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 28 APRIL 2014 (FIRST CONVOCATION) OR 29 APRIL 2014 (SECOND CONVOCATION).

Dear Shareholders,

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

- GROUP REMUNERATION REPORT 2013 Pursuant to Art. 123-ter of the Consolidated Law on Finance.

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

GROUP REMUNERATION REPORT 2013

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

SUMMARY

GLOSSARY OF TERMS

English	Italian
Accident Insurance Policy	Polizza infortuni
Article 123-*ter of the Consolidated Law of Finance*	Art. 123-ter del Testo Unico della Finanza
Articles of Association	Statuto
Attendance fee	Medaglia di presenza
Audit and Risks Committee	Comitato Controllo e Rischi
Board of Directors (BoD),	Consiglio di Amministrazione
Board Director	Consigliere
Board of Statutory Auditors	Collegio Sindacale
CEO – Chief Executive Officer	Amministratore Delegato
Chairman	Presidente del Consiglio di Amministrazione
Commercial campaigns	Contest
Company Bonus	Premio Aziendale – ex VAP
Complementary Pension Funds	Fondo di previdenza complementare
Control functions - risk, audit and compliance	Funzioni Aziendali di controllo
Deputy General Manager	Vice Direttore Generale
Deputy Chairman	Vice Presidente del Consiglio di Amministrazione
Direct Fees	Provvigioni dirette
Division Head	Responsabile di Direzione
Executive Committee	Comitato Esecutivo
Financial Advisors	Promotori Finanziari
Financial Advisory Network	Rete di Promozione Finanziaria
Financial Statement	Bilancio
General Manager	Direttore Generale

Government Aid	Aiuti di Stato
Health Insurance Policy	Polizza sanitaria
Identified Staff	“Personale più Rilevante” ai sensi delle Disposizioni 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 department	DTM – Direzione Territoriale Mercato
LPO – incentive system	Sistema incentivante - Lavorare per obiettivi
Luncheon vouchers	Buoni pasto
Manager responsible for preparing the Company’s financial reports	Dirigente Preposto alla Redazione dei Documenti Contabili
Managers	Dirigenti
Management fees	Provvigioni di gestione
Middle Managers	Quadri Direttivi
Member of the Board (MoB)	Membro del Consiglio
National Collective Labour Agreement	CCNL
Nomination and Remuneration Committee	Comitato Nomine e Remunerazione
Professional Areas	Area Professionali
Related Party Transactions Committee	Comitato per le operazioni con le Parti Correlate
Restructuring Plan	Piano di Ristrutturazione
Salary	RAL – Retribuzione Annua Lorda
Scorecard	Scheda obiettivo
Second Level Agreement	Contrattazione di II livello
Severance packages	Incentivi all’esodo
Shareholders' Meeting	Assemblea
Statutory Auditor	Sindaco Effettivo (Collegio Sindacale)

INTRODUCTION

The supervisory regulations concerning remuneration and incentive policies and practices in **banks** provide that the Ordinary Shareholders' Meeting, in addition to establishing the fees due to the governing bodies it appoints, approves the remuneration policies for governing bodies with the functions of supervision, management and audit, as well as for employees. Consequently, the Shareholders' Meeting must be provided with: ex ante, a clear and complete description of the remuneration and incentive policies and practices that the banking group has implemented or intends to implement; ex post, a structured report - at least annually - regarding the way in which said policies and practices were implemented.

At the same time, Article 123-*ter of the Consolidated Law of Finance* imposes on **listed companies** precise obligations regarding disclosure and the modes of involvement of Shareholders in the approval of remuneration policies. In particular, with regard to transparency, listed joint-stock companies are required to make available to the public a Remuneration Report, divided into two sections: the first aimed at describing the remuneration policy for Members of the Board of Directors (MoB), General Managers and Managers with strategic responsibilities[1]; the second aimed at analytically illustrating the compensation effectively paid or, in any case, attributed to such parties during the financial year. With reference to the involvement of Shareholders, the Issuers' Regulations provide that the Shareholders' Meeting expresses a non-binding vote on the first section of the Report, and that the outcome of the vote is accessible to the public. The coherence between the regulations applicable to listed companies and those in force for banks is easily seen in the purposes that the respective regulators have sought to pursue (e.g. transparency and corporate governance) and in some of the main elements (e.g. variable remuneration structure, payment plans based on financial instruments). However, there is a discrepancy with reference to the subjective scope of application: while the Consob regulations make reference to a perimeter composed of MoB, Statutory Auditors and strategic Managers (pursuant to Art. 123-*ter* of the Consolidated Law on Finance), the supervisory provisions make reference to other parties, the so-called “Identified Staff”.

