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. 2 ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING ON 14 APRIL 2016.

Dear Shareholders,

You have been summoned to the ordinary Shareholders' meeting to resolve the following argument, item N. 2 on the agenda:

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

RELAZIONE SULLA REMUNERAZIONE 2016

Ai sensi dell'art. 123-*ter* del Testo Unico della Finanza

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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
Employment Fund	Fondo Nazionale per il sostegno dell'occupazione nel Settore del credito (FOC)
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

The Monte dei Paschi Group recorded hugely significant results in 2015: strengthening of the capital position, to the point it now sits well above the required SREP threshold; solid liquidity position suited to absorbing the volatility of direct funding due to market trends; the net operating income was positive again, in addition to the effects of Alexandria, thanks also to growth in commercial productivity, a focus on costs and the first signs of improvement in credit quality.

These results were obtained thanks to the contributions and constant commitment of employees, who have, over the years, shown their ability to manage change and direct their skills and energy, despite the complexity of the context, to the creation of value over time.

At the current state of play, it is more important than ever for company remuneration policies to promote the merit of employees and ensure they stay motivated, at the same time making sure they are treated equally and with transparency.

At the same time, they must guarantee the Bank remains highly appealing to the market, in order to attract the professionals with the necessary skills suited to the complex nature of its business.

This explains the Bank's need to offer suitable and competitive salaries which make it possible to combine the achievement of strategic objectives with the promotion of merit and a sense of responsibility on the part of those who make a contribution; all attained while minimising company risks to a minimum.

As a sign of the continued commitment, undertaken over the last few years vis-à-vis stakeholders – Shareholders, employees and regulators – to prepare a "high-quality" variable remuneration management system based on three aspects - recognition of merit, of compliance and of risks – the Group's 2016 Remuneration Policies contain, for the first time in five years, the prospect of a variable component for all Group staff. However, this occurs in a more advanced context, in which traditional cash payments of bonuses are accompanied by disbursement methods consistent with the Group's welfare policies, able to maximize the real value of the bonuses distributed.

This Report, drafted in compliance with the disclosure requirements pursuant to art. 123-ter of the Consolidated Law on Finance and those deriving from the regulations issued for the banking sector, provides the Shareholders' Meeting with accurate information on the implementation of the Remuneration Policies in 2015 and, at the same time, a complete overview of the remuneration and incentive policies and practices that the Banking Group intends to adopt in 2016.

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

SECTION I

1. Objectives of the MPS Group remuneration policies

The Group's remuneration policies, geared towards improving the company performance and creating value over time, pursue the following objectives:

- attract and retain the appropriate skilled professionals suited 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 employee motivation and growth;
- ensure equality of treatment within the company and external competitiveness;
- guarantee transparency.

Achieving these goals, in a way that is sustainable and compatible with the Group's long-term strategies, requires clear and well-defined rules and processes, able to avoid conflicts of interests and intended for the more general risk appetite policies. This approach also ensures that the remuneration policies adopted by the Group, described in this document, are compliant with the national and international regulatory framework and the domestic legislative context, in which they are implemented.

2. Rules of governance

The rules of governance and decision-making autonomies regarding remuneration, defined in accordance with the reference legal and regulatory system, are necessary for the correct implementation of the remuneration policies, given they are addressed to all Group personnel based on a consistency approach, although in observance of the different methods of doing business of the individual companies, and extended to all the main management processes which impact remuneration, with a special focus on those that concern "Identified Staff", i.e. "*categories of subjects whose professional activities have or can have a significant impact on the Group's risk profile*".

The job of approving the remuneration and incentive policies for members of bodies with the function of strategic supervision, management and control and for remaining personnel, as well as the task of drawing up and implementing the policies, are attributed to the **Shareholders' Meeting** and to the **Board of Directors** by the **Articles of Association**. In fact, art. 13 of the Articles of Association assigns the Ordinary **Shareholders' Meeting** with the faculty to determine the fees of Directors and of Statutory Auditors, to approve the remuneration policies and the equity-based payment plans for Board Directors, employees and associates who do not have employment relationships with the Bank, and to approve the criteria for determining the compensation to be agreed in the event of the early conclusion of the employment contract or early termination of office (including therein the limits set on said compensation in terms of the years of fixed remuneration and the maximum amount resulting from application of said limits).

By contrast, the **Board of Directors** (art. 17 of the Articles of Association) is responsible for implementing the remuneration policies approved by the Shareholders' Meeting, intervening on the legal and economic status of personnel, in particular the General Manager, Deputy General Manager, Division Managers and Managers of departments reporting directly to the Chef Executive Officer[1], as well as the Managers of the company control functions[2].

The **Remuneration Committee**, established in the Board of Directors and composed of five directors (Béatrice Derouvroy Bernard, Christian Whamond, Alessandro Falciai, Stefania Truzzoli, Maria Elena Cappello – Chairman), 3 of whom are independent, is responsible for expressing an independent opinion on the salary policies and practices and submitting proposals to the Board itself regarding the remuneration of Directors invested with specific powers and the remuneration of all those roles outlined previously, whose appointment and salary structure are within the exclusive competence of the Board of Directors, as per the Articles of Association. At its meeting on 20 April 2015, the Board of Directors resolved to establish the Remuneration Committee, assigning the Committee the functions set out in the Articles of Association, the Corporate Governance Code and the applicable Supervisory Provisions. This Committee held 7 meetings in 2015, effective from the appointment date. In the period between 1 January and 15 April 2015, the previous Nomination and Remuneration Committee held 5 meetings.

The Chief Executive Officer, on the authority of the Board of Directors pursuant to art. 22 of the Articles of Association, has decision-making autonomy with respect to the **legal and economic status of personnel of all types and levels**, with the exception of the Financial Reporting Officer, the Managers of the Company Control Functions and all those roles outlined previously, whose appointment and salary structure are within the exclusive competence of the Board of Directors, as per the Articles of Association.

The **Compliance** and **Risk Management functions**, that participate from the phases of definition and planning of policies using methods that ensure the preservation of independence, ensure the necessary technical contribution to ensure that the policies adopted correctly match the reference legislative framework.

The **Human Resources** function implements the policies from a technical and operational point of view, monitoring their coordination at Group level (individual companies), both for fixed and variable salary components, connected with the incentive system. In consideration of the role performed in the definition of remuneration and incentive policies, and limited to these activities, starting in 2016, the function will be incorporated in the **company control functions**, as required by the relevant Supervisory Provisions.

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[1] For clarity, the following terms will be used in this document:

- Top management and other first-level management reporting directly to the CEO: Deputy GM, Division Heads and other first-level management reporting directly to the CEO
- Level II Management: Area Managers of the Parent Company and Territorial Area Managers, GM and Deputy GM of the main subsidiaries

[2] The company control functions are: Internal Audit, Risk Management, Risk Validation, Compliance, Anti-money laundering

3. Compliance

As alluded to previously, **compliance** with the reference legislative requirements and, at the same time, observance of the commitments undertaken by the Group to its stakeholders, with a special focus on monitoring the quality of the customer relationship and engaging in effective conduct for properly managing the relationship, is guaranteed by the contribution from the **Compliance** and **Risk Management** functions which, in support of the **Human Resources** function, take part in the various processes of implementation of the remuneration policies.

In particular, the Group **Compliance** function constantly verifies the consistency of the remuneration policies and practices adopted with the external regulatory system, the Articles of Association, the Corporate Governance Code and other codes of conduct. On an annual basis, in time for approval of the Remuneration Report by the Shareholders' Meeting, it prepares a memorandum for the Remuneration Committee in which it highlights any areas of attention for compliance purposes. In addition, the Compliance and Human Resources functions also work together to define the set of necessary requirements which must be observed by the various HR functions that oversee the process of operational implementation of the remuneration policies.

The **Risk Management** function safeguards the sustainability of the remuneration policies, by monitoring the consistency of the remuneration policies and the subsequent incentive systems with the Group's Risk Appetite Framework (RAF); in this regard, it works closely with the Group's **Planning** function to draw up the objectives – at company (Gate) and business unit level – assigned for the purposes of the company incentive system.

The consistency of the Group's incentive system with the risk appetite objectives is also verified by the **Risk Committee** and formalised in an opinion from said committee to the Board of Directors.

The **Internal Audit** function is required to verify, on an annual basis, that the remuneration practices are consistent with the policies approved by the Shareholders' Meeting and the applicable legislation, by bringing the outcomes of the audits conducted to the attention of the highest company body.

