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 12 APRIL 2018.

Dear Shareholders,

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

- 2018 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),

2018 REMUNERATION REPORT

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

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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
Risk Committee	Comitato 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
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
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	Dirigente Preposto alla Redazione dei Documenti

English	Italian
Company’s financial reports	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 Committee	Comitato Nomine
Professional Areas	Area Professionali
Related Party Transactions Committee	Comitato per le operazioni con le Parti Correlate
Remuneration Committee	Comitato Remunerazione
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

2017 was an important year of transition for Gruppo Monte dei Paschi (the "Group") marked by the completion of a precautionary recapitalisation, carried out by Banca Monte dei Paschi di Siena S.p.A. (the "Bank") in August 2017, which included the start-up of a restructuring plan covering a five-year period, from 2017 to 2021, and centred on the relaunch of the Group.

Within this corporate context, made even more stringent by the restrictions laid down by the national and EU supervisory authorities, with the definition of a smaller scope of action also in regard to remuneration policies, the setting up of such policies, properly and correctly structured, must be considered fundamental, especially as a management instrument for increasing the ability of the Group to compete in the market.

The remuneration policies of the Group are in fact essential for attracting new resources from the market, for sustaining employees' motivation as well as rewarding the merit of those who contribute the most to defending and increasing the value of the corporate assets, while at the same time looking to ensuring equal treatment (defined as consistency between roles and responsibilities) and transparency, without disregarding fundamental aspects such as attention to compliance and an appropriate risk evaluation.

In 2018, taking into account the fact that, to a greater extent than in the past, the commitment undertaken by the employees and their sense of belonging and responsibility will be determinant for the achievement of positive operational results based on the afore-mentioned restructuring plan, and that this will enable the Group to maintain a leading position in the market and to work toward strengthening and improving the already achieved results, it is fundamental for the Bank to have at its disposal instruments that, even in terms of personnel retention, will allow for the recognition of everyone's merit.

A correct structuring of its remuneration policies and a constantly increasing transparency will also contribute to strengthen the quality of corporate governance, to settle any conflict of interest and to align the interest of the different stakeholders (employees, shareholders and regulators).

Given the above, the remuneration policies of the Group for 2018, presented in this document, were defined from a standpoint of continuity from the previous period, with the primary objective of safeguarding the capacity of the Group to create value and rebalance the economic-equity profile, while keeping into consideration, at the same time, the internal and external requirements that affect its ability to operate, including those requirements and directives laid down in the restructuring plan 2017-2021, in particular: (i) the application of a salary cap to individual remunerations, based on the commitments granted by the European Commission with the approval of the precautionary recapitalisation plan of the Bank and (ii) the definition of target levels for personnel costs that are particularly challenging, with consequent strong limitations to the use of both fixed and variable remuneration levers.

The Bank has also considered market remuneration benchmarks, comparing them to the practices of its peers[1].

Therefore, the Bank, from this standpoint, is re-proposing, in this Report, the structure and the contents of the remuneration policy applied by the Group in 2017, consolidating and combining them through constant attention paid to market trends, best practices and the Group's business requirements while also considering the regulatory legislative evolutions on the matter and the directives from the regulators. In particular, the main changes referred to:

- for all identified staff[2],
  - ✓ payment of the amounts in financial instruments of the severances, for any new obligation that may arise in 2018, through the allocation of the treasury shares of the Bank instead of Performance Shares (par. 7.4);
- for the financial consultants of Widiba S.p.A. ("Widiba") including the identified staff,
  - ✓ the possibility, for the competent Widiba bodies, to raise the maximum ratio of the variable/fixed remuneration from 1:1 to 2:1 (par. 5.5.1);
  - ✓ increased significance threshold of the bonus from Euro **40,000 to 70,000,** below which each payment is entirely cash and up-front (par. 7.3.1);
  - ✓ some changes in malus mechanisms applied to the variable remuneration (par. 7.3.1);
  - ✓ use, for the payments in financial instruments, of index-related instruments based on the value of Widiba (par. 7.4);

This Report, drafted in compliance with the disclosure requirements pursuant to art. 123-ter of the Consolidated Law on Finance (TUF) and those deriving from the regulations set forth for the banking sector (Bank of Italy Circular no. 285 of 17 December 2013 as amended) Title IV, chapter 2 "Remuneration and incentive policies and practices", the "Supervisory Regulations") provides the shareholders' meeting of the Bank (the "Shareholders' Meeting") with specific information on the implementation of the remuneration policies in 2017 and, at the same time, a comprehensive representation of the policies as well as the remuneration and incentive practice that the Group intends to adopt in 2018.

The document is available on the website of the Bank at the address **www.gruppomps.it**, section **Corporate Governance-Shareholders meeting and BoD** and section **Remuneration**.

[1] As regards the operational roles, the comparison panel includes the main Italian Banks; for managerial roles, the sample includes the majority of the main banks and, if applicable to the role that is being analysed, it also includes the companies operating in sectors similar to the banking one (e.g. financial companies).
[2] In other words, the category of subjects whose professional activities have or may have a relevant impact on the risk profile of the Group, a scope that is updated on a regular basis (see EU Delegated Regulation 604/2014).

SECTION I

1. Objectives of the Group remuneration policies

The Group's remuneration policies, geared towards improving the company performance and creating value over time, aim to:

- promote merit and increase employee motivation;
- attract new skilled professionals and retain those already working for the Bank;
- ensure equality of treatment within the company and external competitiveness;
- favour the achievement of short and long-term strategic objectives by strengthening the link between remuneration and performance;
- guarantee transparency.

In pursuing these objectives in a sustainable manner and in line with the Group's long-term strategies, the Group 's remuneration policies comply with the applicable national and international regulatory framework and with the internal legal context, within which they are implemented.

In its capacity as parent company, the Bank ensures that the remunerations paid within the various Group companies are in line with the applicable regulatory framework and the principles set forth in these remuneration policies, while taking due account of the specific characteristics and peculiarities of each company (thus also gradually applying such principles according to the proportionality principle, where and to the extent applicable) and (with regard to foreign companies) in compliance with locally applicable laws and regulations.

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 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", as defined by the supervisory provisions.

The remuneration regulatory system has its primary source in some provisions of the Bank's Articles of Association ("the Articles of Association"), which are linked to a specific Group policy approved by the Bank's Board of Directors (the "Board of Directors") which ensures consistency between regulatory provisions and the internal delegated authorities and establishes the duties and responsibilities of the functions involved in defining and implementing the Group remuneration policies.

The task of defining and implementing adequate remuneration and incentive policies is attributed by the company's Articles of Association to the Shareholders' Meeting and to the Board of Directors (BoD). In fact, art. 13 of the Articles of Association assigns 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).

On the other hand, the Board of Directors (Article 17 of the Articles of Association and its detailed provisions set forth in the Bank's internal regulations) is responsible for implementing the remuneration policies approved by the Shareholders' Meeting, specifically as regards:

a) the general rules concerning the legal and economic status of the staff, including base salary and allowances, which like any other rules must be approved in accordance with law;

b) the remuneration of directors who hold special positions (including the Chief Executive Officer and the directors who are members of board committees), of the general manager, and the provisions on the legal and economic status of the deputy general managers, the managers of organisational units reporting directly to the Board of Directors or the Chief Executive Officer, the heads of departments, the manager responsible for preparing the Company's financial reports, the first and second level [3] managers of the Company control functions.

The Remuneration Committee, established within the Bank's Board of Directors (the "Remuneration Committee") and currently composed of five non-executive directors, the majority of whom are independent (including the Chairman of the Remuneration Committee), is responsible for expressing an independent opinion on salary policies and practices and for submitting proposals to the Board of Directors regarding the remuneration of Directors holding specific offices and the remuneration of all those roles previously outlined, whose appointment and salary structure fall within the exclusive responsibility of the Board of Directors, as per the Articles of Association. In 2017 the Remuneration Committee met 15 times.

Without prejudice to the responsibilities of the Remuneration Committee, the Bank's Risk Committee (the "Risk Committee"), which is composed of five non-executive directors, the majority of whom are independent (including the Chairman of the Risk Committee), (i) assists the Board of Directors in defining the guidelines for the internal control and risk management system and in assessing the adequacy and effectiveness of this system (ii) ascertains, through an opinion to the Remuneration Committee, that the incentives underlying the Group's remuneration and incentive system are consistent with the Risk Appetite Framework ("RAF").

[3] It is the aforementioned internal policy (not the Articles of Association) that establishes the Board of Directors' independence in defining the legal and economic status of second level managers of the company control functions, here intended as the "higher level" staff referred to in the Supervisory Provisions Section II, paragraph 2

The general manager, delegated by the Board of Directors pursuant to art. 22 of the Articles of Association, has decision-making autonomy on the legal and economic status of all staff, except for the roles mentioned above (see point b) above) whose structure falls under the exclusive responsibility of the Board of Directors.

The Human Resources, Compliance, Risk Management, Planning, Internal Audit and Statutory Audit functions of the Bank, according to their respective responsibilities and in such a manner to ensure their independence, participate in the early definition and planning of the policies and provide the necessary support to ensure the policies approved are in line with the regulatory framework and function properly.

Lastly, the Bank's Human Resources implements the policies from a technical and operative viewpoint, overseeing their coordination at Group level (individual companies), regarding both the fixed salary component and the variable salary component. Precisely in consideration of the role performed in the definition and implementation of remuneration and incentive policies, and limited to these activities, the function is incorporated in the company control functions, as required by the relevant Supervisory Provisions.

3. Compliance

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

In particular, the Bank's Compliance function continuously verifies the coherence of the remuneration policies and practices adopted according to the external regulatory framework and annually, in time for the remuneration report to be approved by the Shareholders' Meeting, prepares a note for the Remuneration Committee in which it points out any areas that require attention for compliance purposes. In addition, together with the Bank's Human Resources, it defines the set of requisites that the mentioned function is required to observe in the practical implementation of remuneration policies.

The Bank's Risk Management function safeguards the sustainability of remuneration policies by monitoring that such policies and the resulting incentive systems are in line with the Group's RAF and, in this regard, it produces a report in support of the Risk Committee.

The Bank's 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.

For the verification of some technical-legal aspects of the remuneration policy, the Bank was supported by the legal firm BonelliErede[4] .