This document simultaneously fulfils the information obligations pursuant to Art. 123-*ter* of the Consolidated Law on Finance and those arising from the regulations issued for the banking sectory by the Bank of Italy, by also including information regarding the “Identified Staff” in the Remuneration Report.

This report shall be available on the website of the Bank at the URL www.mps.it, in the section **Investors & Research – Corporate Governance – Shareholders' Meetings**.

1 Members of the Board, Statutory Auditors, General Manager, Deputy General Managers, Division Heads, Manager responsible for preparing the Company’s financial reports.

SECTION I

1. Principles of the MPS Group remuneration policies

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

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

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

2. Rules of governance

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

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

It is, instead, the responsibility of the **Board of Directors** (Art.17 of the Articles of Association) to implement the remuneration policies approved by the Shareholders' Meeting, intervening on the legal and economic status of the personnel, and in particular of the CEO/General Manager, the Deputy General Managers, the Division Heads and Managers of departments reporting directly to the CEO, as well as - following consultation with the Board of Statutory Auditors - the Managers in charge of the Control functions – Compliance, Risk Management and Internal Audit.

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

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

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

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

3. Compliance

The **Control functions** – **Compliance**, **Risk Management** and **Internal Audit**, alongside the **Human Resources** function, participate in various stages of the process of implementing remuneration policies. Their contribution guarantees **full compliance** with the regulatory requirements, and at the same time respect for the Group's commitments towards stakeholders, with particular emphasis on overseeing the qualitative level of the relationship with the clientele and implementing effective behaviours for the correct management of this relationship.

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

The **Risk Management** function safeguards the sustainability of the remuneration policies, ensuring the necessary alignment between remuneration and risk-adjusted profitability. In this respect, it works closely with the Group's **Planning** function in order to define the objectives - at corporate level (Gate) and for business units - assigned for the purposes of the company incentive system.

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

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

The matters handled by the Committee include following the evolution of the regulatory framework of reference. In this regard, we recall the contribution provided on the occasion of the public consultations launched by the EBA (European Banking Authority) in 2013 (criteria for the identification of "Identified Staff", financial instruments to be used for the payment of the variable component and discount rate for the variable component) and for the consultation opened by the Bank of Italy regarding the draft supervisory regulations on compensation.

The Committee, which also operates through mixed working groups, in which other functions of the Bank may participate when deemed necessary by the member functions, is also responsible for carrying out the assessment to identify the "Identified Staff" (for example when the organisational structure is revised and/or positions change, or annually in the case of remuneration policies to be submitted to the Shareholders' Meeting). The results of this assessment are submitted to the Board of Directors for approval and subsequently forwarded to the Shareholders' Meeting.

4. Remuneration of Board Directors and Statutory Auditors

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

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

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

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

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

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

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

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

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

5. Staff remuneration

5.1. General principles

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

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

- **attract and maintain loyalty** of resources with a high level of professional standing;
- **motivate** and **support the professional growth** of all employees, focussing in particular on resources in positions of responsibility, with strategic skills or with a high level of potential;
- **ensure coherence between the compensation structure and the value of professional competence**, differentiating between the nature and the strategic "weight" of roles as well as priority for positions of high business impact;
- **differentiate** compensation according to the rationale of internal coherence, also in order to valorise seniority in positions, while avoiding excessive gaps within professional categories and seeking to preserve the values of company unity and cohesion, upon which the sense of group identity that characterises the Group's employees depends.

In their maximum extension, the remuneration structures currently in force are made up of a **fixed component** (Salary; in Italian "RAL"), a **variable portion** (mainly composed of the Company Bonus and the Bonus related to the achievement of performance objectives), "**benefits**" and any other compensation (e.g. for consensual termination of employment). Below we highlight, for each sub-category – "Identified Staff", other managers and professionals - the fundamental elements of the pay structure.

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

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

RULES OF GOVERNANCE FOR THE IMPLEMENTATION OF REMUNERATION POLICIES

Cluster of personnel	*Proponent body*	*Consultation*	*Deliberative body*
Chief Executive Officer (CEO)	N&RC	BSA	BoD
General Manager	N&RC	-	BoD
Other Top Management	CEO	N&RC	BoD
Managers in charge of Control Functions	N&RC	CC&R + BSA	BoD
Other Identified Staff	CEO	NA&RC	BoD
Other staff - Managers	HR	-	CEO
Other staff - Professional Areas & Middle Management	Technical function	-	HR

Other Top Management	*Deputy General Managers, Managers of Control Functions & other Managers reporting directly to the CEO*
N&RC	*Nomination and Remuneration Committee*
CC&R	*Audit and Risk Committee*
BoD	*Board of Directors*
BSA	*Board of Statutory Auditors*
HR	*Human Resources*

5.2. Fixed remuneration

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

In particular, for **Managers** – including “Identified Staff” - the fixed component is calculated, 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.