The Compliance and Risk Management company control functions perform their concerted actions through the **Remuneration Operational Committee** which, monitored by the Human Resources function and in which the Planning function participates, has the objective of monitoring the process of definition and implementation of remuneration and incentive policies, in respect of the reference legislative framework and supporting the Remuneration Committee, the Administrative Bodies and the CEO/GM with remuneration and incentive issues. It should be noted that the Internal Audit function participates in the committee as auditor.

The matters dealt with by the Committee also include the monitoring of the trend in the reference legislative framework and the performance of a self-assessment to identify the "Identified Staff" (quarterly, at the time of the audits of the organisational structure and/or change of role of the individual members, and, annually for the remuneration policies to be presented to the Shareholders' Meeting).

4. Remuneration of Directors and Statutory Auditors

The gross annual compensation due to Directors for the years 2015-2016-2017 was resolved, at the time of appointment, by the Shareholders' Meeting of 16/4/2015, at a fixed amount of **Euro 65,000** (Euro 60,000 in the previous mandate).

The amount of 400 Euro is added to the gross payment for **attendance fees** (Euro 400 in the years 2012-2014) for participation in the Board of Directors' meetings, plus the reimbursement of out-of-pocket expenses for travel and lodging costs incurred in the year in carrying out the necessary duties.

At the same meeting, the Shareholders' Meeting established the fee of the **Chairman**, confirming the gross annual amount of **Euro 500,000**[3] – also including the emolument due as Board member. In this regard, we should point out that Massimo Tononi, Chairman from 15 September 2015, waived his 2016 emolument, allocating the entire amount to the 'MP Solidale' initiative (the in-house fund set up by the Bank that gives employees the possibility of using extraordinary paid leave to cover serious and certified personal and/or family situations).

For the **Board of Statutory Auditors**, the Shareholders' Meeting established gross annual compensation of **Euro 100,000** (unchanged with respect to the previous mandate) for the Chairman, **Euro 65,000** for **Standing Auditors** (Euro 60,000 in the previous mandate) and **Euro 400** for **attendance fees** (unchanged with respect to the previous mandate) for participation in Board meetings and Board Committees (with no accumulation of multiple attendance fees for the same day).

The overview of Directors' and Statutory Auditors' compensation is completed by the following:

- the resolution of the compensation of the **Deputy Chairman** – pursuant to art. 2389 of the Italian Civil Code – passed by the Board of Directors on 17/6/2015, on the proposal of the Remuneration Committee and having consulted the Board of Statutory Auditors, taking into account the commitments and responsibilities assigned to the role, established the gross annual amount of **Euro 85,000** (confirming the emolument paid in the previous mandate), which combined with the fees for Director, result in a gross annual amount of **Euro 150,000** in total;
- the determination, by the Board of Directors, of the compensation for participation in the committees in the Board of Directors; "Risk Committee" "Related Party Transactions Committee", "Nomination Committee" and the "Remuneration Committee"; in this regard, the resolution of 17/6/2015 established compensation of **Euro 30,000** for the Chairman of the Risk Committee, **Euro 20,000** for members of said Committee and for the Chairmen of the remaining three Committees and **Euro 10,000** for members of the latter.

Again on 17/6/2015, the Board of Directors, on the proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors, confirmed the compensation of **Euro 400,000** for the **Chief Executive Officer**, in addition to the remuneration due to Mr. Viola for the position of General Manager. In this regard, we should point out that, effective from 1 January 2016, Mr. Viola

[3] In compliance with the guidelines in the Supervisory Provisions governing the remuneration of the Chairman, i.e. lower than the remuneration of the CEO/GM

allocated to the ‘MP Solidale’ initiative the difference (approximately Euro 258,000) between the compensation for the aforementioned office, and the amount withheld as a result of the personnel cost reduction measures applied to Bank personnel, also deriving from the provisions of the agreement of 24/12/2015 (Euro 142,000 in the case of Mr. Viola).

With reference to the remuneration of non-executive directors, the principle approved at the time 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. This principle is also applicable to the managing bodies of the subsidiaries.

In compliance with the provisions in the Recommendation of the European Commission 2004/913/EC, no provision is made for payments to non-executive Directors in the event of termination of their office (also known as “golden parachute”).

5. Staff remuneration

5.1. General principles

The implementation of staff remuneration policies, approved by the Shareholders’ Meeting, is the responsibility of the Parent Company’s Board of Directors, which delegates part of this responsibility to the Chief Executive Officer.

The decisions of the Board of Directors and of the Chief Executive Officer in implementing the guidelines approved by the Shareholders’ Meeting, always based on the rationale of equity and economic sustainability, pursue the following objectives:

- **attract and retain** highly professional staff;
- **motivate** and **support the professional growth** of all employees, with a special focus on personnel who hold positions of responsibility, with strategic skills or a high level of potential;
- **ensure coherence between the compensation structure and the value of professional competence**, differentiating between the nature and strategic “importance” of roles, as well as the priority for high business impact positions;
- **differentiate** remuneration according to principles of internal consistency, while attempting to preserve the values of corporate cohesion and togetherness, which are also the cornerstone of the sense of belonging that characterises Group employees.

As regards 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** strictly related to the performance (of the Group, the relevant unit and individual), “**benefits**” and any other compensation (e.g. for consensual termination of employment). The main elements that characterise the salary structure are outlined below.

The combination of the fixed and the variable component (the so-called “**pay mix**”) is defined for each sub-category, in compliance with the relevant provisions, in order to discourage 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.

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 "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. In particular, the Group uses the Global Grading System method, developed by the international advisory firm Towers Watson, which makes it possible to sort the company roles in decreasing order and compare the different levels of professional skills with those expressed by the market.

For **Middle Management and Professional Areas**, who make up the large majority of the company population (98.6%, of which 59.5% in Professional Areas), the base salary levels for the various categories provided for by the sector-based regulations are supplemented by initiatives aimed at increasing the value of the managerial and specialist contribution to the Group's activities, as well as reflecting a better correlation between the above levels, organisational positions and remuneration.

5.2.1. Control function compensation

The **Managers of the Company Control Functions** and the **Financial Reporting Manager** are assigned a **position indemnity** which may be tied, according to EBA principles, to the fixed salary given that: (i) it is exclusively targeted at remunerating the specific areas of the role held; the assignment right no longer applies where the beneficiary no longer holds said role (ii) it is determined by the Board of Directors at the start of the year (ex-ante) based on specific evaluation criteria on the basis of the complexity of the role performed (iii) does not depend on and is in no way subject (neither as regards disbursement nor the amount) to company performance. This provision, effective from 2010 as regards Area Managers of the Parent Company, was also extended in subsequent years to the second and third-level Managers of the Company Control Functions.

5.3. Variable remuneration

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

5.3.1. "Core" components

There are a number of variable instruments at the Bank's disposal and the decision, which is made every year, to activate certain instruments instead of others, is often dictated by various factors (context conditions, resources available, etc.) and is justified by the Board of Directors which is called to authorise the decision.

For 2015, the two main components – in terms of economic weight and cost – in which variable remuneration was structured are the **Company Bonus (formerly "VAP")** – excluding Managers – and the **LPO (‘working by objectives’) incentive system -** excluding “Top management and other first-level management reporting directly to the CEO” and “second-level management”. Given the achievement of the set of performance thresholds envisaged (“Gate”), both components will be paid, following approval of the financial statements, according to the methods and criteria described later in the document.

In 2016, in order to further strengthen the actual correlation between the performance-related bonuses targeted at the constant engagement and participation of employees in the improvement of the operational efficiency and company productivity/competitiveness, the main components of variable remuneration, described hereunder, will be restructured as follows:

- a component called **Variable Performance-Related Bonus**, will be allocated to the Professional Areas and Middle Management, replacing and supplementing the instruments used in 2015 (Company Bonus and LPO) in a single bonus.

- an **MBO** (‘management by objectives’) component, reserved for Managers.

As regards **Managers of the Company 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.

5.3.2. Other components

In exceptional circumstances, for the management of critical situations, the above components can be increased, for certain business figures, by other components related to time with the company or role performance (e.g. **non-competition agreements, position or discomfort indemnities**).

Results-based instruments complete the panorama:
- **Contests**, leverage of limited cost and for a single amount that are effective in supporting business activities, also from the point of view of customer acquisition/retention given that they incentivise commercial initiatives in the networks, in line with customers’ financial requirements;
- limited payments of a **one-off amount** to individuals deemed particularly deserving, boosting motivation and engagement; the specific payment, of a small amount, is approved by the Board of Directors (as part of the overall allocation for all variable instruments) and made available to the Chief Executive Officer.