4. Remuneration of directors and statutory auditors

The annual gross remuneration due to the Bank's directors was approved by the Shareholders' Meeting on 18 December 2017 upon their appointment: for FY2017 (as proportionally due), FY2018 and FY2019 it was defined in the fixed amount of Euro 65,000 (as in the previous term of office).

In the same session, the Shareholders' Meeting established the Chairman's gross remuneration in the amount of Euro 90,000 (compared to Euro 500,000 of the previous term of office).

For the Bank’s Board of Statutory Auditors (the "Board of Statutory Auditors"), the same Shareholders' Meeting of 18 December 2017 established a gross remuneration of Euro 80,000 (compared to Euro 100,000 of the previous term of office) for the Chairman and of Euro 65,000 for the regular auditors (as in the previous term of office).

The set of directors' remunerations finally includes the determination, by the Board of Directors in the meeting of 9 February 2018, of the fees due for participation, as of the date of appointment, in Board committees: “Risk Committee” “Related Party Transactions Committee”, “Nomination Committee” and the “Remuneration Committee”; in this regard, the mentioned resolution of 9 February 2018 established gross compensation of Euro 25,000 for the Chairman of the Risk Committee (Euro 30,000 in the previous term), Euro 15,000 for members of said Committee and for the Chairmen of the remaining three Committees (Euro 20,000 in the previous term) and Euro 10,000 for members of the latter (in line with those of the previous term). Finally, a gross remuneration of Euro 10,000 (Euro 15,000 in the previous term) was established for the only director of the Bank who is a member of the 231/2001 Supervisory Board.

No compensation has been envisaged as an attendance fee for the participation in Board of Directors’ and Board of Statutory Auditors’ meetings and in board committees (attendance fee of Euro 400 in the previous term). Conversely, an attendance fee of Euro 500 (gross amount) per day was established for the Chairman of the Board of Directors, as of the appointment date, in relation to attendance in the activities of board committees in which the Chairman partecipates as a “permanent guest”.

The Board of Directors’ meeting of 22 December 2017, confirmed Mr. Marco Morelli as CEO of the Bank, and given the “Salary Cap” applied based on the commitments assigned by the European Commission upon approval of the Bank's precautionary recapitalisation plan (for more information, see para. 6.3 on the “Salary Cap”), no compensation was established for Mr. Marco Morelli in relation to his assignment; however, if during in the current term of office, and therefore before the expected

[4] Information also provided pursuant to Article 450 (1) (a) of EU Regulation 575/2013.

end of the restructuring period, the "Salary Cap" obligation were to be removed - the Board of Directors may, where the prerequisites are met, take the appropriate steps envisaged by art. 2389, paragraph 3, of the Italian Civil Code with regard to the CEO's remuneration.

With reference to the remuneration of non-executive directors, the principle previously approved by the Shareholders' Meeting that there be no connection with the economic results achieved by the Group and that no incentive plans of any nature are to be assigned to them, is confirmed. This principle is also applicable to the Board of Statutory Auditors and to the managing bodies of the subsidiaries.

In compliance with the provisions of the European Commission Recommendation 2004/913/EC, no *ex-ante* agreements are currently in place envisaging any compensation to the directors in the event of termination of their office ("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, with the option to sub-delegate specific matters to the Chief Executive Officer (in accordance with the Articles of Association and the laws and regulations in force).

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.

In their maximum extent, the remuneration structures consist of a **fixed component** (as structured and defined by the EBA Guidelines on sound remuneration policies, the "EBA Guidelines"[5]) and a **variable** component, which may be linked to performance (of the Group, or the individual reference

[5] EBA Guidelines of 27/6/2016; see especially paragraph no. 117, which defines under which conditions a remuneration can be considered as fixed.

unit), or to other parameters (such as length of service) or it may refer to **compensation for the early termination of the employment or office**.

The combination of the fixed and variable components (the "**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 all employees and the Identified Staff of the Group, the **maximum impact of the variable component on the fixed** component is determined *ex-ante*.

The main elements that characterise the salary structure are outlined below.

5.2. Fixed remuneration

The fixed component is generally intended to remunerate the level of responsibility, experience and competence associated with the individual position and offers sufficient compensation to enable a significant reduction in the variable component (down to zero in extreme situations) in relation to the risk-adjusted results actually achieved.

For **middle management and professional areas**, who make up the large majority of the company population (98.8%, of which 59.9% in professional areas), the base salary levels for the various categories provided for by the sector-based regulations are sometimes 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.

In particular, for **managers**, the fixed component is calculated, again 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 Willis 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 individuals (of all the three categories mentioned above) who hold certain positions or roles or jobs in certain locations, the gross annual remuneration may be supplemented with fixed recurring components, determined *ex ante* using specific valuation criteria based on role complexity, unrelated to performance and not subject to reduction or suspension until the underlying objective condition (position / role / location) no longer applies or has substantially changed. Position-related indemnity is an example of these types of payment (see, for example, paragraph 5.2.1 below concerning the allowances for the control functions).

5.2.1. Control function compensation

The **managers of the company control functions**, up to the third level in the company hierarchy, and the **financial reporting manager** are assigned a **position-related indemnity** which may be tied, according to EBA Guidelines, to the fixed salary given that: (i) it is exclusively targeted at remunerating the specific areas of the role held; (ii) the assignment right no longer applies where the beneficiary no longer holds said role (iii) 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 (iv) does not depend on and is in no way subject (neither as regards disbursement nor the amount) to company performance.

To avoid the occurrence of actual or potential conflicts of interest, all forms of variable remuneration (as referred to in paragraphs 5.3.1 and 5.3.3) directly or indirectly related to performance is excluded for all the above-mentioned recipients of the allowance.

5.2.2. Benefits and other compensation

As part of the fixed remuneration component, the Group envisages for its employees, various interventions that effectively increase its remunerative offer under a structural profile, raising motivation and reinforcing Group identity. More specifically, within the framework of specific joint commissions, new welfare solutions are defined, also on an experimental basis and in any case with a view to overall sustainability (e.g. MP Solidale[6], Lavoro Agile) while consolidated support instruments - as defined from time to time with the trade unions and approved by the Board of Directors - are confirmed, including those intended for all employees in general, such as:

- a company contribution to Complementary Pension Fund 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;
- the Accident Policy and Health Coverage, the latter not only for employees in service, but also for former employees currently in the Solidarity Fund and retired, including their dependants;
- 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, alternatively, a commuting allowance;
- a company car for private and business use, with expenses charged to the Bank, for Managers with "personalised" contracts, unit managers (benefit granted on a discretionary and revocable

[6] The initiative is implemented through an annual pool of hours of paid leave, to which employees contribute on a voluntarily basis by donating one or more days of vacation or portions of salary by the Executives, for the benefit of the staff in the Professional Areas and Middle Manager categories, who need additional permits with respect to those they are entitled to, in order to deal with serious and confirmed personal and/or family situations.

basis), highly relevant roles in the organisation or for other positions with high mobility requirements.

- insurance coverage, including permanent disability from illness and death from illness, for managers.

5.3. Variable remuneration

The variable portion of remuneration integrates the fixed portion and is linked to the short and medium/long term results achieved or to other parameters (e.g. length of service). 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.

The variable instruments that can be used by the Group in favour of employees are described in the following three paragraphs (5.3.1, 5.3.2 and 5.3.3); the instruments for financial advisors, acting as agents based on mandates granted by the subsidiary Widiba, are described in para. 5.5.1.

5.3.1. “Core” components

Within the scope of variable instruments, those with a close link with the Group's and unit’s performance are largely prevalent in terms of bonus pool and size of the population concerned (to the extent of their possible activation); they provide for:

- objectives that generate a specific link between sustainability, risk and remuneration;
- formalized and transparent activation and delivery conditions;
- *ex-ante* identification of the bonus pool;
- predefined individual target bonuses (by role or aggregated role).

Their possible application is decided each year on the basis of various factors (surrounding conditions, available resources, etc.) and justified by the Board of Directors in charge of authorising them.

The instrument adopted by the Bank for employees in the Professional Areas and for middle managers is the **Variable Performance-related Bonus** (the “PVR”), envisaged by art. 52 of the National Collective Labour Agreement 19/1/2012 (as renewed by the 31/03/2015 Agreement); introduced within the Group through second level negotiations at the end of 2015, this instrument pursues greater employee involvement and participation targeted to increased operating efficiency and company productivity/competitiveness. In compliance with the supervisory provisions, 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.

The incentive instrument for managers that the Group has conceived to support the sharing of the system of objectives assigned to the Group's operating resources and to focus attention on strategic objectives is the **MBO** (“Management by Objectives”). The tool, to date never implemented, is built based on the organizational weight of the roles of responsibility, attributed according to the cited Global Grading System method. The criteria for accessing the dedicated bonus pool ("gate") and the performance indicators to be assigned to managers through scorecards (consistent with those assigned to operating personnel in relation to the PVR), stem from the risk appetite policies (RAF) and are consistent with the overall company operating performance and with the strategic planning objectives.

Finally, as is the case for the PVR and in compliance with the Supervisory Provisions, the final bonus of each individual is determined based on the achievement of the Group's objectives ("*Gate*") and reference unit's objectives and on the individual contribution.

5.3.2. Compensation for early termination of the employment

The remuneration agreed upon or in connection with the early termination of the employment or office, exceeding the amount of the pay in lieu of notice[7] , and not determined by a third party with authority on the matter, constitutes Severance pay and is determined and disbursed by the Bank in accordance with the current regulatory framework[8] and always in pursuit of the best corporate interests.

The calculation criteria and the limits to the remuneration established by the Shareholders' Meeting are set out in Section II of the document.

As already reported in the 2017 remuneration report, the contract of the current General Manager and CEO provides, in the case of termination without just cause by the Bank within three years from the date of hire, payment - in application of the criteria and methods of disbursement established in the Group remuneration policies, as approved by the Shareholders' Meeting and as from time to time in force and according to current regulations - an amount of up to 24 months of the total *de-facto* remuneration, subject to waiver by the beneficiaries of any claims or demands against the Bank and the Group.

5.3.3. Other variable components

The range of instruments finally include:

- **Contests**, levers of limited cost and small individual amounts that are effective in supporting business activities, also from the point of view of customer acquisition/retention given that they incentivise commercial and productivity initiatives in the operating units, in line with customers' financial requirements;

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[7] Pursuant to Articles 2118 and 2119 of the Italian Civil Code, in permanent employment the Parties may agree that the period of notice for dismissal or resignation envisaged by the CCNL can be replaced by a corresponding indemnity.
[8] Therefore, there are no arrangements in place that predetermine any fixed *ex-ante* amounts due in the event of early termination of the employment.