For **Middle Management and Professional staff**, who make up the large majority of the company population (98.7%, of which 60% in Professional staff), the base salary levels for the various categories provided for by the sectorial regulations are integrated by interventions aimed at valorising the decisive contribution of these resources to the soundness of the Group’s operational growth and profitability, as well as reflecting a better correlation between levels, organisational positions and remuneration.

The basic remunerative components of the **Financial Advisors’** remuneration are “direct fees” (regarding placement) and “management fees” (regarding the management of clients over time). These amounts are based on a percentage calculation (so-called pay-out) of the Bank’s income (“pay-in”) and are differentiated into levels on the basis of the overall volumes, profitability and global quality of each advisor’s collection. For managerial positions, remuneration is connected to the activity of coordinating resources: in addition to any direct personal portfolio fees supervision fees are also paid (so-called “overrides”), which are variable in amount but recurring by nature and calculated based on the pay-out produced by each financial advisor coordinated.

5.3. Variable remuneration

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

The two main components of variable remuneration – in terms of economic weight - are the C**ompany Bonus (formerly “VAP”)** and the **incentive system**.

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

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

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

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

5.3.1. The Company Bonus (formerly "VAP")

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

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

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

Payment of the Bonus in the form of a **social bonus** (for example welfare) is being evaluated.

5.3.2. The "LPO" Incentive System

The incentive system is used to orient (and valorise) employees' commitment to pursuing the company's strategic objectives. LPO - Working for Objectives, developed in the context of defining the 2012-2015 Business Plan, is the Group's **merit**-based incentive system, which, by measuring both quantitative and qualitative **performance,** awards, in a differentiated manner, those who have contributed responsibly to the achievement of the Group's results.

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

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

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

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

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

When "Identified Staff" are involved in the incentive system, the Board of Directors establishes the **targets** to be assigned to each manager and the **maximum percentage of the variable payment in relation to the Salary**, within the limits set in the Group's Remuneration Policies (see chart on next page).

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

At this stage, starting from the "bonus target" associated with each resource, the degree of achievement of the objectives is taken into account: on an individual basis for "Identified Staff" and on a structural basis for the remaining employees. The resulting value of the bonus is confirmed or amended by the individual performance evaluation. These evaluations are carried out by the Board of Directors for "Identified Staff" and by the direct manager of the resource for all remaining employees.

The calculation of the effective bonus for **"Identified Staff"** is performed according to the following criteria:

- **70%** upon achievement of the **personal "mix" of performance indicators**, identified among the main objectives of the yearly budget. The "mix", communicated to the interested party at the beginning of the year, is deemed fully achieved, for the purpose of awarding the variable bonus, when at least 95% of it has been achieved. For lower levels of achievement, up to 80%, a proportional reduction is applied to the bonus; beneath this threshold (80%) no bonus is due. The results are verified on the basis of the Financial Statements approved by the Shareholders' Meeting;

- **30%**, when at least 80% of the "mix" as specified above is achieved, subject to the **evaluation of the resource's managerial qualities by the Board of Directors**, having obtained the opinion of the Nomination and Remuneration Committee for this purpose.

Payment of the bonus takes place following the approval of the Financial Statement.

The payment of the bonus to **"Identified Staff"** follows the criteria below:

Identified Staff cluster	% max of variable remuneration	UP-FRONT [1] PORTION	DEFERRED PORTION	DEFERRED COMPONENT PAYMENT	MALUS SYSTEM
TOP MANAGEMENT [2]	150%	40%	60%	One payment after 3 years : 1/3 in cash e 2/3 in shares	Mix of indicators to be measured at the end of the deferral period (e.g. Tier 1, liquidity)
OTHER RISK TAKERS	80%	50%	50%	One payment after 3 years : 1/3 in cash e 2/3 in shares	

[1] Paid 50% cash and 50% in shares
[2] In 2013 4 people, including CEO

5.3.3. Benefits

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

- a company contribution to Complementary Pension Funds for all employees – for a transitional period - currently 2.5% of 77% of the salary;
- an Accident Insurance Policy (in the workplace) and Health Insurance Policy, the latter for both active and retired employees;
- luncheon vouchers, for Professional Areas, Middle Management and Managers without "personalised" contracts;
- special conditions for banking transactions (savings, loans, other banking services);

and others granted on an *ad personam* basis, such as:

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

5.3.4. Other provisions

With reference to the conditions of personnel in top positions, a "guaranteed minimum duration" clause is included in the contracts of four Top Managers, which were finalised at the beginning of 2012 and expire in June 2015 at the latest.