Entry bonuses may be agreed for new staff in the year they are hired.

5.3.3. Benefits

In addition to the fixed and variable components, the Group envisages various initiatives for its employees that effectively increase its remunerative offer from a structural perspective, 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 - which include those aimed at the majority of the employees:

- a company contribution to Complementary Pension Funds for all employees, which currently stands at 2.5%, calculated for a transitional period from 1/1/2016 to 31/12/2018, based on solidarity measures, on 77% of the items set forth in the CCNL (National Collective Labour Agreement), excluding the thirteenth month's pay;
- 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

Regarding the position of the General Manager, already represented in detail in the previous Remuneration Reports, it must be noted that the settlement agreement reached with the Manager on 28 November 2013 ("compromise 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 employment contract) and the settlement amount of Euro 1,200,000, paid to the Manager during 2014 following completion of the capital increase (in accordance with the provisions specified in above-mentioned agreement of November 2013), for an amount of equal to around 20 months of RAL (annual gross base salary).

5.3.5. Associates not bound to the Bank by employment relationships

The Bank makes extremely limited use of collaboration contracts. These types of contracts are reserved for extraordinary requirements (e.g. support for special projects) and for professionals characterised by excellent skills and expertise on specific subjects. The fixed component is determined in relation to the importance of the partnership; if this increases, variable forms of incentive may be provided according to the same methods as those defined for employees.

5.3.6. The remuneration of Financial Advisors (FA)

In 2015, the MPS Group availed of a network of Financial Advisors, with whom it entered into agency agreements without representation[4], for the distribution of its own products and third party products.

The incentive system of the Financial Advisory network is structured in three levels: Bonus System, Training Workshop and Top Club.

The Bonus System, formally set out in the Advisor's agency contract, aims to encourage the network to pursue portfolio and profit objectives, identified annually based on the parameters defined in the Commercial Plan and differentiated between Financial Advisors and Managers.

The Training Workshop is aimed at Advisors who excelled in the previous year for the commercial results achieved.

The top advisors in the network participate in the Top Club, identified each year on the basis of pre-defined quali-quantitative criteria. This is a team of professionals, recognised as opinion leaders in the network who, as part of regular work groups with the Management of the Network of Financial Advisors, pool their personal experiences, helping to identify the most useful operational and commercial solutions for the entire network.

To supplement the Incentive System, provision was also made in the Advisor's agency contract for the Personnel Retention System, which constitutes a financial benefit for all 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.

In line with the details included in the previous report, 2015 saw the introduction, for long-serving Financial Advisors and Managers (in the structure as at 31/12/2014), of a new Personnel Retention System (No Ordinary Program) which has a duration of 5 years, and is aimed at rewarding the aforementioned individuals both for consolidated activities and commercial development activities carried out annually.

Indicators of operational/compliance risk have been included in both systems, which invalidate for the FA all rights and/or financial benefits deriving from the personal retention system (and they are obligated to repay any amounts received based on this system) if the indicators materialise within two years of expiry of the personal retention systems.

6. The implementation of remuneration policies in 2015

6.1. Changes in the perimeter of "Identified Staff"

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[4] In December 2014, following the transfer of a business division, the Bank transferred the business unit relating to the Financial Advisory service including customers, agency contracts and employees in the Financial Advisory Service to Widiba Spa.

In 2015, the perimeter of “Identified Staff”[5] increased from 183 to 202 positions, due to both the outcomes of the assessment (see paragraph 7.2), and the exits (21) in the year concerning employees in the perimeter.

In Statement A - Quantitative information regarding the “Identified Staff” (Bank of Italy) - in order to facilitate understanding and to represent all amounts paid, the data is represented on the basis of an unchanged perimeter.

6.2. Remuneration trend

The trend in remuneration levels in 2015 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 416 staff (of which 152 staff through the solidarity fund), including 30 Managers;
- the labour cost reduction measures pursuant to the agreement of 19.12.12, for three years, until 31.12.2015 (including the suspension of work for 6 business days and the reduction of the calculation base used for Employee Severance Indemnity – TFR and for the contribution to the Complementary Pension Fund). These measures not only reduced the average salary in the three-year period, but brought about a 37% annual decrease in payments to Employee Severance Indemnity – TFR and Complementary Pension Funds, accentuating the global salary gap with respect to the market.

For Managers, the aforementioned manoeuvres and provisions of the CCNL regarding contributions to the so-called FOC (Employment Fund) are increased by the abolition, introduced in 2013, of holiday entitlement to facilitate the management of “working time” by 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.

Lastly, for the purposes of completeness, the agreement signed on 24/12/2015 with the company Trade Unions should be noted, which makes provision, in the 2016-2018 three-year period, for the following labour cost reduction measures: suspension of work for 5 or 6 business days (based on salary levels), the reduction of the calculation base used for Employee Severance Indemnity – TFR and for the contribution to the Complementary Pension Fund (lower impact than in the 2013-2015 three-year period) as well as a 2.5% contribution for personnel with a gross annual salary exceeding Euro 150,000, on the salary amount exceeding this amount.

The low number of remuneration initiatives in the year, around 110 throughout the whole Group, concerned primarily business-critical positions and a few selective actions to align managerial profiles with market values.

As regards the new hires in the Group, the employment agreements of the new managers (13), prepared in compliance with the policies approved by the Shareholders’ Meeting, are positioned at median market levels, based on equal organisational positions, also with a view to consistency with internal average levels.

[5] Recorded at the start of the year for 2015 Remuneration Policies.

The table below shows the average remuneration levels of the Group[6] regarding the fixed remuneration component for Group employees[7] (staff as at 31.12.2015; amounts in Euro):

GROUP FIXED REMUNERATION

	Staff at 31/12/2015	Average Salary 2015	Staff at 31/12/2014	Average Salary 2014
Top Management	15	455.765	11	448.993
Other Managers	335	124.053	330	128.032
Middle Managers & Professional Area	25.381	44.293	25.620	44.168
Overall total	**25.731**	**45.571**	**25.961**	45.433

With reference to the Top Management perimeter, it should be noted that, also after the exit of the Finance and Operations Deputy General Manager in October 2015, the Parent Company was restructured, currently there is one Deputy General Division, and the functions reporting directly to the CEO have increased from 10 to 14. In addition, considering that the 2014 figure contained the impact, in the first 6 months of the year, of the salary reduction of the CEO following the the EC Cap for the State Aid. The restructuring also determined a reduction in the average RAL of Top Management.

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

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

GROUP REPORT BY BUSINESS SEGMENT (Fixed salary) (*)

	Staff at 31/12/2015	Σ Remuneration	Average values
Private	19.619	866.209.540	44.152
Corporate	1.175	61.846.627	52.635
Finance	204	11.572.145	56.726
Service & Corporate Centre	4.733	244.308.032	51.618
Overall total	**25.731**	**1.183.936.344**	**46.012**

** 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, company control function indemnities, etc.)*

Lastly, in relation to the perimeter of "Identified Staff", managers of company control functions (not recipients of any incentive systems), a **position-based indemnity** was agreed for 2015, on average equal to 12% of the RAL.

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[6] Calculated excluding foreign personnel with local contracts (approximately 500 employees).
[7] Net of solidarity measures, which on average amount to approx.. 2% of the fixed salary.

6.3. 2015 variable remuneration

Following four years in which the main variable instruments were not activated or paid out given that results were below target, in 2015 the Group reached profit, equity and liquidity results that will allow the pay-out in 2016, after the approval of the financial statements, of the planned variable components (**Company Bonus** and **LPO**); this disbursement will not concern "**Top management and other first-level management reporting directly to the CEO" or "second-level management**".

In 2015, the Bank also made use of both targeted low cost specific instruments (e.g. Contests), effective for motivating and rewarding excellent network staff for specific commercial results attained, and limited payments of **one-off amounts** to personnel in the central structures/companies and branch network deemed particularly deserving, to increase motivation and engagement. Both these measures did not concern "Identified Staff".

Also with reference to business positions, considerable efforts were made to improve the capacity of the Group to retain business-critical internal personnel. In particular, in order to counter the loss of professionals in the private banking sector, in addition to various initiatives aimed at boosting engagement, a contractual instrument known as a **non-competition agreement** was adopted.

Regarding the 181 new hires completed during the year (of which 13 were managers), 8 **entry bonuses** were paid for an average value of Euro 13,200.