- 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 and made available to the Chief Executive Officer.

In some cases, **Entry Bonuses** can be granted upon hiring, which are sometimes paid for retention purposes, with partially deferred payment (for greater protection of the company interests).

Finally, for the management of critical situations, the above components can be increased, for a limited number of business figures, by other components related to time with the company or role performance (e.g. **non-competition agreements** and similar instruments).

5.4. 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; where the importance of the collaboration increases, variable forms of incentive (including non-competition agreements) may be provided according to the same methods as those defined for employees.

5.5. Remuneration of financial advisors

Starting from 29/12/2017, the Bank has begun promoting and placing investment products and services to the public, off-premises through qualified financial advisors who are hired as employees of the Bank. At present, however, the remuneration envisaged for this category of individuals (i.e. employees registered in the Register of Financial Advisors, authorised to offer products and services off-premises and with a specific mandate to act on behalf of the Bank) has the same characteristics as those applicable to all employees in general.

The Bank currently does not make use of financial advisors performing their activity as agents.

However, in 2017 the Group relied on

- a network of financial advisors acting as agents on the basis of mandates given by the subsidiary Widiba, to distribute its own and third-party products, as well as
- a network of AXA agents with whom the Bank has signed an agency agreement without authority to represent the principal[9].

[9] AXA Agents are AXA insurance agents that act as agents for payment services or agents for financial activities, upon mandate granted by Widiba.

With reference to the AXA agent network, the remuneration structure does not provide for any "non-recurring" pay arising from incentive components but exclusively a "recurring" remuneration consisting in the payment of sales commissions for the distribution of products and services.

Finally, it is worth mentioning that the Bank is currently considering the implementation of "Hybrid work", in which the Bank would be using the financial advisors, directly, in their capacity as agents. The Bank has developed a new theoretical model that would be applied alongside the current one and with a cost that would have a higher correlation with productivity levels; the cornerstone of this model would be a new "Hybrid" commercial role, to be performed on a voluntary basis, combining "in-house" work as private banker (as part of an employer-employee relationship) and "off-premises" work as a financial advisor (under an agency agreement concerning separate activities). According to this project, each separate activity would have its own remuneration in accordance with the current regulatory framework and the principles of these remuneration policies. Specifically, the activity carried out as agent would be remunerated with recurring commissions fees only.

5.5.1. Remuneration of Widiba financial advisors

The remuneration and incentive policy applicable to Widiba's financial advisors is defined in this paragraph which constitutes the specific policy for the network of financial advisors within the Group's policy, to which reference should be made for all aspects not expressly covered and/or waived in this paragraph.

Financial advisors are linked to Widiba by an agency agreement under which the financial advisor is permanently appointed (without authority to represent the principal) to carry out, independently - exclusively on behalf of Widiba - the promotion and placement in Italy of financial instruments, financial services, banking products and services, insurance and social security products and other products as specified in the agreement, as well as to support the customers acquired and/or assigned - with due diligence in order to achieve company objectives. In compliance with current regulatory principles, contractual relationships with the customers that are either acquired by, or assigned to the financial advisor, exclusively take place between the customer and Widiba.

Widiba's network of financial advisors consists of:

- 606 financial advisors, including:
- 54 district managers,
- 11 area managers.

The area managers, who report directly to the head of the network of financial advisors (Widiba manager), are organised by geographical areas, are responsible for coordinating the financial advisors reporting to them, for business development in their territory and for achieving the objectives assigned by the network department and are supported by the district managers.

Widiba's network department supports the network through Widiba internal units that oversee and control local activities and support commercial activities.

The remuneration system for the financial advisors has specific elements that differ from the system in place for employees. The main characteristics and specific features of this remuneration system are presented below.

The total remuneration of financial advisors comprises[10] a "recurring" (sales and management commissions) and a "non-recurring" portion (essentially from long-term incentive and loyalty plans):

- the recurring component of the remuneration of financial advisors consists of commissions that are paid in relation to the products and services placed by them, as "ordinary" remuneration of the agent;

- the non-recurring component of the remuneration is that portion of the remuneration for which payment (i) is conditional to the achievement of specific business results envisaged by Widiba, thereby providing an incentive, and (ii) at the same time, is inspired by criteria of fairness in relations with customers and containment of legal and reputational risks, through adjustments designed to ensure compliance with the prudential purposes set forth by the Supervisory Provisions. In line with market practices, Widiba grants incentives to the financial advisors with the intent of directing the commercial activity of the network towards the achievement of specific objectives defined by taking into due consideration the Group's long-term strategies and objectives, in order to reward actual risk-adjusted results (including legal and reputational risks) and favouring correlation criteria that facilitate and promote compliance with the rules of conduct and customer interests [11].

More in detail Widiba:

- calculates the "total remuneration" received in each financial year on a "cash" basis, i.e. as the sum of the "recurring" and "non-recurring" remuneration component paid in the reporting year, calculated in accordance with the EBA Guidelines (see especially paragraph 85 of the EBA Guidelines) as follows:

    - for the recurring remuneration component, the commissions due for the products and services placed in the previous financial year and normally disbursed during the same period;

    - for the non-recurring remuneration component, the amounts paid in the previous financial year regardless of the period they relate to (which may be the previous year or more);

[10] According to the Supervisory Provisions.

[11] To this end, Widiba developed a specific method to assess the overall risk profile of the individual financial advisors based on indicators regarding (i) the advisor's subjective profile (information and data referring to the advisor) and (ii) the objective profile concerning the activities carried out by the advisor (customer events and transactions).

- as regards the relationship between variable and fixed remuneration for multi-year assessment systems that do not renew annually, the Bank applies the aforementioned EBA Guidelines (see specifically paragraph 189[12] of the EBA Guidelines).

It is emphasized that the incentive systems for financial advisors are in any case funded on a bottom-up basis from the overall gross proceeds obtained by Widiba from customer assistance/management activities (Pay-In). These incentives are generally monetary, although non-monetary incentives are also possible (e.g. Annual Contests assigning a prize in the form of training courses, etc.).

Furthermore, with specific reference to the non-recurring component, the remuneration and incentive system implemented by Widiba is based on the following principles:

- the non-recurring component is determined *ex-ante* based on defined parameters;
- the inclusion - in accordance with the regulatory provisions in force - of gates conditional upon the Group's capital and liquidity as well as specific access gates related to Widiba, in addition to operational / compliance risk indicators, that make the payment of the accrued amounts exclusively contingent upon the occurrence of such conditions and in compliance with the terms provided and which entail the forfeiture of any right and/or economic benefit under the system (with consequent obligation to return the amounts received) if they occur within two years after expiration of the system; thus, for the purpose of its allocation, the non-recurring component also takes into account the capital and liquidity position of Widiba and the Group as a whole (through the access gates mentioned above) and the individual risks and results consistent with the assignments given to the individual advisors authorised to offer products and services off-premises;
- the non-recurring portion of the remuneration is subject to suitable *ex-post* adjustment mechanisms that reflect (i) performance adjusted for the risks actually assumed or incurred and capital levels (ii) -effectively and in advance - any anomalies or critical issues in relations with customers. When applied, these mechanisms can reduce, also significantly, or zero out the non-recurring remuneration, especially when results are negative or significantly lower than pre-established targets.

The main incentive and loyalty systems in place in Widiba for the network of financial advisors are summarised below; their objective is to encourage the network in pursuing portfolio and income targets, that are identified annually according to the parameters defined in the business plan, and which concur to the determination of the non-recurring remuneration component of each financial advisor:

- Loyalty system: fidelity plans in favour of advisors who do not receive bonuses from an economic proposal or other loyalty bonuses;

[12] According to which "For multiyear accrual periods that do not revolve annually, institutions may alternatively take into account in each year of the performance period the maximum amount of variable remuneration that can be awarded at the end of the performance period divided by the number of years of the performance period".

- Bonus System: non-recurring additional remuneration that includes short-term (1 year) productivity and quality objectives, also linked to a minimum funding amount;
- Extra Management Fee: financial benefit attributed to financial advisers from other networks, paid on pre-established deadlines for the achievement of pre-set targets with potential allocation of a higher bonus rate if the ratio of sales commissions and management fees accrued at a specific time to total funding achieved is greater than or equal to a set percentage;
- Productivity Bonus - Quality Bonus: economic benefit included among the additional benefits referred to in the agency agreement;
- Recruiting Bonus: financial benefit for financial advisors who participated in the recruitment process of other advisors hired in the network.

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To retain, engage and attract people who are key in terms of performance, the maximum ratio between variable and fixed remuneration currently in force (1:1) can be raised to 2:1 by Widiba relevant bodies, for the sole benefit of Widiba financial advisors who fall within the scope of "Identified staff"[13].

This increase is:

i) linked to the specific remuneration of these roles;

ii) in line with market practice as adopted by the main competitors (who have already brought the maximum variable / fixed ratio to 2:1); and, consequently,

iii) also aimed at a) preserving Widiba's competitiveness in the market, b) supporting both the attractiveness and retention of financial advisors through competitive remunerations.

The aforementioned increase in the variable / fixed ratio is not likely to have any impact, now or in the future, on the Group's and Widiba's ability to continue to comply with all prudential rules, also considering that the (loyalty and/or incentive) plans relating to the non-recurring components of the remuneration always contain consolidation and payment conditions linked to the achievement of the Bank's business and budget objectives (targets in terms of funding, assets under management, increases in *stocks* and Bank profitability) identified over time and, predominantly, on the basis of multi-year periods.

After approval of the Group's 2018 remuneration policies, Widiba may proceed with its own shareholders' meeting (amendment of the Articles of Association, approval of the 2:1 ratio) following completion of the regulatory procedure (assessment procedure pursuant to Supervisory Provisions).

[13] As per the Supervisory Provisions, for all the other financial advisors who do not qualify as Identified Staff, the limit to the ratio between fixed and variable remuneration does not apply.

6. The implementation of remuneration policies in 2017

6.1. Changes in the perimeter of "Identified Staff"

In 2017, the perimeter of "Identified Staff"[14] increased from 189[15] to 260 positions, for the reasons specified below in this document (see par. 7.2).

