREHOLDING BY MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND GENERAL MANAGERS**

(31 December 2014)

| SURNAME AND NAME | OFFICE | COMPANY IN WHICH STAKE IS HELD | NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS FINANCIAL YEAR | NUMBER OF SHARES ACQUIRED | NUMBER OF SHARES SOLD | NUMBER OF SHARES HELD AT THE END OF THE FINANCIAL YEAR UNDERWAY |
|---|---|---|---|---|---|---|
| PROFUMO Alessandro | Chairman | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| VIOLA Fabrizio | CEO | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| TURCHI Marco | Deputy Chairman | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| CORSA Pietro Giovanni | Deputy Chairman | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| ALEOTTI Alberto Giovanni | Director | Banca Monte dei Paschi di Siena SpA | **10** | **428** | = | **438** |
| BERNARD Beatrice | Director | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| DEMARTINI Paola | Director | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| ISOLANI Roberto | Director | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| DRINGOLI Angelo | Director | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| GORGONI Lorenzo | Director | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| DISCEPOLO Daniele | Director | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| MARTINEZ David Manuel | Director | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| RUBINI MARINA | Director | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| MICCINESI Marco | Director | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| SALVADORI Paolo | Chairman of the Board of Statutory Auditors | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| GASPERINI SIGNORINI Claudio | Standing Auditor | Banca Monte dei Paschi di Siena SpA | **1.767** | = | **1.767** | |
| SERPI Paola | Standing Auditor | Banca Monte dei Paschi di Siena SpA | = | = | = | = |
| ANDREADIS STEFANO | Alternate Auditor | Banca Monte dei Paschi di Siena SpA | **400** | **17.120** | = | **17.520** |
| MICHELOTTI FRANCO | Alternate Auditor | Banca Monte dei Paschi di Siena SpA | = | = | = | = |

## Scheme 7 - *ter* - Table 2: PARTICIPATION OF OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

(31 December 2014)

| NUMBER OF MANAGERS WITH STRATEGIC RESPONSIBILITIES | COMPANY IN WHICH STAKE IS HELD | NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS FINANCIAL YEAR | NUMBER OF SHARES ACQUIRED | NUMBER OF SHARES SOLD | NUMBER OF SHARES HELD AT THE END OF THE FINANCIAL YEAR UNDERWAY |
|---|---|---|---|---|---|
| **9*** | Banca Monte dei Paschi di Siena SpA | **6.649** | **55.854** | **5.000** | **57.503** |

| | | | | | |
|---|---|---|---|---|---|
| * Strategic Managers in office as at 31/12/2014: 8 | Banca Monte dei Paschi di Siena SpA | 6.308 | 55.854 | 5.000 | 57.162 |

## STATEMENT A - QUANTITATIVE INFORMATION REGARDING THE "IDENTIFIED STAFF"

| Personnel | N° | Fixed Remuneration | Variable Remuneration | | | | Severance pay |
|---|---|---|---|---|---|---|---|
| | | | Cash | Shares | Instruments connected to shares | Other types | |
| CEO | 1 *(1)* | 241.500 *(2)* | - | - | - | - | - |
| Other managers with executive positions | - | - | - | - | - | - | - |
| Non-executive managers | - | - | - | - | - | - | - |
| General Manager | 1 *(3)* | 950.000 | - | - | - | - *(4)* | - |
| Deputy General Manager (Substitute) | 1 *(5)* | 464.615 | | | | - | - |
| Deputy General Manager | 1 *(6)* | 573.744 | | | | - | - |
| Division Heads, Corporate functions, Geographical Area Heads and those who report directly to the corporate bodies | 9 | 3.100.463 | - | - | - | 10.329 *(7)* | 521.866 *(8)* |
| Managers and personnel in charge of the internal control functions | 22 | 2.939.272 *(9)* | - | - | - | 24.000 *(10)* | - |
| Other staff who individually or collectively take on significant risks | 64 | 10.603.410 | - | - | - | 20.658 *(11)* | 1.330.355 *(12)* |
| Highly paid employees and collaborators not included in the criteria above | 34 | 5.977.217 | - | - | - | 91.717 *(13)* | 341.284 *(14)* |

*(1) Mr. Fabrizio Viola holds the offices of both CEO and General Manager.*
*(2) Of which € 200.000 as remuneration for the office of CEO for the second half of the year (for the first semester the remuneration was not paid due to the salary cap imposed by the EU on management remuneration).*
*(3) see note (1).*
*(4) Settlement amount of €1.200.000 agreed upon following the salary reduction imposed by the EU for the state aid, already presented in the 2013 Group Remuneration Report, paid in July 2014.*
*(5) In office from 17/02/2014.*
*(6) In office from 17/02/2014.*
*(7) Total amounts connected to various indemnitites and stability agreements.*
*(8) Total amount related to the termination of the contract of employment of 1 Manager.*
*(9) Includes the position-related indemnity for "Control Functions"*
*(10) Total amounts connected to various indemnitites and stability agreements.*
*(11) Total amounts connected to various indemnitites and stability agreements.*
*(12) Total amount related to the termination of the contract of employment of 4 Managers (max amount € 436.508).*
*(13) Total amounts connected to various indemnitites and stability agreements.*
*(14) Total amount related to the termination of the contract of employment of 1 Manager.*

Dear Shareholders,

in relation to the above we invite you to approve the following proposal:

The Ordinary Shareholders' Meeting,

- having examined the proposals of the Board of Directors within the Report entitled "GROUP REMUNERATION REPORT pursuant to Art. 123-*ter* of the Consolidated Law on Finance",

RESOLVES

- to approve the contents of the abovementioned Report, authorising the Board of Directors to implement the principles contained in the Report;
- approve the criteria for the determination of compensation to be awarded in the event of early termination of employment as described in Section II of the above mentioned report.

In accordance with the obligations arising from the Supervisory Regulations, the Shareholders' Meeting must be periodically informed regarding the implementation of the policies adopted.