The abovementioned clause ensures that in the event of termination by the Bank without just cause notified at any time prior to the expiry of the minimum duration period, the Bank is obliged to pay to these Managers, in a lump sum compensation payment, the gross equivalent of the amount they would have received globally as their salary and LPO Incentive System (equivalent to that received in the financial year prior to termination) for the period remaining of the "guaranteed minimum duration". In any case, the amount paid cannot be less than that corresponding to the maximum number of monthly payments due at that time as a supplementary indemnity, pursuant to Art. 30 of the National Collective Labour Agreement (CCNL) in force for management (corresponding, to date, to 27 months of pay for the managers in question [2]).

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

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

Should it becomes necessary to make payment in relation to this clause, the Bank, in any case, reserves the right to evaluate the possible payment in line with the remuneration policies adopted, with the internal and external regulatory framework in force and with the contractual provisions that regulate individual employment relationships.

This provision, present within the contracts of two Managers who consensually terminated their employment relationships with the Bank in 2013, has not yet been implemented.

Regarding the General Manager, the settlement agreement reached regarding the continuation of his working relationship pursuant to the conditions imposed by the European Commission (see pages 16 and 17) provides that he is paid, only in the case of termination without just cause, a gross conventional, global and inclusive amount equal to the difference between Euro 3,540,000 (due in application of the "guaranteed minimum duration" clause present in the Manager's contract of employment) and the settlement amount of 1,200,000, as specified on page 13, when the latter has already been received.

6. The implementation of remuneration policies in 2013

6.1. Variation of the "Identified Staff" perimeter

In 2013 the perimeter of the "Identified Staff" saw 8 exits, of which 6 followed the termination of contracts of employment (including the Deputy General Managers of the Bank Monte dei Paschi di Siena Antonio Marino and Giuseppe Menzi), and 5 entries, including 2 external managers. The completion of rationalisation and reorganisation manoeuvres, which began with the 2012-2015 Business Plan and continued with the recent reorganisation of the Parent Company, gave rise to the removal of three roles included within the perimeter.

[2] 27.5 as at 30 June 2015 for two people.

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

Concerning the 2014 remuneration policies, we propose the revision of the perimeter pursuant to the new EBA standard criteria, as described below.

The employment contracts for the Group's new managers have been drawn up in compliance with the policies approved by the Shareholders' Meeting, bearing in mind the levels expressed by the market for the same organisational positions.

6.2. Remuneration trend

The trend of remuneration levels in 2013 was impacted by the effects of the extraordinary manoeuvres occurring within the year:

- the staff rearrangement following the exit due to resignation, retirement or early retirement through plans financed by the Bank, of 1,660 resources with a high level of seniority and position as well as the termination of the employment of 160 Managers;
- the labour cost containment measures pursuant to the agreement of 19/12/12, for three years (including the suspension of work for 6 business days and the reduction of 23% of the base calculation of employee Severance Indemnity - TFR).

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

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

The greater savings achieved for labour costs has made it possible to intervene in the retention of various critical figures for the business (both Network and specialists), thus counteracting the phenomenon of abandonment and maintaining remuneration in line with market levels.

In November, the European Commission approved the 2013-2017 Restructuring Plan which entailed the application of a maximum limit of Euro 500,000 for the Total Remuneration of Top Management, effective from the month of December. This limit shall no longer be applicable upon completion of the capital increase (which will not begin prior to May 2014) or upon full repayment of the New Financial Instruments.

The cap impacted two top positions in the last month of the year: the CEO and the Deputy General Manager Antonio Marino, who left at the end of January 2014.

With particular reference to the position of the CEO, bearing in mind the necessity to comply with the European Commission requirement, given that it is a condition for the use of the Government Aid essential for the Group's turnaround, the Bank asked Mr. Viola to continue his employment pursuant to the conditions imposed by the European Commission, also in order to avoid the serious negative consequences - both in terms of management continuity and expenses to be borne - that the Bank would have faced in the event of termination of his contract without just cause. The CEO therefore accepted the proposal to reduce his Total Remuneration to Euro 500,000, from the total of Euro 3.5 million due according to his contract of employment (of which 1.4 million is fixed remuneration and 2.1 million is the potential maximum variable compensation achievable), as well as the suspension of his remuneration for the office of CEO. In light of this reduction and his express waiver of the effects of the minimum guaranteed duration clause (3.54 million) a settlement agreement was reached for an amount of Euro 1.2 million, to be paid when the first of the following two events occurred: "signing of binding commitments regarding the underwriting of the capital increase" or "exercise by the Bank of the right to convert the New Financial Instruments into Shares"[3], and in any case not beyond 31 December 2014 or, nevertheless, upon termination of the employment relationship, if this should occur first. In light of this agreement, the Manager has, therefore, waived every right or claim other than those expressly included in the agreement and, in any case, connected to the remuneration foreseen by the contract and subsequent agreements. The agreement entered into with Mr. Viola is in compliance with the commitments undertaken towards the Ministry of Economy and Finance in the context of the Restructuring Plan[4].