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 2017 was impacted by, aside from increases based on the National Collective Labour Agreement, the effects of extraordinary measures that continued during the year:

- the recomposition of the organisational structure, primarily due to the exit of 2,246 staff, including 50 managers;
- the personnel cost limitation measures, with respect to which the agreement signed on 24/12/2015 with the company trade unions envisages significant impactful elements in the 2016-2018 three-year period[16]. In particular: 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.

For managers, the aforementioned manoeuvres and provisions of the National Collective Labour Agreement (CCNL) regarding contributions to the so-called FOC (Employment Fund)[17] are increased by (i) the aforementioned voluntary donation to MP Solidale of one or more days of leave[18] or portions of remuneration; (ii) 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.

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[14] Recorded at the start of the year for 2017 Remuneration Policies.

[15] Perimeter net of requests for exclusion submitted to the competent authorities.

[16] In any case, this impact is lower than that recorded in the 2013-2015 three-year period for the personnel cost limitation measures in force at that time.

[17] Employment Fund

[18] Donation by other employees possible as well.

The limited initiatives on fixed remuneration carried out during the year (roughly 295 in the entire Group, equal to 1.3% of employees[19]) regarded, also in terms of retention, critical figures for the business and were distinguished by high selectivity and alignment with the values of the first quartile or the median expressed by the market on positions with similar responsibility; in some cases, specific stability commitments have also been established.

As regards the new hires in the Group, the employment agreements of the managerial positions (limited to 4, with respect to an average of 12 in the previous three-year period), prepared in compliance with the policies approved by the Shareholders' Meeting, are positioned at around median market levels, based on equal organisational positions, also with a view to consistency with internal median levels.

The table below shows the average remuneration levels of the Group regarding the fixed remuneration component for Group employees[20] (staff and organisational charts as at 31/12/2017; amounts in Euro):

GROUP FIXED REMUNERATION

	Staff at 31/12/2017	Average Salary 2017	Staff at 31/12/2016	Average Salary 2016
Top Management	19	341.568	17	427.529
Other Managers	260	121.624	302	123.193
Middle Managers & Professional Area	23.184	44.665	25.247	44.822
Overall total	**23.463**	**45.758**	**25.566**	45.999

The total average levels of the Group's annual gross basic salary declined in 2017 due to the number of resources with significant service seniority who entered into the Solidarity Fund; this reduction more than offset the modest growth seen in remuneration due to the CCNL of the Professional Areas and Middle Management, as well as the limited remuneration initiatives. Total managerial level structures are down significantly, decreasing from 319 to 279 as at 31 December 2017; in particular, the top management was impacted by the application of the aforementioned salary cap starting on 4 July 2017 (also see par. 6.3).

With reference to high earners, i.e., those individuals whose total remuneration amounts to at least Euro 1 million per year (moreover subject to periodic reporting to the supervisory bodies), please note that in the entire Group only one employee has surpassed that threshold (the Chief Executive

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[19] In addition, the 45 promotions to the Managerial category (as of 1 January 2018) which, aside from rewarding some resources for the weight of their current responsibilities and the resulting higher risks, distinguished by performance, commitment and managerial skills expressed, have made it possible to balance the internal composition of the workforce.

[20] Net of solidarity measures, which on average amount to approx. 2% of the annual gross basic salary.

Officer/General Manager; in the Euro 1 million - Euro 1.5 million remuneration bracket[21]*)* and one Widiba Financial Advisor (and therefore, please recall, operating as an agent on the basis of a specific mandate; in the Euro 1.5 million - Euro 2 million remuneration bracket[22]).

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

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

	Staff at 31/12/2017	Σ Remuneration	Average values
Private	17.591	772.047.490	43.889
Corporate	1.059	56.896.217	53.726
Finance	202	11.711.910	57.980
Service & Corporate Centre	4.611	244.315.958	52.985
Overall total	**23.463**	**1.084.971.576**	**46.242**

(*) 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.)

Finally, with reference to the managers of the company control functions (not included in any incentive schemes), they were given a **position-related indemnity** for the 2017 financial year, equal to an average of 12% of their annual gross basic salary.

6.3. Application of specific regulatory restrictions

On 4 July 2017, the European Commission approved the Bank's precautionary recapitalisation plan which, *inter alia*, required the Bank to make a series of commitments as of 4 July 2017 and until the end of the restructuring period (31/12/2021). Among these commitments, in this context, was that the Group would apply severe executive remuneration policies and, specifically, that total individual remuneration would not exceed the 2016 average employee salary multiplied by ten. In application of this commitment, the Bank limited, within the cap described above, the disbursement of the remuneration of the previous Chairman and the remuneration of the Chief Executive Officer and other personnel in top positions.

In addition, in implementing its remuneration policies in 2017, the Group had to consider the restrictions laid out in art. 141 of European Directive 2013/36/EU (the "CRDIV") which sets "restrictions on distributions", *inter alia*, of variable remuneration when specific capital requirements are not met. Indeed, from the start of 2017 until the share capital increase in August 2017, the Group

[21] Please recall that the aforementioned salary cap was applied, as set forth in the specific commitment, starting from 4 July 2017 (see par. 6.3).
[22] Information pursuant to art. 450 (1) (i) of Regulation (EU) no. 575/2013 (CRR).

was subject to these restrictions, so in this period no obligations were undertaken to pay any of the forms of variable remuneration established in the 2017 remuneration policies.

6.4. 2017 variable remuneration

In 2017, the Group did not activate planned variable incentive systems, outlined in the planned "core" components (PVR for middle management and professional areas and "**MBO**" reserved to managers), described in the 2017 remuneration report. As a result, there was and will be no disbursement in relation to these systems. Indeed, please recall that even if the variable incentive systems had been activated, both components would have been subject, as required, to the achievement of a net profit exceeding zero, a condition which was not deemed feasible as early as when the 2017-2021 restructuring plan was defined.

In 2017, in compliance with the aforementioned restrictions laid out in art. 141 of the CRDIV, the Bank made use of both targeted low cost specific instruments (e.g. **Contests**), effective for motivating and rewarding excellent staff (in the network or the lending supply chain and in any event with the exclusion of identified staff) for specific results attained, and limited payments of **one-off** amounts to critical personnel deemed particularly deserving, to increase motivation and engagement; only one disbursement was made in favour of a member of the identified staff[23].

In addition, to protect the Bank's interests in cases of departures of key resources from the private banking area, it continued to make use of **non-competition agreements**.

Regarding the 134 new hires completed during the year (of which 4 were managers), 5 **entry bonuses** were agreed for an average value disbursed of Euro 3,600 in 2017. In addition, there were 5 tranches relating to entry bonuses agreed upon in previous years, for an average value during the year of Euro 23,800.

As for **consensual company employment terminations** completed during the year, involving 35 resources (of which 34 managers), the amounts granted upon verification of the compliance of the agreement with the labour legislation and category contractual provisions, were defined within the scope of specific policies adopted by the Group and consistent with the resolutions of the Shareholders' Meeting, aimed at defining the discretional factor in determining the amounts to be granted while guaranteeing equal treatment. With reference to the identified staff, in 2017 9 employment relationships were terminated consensually - again as part of the ongoing company restructuring process, and to meet cost reduction and resource streamlining needs; the average incentive paid for these terminations (excluding the average cost of the prior notice due by law, equal to Euro 228,000), was Euro 61,000.

These amounts were disbursed in accordance with the terms and methods laid out by regulations in force and in any event no incentive paid out surpassed the exemption threshold of Euro 100,000.

[23] Obviously, no disbursement was made in favour of those receiving company control function indemnities.

7. 2018 remuneration policies

7.1. The evolution of the regulatory framework

There were no developments in the domestic regulatory environment in 2017. Therefore, the Bank remained focused on the Supervisory Provisions of the Bank of Italy relating to remuneration and incentive policies and practices (Circular 285/2013), which adopted Directive 2013/36/EU (CRDIV) into Italian law.

On the other hand, as regards the European regulatory environment, please note that:

- with reference to the "Guidelines of sound remuneration policies", issued by the European Banking Authority (EBA) on 21 December 2015 based on articles 74 and 75 of Directive 2013/36/EU (CRDIV), although the Bank of Italy declared that it intended to comply by 30 June 2017, as things currently stand they have not been adopted into Italian law; however, the new guidelines entered into force on 1 January 2017 and therefore these remuneration policies already essentially reflect them[24];
- in relation to the "Guidelines on remuneration policies and practices related to the sale and provision of retail banking products and services", issued by the EBA on 28 September 2016 and containing the Guidelines which specify the requirements for the formulation and enactment of remuneration policies and practices in relation to the offer and provision to consumers of banking products and services (with a view to protecting consumers against the damages that may arise from incorrect incentives provided to sales personnel), the Bank of Italy disclosed its intention to comply starting from the Guidelines application date, i.e., 13 February 2018 although, when this report is being drafted, no amendments have yet been made to domestic regulations;
- Lastly, on 4 January 2018 the ECB notified supervised banks that the same Supervisory Authority pays particular attention to remuneration policies and requested the adoption of prudent and forward looking variable remuneration policies. Specifically, it was recommended that the policy applied make it possible to achieve fully loaded capital requirements, including the combined capital buffer requirement, and the requirements resulting from the "SREP" (Supervisory Review and Evaluation Process) through a conservative process (at least linear).

Please note the following other new aspects contributing to the developing reference regulatory environment in 2017:

- the publication on 27 April 2017 of the Bank of Italy - Consob joint document containing proposals to amend the "Bank of Italy- Consob Joint Regulations" on the organisation and controls of intermediaries that provide investment and collective management services. In particular, the document adopts the rules on remuneration contained in directive 2014/91/EU

[24] However, in 2018 additional analyses may be necessary in light of the possible publication of new Bank of Italy Supervisory Provisions.