As for company employment terminations, involving 21 managers of the Group (out of a total of 30 terminations), the incentives paid, relating to 20 consensual terminations, were granted upon verification, by the competent function, of the compliance of 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 and consistent with the 2015 resolutions of the Shareholders' Meeting, aimed at defining the discretional factor in determining the amounts to be granted while guaranteeing equal treatment.

6.3.1. Company Bonus (formerly "VAP") in 2015

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 record a negative result from its ordinary activities, net of any positive or negative extraordinary components (Art. 48, National Collective Labour Agreement).

Second-level negotiations defined its structure, access conditions and payment criteria, with application reserved to Professional Area and Middle Management categories. The amounts to be paid were calculated at a gross Euro 300, increased to Euro 340 for those employees with an annual salary of less than Euro 35,000, with the payment to be made according to social bonus rules.

In compliance with the supervisory provisions, the payment of this variable component is now also subject, in line with the Business Plan, to the achievement of **objective profit parameters** and a predetermined level of **capital adequacy.** In particular, as with the LPO, it was agreed that the pre-requisites which must be met to access the bonus pool available were as follows:

- Common Equity Tier 1 > 10.2%

- Liquidity Coverage Ratio > 80%
- Pre-tax profit equal to or greater than 85% of the budget (excluding variable component)

The latter parameter may also have the function of adjusting the bonus pool available, correlating the amount payable with the results achieved in relation to the budget.

Owing to the attainment, as at 31/12/2015, of both the thresholds of the pre-requisites and the performance parameter, the bonus can be **paid**, following the approval of the financial statements; the associated amounts were allocated in the 2015 financial statements.

6.3.2. The LPO 2015 Incentive System

The tool used in 2015 to guide (and emphasize) employees' commitment (excluding First and Second-Level Management) to the pursuit of the company's strategic objectives is the LPO (Working for Objectives) Incentive System. 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 rewarding, in a differentiated manner, those who have responsibly contributed to the achievement of the Group's results.

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, 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 capitalisation levels in relation to the risks undertaken.

Together with the bonus pool, the Board of Directors of the Parent Company established 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 gate pre-requisites and the performance parameters used for 2015 are the same used for the VAP (see previous paragraph).

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 – both quantitative, equity-based and economic, with corrections for risk, and **qualitative -** individual business units (both central and peripheral), based on their respective responsibilities. The scorecards are prepared on a top-down basis per Division/Area/Company as part of the annual budgeting process.

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), for the purpose of improving levels of loyalty and increasing the value of relations with families and companies in the marketing of products by showing greater appreciation for good conduct and penalising incorrect practices.

Their operation requires the performance to be recorded in four significant areas of activity: **Revenues, Cost of Credit, Growth, Bancassurance.** A KPI (main indicator) is defined for each area, which measures, through the deviation with respect to the budget assigned, the performance of the

Organisational Units; this KPI varies depending on the market the O.U. subject to analysis belongs to. In order to calculate the **final score** of the scorecard, the Economic-Financial Performance is adjusted by the application of Compliance Factors, which are applied on a neutral or malus basis, based on the results obtained in specific operating and compliance areas, defined by the Compliance function, on the part of the individual business unit.

Similarly, the **ISPs for Central Structures** (Divisions/Areas of the Parent Company) are structured into several areas of activity that, however, may vary depending on the chain the recipient structure belongs to. The most recurring areas are **Revenues, Cost of Credit** and **Growth**; the respective primary indicators (KPI) are generally the Net Income from Banking and Insurance, Adjustments to Loans and the Net Flow of Direct Funding. These ISPs also require, for the calculation of the final score of the scorecard, the Economic-Financial Performance to be adjusted by the application of Compliance Factors, which are applied on a neutral or malus basis, based on the results obtained in specific operating and compliance areas, defined by the Compliance function, on the part of the individual Central Structure.

Final reporting, carried out on the basis of the final 2015 data, allowed the verification of the degree of achievement of the objectives assigned. At this stage, starting from the "bonus target" associated with each employee (according to the levels expressed by the market based on the same role), 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 and direct managers for managers that are eligible for the LPO. The HR function, while assisting the individual units in carrying out these activities, monitors the coordination of the Group in order to ensure consistency.

The **payment** of the bonuses, still being calculated, will take place after the approval of the financial statements; the associated amounts were allocated in the 2015 financial statements.

In conclusion, it is noted that the only remuneration instruments used by the Group were **fixed remuneration, Company Bonus, LPO and Non-Competition Agreements for Private Entities**.

7. 2016 remuneration policies

7.1. The evolution of the regulatory context

In 2015, the Bank kept a close eye on regulatory changes regarding remuneration, which were as follows:

- the Supervisory Provisions of the Bank of Italy relating to remuneration and incentive policies and practices published on 18 November 2014, which adopt CRD IV into Italian law;
- the guidelines of the European Banking Authority (EBA) for the harmonised acknowledgement, at European level, of the above-mentioned directive, replacing those of CEBS in 2010, placed under consultation on 4 March 2015, with the final version published on 15 December 2015;
- the ESMA consultation on remuneration guidelines pursuant to the UCITS and AIFMD Directives;
- the consultation of the European Commission on the impacts of the maximum ratio between variable and fixed remuneration pursuant to CRDIV, and on the efficiency of the rules governing remuneration introduced by the same directive;

- the EBA consultation on the remuneration policies and practices relating to the sale and supply of retail banking products and services.

With reference to the timeframes indicated by the supervisory provisions[8] for the adjustment of company remuneration policies with the new framework, the following aspects were already implemented in the 2015 remuneration policies:

- the Shareholders' meeting called to approve the 2015 financial statements approved the amendment to the Articles of Association, which attributed it with the power to define 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 same Shareholders' meeting, as part of the project for approving the remuneration policies for the year in progress, approved the above criteria;
- the process of identification of the perimeter of "Identified Staff" for the 2015 Remuneration Policies was carried out – as in the previous year - on the basis of the standard EBA criteria pursuant to Delegated Regulation EU no. 604, by adhering to the methods indicated in Circular 285 (which requires the Parent Company assessment to be preceded by assessments conducted at individual Group component level);
- the alignment of 2015 remuneration policies with the requirement of the maximum ratio of 1:1 between the variable and fixed remuneration components.
- in July 2015 - through specific agreements that, for the moment, only concern early terminations of employment contracts – the ex-post, malus and claw-back risk-adjustment mechanisms were reinforced;
- effective from the 2015 remuneration policies, a higher level of disclosure was provided regarding the overall remuneration of company representatives of the Parent Company.

In the 2016 Remuneration Policies, the following alignments will be made:

- insertion of the Human Resources function among the Company Control Functions;
- adjustment of the remuneration of the Network of Financial Advisors;

No adjustment is required regarding the remuneration of managers of company control functions, as they are not eligible to participate in company incentive systems.

7.2. The 2016 "Identified Staff"

The supervisory provisions require the process of definition of the perimeter of "Identified Staff" at Parent Company level (based on the standard EBA criteria pursuant to Delegated Regulation EU no. 604, of 4.3.2014), to be preceded by assessments conducted at individual Group component level, although the Parent Company remains responsible for ensuring the overall consistency of the identification process for the entire Group.

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[8] Circular 285, Title IV, Chapter 2, SECTION VII, "Transitory and final provisions"

The identification process performed, as above, led to the expansion of the perimeter of “Identified Staff”, from **183 positions** identified at the start of 2015 to **202** in the new perimeter, broken down as follows[9]:

	Group		*Company*	
	N°	**Fixed remuneration**	**N°**	**Fixed Remuneration**
CEO	1 *	400.000		
Other managers with executive positions				
Non-executive managers	13	891.282	20	548.937
General Manager	1 *	1.321.600		
Deputy General Manager	1	511.334		
Division Heads, Corporate functions, Geographical Area Heads and those who report directly to the corporate bodies	35	11.328.537		
Managers and personnel in charge of the internal control functions	36	3.652.895		
Other staff who individually or collectively take on significant risks	92	12.058.130	19	1.744.308
Highly paid employees and collaborators not included in the criteria above	24	5.443.091		
Total	**202**	**35.606.869**	**39**	**2.293.245**

** Mr. Fabrizio Viola holds the offices of both CEO and General Manager (remuneration regarding the office of Director is not included in the above table)*

The profiling identifies a perimeter – which, for the first time also includes managerial Financial Advisory positions - 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 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 report the identified perimeter, based on their capital assets, to the supervisory authorities in the country of establishment). The table highlights this dual identification.