The table below outlines the average remuneration levels of the Group[5] regarding the fixed remuneration component for Group employees (staff as at 31/12/2013: amounts in Euro):

	Staff at 31/12/2013	Average Salary 2013	Average Salary 2012
Top Management	12	438.568	485.588
Other Managers	354	129.177	129.727
Middle Managers & Professional Areas	28.050	43.664	44.873
Overall total	**28.416**	**44.901**	46.269

These calculations take into consideration the effects of the solidarity manoeuvres but not of the CAP, which affects the remuneration of the two leading representatives of the company's top management.

The substantial stability of the level of remuneration of the other Managers is due to the introduction during the year of specialised expertise in relation to the new business frontiers indicated in the Restructuring Plan, which have partially mitigated the effects of the management reduction manoeuvre.

Below is a representation of Group remuneration by business segment:

[3] Both events are provided for in the Restructuring Plan.

[4] *"In order to be able to enter into such commitment in full compliance with Italian civil law, BMPS will be entitled to enter into compromise agreements with selected affected board members or senior managers. Any payments to be made by the Bank to affected board members or senior managers under such compromise agreements will be lower than the amounts which would otherwise become payable by the Bank in the event of termination without cause of their existing contracts."*

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

	No. staff at 31/12/2013	Σ Remuneration *	Average values
PRIVATE	21.529	933.840.597	43.376
CORPORATE	759	42.916.539	56.544
FINANCE	175	10.996.455	62.837
SERVICE & CORPORATE CENTRE	5.954	296.696.598	49.831
OVERALL TOTAL	**28.417**	**1.284.450.190**	**45.200**

** In contrast to the previous table, this includes basic salary and fixed revocable remuneration (e.g. position-related indemnity, control function indemnity, etc.)*

6.3. Variable remuneration related to 2013

In 2013, attention regarding variable remuneration was focused almost exclusively on the operational Network resources.

The beginning of 2013 saw the launch of the LPO incentive system described in the 2012 Group Remuneration Report, aimed at the resources in service in the Network's commercial structures (Branches, Specialist Centres, Local market departments - DTM).

The rules for the 2013 LPO provided that payment was triggered - within the current year - upon the achievement in 2013 of a Net Consolidated Group Profit higher than or equal to 50% of the Budget value.

Failure to achieve this "gate", verified on the basis of the official data of the 2013 Financial Statements, blocked the payment of bonuses to staff resources it the operating structures. Nevertheless, the Board of Directors decided on 11 March 2014 to acknowledge the excellent performance that various business units managed to achieve, despite the challenging market situation that distinguished the 2013 financial year, by approving a payment of symbolic monetary value but with a strong motivational value to a small number of merit-worthy resources.

On the basis of the contents of the new "Second Level Agreement", signed with the majority of the unions present in the Company (in the context of the Agreement of 19/12/12 on the 2012-2015 Business Plan), a specific negotiation stage was launched at the beginning of the year to define the conditions and payment criteria for the Company Bonus (formerly "VAP"). Due to the absence of the prerequisites for the activation of the instrument, the negotiations were abandoned.

Again with reference to the business figures, various Contest initiatives were launched throughout the year, mainly by commercial partners. This tool is efficient in sustaining commercial activities but also in encouraging the adoption of virtuous behaviours: in 2013 it produced very satisfactory results in terms of the flows of newly acquired deposits, placement of pension products and payment instruments, against an overall cost of approx. Euro 80,000.

The managers in charge of the Control functions (not included in any incentive schemes) were given a position-related indemnity for the 2013 Financial Year equivalent, on average, to 13% of their salary.

In 2013, as had already occurred in the previous year, no resolution was passed regarding the variable remuneration of Managers and "Identified Staff".

The only disbursements in relation to this category of staff concerned severance packages, which in six cases involved managers included in the "perimeter of identified staff". The relative amounts are reported in Section II. In particular, the voluntary severance agreements executed with the two Deputy General Managers of the Bank (approved by the Board of Directors, based on the evaluation of the Nomination and Remuneration Committee) provided for payment of the incentive in instalments with malus and clawback mechanisms.