("UCITS V"), introducing unitary and systematic rules on remuneration and incentive policies and practices for the asset management sector and aimed at ensuring a uniform framework of rules for managers of UCITSs and AIFs;

- the publication by ESMA on 5 October 2017 of an update to its Q&As on the application of Directive 2011/61/EU ("AIFMD") and Directive 2009/65/EC ("UCITS") on the transparency regime connected to the remuneration of the personnel of an alternative investment fund manager to which portfolio management or risk management activities have been delegated, as well as more generally on the methods of specifying the remuneration of the personnel of alternative investment fund managers in annual reports;
- the publication by the European Commission on 20 December 2017 of the proposal for a European Parliament and Council Directive concerning the prudential supervision of investment companies and amending directives 2013/36/EU ("CRDIV") and 2014/65/EU ("MiFID II");
- the benchmarking activity conducted by the EBA through direct data collection on intermediaries, resulting in the publication on 2 February 2017 of the "Report on High Earners" (data gathered with reference to 2015), or parties with remuneration exceeding Euro 1 million.

7.2. The 2018 "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 EU Delegated Regulation no. 604, of 4 March 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.

The identification process performed, as above, led to a change in the perimeter of the Group's "Identified Staff", from 189 positions identified at the start of 2017 (and updated on a quarterly basis, limited to staff identified based on qualitative criteria, in the course of the year) to 260 in the new perimeter, broken down as follows[25]:

[25] The composition and population of the perimeter are subject to changes, due predominantly to organisational and managerial factors. The gross annual basic salary values refer to the annual theoretical value and therefore do not take into account the personnel cost limitation provisions set forth in the aforementioned agreement of 24/12/2015 as well as the management's waivers to their remuneration in favour of MP Solidale.

Criteria for the identification of categories of risk takers (reg. 604/2014)	N°		Theoretical Fixed remuneration
Art. 3. par 1. - CEO of the Bank	1	*	-
Art. 3. par. 2 - Other managers with executive positions	-		-
Art. 3. par. 2 - Non-executive managers	26		-
Art. 3. par. 3 - General Manager of the Bank	1	*	466.250
Art. 3. par. 3 - Deputy General Manager	2		844.264
Art. 3. par. 3 & 9 - Division Heads, Corporate functions, Geographical Area Heads and those who report directly to the corporate bodies	89	**	17.497.901
Art. 3. par. 4 & 7 - Managers and personnel in charge of the internal control functions	27		3.795.522
Art. 3. da par. 5 to 15 - Other staff who individually or collectively take on significant risks	87	***	7.239.538
Art. 4 - Highly paid employees and collaborators not included in the criteria above	28		6.464.944
Total	**260**		**36.308.418**

** Mr. Marco Morelli holds the offices of both CEO and General Manager*

*** Includes CEO/Managing Directors of the Group Companies*

**** Does not include Managers in charge of the internal control function identified according to art. 3. par. 7 and already included in the previous cluster*

The perimeter identified increased with respect to 2017 in light of the use of an even more rigorous identification process (at Group as well as individual Company level), a more widespread allocation of capital within the Group and lastly certain organisational changes made in the Group structure.

The Bank has not included 41 Widiba financial advisors in this perimeter with total 2017 remuneration lower than Euro 750,000 as, although they are included within the 0.3% of Personnel with the highest total remuneration of the Group, due to the role covered and in application of the criteria laid out in regulatory provisions (EU Delegated Regulation no. 604/2014), they do not have a substantial impact on the entity's risk profile, taking into account all risks to which the entity is or could be exposed. This exclusion will be subject to a specific request for authorisation from the competent authorities with the timing and methods laid out by regulations in force (see the aforementioned EU Delegated Regulation no. 604/2014 and EU decision 2015/2218 of the European Central Bank).

The recognised perimeter of identified staff may be subject to revisions during the year (also based on feedback from the authorities in response to the aforementioned exclusion request), which will be periodically submitted to the Remuneration Committee and reported to the Board of Directors and the Shareholders' Meeting in reporting on the actual remuneration policies implemented in the prior year.

7.3. Remuneration policies for 2018

7.3.1. The structure of remuneration and incentive systems - identified staff

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

- payment divided between the up-front component and the deferred component and, in each of these two components, between cash and financial instruments, subject to retention periods;
- disbursement in a time frame of at least three years;
- subjection of the deferred component to ex-post correction mechanisms (malus and claw backs) appropriate to reflect risk-adjusted performance levels and capital levels as well as considering individual behaviour linked to the conduct of personnel in their employment relationship with the Bank;
- limitation of the ratio between variable and fixed component to a value not exceeding 100% (ratio 1:1)[26];
- definition of a deferment percentage of no lower than 60% in no fewer than 5 years for variable components of particularly high amounts;

the disbursement of the variable components to identified staff takes 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 Guidelines identification criteria (senior management, risk takers, quantitative criteria, etc.); the table also shows the malus mechanisms provided for by the Group, without prejudice to the possibility for the subsidiaries to define additional and specific mechanisms for the individual entities:

[26]Without prejudice to what is described above in par. 5.5 with reference to the Widiba Financial Advisors

Identified staff cluster	Nr.	% max of variable remuneration	Up-Front portion[1]	Deferred portion	Deferred component payment	Adjustment mechanisms to manage risks[2]
1) AD + TOP MANAGEMENT + OTHER MANAGERS REPORTING DIRECTLY TO CEO[3]	21	100%	40%	60%	Pro-rata payment in **5 years**: **50% in cash and 50%** in **financial instruments**	**MALUS**, verified at the end of each deferral period: - CET1 Ratio > Risk Capacity RAF 2018 - NSFR > Risk Capacity RAF 2018 - RAROC > 0 **CLAW-BACK,** incentives granted and/or paid out are subject to restitution if it emerges that the recipients have contributed to causing damage to the capital integrity, profitability and the financial position or reputation of the Bank or the Group, or in the presence of fraudulent conduct or gross negligence. Such initiatives are provided for also in the case of violation of the obligations imposed by Article 26 of Legislative decree no. 385 of September 1 1993 (the "TUB") (Company representatives) or when the subject is an interested party under the previsions of Article 53, paragraphs 4 and following of the TUB as well as violation of the obligations regarding remuneration and incentives. In the case of Claw-Back, malus mechanisms are automatically activated.
2) RISK TAKERS A + SUPPORT FUNCTIONS	62	80%	50%	50%	Pro-rata payment in 3 **years**: **50% in cash and 50%** in **financial instruments**	
3) RISK TAKERS B + OTHER STAFF INCLUDED IN THE PERIMETER	139	60%	50%	50%	Pro-rata payment in 3 **years**: **50% in cash and 50%** in **financial instruments**	
4) AREA MANAGERS AND WIDIBA FINANCIAL ADVISORS	12	200%	50%	50%	Pro-rata payment in 3 **years**: **50% in cash and 50%** in **financial instruments**	
TOTALE (Does not include 26 Non Executive Managers who are not recepients of incentive plans)	234					

[1] Paid 50% in cash and 50% in financial instruments

[2] The ex post adjustment mechanisms are determined and approved annually in coherence with the Risk Appetite Framework (RAF); the malus acts on the deferred component to be paid that year

[3] The "Top Management" consists of the Deputy General Managers and the Division Heads; the "other Managers reporting directly to the CEO" does not include two structures in staff to governing bodies: Staff Regulatory Relationship and Segretary to Statutory Auditors

For the financial advisors classified as identified staff, the malus mechanisms applied are the CET1 ratio and the NSFR of the Group, in addition to specific indicators "sufficient to effectively reflect in advance anomalies or critical issues in relations with customers and in the risks undertaken on behalf of the bank"[27].

"Identified Staff" also include subjects belonging to the multiple and different organisational levels, some of whom may accrue a small bonus, whose split payment in shares or deferred payments would determine insignificant amounts. In the light of this, **for all clusters of identified staff except for the first** (which, please recall, includes the CEO, Top Management and other first-level management

[27] See Supervisory Provisions, Part 1, Title IV, Chapter 2, Section IV, art. 1.

reporting directly to the CEO), a **bonus significance threshold**[28] of Euro **40,000** has been established, below which each payment is fully in cash and up-front. The aforementioned threshold is increased to Euro 70,000 only for the Widiba financial advisors classified as identified staff (considering that on average these individuals receive remuneration that is higher on the whole, for the assumption of lower risks).

These limits – in line with the best market practices - **not applied in the case that the above-mentioned amount is greater than 50% of the gross annual basic salary** received by the "Identified Staff" member, are deemed appropriate to avoid excessive risk taking by 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. These contractual documents also include agreements that prohibit personnel from relying on personal hedging strategies or insurance on remuneration or on other aspects that may alter or invalidate the effects of alignment with risk inherent in the remuneration mechanisms.

The malus and claw-back mechanisms applied by the Bank may call for a differentiated impact of such mechanisms on the amount of variable remuneration (depending, for example, on the type of events that took place, the relative seriousness, the degree of imputability to and liability of the individual manager concerned, the degree to which the minimum malus thresholds were not reached, etc.).

Lastly, the **amounts in financial instruments** will be paid in the form of treasury shares (see paragraph 7.4) subject to shareholders' meeting resolutions permitting the use of such shares.

7.3.2. The structure of remuneration and incentive systems - other staff

For all of the **other personnel not included in the perimeter of the "Identified Staff", the maximum percentage of the variable component in relation to the fixed component is 50%**. The Bank does not apply 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); specifically, as concerns the **Widiba network of financial advisors**, given the specificity of the relative remuneration system, basically broken down into recurring fees based on volumes managed/under administration and non-recurring components (see par. 5.5.1).

7.3.3. Variable incentive instruments in 2018

[28] Does not apply to severance pay, for which the provisions set forth in Section II apply.