For the application of quantitative criteria (see Report on Remuneration 2015), only the identification at Group level is taken into consideration.

7.3. Remuneration policies for 2016

In compliance with the requirements that the rules on remuneration and incentives impose on the variable remuneration of “Identified Staff”, i.e.:

- anchorage to parameters for the measurement of medium/long term performances;
- payment made partially up-front and partially in financial instruments;
- disbursement in a time frame of at least three years;
- the deferred component is subject to malus mechanisms,

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

- the ratio between fixed and variable remuneration cannot exceed 100% (**ratio of 1:1**)[10];
- if the variable component represents a particularly high amount, the percentage to be **deferred must** not be below **60%** and it is to be deferred for **no less than 5 years** for "*Executive 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 supervision, management and control functions*";
- presence of adjustment mechanisms for effective ex-post risks, which include qualitative indicators, tied to the conduct of personnel during their employment with the Bank,

from 2016, the disbursement of the variable components of the aforementioned perimeter[11] will take place in compliance with the following maximum parameters approved by the Shareholders' Meeting – differentiated by cluster on the basis of the consistency with the EBA identification criteria (senior management, risk takers, quantitative criteria, etc.); the table also shows the malus mechanisms provided for by the Bank:

Identified Staff cluster	EBA corrisponding criteria (example)	% max of variable remuneration	UP-FRONT [1] PORTION	DEFERRED PORTION	DEFERRED COMPONENT PAYMENT	Adjustment mechanisms to manage risks
1) 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%	Pro-rata payment in **5 years** : 50% in cash and 50% in shares	- **Malus:** verified at the end of each deferral period. Simultaneous achievement of: - CET 1 at SREP decision level* - LCR at regulatory minimum* - RAROC > O * according to regulations in force at time of payout '- CLAWBACK
2) RISK TAKERS A + SUPPORT FUNCTIONS	Managers of key operative /corporate units; Members of Committees IT, Planning, Legal Affairs, etc.	80%	50%	50%	Pro-rata payment in **3 years** : 50% in cash and 50% in shares	
3) RISK TAKERS B + OTHER STAFF INCLUDED IN THE PERIMETER	Staff with responsabilities in key functions Staff included for quantitative criteria	60%	50%	50%	Pro-rata payment in **3 years** : 50% in cash and 50% in shares	

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

"Identified Staff" also include subjects belonging to the different organisational levels, some of whom may accrue a small bonus, whose split payment in shares or deferred payments would determine insignificant amounts.

This distribution of employees[12] is based on two dimensions: (i) belonging to "Identified Staff" (PPR) (ii) incentive system:

	Identified staff (PPR)	Not identified staff	Total
MBO TOP	42	-	42
MBO BASE	62	246	308
PVR	46	24.821	24.867
OTHER SYSTEMS*	19	508	527

* foreign employees and financial advisors included in the perimeter of identified staff

[10] The limit can be raised – up to 200% - only by means of a shareholders' meeting resolution.
[11] Including therein 13 Financial Advisory Managers
[12] This is the situation as at 31/12/2015, obviously subject to changes in the course of the year: Identified Staff (202 staff) also includes 13 Directors and 20 Managers of the control functions.

For all "Identified Staff" clusters, with the exception of cluster I (CEO, Top Management and other first-level management 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.

This limit – in line with the best market practices - not applied in the case that the above-mentioned amount is greater than 50% of the RAL 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 adopt a generally conservative position in the application permitted by the supervisory provisions, both with reference to the identification of the "Identified Staff" perimeter as well as regarding the identification of the maximum theoretical thresholds connected to variable remuneration (see above table).

The malus and claw-back mechanisms indicated in the above table are formalised at the time of every initiation of the variable component (opening of the incentive system or termination of employment relationship) or at the time of hiring new employees.

With respect to the 2015 parameters the introduction of the pro-rata payment on deferred components and with payment half in cash and half in financial instruments (1/3 and 2/3 respectively in 2015) is to be noted.

The amounts in financial instruments will be paid in the form of performance shares (see paragraph 7.6).

Managers with responsibilities in control functions will continue to receive a position-related indemnity defined ex-ante by 2016, according to the criteria established by the Board of Directors on the proposal of the Remuneration Committee and based on the opinion of the Risk Committee.

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).

With reference to the variable instruments planned for 2016, in January, the Board of Directors of the Parent Company approved the total allocation, with the relevant distribution between the different instruments.

In particular, also for 2016, a limited payment available to the Chief Executive Officer has been provided for and approved by the Board of Directors, for:

- payments of a **one-off amount** to staff in central structures/companies and the branch network deemed particularly deserving;
- **contests** to boost productivity by incentivising good conduct.

The two instruments support the "core" components **- PVR** and **MBO** – detailed below, the functioning of which is based on a well-structured system of **scorecards**: a scorecard is defined for each structure, based on the Synthetic Indicators of Performance ("ISP"), devised by the Planning function in collaboration with Human Resources, Compliance and Risk Management, consistent with the RAF and the Budget. In order to create stronger organisational links and reduce any of the divisions' tensions over reaching their objectives, the scorecards of the Parent Company's Divisions incorporate not only indicators strictly related to the specific operating area, the monitoring of risk and regulatory compliance, but also indicators of other operating areas.

For both instruments, the final decision on the bonus to be paid to the employee is based on the assessment of individual performance, with different methods for each instrument: in fact, provision will be made for bonus access and adjustment thresholds, based on the assessment of the employee's individual performance, in the case of the PVRs (variable performance-related bonuses) differentiated for the three different amounts of said bonus, consistent with their rules.

Lastly, the implementation of the MBO, in terms of the timeframe, must take place by taking account of any indications from the supervisory authorities.

7.4. 2016 Variable Performance-Related Bonus

In order to pursue the highest levels of employee engagement and participation, aimed at improving operating efficiency and company productivity/competitiveness, it was deemed appropriate to innovate the 2016 incentive system for operating personnel (year of payment 2017) through the adoption of the Variable Performance-Related Bonuses set forth in art. 52 of the CCNL of 19.1.2012 (renewed by means of Agreement dated 31.3.2015). The Variable Performance-Related Bonus – introduced to the Group thanks to second level negotiations – will benefit employees in the Professional Area and Middle Management categories, and will integrate the Company Bonus and the LPO instrument of the incentive system in a single bonus.

In compliance with the supervisory provisions governing remuneration and incentive policies and practices, the PVR will have a variable nature and will be strictly correlated to company results, in terms of liquidity and capital, productivity, profitability and quality, rigorously in keeping with the objectives established in the Business Plan. In that regard, the start of the disbursement phase is subject to the attainment of a Net Profit of greater than zero and the simultaneous satisfaction of the following additional requirements:

- Common Equity Tier 1 > 11.05%
- Net Stable Funding Ratio > 86%
- Pre-Tax Profit (excluding the variable component of pay) > 75% of the budget.

The latter component also determines the bonus pool available:

PRE-TAX PROFIT (U.A.I.)[13]	BONUS POOL AVAILABLE
Pre-tax profit < 75% budget	0%
75% BUDGET ≤ Pre-tax profit	50%
Δ1%	Δ2%[14]

[13] Excluding the variable component.
[14] The bonus pool payable cannot exceed 100% of the authorized amount.

The bonus pool determined in this way will be split into three different amounts:

a) Basic bonus, with payment subject to the satisfaction of the aforementioned requirements, for a total value of around 30% of the bonus pool that will be distributed equally to all personnel in the Professional Area and Middle Management categories, making provision for an increase of 15% related to the individual amount for earners of a fixed salary (in relation to full-time) of less than Euro 35,000 (cannot exceed 30% of the bonus pool), with payments to be made based on social bonus rules.

b) Structure bonus, subject to the achievement of structure objectives for a total maximum value of around 45% of the bonus pool, in the assumption that all structures meet their targets[15];

c) Excellence bonus, for a total maximum value of around 25% of the bonus pool, to be distributed on the basis of the best structure and individual performances.

7.5. 2016 MBO

Plans have been made to re-introduce bonus opportunities in 2016 for management, fundamental for transmitting the system of objectives assigned to more than 25,000 Group operating personnel (through the Variable Performance-Related Bonus) and to focus everyone's attention on the targets of the Restructuring Plan. Furthermore, it would be an essential aspect for re-introducing a **culture of meritocracy** in management (innate in the stronger links between salary and the contribution made to the Bank's results) and to **retain and attract key business resources**.

Some of the typical elements of the system are shown below.