At the beginning of 2013 the contract of the National Manager of the Financial Advisory Network was reformulated to take into account the regulatory provisions, which require intermediaries to comply with the regulations also with reference to the financial advisory networks under their control. In particular, with reference to the variable component, i.e. the “non-recurring” item related to the increase of the net margin, as well as a mechanism that defers a portion by three years, which is subject to a malus indicator, risk correction mechanisms were also introduced that affect the entire amount of the incentive. At the end of the year, the same alignment was implemented for the contracts of the Advisory Network General Managers.

7. 2014 Remuneration policies

7.1. The evolution of the regulatory context

The planning of remuneration policies for 2014 must take into consideration the ongoing evolution of the regulatory situation.

On December 13, the Bank of Italy published the consultation document “Provisions on the remuneration and incentive policies and practices in banks and banking groups” that incorporates the new provisions on the subject of remuneration introduced by the Directive 2013/36/EU (“CRD 4”) approved on 26 June 2013, with the deadline for implementation set at 31 December 2013. The consultation ended on 12 January 2014 and we are currently awaiting the definitive version of the provisions. Although the framework and key principles of the current regulations remain unchanged, CRD4 introduces some important variations. In particular:

- the introduction of a maximum ratio of 1:1 concerning the variable and fixed components of remuneration;
- the attribution to the Shareholders' Meeting of the power to approve a higher limit to the above ratio, up to a maximum of 2:1;
- the attribution to the EBA of the power to define the Regulatory Technical Standards (RTS) for the identification of the “Identified Staff”;
- the characteristics of the financial instruments to be used in paying the variable components of remuneration;
- the reinforcement of the provisions on ex post risk-adjustment mechanisms (malus and clawback), through the introduction of qualitative indicators related to staff behaviour during employment by the Bank.

Regarding the introduction of a maximum limit to the ratio of the variable to fixed component, the Bank will align its provisions once the final text of the supervisory provisions (which also regulate the procedural aspects) has been issued.

The Bank has decided to anticipate the implementation of the new EBA standards for identifying "Identified Staff"[6], in order to adopt a remuneration policy for 2014 that foresees, in the case of a positive outcome of the capital increase, the immediate availability of rewarding instruments connected to achievement of the Restructuring Plan objectives. This is intended to create value in the long term as well as improve retention.

The results of the procedure of mapping the "Identified Staff" and the remunerative levers that the Bank intends to use in 2014 are described in the following paragraphs for the formal approval of the Shareholders' Meeting.

7.2. "Identified Staff"

The application of the abovementioned new EBA criteria involves the Group extending the perimeter of "Identified Staff" from the present 26 units to 132.

The EBA provisions identify the perimeter on the basis of the following criteria:

- **qualitative**, related to the role and decision-making power in terms of risk (by way of example, the Top Management, the Managers of the control functions and those that report directly to them, and those who participate in committees with decisional powers regarding the undertaking of risk, etc. fall into this framework);
- **quantitative**, based on the level of overall gross remuneration attributed to a staff member in absolute or relative terms, or:
  a) payment of a total remuneration equal to or higher than **500,000 EUR** in the previous financial year;
  b) remuneration in the previous financial year equal to or higher than the lowest overall remuneration attributed to members of the perimeter of "Identified Staff", excluding from the calculation of the threshold the staff of control and support functions;
  c) inclusion in the perimeter of **0.3% of the staff** with the highest total remuneration in the preceding financial year.

The combined application of the abovementioned criteria to staff members in service generates a perimeter[7] that can be broken down as follows:

[6] On 4 March 2014 the European Commission approved the EBA proposal; therefore, it can be reasonably assumed that the criteria will become effective by 30 June 2014.

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

	Personnel	N°	Fixed remuneration
A.	CEO	-	
B.	Other managers with executive roles	-	
C.	Non-executive managers	-	
D.	General Manager	1	500
E.	Division Heads, corporate functions, geographical areas and those who report directly to the corporate bodies	11	3.920.030
F.	Managers and personnel in charge of the internal control functions	22	2.953.483
G.	Other staff who individually or collectively take on significant risks	64	10.706.763
H.	Highly paid employees and collaborators not included in the criteria above	34	6.559.246
	Total	**132**	

7.3. New remuneration policies

The remuneration policies for the "Identified Staff" envisage that the variable component corresponds to the following requirements:

- anchored to medium/long term indicators of performance;
- paid in part up-front and in part in financial instruments;
- disbursed in a time frame of at least three years;
- the deferred portion is subject to malus mechanisms.