With reference to the variable incentive instruments for the year 2018 (**PVR** and **MBO for personnel other than financial advisors**), if the economic/capital conditions for their activation are re-established, the Board of Directors will be involved in designing how the instruments will be implemented starting from the basic elements described below; these instruments will be activated and disbursed in compliance with legislation and regulations applicable over time and in line with any instructions from the competent authorities:

1. Prerequisite of having a Net Profit higher than zero;
2. Disbursement phase subject to the simultaneous fulfilment of the following Group requirements ("gates"):
   - ✓ Common Equity Tier 1 Ratio > Risk Tolerance RAF 2018;
   - ✓ Net Stable Funding Ratio > Risk Tolerance RAF 2018;
   - ✓ Profit or loss from current operations gross of taxes[29] > 75% of the budget (85% for MBO); excluding the variable remuneration component and all extraordinary elements[30] as deemed appropriate by the Board of Directors based on the proposal of the Remuneration Committee;
3. Final bonus of each resource based on the achievement of the objectives of the Group and of the relevant structure[31] as well as the measurement of the individual contribution;
4. Performance indicators, which are valid at structure as well as individual structure manager level, strictly interconnected with the risk appetite policies (RAF) and linked to overall company operating performance and strategic planning objectives;
5. Performance of structures measured on the basis of specific scorecards with quantitative parameters. These scorecards include an economic/financial component integrated with risk indicators (ISP - Synthetic Indicators of Performance), a component connected to compliance factors and in certain cases a quality indicators section;
6. Performance of the Company Control Functions[32] measured on objectives unique to the functions irrespective of economic results, through specific questionnaires by the Risk Committee and subsequently validated by the Board of Directors;
7. PVR broken down into three components, all (at least) subject to the aforementioned Group gate as well as company gates:
   - ✓ <u>Basic bonus</u>, for a total value of around 30% of the bonus pool. With a view to company cohesion, this bonus will be distributed equally to all personnel belonging to the professional areas and middle management categories;
   - ✓ <u>Structure bonus</u>, for a total maximum value of around 45% of the bonus pool, subject, with a view to teamwork, to the achievement of specific objectives assigned to the structure;
   - ✓ <u>Excellence bonus</u>, for a total maximum value of around 25% of the bonus pool, to be distributed selectively on the basis of the best structure and individual performances; this

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[29] Reclassified income statement margin laid out in the Consolidated Report on Operations.
[30] Extraordinary refers to elements (positive or negative) which are (i) not connected to the ordinary operations of the company and/or (ii) strictly connected to company restructuring activities.
[31] In this paragraph, the concept of structure refers to those recipients of objectives specifically assigned and developed/monitored.
[32] Valid for all resources of such structures with the exclusion of the managers from organisational level I to III.

share shall be disbursed, with a view to meritocracy and Network/GM consistency, in terms of percentages;

8. MBO differentiated based on managerial levels with scorecards containing individual gates, relating to the Group as well as for access to the bonus and with an increasing impact of the qualitative assessment of managerial performance.

In addition, as already noted, PVR and MBO are based on performance indicators measured net of risks and consistent with the measurements used for operational purposes by the risk management function; in particular, the Group establishes the overall reference framework for the determination of its risk appetite: the RAF aims to ensure consistency on a continuous basis between the Group's actual risk profile and the risk appetite approved beforehand by the Board of Directors, taking into account any risk tolerance and in any event within the maximum risk capacity limits deriving from regulatory requirements or other restrictions imposed by the supervisory authorities.

The RAF is formalised at least once per year in a Risk Appetite Statement ("RAS") approved by the Board of Directors and developed based on a set of key risk indicators defined at Group, legal entity and business unit level, in accordance with processes approved internally by the Board itself. For each indicator, ex-ante target risk appetite thresholds are established which are more conservative than the risk tolerance thresholds, which in turn are more conservative than the risk capacity thresholds.

With reference to the Group gates, if the 2018 incentive system is activated, it will call for the simultaneous verification of the 3 indicators specified above in relation to capital adequacy, medium/long-term liquidity adequacy and the achievement of profit results with respect to predefined budget levels that are all associated with the RAF. In addition, the capital and liquidity indicator values are calibrated based on the RAF risk tolerance levels, or on thresholds established so as to ensure in any event that the Group has sufficient margins to operate, including in stress conditions, within a maximum level of risk that may be assumed (risk capacity).

The incorporation of macro risk and risk-adjusted performance indicators within personnel remuneration and incentive policies, in line with the RAF, lastly represents an additional instrument for promoting the awareness of the conduct of all personnel and the growth of a healthy risk culture.

Both the PVR and the MBO (even when intended for individuals not included with the perimeter of identified staff) are subject to claw-back mechanisms pursuant to art. 7.3.1. above as well as, in the case of payments which are in part deferred, to the malus mechanisms described in the same paragraph.

Lastly, please note that the foregoing is without prejudice to the limitations on individual remuneration established under the salary cap rules.

7.3.4. Other management tools in 2018

The variable management instruments - **contests**, **one-off amounts**, **entry bonuses** to be paid on an exceptional basis upon hiring, **non-competition agreements** for specific business figures following their entry into the role, **other components related to time with the company** (such as retention bonuses or stability agreements) and lastly any **severance pay** to be recognised in the case of early termination of the employment relationship - shall be implemented within the scope of the variable remuneration resources provided for in the 2018 personnel cost budget.

The disbursement of such instruments, also to support structural personnel cost savings, takes place on the basis of a pre-established and well documented decision-making process and in line with the regulatory framework in force[33] and taking into account any instructions that may be received from the competent authorities.

7.3.5. Compensation for managers of Control Functions

Position-related indemnities defined ex-ante in accordance with pre-defined criteria differentiated by organisational level and title (manager vs. middle management) are assigned to figures with responsibilities within the company control functions, from organisational level I to III.

7.4. Instruments for the payment of variable remuneration

Within the scope of the financial instruments to be used as an instrument for the payment of the variable remuneration of identified staff (while employed and upon termination), for any new obligations that may arise in 2018, the Group intends to use the Bank's treasury shares, subject to approval by the Shareholders' Meeting of a plan for the use of treasury shares (the "Plan"), information regarding which is provided in the informational report published on the website www.gruppomps.it – **Corporate Governance – Shareholders meeting and BoD.**

At the time of approval by the Shareholders' Meeting, a proposal shall be submitted, which should be referred to for further details, meant to reserve part of the Bank's treasury shares[34] for the payment only of the severance pay of identified staff.

Widiba (based on a resolution of the relative competent bodies) may use - within the scope of financial instruments to be used for the payment of the variable remuneration of the Financial Advisors included in the Group's identified staff - treasury shares or in any event financial instruments linked to the value of treasury shares. In particular, Widiba may use instruments index-linked to its value and on which the financial advisors/employees may have, with their actions, a more direct and immediate impact. These instruments will be converted, with the methods and timing defined by legislative and regulatory provisions, into a specific value in cash correlated with the performance of Widiba shares. The value of such financial instruments shall be calculated based on an appraisal (conducted on a half-yearly basis) by an independent third party.

The instruments assigned pursuant to the plan will be 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 of one year for the deferred part (subject to the verification of malus conditions).

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[33] And therefore making the payment, *inter alia*, only subject to the achievement of sufficient capital and liquidity levels to deal with the Bank's activities, and also subject (including for individuals not classified as identified staff) to the claw-back mechanisms pursuant to art. 7.3.1. above (as well as, in the case of payments which are in part deferred, to the malus mechanisms described in the same paragraph).

[34] If the Bank activates the variable incentive instruments for 2018, it will be necessary to re-submit this Plan with the appropriate additions to the Shareholders' Meeting.

With reference to the Performance Shares plan approved in 2017, please recall that it called for the assignment of a certain number of Performance Shares in the case of severance (as defined in Section II of this Report). The amounts paid out in 2017 for such terminations - which always took place as part of the ongoing company restructuring process, and based on cost reduction and resource streamlining requirements - were never such so as to generate a unitary severance higher than the relative exemption threshold of Euro 100,000 and, as a result, it was not necessary to make recourse to Performance Shares.

On the other hand, as regards the 2016 plan, 54,676 Performance Shares are still set aside: the 21,870 assigned up-front will be liquidated in the course of 2018; of the remaining 32,806 deferred shares, 5,340 were assigned to be liquidated in 2018, while the remainder will be assigned annually - subject to the verification of pre-established malus conditions - throughout a five-year time horizon and liquidated one year after the relative assignments.

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

The Articles of Association foresee 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 “Directors and Auditors' remuneration”, no compensation is foreseen in favour of the Directors if their office (except for the CEO) is terminated.

The payments for employment termination, in addition to the notice (by law and collective labour agreement), when not determined by a competent third party (as for example a judicial authority and/or arbitration and/or conciliation) (the “**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 described 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 a termination of employment at the company's discretion 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;
- Reasons for the decision to terminate employment (also with reference to the notions of just cause and justification according to parameters in force at the time) in relation to the risk of dispute which the employee may initiate as regards his/her 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 (which have not recently occurred for the identified staff) 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[35]. 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 Remuneration Committee and approved by the Board of Directors.

The notice-related monthly salaries and Severance are calculated considering the mandatory criteria of the law and the collective labour agreement, i.e. 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)[36], 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.

A payment for a non-competing clause that may have been agreed upon with the individual managers for the period subsequent to employment termination should be added to the afore-mentioned limits, should they reflect an actual and demonstrable business interest. This payment is determined in compliance with article 2125 of the Italian Civil Code - based on the scope of the enforced restrictions set forth in the agreement (in terms of subject matter, duration and territory) and, in all cases, it may not exceed, as a maximum limit, the amount of the total remuneration paid to the manager measured against the duration of the agreement.

The Severance is paid with a method consistent with the regulatory provisions applicable at that time and subject to ad hoc ex-post correction mechanisms (malus and claw back), which are set forth in the exit agreements for the coverage, inter alia, against fraudulent or gross negligent misconduct that may

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

[36] Taking into account the request, formulated in the Supervisory Provisions, to set out the limits of Severance also in terms of the annual payments of fixed remuneration and maximum amount resulting from their application, it should 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 value of fringe benefits), with the result that the above-mentioned limit of 24 months' salary does not diverge significantly from two annual payments of fixed remuneration. However, in the case – today entirely theoretical – of a manager who in the three years preceding termination receives a bonus totalling the maximum feasible amount, currently determined by the Bank (for a selected number of interested parties, see par. 7.3), at 100% of the fixed remuneration, the 24 months of maximum severance could incorporate these average bonuses, reaching therefore a larger amount in terms of annual payments of fixed remuneration;
- the maximum amount resulting from the application of the afore-stated limits is equal to the highest contractual monthly remuneration recognised from time to time, multiplied by the maximum number of recognisable monthly payments (as indicated in note 36 above, and possibly increased by the number of months of duration of the non-competing clause, in the applicable cases).

be detrimental to the Bank and the Group[37] (and, in any way, defined consistently, on the one side, with the regulatory framework and on the other side with the peculiar nature and characteristics of the Severance).