First and foremost, the 2016 MBO is developed on the basis of the **organisational relevance of the positions of responsibility**, attributed to Group management according to the Global Grading System methodology, created by the international advisory firm Towers Watson. This methodology allows us, on the one hand, to construct a decreasing order of company roles based on business responsibility/complexity/proximity, and, on the other, to compare the different professional skills with those offered by the market - also in terms of variable remuneration - for the equivalent positions for areas of responsibility and competence.

The criteria for accessing the bonus pool available ("gate") and the performance indicators to be assigned to managers through scorecards (consistent with those assigned to operating personnel in relation to the Variable Performance-Related Bonus), stem from the **risk appetite policies** (Risk Appetite Framework - RAF) and are consistent with the overall company operating performance and with the **strategic planning** objectives.

In line with what occurs for the Variable Performance-Related Bonus for operating personnel, and in compliance with the supervisory provisions, the final bonus of each manager is based on the achievement of the objectives of the Group (so-called "**gate**") and of the relevant structure as well as the individual contribution.

[15] The structure objectives of the control functions are not tied to company performances.

Again in line with the provisions established for the Variable Performance-Related Bonus, the application of the system is subject to the achievement of a Net Profit > 0 and simultaneous satisfaction of the following additional requirements[16]:

- Common Equity Tier 1 > 11.05%
- Net Stable Funding Ratio > 86%
- Pre-Tax Profit (excluding the variable component of pay) > 85% of the budget.

The latter component also determines the bonus pool available:

PRE-TAX PROFIT (U.A.I.)[17]	BONUS POOL AVAILABLE
Pre-tax profit < 85% Budget	0%
85% BUDGET ≤ Pre-tax profit	50%
Δ1%	Δ3,33%[18]

With respect to the Variable Performance-Related Bonus (allocated to the Group's operating personnel), the **threshold for accessing the MBO system is higher** in consideration of the greater responsibility Management has in reaching the strategic objectives.

In the **scorecards** – which apply both at **structure level** and at the level of the **individual person responsible** in the structure itself – the innovative scope of the joint presence of **"core" objectives** of the division with "**interrelationship indicators**" should also be noted, aimed at incentivising the work team to engage in conduct which contributes to the results of other structures.

Another element that distinguishes the 2016 scorecard is the widespread and significant presence (in terms of % impact) of objectives connected with **credit quality**; the **qualitative component** of the scorecards is also important, related to **risk objectives** (15/20 points out of a total of 100) and **compliance correction factors**.

Starting with top management structures, the scorecard of the CEO includes the following objectives:

- CET1 and Net Stable Funding Ratio totalling 10%;
- Net Profit (20%)
- RAROC (20%)
- Gross Operating Profit (20%)
- Default Net Flow (30%)

The scorecards of the Divisions reporting directly to the CEO include:

- risk parameters (e.g. RAROC, loan to deposit ratio) of 15/20%;
- own structure parameters (e.g. Net flow of total funding, Acquisition of customers, Revenues, Flow of collections, Expected loss, Personnel costs, Other administrative expenses) of 55/60%;

[16] Defined as part of the Risk Appetite Framework.
[17] Excluding the variable component.
[18] The bonus pool available cannot exceed 100% of the authorized amount.

- parameters of interrelationships with the performances of other structures (e.g. Revenues of another Division, Other administrative expenses, Flow of collections), of 25%.
- compliance factors, which can potentially involve a penalty of up to 20 points out of 100 (e.g. complaints from the Group's customers, Group complaints, Sanctions).

The scorecard of the Finance Area includes:
- risk parameters (Group RAROC) of 15%;
- own structure parameters (Revenues, RAROC, Stock Counterbalancing Capacity).

The scorecards of the other structures reporting directly to the CEO include exclusively Group objectives:
- coinciding with the GATE ones (CET1, Net Stable Funding Ratio, Pre-Tax Profit) of 20%;
- other parameters (RAROC, Gross Operating Profit, Default Net Flow) of 80%

The scorecard of the network structures includes:
- revenues (30%)
- adjustments to loans (40%)
- Net flow of total funding (15%)
- Gross Protection flow (15%)
- compliance factors, which can potentially involve a penalty of up to 20 points out of 100 (Litigation index, Customer perception index, Document management, AML, MIFID).

ISP (Synthetic Indicators of Performance) scorecards are also provided for the main Group companies; they also include risk and compliance factors in addition to specific measurements of the activities performed.

Lastly, it is worth emphasising the important role assigned in the determination of the bonus granted based on the **assessment of managerial qualities**: structured into three assessment areas – "individual contribution to the economic-financial performance", "activity" and "managerial profile" - for the MBO TOP perimeter, assigned to the Performance Management for the remaining Managers.

As regards the **Managers** of **Company Control Functions** that do not have positions of responsibility from the first to the third organisational level, and therefore **eligible for MBO**, a specific system will be used for the assessment of the "function performance", independent from the business objectives of the controlled entity, while the individual contribution will be assessed - as with other company functions - using the Performance Management system. In any case, the incentive component for these functions cannot exceed 33% of the fixed remuneration. Managers with responsibility from the first to the third level of the organisation are excluded. The 2016 MBO is not applicable to managers of Company Control Functions and of 2nd and 3rd level managers of organisational units.

The MBO is structured into the following components:

a) **BASIC MBO: allocated to all Managers** (all managers not recipients of the MBO TOP). **100%** of the Bonus opportunity[19] is linked to the results reported in the scorecard. The amount calculated in this way is therefore adjusted, in line with the Variable Performance-related Bonus, based on the outcome of the assessment performed through the Performance Management process.
b) **MBO TOP: intended for 1st and 2nd level Management**; targeted at a population of around **40 recipients** which are: Deputy General Manager, Division Managers, Area Managers and other first-level management reporting directly to the CEO, General Managers of the main subsidiaries. **70%** of the bonus opportunity is linked to the parameters reported in the scorecard, the remaining **30%** of the bonus opportunity, which is only applicable in the event the score of the scorecard is at least **85%**, is linked to an **assessment of the managerial qualities** of the individual manager[20] which may confirm the quantitative component (70% of the bonus) or supplement it up to 100% of the target bonus. This assessment, which makes use of structured methodologies and processes and which may also include, in terms of the evaluation element, the execution of **project activities** assigned to the Divisions, is carried out by the Board of Directors as regards the positions under its autonomy and by the CEO for the remaining positions.
c) **MBO for the Chief Executive Officer**, designed in line with the other incentive systems in the process of being implemented for 2016, so as to ensure the maximum concerted efforts of all Group personnel to meeting the Business Plan objectives. This means that some elements are the same as those used in other systems: conditions for activation and system of objectives. In order to determine the final bonus, the system used is the MBO TOP : **70%** of the bonus opportunity is linked to the results reported in the scorecard; the remaining **30%**, which is only applicable in the event the score of the scorecard has reached at least **85%**, is linked to a **qualitative assessment**, in this case carried out by the **Board of Directors**.

The maximum bonus opportunity of the MBO system is 45%, corresponding to that of the CEO.

In consideration of the fact that the Bank, despite the full repayment of State Aid, is required to comply, until 31 December 2017, with the regulations governing remuneration applicable to banks that benefit from State Aid[21], an extremely meticulous assessment was performed on the compatibility of the incentives (in relation to criteria and value) of management with the conservation of an adequate level of capitalisation and with the restructuring process undertaken. Compliance with the necessary requirements will be verified continuously in light of all relevant information available.

[19] Bonus opportunity means the potential value of the bonus that can be reached when specific performance results are attained.
[20] This assessment focuses on three areas: "individual contribution to the economic-financial performance", "activity" and "managerial profile" and will be based, as required by the Circular 285 Bankit, on clear and pre-determined criteria.
[21] These regulations require variable remuneration to be "rigorously limited to a percentage of the net operating income when it is incompatible with the maintenance of an adequate capitalisation level and with a prompt exit from state aid; in addition, no variable remuneration is paid to company representatives, except where justified";

As regards the theme of adequate capitalisation levels referenced in the Provisions, improvements have been made in terms of capital and liquidity strength and the ability to generate income (data as at 31.12.2015):

- in terms of capitalisation, the Common Equity Tier 1 ratio transitional stood at 12% (fully loaded at 11.7%), essentially unchanged with respect to 30 September 2015 and well above the SREP threshold requested last November by the ECB for 2016[22];
- in terms of liquidity, the situation is sound, as proven by the uncommitted counterbalancing capacity of around Euro 24 billion as at 31 December 2015 (up Euro 8 billion compared to December 2014);
- in terms of profitability, the 2015 net result was positive; in any case, the 2016 gate will only be accessed if the group presents a net profit greater than zero and profitability levels consistent with the expected values for the requirements defined both at overall level (Pre-Tax Profit) and structure level.