Moreover, the entrance into the perimeter of a further 106 resources reinforces the correlation between the variable component and performance, with the aim of creating value and achieving sustainability of the results over time.

The expansion of the perimeter of "Identified Staff" and the resulting diversity of the positions of responsibility within it make it necessary to analyse the remuneration policy within the perimeter in relation to the position held (organisational importance) and the effective capacity to impact the Group's risk profile.

As a result, the allocation of the components is differentiated according to distinct clusters of "Identified Staff" on the basis of pay mix and deferral scheme, as per the table below:

Identified Staff cluster	Positions included in the cluster (examples)	% max of variable remuneration	UP-FRONT [1] PORTION	DEFERRED PORTION	DEFERRED COMPONENT PAYMENT	MALUS SYSTEM
TOP MANAGEMENT	Ceo, Deputy GM, Top Management, Executives reporting to CEO	100-150%[2]	40%	60%	One payment after 3 years : 1/3 in cash e 2/3 in shares	Mix of indicators to be measured at the end of the deferral period (e.g. Tier 1, liquidity)
RISK TAKERS A	Managers of key operative/corporate units; Members of Committees	80%	50%	50%	One payment after 3 years : 1/3 in cash e 2/3 in shares	
SUPPORT UNITS	IT, Planning, Financial Statements and Tax, Human Resources, Legal Affair, etc.	80%	50%	50%	One payment after 3 years : 1/3 in cash e 2/3 in shares	
RISK TAKERS B and OTHER STAFF INCLUDED IN THE PERIMETER	Staff with responsabilities in key operative/corporate units	60%	50%	50%	One payment after 3 years : 1/3 in cash e 2/3 in shares	

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

[2] 150% of the potential maximum provided for in the employment contract of 2 managers

Moreover, on the basis of the instructions contained in the supervisory provisions in force, employees with a fixed remuneration < 120,000 Euro, who are usually recipients of less significant variable amounts[8], are excluded from the payment of bonuses using the combined deferred/financial instruments method.

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

For all of the other Managers not included in the perimeter of the "Identified Staff", the maximum percentage of the variable in relation to the fixed component is 50%.

7.4. Company Bonus (formerly "VAP")

N**egotiations** with the Labour Unions to define the conditions and distribution criteria of the 2014 Company Bonus will begin soon, in compliance with the contractual provisions for this Sector. The outcome will be submitted to the Board of Directors of the Parent Company.

7.5. LPO Incentive System 2014

In relation to the important objectives set by the Business Plan, the Group intends to use all available tools to maximise the involvement and commitment of all employees. Among these the LPO Incentive system is of particular importance, as it provides employees with indications of the strategic priorities to be pursued by clearly defining and assigning qualitative and quantitative targets.

In compliance with the orientation of the remuneration policies and practices outlined by the National and European Supervisory Bodies, LPO 2014 takes into account both effective and long-lasting results as well as qualitative objectives. Moreover, the variables defined for the measurement of performance are for the most part related to the decision-making level of each individual employee.

[8] *"staff whose total gross remuneration, including discretionary pension benefits, does not exceed Euro 200,000/year and, at the same time, whose variable remuneration does not exceed 20% can be considered as non-relevant staff" (Bank of Italy Provisions on remuneration and incentive policies and practices in banks and banking groups, 30 March 2011).*

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

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

The distribution of the portion of the bonus pool "released" is regulated by a set of indicators (scorecard) assigned to each employee, in line with the position held and the responsibilities assigned.

Alongside traditional economic and financial objectives, LPO 2014 places more emphasis than in previous years on non-financial objectives - so-called "**long term value**" - (many of which are already used in the Group's supervision and reporting activities). Non-financial indicators reflect factors such as efficiency and operational compliance, the quality of service to clients, etc.

This innovation, in addition to being a practice recommended by the relevant provisions, contributes to the implementation of the Bank's strategy, and the consequent verification of whether or not it is being implemented efficiently, by analysing the relative determinants/quantitative variables (operational efficiency, risk management, motivation, cooperation between organisational units, attention to clients' and other stakeholders' expectations, legality, ethics, etc.).

The opening of the payment stage of the bonus pool will be verified in 2015 on the basis of the data of the certified Financial Statements.

The theoretical "bonus target" set for each position by the Human Resources unit, on the basis of the organisational impact of the position and comparison with the market, is corrected:

- for the commercial Network Resources, according to the level of achievement of the team objectives and the individual contribution of each employee ("plotted" by a specific Performance Management system). Individual performance confirms, decreases (as far as zero) or increases bonuses depending on the outcome of the assessment of each employee;
- for the Central Structure Resources, according to the level of achievement of corporate objectives (a specific corporate objective has been set for each Bank and Group Company), team objectives and the individual contribution of each employee.