[37] In accordance with the Supervisory Provisions: "The regulations set forth in paragraph 1, 2.1, 2.2.1 and 2.2.2, of this Section, do not apply:

- to the golden parachute under paragraph 2.2.2, agreed upon in extraordinary operations (for example mergers) or within the process of corporate restructuring, on the condition that they simultaneously respect the following two conditions: i) respond exclusively to a logic of cost containment and rationalisation of the structure of personnel, ii) the amount does not exceed Euro 100,000; iii) clawback mechanisms covering any fraudulent misconduct or serious negligence against the Bank and the Group;
- to the incentives to exit the company, related also to extraordinary operations (e.g. mergers) or corporate restructuring processes, and recognised to the identified staff as long as they jointly comply with the following conditions: i) respond exclusively to a logic of cost containment and rationalisation of the personnel structure, ii) encourage compliance with the support measures set out by the law or the collective labour agreement, for the generality of employees; iii) do not produce ex-ante distorting effects on personnel behaviour; iv) provide for clawback mechanisms to cover any fraudulent or serious negligent misconduct against the Bank and the Group".

SECTION III

This section analytically illustrates the remunerations paid or in any case allocated in 2017 to the Directors, Statutory Auditors and Managers with strategic responsibilities (pursuant to article 123-ter of the TUF), as set forth in article 84-ter of the Issuers' Regulations, as well as data regarding the identified staff, pursuant to the Supervisory Regulations.

In this regard, it should be noted that Consob imposes the obligation to record payments made to those subjects who have held, during the year or a fraction thereof, the office of Director, General Manager or Managers with strategic responsibilities.

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

List of the information included in this Section:

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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
Schedule 7-ter	Monetary incentive plans in favour of the Members of the Board, Statutory Auditors, General Managers and other 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 - 31/12/2017

Name and Surmane	Office	Period for which office was held	Termination of office	Fixed remuneration	Remuneration for the participation in committees	Non equity variable pay: Bonuses and other incentives	Non equity variable pay: Profit sharing	Non monetary benefits (*)	Other remuneration	Total	Fair value of the equity remuneration	Severance pay
BARIATTI Stefania	**Chairman**	1.1 - 20.12.2017 21.12.2017										
(i) Fees in the company that prepares the Financial Statements				78.618	30.332 *(1)*			1.810	-	110.760		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**78.618**	**30.332**			**1.810**	**-**	**110.760**		
FALCIAI Alessandro	**Chairman**	1.1 - 20.12.2017										
(i) Fees in the company that prepares the Financial Statements				474.821	9.722 *(2)*	-	-	1.810	-	486.353		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**474.821**	**9.722**	**-**	**-**	**1.810**	**-**	**486.353**		
TURICCHI Antonino	**Director Deputy Chairman**	1.1 - 20.12.2017 21.12-31.12.2017										
(i) Fees in the company that prepares the Financial Statements				77.465 *(3)*	20.128 *(4)*	-	-	1.810	-	99.403		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**77.465**	**20.128**	**-**	**-**	**1.810**	**-**	**99.403**		
ISOLANI Roberto	**Deputy Chairman**	1.1 - 20.12.2017										
(i) Fees in the company that prepares the Financial Statements				157.422	38.886 *(5)*	-	-	1.810	-	198.118		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**157.422**	**38.886**	**-**	**-**	**1.810**	**-**	**198.118**		
MORELLI Marco	**CEO**	1.1 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				142.167						142.167		
(ii) Fees from subsidiaries and affiliates									41.897 *(6)*	41.897		
(iii) Total				**142.167**		**-**	**-**		**41.897**	**184.064**		
BERNARD DEROUVROY Beatrice	**Director**	1.1 - 20.12.2017										
(i) Fees in the company that prepares the Financial Statements				75.506	9.722 *(7)*		-	-	-	85.228		
(ii) Fees from subsidiaries and affiliates									400.725 *(8)*	400.725		
(iii) Total				**75.506**	**9.722**	**-**	**-**	-	**400.725**	**485.953**		
BIANCHI Fiorella	**Director**	1.1 - 20.12.2017										
(i) Fees in the company that prepares the Financial Statements				75.906		-	-	-	-	75.906		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**75.906**	**-**	**-**	**-**	**-**	**-**	**75.906**		
BONVICINI DANIELE	**Director**	1.1 - 20.12.2017										
(i) Fees in the company that prepares the Financial Statements				75.506	29.165 *(9)*	-	-	1.810	-	106.481		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**75.506**	**29.165**	**-**	**-**	**1.810**	**-**	**106.481**		
CALVOSA Lucia	**Director**	1.1 - 20.12.2017										
(i) Fees in the company that prepares the Financial Statements				73.506	19.444 *(10)*	-	-	1.810	-	94.760		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**73.506**	**19.444**	**-**	**-**	**1.810**	**-**	**94.760**		
CAPALDO Giuseppina	**Director**	21.12 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				1.959	685 *(11)*	-	-	1.086	-	3.730		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**1.959**	**685**	**-**	**-**	**1.086**	**-**	**3.730**		
CAPPELLO Maria Elena	**Director**	1.1 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				77.865	39.845 *(12)*	-	-	1.810	-	119.520		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**77.865**	**39.845**	**-**	**-**	**1.810**	**-**	**119.520**		
EGIDI Massimo	**Director**	1.1 - 20.12.2017										
(i) Fees in the company that prepares the Financial Statements				75.506	33.554 *(13)*	-	-	1.810	-	110.870		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**75.506**	**33.554**	**-**	**-**	**1.810**	**-**	**110.870**		
GIORGINO Marco	**Director**	21.12 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				1.959	822 *(14)*	-	-	1.086	-	3.867		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**1.959**	**822**	**-**	**-**	**1.086**	**-**	**3.867**		
KOSTORIS Fiorella	**Director**	1.1 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				76.665	34.710 *(15)*	-	-	1.810	-	113.185		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**76.665**	**34.710**	**-**	**-**	**1.810**	**-**	**113.185**		
LANCELLOTTI Roberto	**Director**	21.12 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				1.959	274 *(16)*	-	-	1.086	-	3.319		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**1.959**	**274**	**-**	**-**	**1.086**	**-**	**3.319**		
MAIONE Nicola	**Director**	21.12 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				1.959	548 *(17)*	-	-	1.086	-	3.593		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**1.959**	**548**	**-**	**-**	**1.086**	**-**	**3.593**		
PETRUCCIOLI Stefania	**Director**	21.12 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				1.959	685 *(18)*	-	-	1.086	-	3.730		
(ii) Fees from subsidiaries and affiliates										-		

Name and Surmane	Office	Period for which office was held	Termination of office	Fixed remuneration	Remuneration for the 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					
(iii) Total				**1.959**	**685**	**-**	**-**	**1.086**	**-**	**3.730**		
PIAZZOLLA Salvatore Fernando	**Director**	21.12 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				1.959	274 (19)	-	-	1.086	-	3.319		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**1.959**	**274**	**-**	**-**	**1.086**	**-**	**3.319**		
RICCABONI Angelo	**Director**	21.12 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				1.959	685 (20)	-	-	1.086	-	3.730		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**1.959**	**685**	**-**	**-**	**1.086**	**-**	**3.730**		
SANTORO Michele	**Director**	21.12 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				1.959	548 (21)	-	-	1.086	-	3.593		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**1.959**	**548**	**-**	**-**	**1.086**	**-**	**3.593**		
TRUZZOLI Stefania	**Director**	1.1 - 20.12.2017										
(i) Fees in the company that prepares the Financial Statements				75.906	19.444 (22)	-	-	1.810	-	97.160		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**75.906**	**19.444**	**-**	**-**	**1.810**	**-**	**97.160**		
VALERIO Giorgio	**Director**	21.12 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				1.959	274 (23)	-	-	1.086	-	3.319		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**1.959**	**274**	**-**	**-**	**1.086**	**-**	**3.319**		
CENDERELLI Elena	**Chairman of the Board of Statutory Auditors**	1.1 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				112.424	10.000 (24)	-	-	1.810	-	124.234		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**112.424**	**10.000**	**-**	**-**	**1.810**	**-**	**124.234**		
SALVADORI Paolo	**Statutory Auditor**	1.1 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				77.065	800 (25)	-	-	1.810	-	79.675		
(ii) Fees from subsidiaries and affiliates									59.000 (26)	-		
(iii) Total				**77.065**	**800**	**-**	**-**	**1.810**	**59.000**	**79.675**		
FANTINI Raffaella	**Statutory Auditor**	21.12 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				1.959		-	-	1.086	-	3.045		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**1.959**	**-**	**-**	**-**	**1.086**	**-**	**3.045**		
GIRELLO Anna	**Statutory Auditor**	1.1 - 20.12.2017										
(i) Fees in the company that prepares the Financial Statements				75.906	9.600 (27)	-	-	1.810	-	87.316		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**75.906**	**9.600**	**-**	**-**	**1.810**	**-**	**87.316**		
MORELLI Marco *(position of GM)*	**General Manager**	1.1 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				884.623				27.825		912.448		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**884.623**		**-**		**27.825**		**912.448**		
BARBARULO ANGELO	**Deputy General Manager (substitute GM)**	1.1 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				485.328				21.389		506.717		
(ii) Fees from subsidiaries and affiliates									111.154 (28)	111.154		
(iii) Total				**485.328**		**-**		**21.389**		**506.717**		
NUCCI ANTONIO	**Deputy General Manager**	1.1 - 31.5.2017 9.8 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				428.125				16.227		444.352		
(ii) Fees from subsidiaries and affiliates									22.808 (30)	22.808		
(iii) Total				**428.125**		**-**		**16.227**		**444.352**		
MANAGERS WITH STRATEGIC RESPONSIBILITY		1.1 - 31.12.2017										
(i) Fees in the company that prepares the Financial Statements				4.828.758		- (30)		187.454		5.016.211		
(ii) Fees from subsidiaries and affiliates									312.073 (31)	312.073		
(iii) Total				**4.828.758**		**-**		**187.454**	**312.073**	**5.328.285**		**-**

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

1) Stefania Bariatti, amounts recognised for the participation in board committees:
€ 9.722 for the participation in the "related party transactions committee" as a member of the Board (period 1.1-20.12.2017)
€ 20.110 for the participation in the "Risk Committee" as a member of the Board (period 1.1-20.12.2017)
€ 500 for the participation in the "Nomination Committee" as Chairman of the Board (ref. Par. 4 part.1 "Remuneration of Directors and Statutory Auditors")

2) Alessandro Falciai, amounts recognised for the participation in board committees:
€ 9.722 for the participation in the "Nomination Committee" as Chairman of the Board