Lastly, it should be noted that the bonuses of "**Identified Staff**", where disbursed, will meet the requirements set forth in the supervisory provisions governing remuneration and incentives as well as the Group Remuneration Policies, with particular reference to themes such as the mechanisms for **deferment**, payment in **financial instruments** and **claw-back** described previously.

* * *

As regards Financial Advisors, no provision is made in 2016 for any change with respect to the instruments already employed in 2015 (see paragraph 5.3.6).

7.6. Instruments for the payment of variable remuneration

In relation to the financial instruments to be used as the component of remuneration for the Group's "Identified Staff", the Bank adopted the performance shares plan at the same time as approval by the Shareholders' Meeting, to which reference should be made for all details.

The Plan envisages the assignment of performance shares as a quota of the variable remuneration in financial instruments attributed following the annual incentive system or on early termination of the employment relationship. The instruments assigned as a result will be effectively attributed to personnel on the expiries set out in the Group's Remuneration Policies and will be subject to a retention period of two years as regards the up-front part, and for one year for the deferred part, provided that, at the moment of attribution, the beneficiary is still a Group employee and that the performance conditions identified in the currently applicable Remuneration Policies relating to verification of the sustainability of the results achieved (so-called malus conditions) and of individual correctness are satisfied.

[22] CET 1 ratio on a consolidated basis equal to 10.2%; from 31/12/2016 the required threshold will be 10.75%.

8. Remuneration policies in the event of early termination of employment

The 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 above 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.

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[23]. 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)[24], 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[25].

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

[24] 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.

[25] In accordance with the Supervisory Provisions of the Bank of Italy relating to remuneration and incentive policies and practices published on 18 November 2014: the rules foreseen in par. 1, 2.1, 2.2.1 and 2.2.2, of this Section II are not applied to golden parachutes referred to in par. 2.2.2, agreed upon in extraordinary operations (for example mergers) or within the process of coroporate restructuring, on the condition that they respect the following two conditions simultaneously; i) respond exclusively to a logic of cost containment and rationalisation of the structure of personnel, ii) the amount does not exceed 100.000 euro; iii) clawback mechanisms are foreseen, to cover any fraudulent behavior or serious negligence against the Bank and the Group.

SECTION III

This section analytically illustrates the remuneration paid or in any case attributed during FY 2015 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 November 2014.

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 2014.

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 - 31/12/2015

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 – 06.08.2015										
(i) Fees in the company that prepares the Financial Statements				177.267 *(1)*	7.320			2.310		186.896		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**177.267**	**7.320**			**2.310**		**186.896**		
TONONI Massimo	**Chairman**	15.09 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				149.622	2.944			1.586		154.153		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**149.622**	**2.944**			**1.586**		**154.153**		
VIOLA Fabrizio	**CEO**	1.1 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				471.542	4.375					475.917		
(ii) Fees from subsidiaries and affiliates									81.300 *(2)*	81.300		
(iii) Total				**471.542**	**4.375**				**81.300**	**557.217**		
CORSA Pietro Giovanni	**Deputy Chairman**	1.1 – 16.04.2015										
(i) Fees in the company that prepares the Financial Statements				20.437	10.289			2.310		33.036		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**20.437**	**10.289**			**2.310**		**33.036**		
ALEOTTI Alberto Giovanni	**Director**	1.1 – 16.04.2015										
(i) Fees in the company that prepares the Financial Statements				20.437	4.409			2.310		27.157		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**20.437**	**4.409**			**2.310**		**27.157**		
BERNARD Beatrice	**Director**	1.1 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				71.942	6.945			500		79.387		
(ii) Fees from subsidiaries and affiliates									801.128 *(3)*	801.128		
(iii) Total				**71.942**	**6.945**			**500**	**801.128**	**880.515**		
DISCEPOLO Daniele	**Director**	1.1 – 16.04.2015										
(i) Fees in the company that prepares the Financial Statements				19.637	5.879			500		26.017		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**19.637**	**5.879**			**500**		**26.017**		
DRINGOLI Angelo	**Director**	1.1 – 16.04.2015										
(i) Fees in the company that prepares the Financial Statements				20.037	5.879			2.310		28.227		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**20.037**	**5.879**			**2.310**		**28.227**		

(*)Insurance Policies, LTC, Accident and health, company contribution to pension fund, fringe benefits.

(**) In office until 2017.

1) Profumo: Fees for the Office of Chairman from 16.4.2015.

2) Viola, amounts paid by Subsidiaries and deposited to Banca MPS S.p.A.:

- *€ 10.000 from AXA MPS Assicurazioni Danni S.p.A. for the office of Director;*
- *€ 10.000 from AXA MPS Assicurazioni Vita S.p.A. for the office of Director;*
- *€ 61.300 from Wise Dialog Bank (WIDIBA) for the office of Chairman.*

3) Bernard: € 801.128 from AXA MPS Assicurazioni Vita S.p.A. for the office of General Manager (of which €291.000 fixed remuneration, €164.622 bonus and other incentives and €345.506 exercise of stock options).

Name and Surname	Office	Period for which the office was held	Termination of office	Compensi fissi	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					
GORGONI Lorenzo	**Director**	1.1 – 16.04.2015										
(i) Fees in the company that prepares the Financial Statements				20.437	7.349			2.310		30.096		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**20.437**	**7.349**			**2.310**		**30.096**		
ISOLANI Roberto	**Director**	1.1 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				147.531	33.868			500		181.899		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**147.531**	**33.868**			**500**		**181.899**		
MARTINEZ David Manuel	**Director**	1.1 – 27.02.2015										
(i) Fees in the company that prepares the Financial Statements				26.648	7.816					34.464		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**26.648**	**7.816**					**34.464**		
MICCINESI Marco	**Director**	1.1 – 16.04.2015										
(i) Fees in the company that prepares the Financial Statements				20.437	8.819			2.310		31.566		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**20.437**	**8.819**			**2.310**		**31.566**		
RUBINI Marina	**Director**	1.1 – 16.04.2015										
(i) Fees in the company that prepares the Financial Statements				20.037	4.409			2.310		26.757		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**20.037**	**4.409**			**2.310**		**26.757**		
WHAMOND Christian	**Director**	4.3 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				60.009	22.389			2.310		84.708		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**60.009**	**22.389**			**2.310**		**84.708**		
BARIATTI Stefania	**Director**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				51.642	20.834			500		72.976		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**51.642**	**20.834**			**500**		**72.976**		
BIANCHI Fiorella	**Director**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				51.242				500		51.742		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**51.242**				**500**		**51.742**		
BONVICINI Daniele	**Director**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				50.642	20.834			2.310		73.786		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**50.642**	**20.834**			**2.310**		**73.786**		
CALVOSA Lucia	**Director**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				50.842	6.945			2.310		60.097		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**50.842**	**6.945**			**2.310**		**60.097**		
CAPPELLO Maria Elena	**Director**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				51.642	20.834			2.310		74.786		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**51.642**	**20.834**			**2.310**		**74.786**		

(*) Insurance Policies, LTC, Accident and health, company contribution to pension fund, fringe benefits
(**) In office until 2017.

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					
FALCIAI Alessandro	**Director**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				51.642	20.834			2.310		74.786		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**51.642**	**20.834**			**2.310**		**74.786**		
KOSTORIS Fiorella	**Director**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				51.242	24.306			2.310		77.858		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**51.242**	**24.306**			**2.310**		**77.858**		
TRUZZOLI Stefania	**Director**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				51.642	6.945			2.310		60.897		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**51.642**	**6.945**			**2.310**		**60.897**		
TURICCHI Antonio	**Director**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				51.642	34.723			2.310		88.675		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**51.642**	**34.723**			**2.310**		**88.675**		
SALVADORI Paolo	**Chairman of the Board of Statutory Auditors (until 16.04.2015) Standing Auditor (from 16.04.2015)**	1.1 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				85.438				2.310		87.748		
(ii) Fees from subsidiaries and affiliates									62.700 *(4)*	62.700		
(iii) Total				**85.438**				**2.310**	**62.700**	**150.448**		
GASPERINI SIGNORINI Claudio	**Standing Auditor**	1.1 – 16.04.2015										
(i) Fees in the company that prepares the Financial Statements				20.437				2.310		22.747		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**20.437**				**2.310**		**22.747**		
ANDREADIS Stefano	**Standing Auditor**	1.1 – 16.04.2015										
(i) Fees in the company that prepares the Financial Statements				20.437				2.310		22.747		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**20.437**				**2.310**		**22.747**		
CENDERELLI Elena	**Chairman of the Board of Statutory Auditors**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				78.434				2.310		80.744		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**78.434**				**2.310**		**80.744**		
GIRELLO Anna	**Standing Auditor**	16.4 – 31.12.2015	**									
(i) Fees in the company that prepares the Financial Statements				53.242				2.310		55.552		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**53.242**				**2.310**		**55.552**		
VIOLA Fabrizio	**General Manager**	1.1 – 31.12.2015	=									
(i) Fees in the company that prepares the Financial Statements				1.321.600				36.855		1.358.455		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**1.321.600**				**36.855**		**1.358.455**		

(*) Insurance Policies, LTC, Accident and health, company contribution to pension fund, fringe benefits
(**) In office until 2017.