3) Antonino Turicchi:
As of 21/12/2017 remuneration deposited to the Ministry of Economy and Finance

4) Antonino Turicchi, amounts recognised for the participation in board committees:
€ 10.000 for the participation in the "Nomination Committee" as Director of the Board (period 1.1-20.12.2017)
€ 9.443 for the participation in the "Risk Committee" as Director of the Board (period 1.1-20.12.2017)
€ 274 for the participation in the "Nomination Committee" as Deputy Chairman of the Board
€ 411 for the participation in the "Risk Committee" as Deputy Chairman of the Board

5) Roberto Isolani, amounts recognised for the participation in board committees:
€ 9.722 for the participation in the "Nomination Committee"
€ 29.164 for the participation in the "Risk Committee"

6) Marco Morelli - amounts paid by subsidiaries and deposited to Banca MPS SpA
€ 5.699 da AXA MPS Assicurazioni Danni SpA for the position of Director
€ 5.699 da AXA MPS Assicurazioni Vita SpA for the position of Director
€ 30.500 da WIDIBA for the position of Chairman e Director

7) Beatrice Bernard Derouvroy:
€ 2.167 for the participation in the "Nomination Committee"
€ 7.555 for the participation in the "Remuneration Committee"

8) Beatrice Bernard Derouvroy:
€400.725 da AXA MPS Assicurazioni Vita SpA for the position of General Manager (period 1.1-31.12.2017)

9) Daniele Bonvicini, amounts recognised for the participation in board committees:
€ 9.722 for the participation in the "Related Party Transactions Committee"
€ 19.443 for the participation in the "Risk Committee"

10) Lucia Calvosa, amounts recognised for the participation in board committees:
€ 9.722 for the participation in the "Related Party Transactions Committee"
€ 9.722 for the participation in the "Nomination Committee"

11) Giuseppina Capaldo, amounts recognised for the participation in board committees:
€ 274 for the participation in the "Related Party Transactions Committee".
€ 411 for the participation in the "Nomination Committee".

12) Maria Elena Cappello, amounts recognised for the participation in board committees:
€ 19.443 for the participation in the "Remuneration Committee".
€ 685 for the participation in the "Risk Committee".
€ 19.717 for the participation in the "Nomination Committee".

13) Massimo Egidi, amounts recognised for the participation in board committees:
€ 9.722 for the participation in the "Remuneration Committee".
€ 14.110 for the participation in the "Risk Committee"
€ 9.722 for the participation in the "Nomination Committee"

14) Marco Giorgino, amounts recognised for the participation in board committees:
€ 411 for the participation in the "Remuneration Committee".
€ 411 for the participation in the "Risk Committee"

15) Fiorella Kostoris, amounts recognised for the participation in board committees:
€ 19.854 for the participation in the "Related Party Transactions Committee"
€ 274 for the participation in the "Remuneration Committee".
€ 14.582 for the participation in the "Organismo di Vigilanza"

16) Roberto Lancellotti, amounts recognised for the participation in board committees:
€ 274 for the participation in the "Remuneration Committee".

17) Nicola Maione, amounts recognised for the participation in board committees:
€ 274 for the participation in the "Related Party Transactions Committee".
€ 274 for the participation in the "Remuneration Committee".

18) Stefania Petruccioli, amounts recognised for the participation in board committees:
€ 411 for the participation in the "Risk Committee".
€ 274 for the participation in the "Organismo di Vigilanza"

19) Salvatore Fernando Piazzolla, amounts recognised for the participation in board committees:
€ 274 for the participation in the "Nomination Committee"

20) Angelo Riccaboni, amounts recognised for the participation in board committees:
€ 274 for the participation in the "Related Party Transactions Committee".
€ 411 for the participation in the "Risk Committee".

21) Michele Santoro, amounts recognised for the participation in board committees:
€ 274 for the participation in the "Related Party Transactions Committee"
€ 274 for the participation in the "Remuneration Committee".

22) Stefania Truzzoli, amounts recognised for the participation in board committees:
€ 9.722 for the participation in the "Related Party Transactions Committee"
€ 9.722 for the participation in the "Remuneration Committee".

23) Giorgio Valerio, amounts recognised for the participation in board committees:
€ 274 for the participation in the "Nomination Committee"

24) Elena Cenderelli, Chairman of the Board of Statutory Auditors, total amount recognised for the participation in board committees;

25) Paolo Salvadori, Statutory Auditor, total amount recognised for the participation in board committees;

26) Paolo Salvadori, Statutory Auditor, Other amounts:
€ 27.000 from AXA MPS Assicurazioni Danni SpA for the position of Director
€ 32.000 from AXA MPS Assicurazioni Vita SpA for the position of Director

27) Anna Girello, Statutory Auditor, total amount recognised for the participation in board committees;

28) Angelo Barbarulo, Deputy General Manager (Substitute) amounts paid by subsidiaries and deposited to Banca MPS SpA

29) Antonio Nucci, Deputy General Manager: amounts paid by subsidiaries and deposited to Banca MPS SpA

30) Managers with Strategic responsibility: doesn't include entry bonus of €84.181 paid out in 2017 and already reported as of 31.12.2016

31) Managers with strategic responsibility: of which €270.257 paid by subsidiaries and deposited to Banca MPS SpA

TABLE 3A - INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS, NOT INCLUDING STOCK OPTIONS, 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 - 31/12/2017)

Name and Surname	Office	Plan	Financial Instruments assigned in previous exercises and not vested during the year		Financial instruments assigned during the exercise					Financial Instruments vested during the year and not assigned	Financial Instruments vested during the year and attributable		Financial Instruments relevant to the year
			Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Assignment date	Market price at assignment date	Number and type of financial instruments	Number and type of financial instruments	Value at accrual date	Fair value
(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 / /	-	/ /	-	-	/ /	/ /	-	-	-	-	-
(III) Total						-						-	-
(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 / /	-	/ /	-	-	/ /	/ /	-	-	-	-	-
(III) Total						-						-	-
(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 / /	-	/ /	-	-	/ /	/ /	-	-	-	-	-
(III) Total						-						-	-

No plans activated or paid out

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 - 31/12/2017)

Name and Surname	Office	Plan	Annual Bonus			Bonus from previous years			Other Bonuses
			Payable/paid out	Deferred	Deferment period	No longer payable	Paid out/to be paid out	Still deferred	
(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 / /	-	-	/ /	-	-	-	-
(III) Total			-	-		-	-	-	-
(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 / /	-	-	/ /	-	-	-	-
(III) Total			-	-		-	-	-	-
(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 / /	-	-	/ /	-	-	-	-
(III) Total			-	-		-	-	-	-

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 dicembre 2017)

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 (*)
Bariatti Stefania	CHAIRMAN	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Morelli Marco	CEO	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Turicchi Antonino	DEPUTY CHAIRMAN	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Cappello Maria Elena	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Kostoris Fiorella	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Capaldo Giuseppina	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Giorgino Marco	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Lancellotti Roberto	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Maione Nicola	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Petruccioli Stefania	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Piazzolla Salvatore Fernando	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Riccaboni Angelo	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Santoro Michele	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Valerio Giorgio	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Falciai Alessandro	EX CHAIRMAN	Banca Monte dei Paschi di Siena SpA	539.546 [1]	=	177.060 [2]	362.486 [1]
Isolani Roberto	EX DEPUTY CHAIRMAN	Banca Monte dei Paschi di Siena SpA	9.500	=	9.500	=
Bianchi Fiorella	EX DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Bernard Derouvroy Béatrice	EX DIRECTOR	Banca Monte dei Paschi di Siena SpA	35	=	=	35
Bonvicini Daniele	EX DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Calvosa Lucia	EX DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Egidi Massimo	EX DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Truzzoli Stefania	EX DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Cenderelli Elena	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	Banca Monte dei Paschi di Siena SpA	=	=	=	
Salvadori Paolo	STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Fantini Raffaella	STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	72	=	=	72
Monarca Daniele Federico	ALTERNATE AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Silvestri Carmela Regina	ALTERNATE AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Girello Anna	EX STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Chersicla Gabriella	EX ALTERNATE AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=

[1] *Shares held through Millenium Partecipazioni srl;*

[2] *Effect of the closing collisions at the end of the collar financing transactions settled in 2017, already subject to internal dealing communications.*

Chart 7 - ter - Table 2: Shareholding in MPS held by Managers with Strategic Responsibilities (Consob) (31 December 2017)

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 (*)
20	Banca Monte dei Paschi di Siena SpA	1.275	[1]	=	=	1.275

Of which in office as at 31/12/2017

17	Banca Monte dei Paschi di Siena SpA	1.217		=	=	1.217

[1] *of which 110 held by family members*

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)*	142.167	-	-	-	-	-
Other managers with executive positions	-	-	-	-	-	-	-
Non-executive managers	12	1.667.400	-	-	-	-	-
General Manager	1 *(1)*	884.623	-	-	-	-	-
Deputy General Manager	2	913.453	-	-	-	-	-
Division Heads, Corporate functions, Geographical Area Heads and those who report directly to the corporate bodies	74	16.536.387	306.880 *(2)*	-	30.295 *(2)*	104.182 *(3)*	1.063.389 *(5)*
Managers and personnel in charge of the internal control functions	21	2.236.310 *(4)*	-	-	-	20.000 *(3)*	163.518 *(6)*
Other staff who individually or collectively take on significant risks	76	8.007.953	-	-	-	70.650 *(3)*	66.176 *(7)*
Highly paid employees and collaborators not included in the criteria above	3	556.848	-	-	-	-	-

(1) Mr. Marco Morelli holds both the positions of CEO and General Manager;
(2) Amounts relating to the non-recurring component of total remuneration recognised to the Financial Advisors within the Identified Staff perimeter;
(3) Total amounts related to 12 disbursements (one off payments, entry bonus or payments related to permanance in the company);
(4) Includes the position-related indemnity for "Control Functions";
(5) Total amount, including notice, related to the termination of employment of 4 Managers (max amount €352.214);
(6) Total amount, including notice, related to the termination of employment of 1 Manager;
(7) Total amount, including notice, related to the termination of employment of 1 Manager.

Dear Shareholders,

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

The Ordinary Shareholders' Meeting,

- having examined the proposals of the Board of Directors within the Report entitled "GROUP REMUNERATION REPORT pursuant to 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 and the Chief Executive Officer, with the possibility of sub-delegation, 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.