4) Salvadori:

- *€ 27.750 from AXA MPS Assicurazioni Danni S.p.A. for the office of Director;*
- *€ 34.950 from AXA MPS Assicurazioni Vita S.p.A. for the office of Director.*

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					
BARBARULO Angelo	**Deputy General Manager (substitute GM)**	1.1 – 31.12.2015	=									
(i) Fees in the company that prepares the Financial Statements				511.334 *(5)*				30.409		541.743		
(ii) Fees from subsidiaries and affiliates									69.450 *(6)*	69.450		
(iii) Total				**511.334**				**30.409**	**69.450**	**611.193**		
MINGRONE BERNARDO	**Deputy General Manager**	1.1 – 30.09.2015	=									
(i) Fees in the company that prepares the Financial Statements				556.250 *(5)*				12.776		569.027		
(ii) Fees from subsidiaries and affiliates									77.927 *(6)*	77.927		
(iii) Total				**556.250**				**12.776**	**77.927**	**646.953**		
MANAGERS WITH STRATEGIC RESPONSIBILITIES		1.1 – 31.12.2015	=									
(i) Fees in the company that prepares the Financial Statements				2.874.076 *(5)*				162.827		3.036.903		
(ii) Fees from subsidiaries and affiliates									235.344 *(6)*	235.344		
(iii) Total				**2.874.076**				**162.827**	**235.344**	**3.272.247**		

(*) Insurance Policies, LTC, Accident and health, company contribution to pension fund, fringe benefits
(**) In office until 2017.

5) Deputy General Managers and Managers with strategic responsibilities: the amount does not include contributions paid to the National Fund to Support Employment (FOC).
6) Deputy General Managers and 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 - 31/12/2015)

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 2015)

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
TONONIi Massimo	Chairman	Banca Monte dei Paschi di Siena SpA	=	=	=	=
VIOLA Fabrizio	CEO	Banca Monte dei Paschi di Siena SpA	=	=	=	=
ISOLANI Roberto	Deputy Chairman	Banca Monte dei Paschi di Siena SpA	=	**570.000**	=	**570.000**
BARIATTI Stefania	Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
BERNARD DEROUBROY Béatrice	Director	Banca Monte dei Paschi di Siena SpA	=	**3.500**	=	**3.500**
BIANCHI Fiorella	Director	Banca Monte dei Paschi di Siena SpA	**40** [1]	=	=	**2** [2]
BONVICINI Daniele	Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
CALVOSA Lucia	Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
CAPPELLO Maria Elena	Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
FALCIAI Alessandro	Director	Banca Monte dei Paschi di Siena SpA	**84.200.800** [3]	**36.144.700**	**503.540**	**53.954.626**
KOSTORIS Fiorella	Director	Banca Monte dei Paschi di Siena SpA				
TRUZZOLI Stefania	Director	Banca Monte dei Paschi di Siena SpA				
TURICCHI Antonio	Director	Banca Monte dei Paschi di Siena SpA				
WHAMOND Christian	Director	Banca Monte dei Paschi di Siena SpA	**42800** [4]	**21.400**	**23.540**	**23.540**
CENDERELLI Elena	Chairman of the Board of Statutory Auditors	Banca Monte dei Paschi di Siena SpA	=	=	=	=
GIRELLO Anna	Standing Auditor	Banca Monte dei Paschi di Siena SpA	=	=	=	=
SALVADORI Paolo	Standing Auditor	Banca Monte dei Paschi di Siena SpA	=	=	=	=

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
CHERSICLA Gabriella	Alternate Auditor	Banca Monte dei Paschi di Siena SpA	=	=	=	=
SILVESTRI Carmela Regina	Alternate Auditor	Banca Monte dei Paschi di Siena SpA	=	=	=	=
PROFUMO Alessandro	Ex Chairman	Banca Monte dei Paschi di Siena SpA	=	=	=	=
CORSA Pietro Giovanni	Ex. Deputy Chairman	Banca Monte dei Paschi di Siena SpA	=	=	=	=
ALEOTTI Alberto Giovanni	Ex Director	Banca Monte dei Paschi di Siena SpA	**438** [5]	**210**	**0.90**	**231**
DISCEPOLO Daniele	Ex Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
DRINGOLI Angelo	Ex Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
GORGONI Lorenzo	Ex Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
MICCINESI Marco	Ex Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
RUBINI Marina	Ex Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
ANDREADIS Stefano	Ex Standing Auditor	Banca Monte dei Paschi di Siena SpA	**17.520** [6]	=	=	**876**
GASPERINI SIGNORINI Claudio	Ex Standing Auditor	Banca Monte dei Paschi di Siena SpA	=	=	=	=
MICHELOTTI Franco	Ex Alternate Auditor	Banca Monte dei Paschi di Siena SpA	=	=	=	=

[1] *corresponding to n. 2 shares as a result of the grouping of 18/05/2015*

[2] *shares held through spouse*

[3] *held through Millenium Partecipazioni srl and corresponding to n. 18.313.466 shares after grouping of 18/05/2015 and after the effects of the capital increase of June 2015.*

[4] *corresponding to n. 2.140 shares after grouping of 18/05/2015*

[5] *corresponding to n. 21,90 shares after grouping of 18/05/2015*

[5] *corresponding to n. 876 shares after grouping of 18/05/2015*

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
10*	Banca Monte dei Paschi di Siena SpA	**57.162**	**23.515**	**1.095**	**25.278**

* Strategic Managers in office as at 31/12/2015: **8**	Banca Monte dei Paschi di Siena SpA	35.262	23.515	=	25.278

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)*	475.917 *(2)*	-	-	-	-	-
Other managers with executive positions	-	-	-	-	-	-	-
Non-executive managers	33	1.423.680	-	-	-	-	-
General Manager	1 *(3)*	1.321.600	-	-	-	-	-
Deputy General Manager (Substitute)	1	511.334				-	-
Deputy General Manager	1	556.250 *(4)*				-	-
Division Heads, Corporate functions, Geographical Area Heads and those who report directly to the corporate bodies	10	3.411.646	-	-	-	10.329 *(5)*	
Managers and personnel in charge of the internal control functions	40	4.512.895 *(6)*	-	-	-	39.883 *(5)*	452.308 *(7)*
Other staff who individually or collectively take on significant risks	69	11.491.680	30.000 *(8)*	-	-	131.583 *(5)*	23.077 *(9)*
Highly paid employees and collaborators not included in the criteria above	28	4.259.268	10.000 *(8)*	-	-	41.388 *(5)*	1.880.670 *(10)*

(1) Mr. Fabrizio Viola holds the offices of both CEO and General Manager.
(2) Of which € 400.000 as remuneration for the office of CEO.
(3) See note (1).
(4) Terminated service 1/10/2015
(5) Includes amounts connected to various allowances and position related indemnities (max amount €40.000)
(6) Includes the position-related indemnity for "Control Functions"
(7) Total amount, including notice, related to the termination of employment of 1 Manager
(8) One-off payments (max amount €20.000)
(9) Total amount, including notice, related to the termination of employment of 1 Manager
(10) Total amount, including notice, related to the termination of employment of 6 Managers (max amount €429.688)

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 the resolution according to comma 6 of Art. 123-*ter* of the legislative decree n. 58 of 24 February 1998 (Consolidated Law on Finance),

RESOLVES

- to approve the contents of the abovementioned Report and the criteria for the determination of compensation to be awarded in the event of early termination of employment, authorising the Board of Directors to implement the principles contained in the 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.