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

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

For other staff in the control functions quantitative and qualitative indicators are set in relation to their role and, in any case, independently of the results achieved by the areas of the Bank under their control.

7.6. Incentive schemes for Management

The Top Management and second level Management (Bank Parent Company Area Managers and Territorial Area Managers, GM and Deputy GM of the Group's companies) are not subject to the incentives described so far.

Due to the commitments undertaken with the **European Commission** regarding the Government Aid granted to the Bank (which refer to the specific chapter concerning supervisory provisions on the subject of remuneration[9]), the feasibility of an incentive policy for first and second level Management is subject to the completion of the capital increase or the repayment of Government Aid. Considering this, the Bank deems it fundamental to have access to instruments that engage first and second level management (i) for the positive outcome of the capital increase and (ii) in relation to the objectives of the Restructuring Plan.

In this respect, incentive systems are being designed for the perimeter in question, to be implemented in line with the regulatory provisions. Their principles will be similar to the LPO incentive system described but they are also intended to be effective in reinforcing retention.

[9] "Banks that benefit from Government Aid": for banks and banking groups that benefit from an exceptional government intervention variable remuneration is strictly limited to a percentage of the net operating result, when it is not compatible with the maintenance of an adequate level of capitalisation, and with prompt exit from government aid; moreover, no variable remuneration is paid to corporate officers, except where it is justified (i.e. replacement of management).

SECTION II

This section analytically illustrates the remuneration paid or in any case attributed during FY 2013 to Board Directors, Statutory Auditors and strategic Managers (pursuant to Art. 123-*ter* of the Consolidated Law on Finance), as provided by Art. 84-*ter* of the Issuers' Regulations as well as data regarding "Identified Staff", pursuant to the Provisions on remuneration and incentive policies and practices in banks and banking groups, issued by the Bank of Italy in March 2011.

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

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

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

List of the information in this Section:

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

Table 1 - REMUNERATION PAID TO MEMBERS OF THE BOARD, STATUTORY AUDITORS, GENERAL MANAGERS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES
(pursuant to the Consob Resolution no.11971 of 14 May 1999 and subsequent amendments).
Data refers to period 1/1 - 31/12/2013

Name and Surname	OFFICE	Period for which the office was held	Termination of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable pay		Non-monetary benefits (^)	Other remuneration	Total	Fair value of the equity remuneration	Severance pay
						Bonuses and other incentives	Profit sharing					
PROFUMO Alessandro	**Chairman**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				69.600 (A)	16.200			1.810		87.610		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**69.600**	**16.200**			**1.810**		**87.610**		
TURCHI Marco	**Deputy Chairman**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				69.600	16.200			1.810		87.610		
(ii) Compensation from subsidiaries and affiliates									32.650 (1)	32.650		
(iii) Total				**69.600**	**16.200**			**1.810**	**32.650**	**120.260**		
CAMPAINI Turiddo	**Deputy Chairman from 1/1 to 28/4 - Director from 29/4 to 22/10**	1/1 - 22/10/2013	22/10/13									
(i) Compensation in the company that prepares the Financial Statements				52.387				1.810		54.197		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**52.387**				**1.810**		**54.197**		
VIOLA Fabrizio	**CEO**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				402.438 (2)						402.438		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**402.438**						**402.438**		
VIOLA Fabrizio	**General Manager**	01/1 - 31/12/2013	//									
(i) Compensation in the company that prepares the Financial Statements				1.325.000	16.200			34.694	(3)	1.375.894		
(ii) Compensation from subsidiaries and affiliates									13.863 (4)	13.863		
(iii) Total				**1.325.000**	**16.200**			**34.694**	**13.863**	**1.389.757**		
ALEOTTI Alberto Giovanni	**Director**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				68.800	16.200			1.810		86.810		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**68.800**	**16.200**			**1.810**		**86.810**		
BERNARD BEATRICE	**Director from 24/9**	24/9 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				20.167						20.167		
(ii) Compensation from subsidiaries and affiliates									95.617 (5)	95.617		
(iii) Total				**20.167**	**0**			**0**	**95.617**	**115.784**		
BRIAMONTE Michele	**Director until 19/7**	1/1 - 19/07/2013	19/07/13									
(i) Compensation in the company that prepares the Financial Statements				26.466	5.916			1.810		34.192		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**26.466**	**5.916**			**1.810**		**34.192**		
CORSA Pietro Giovanni	**Director from 1/1 to 28/4 Deputy Chairman from 29/4 to 30/6**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				69.600	25.082			1.810		96.492		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**69.600**	**25.082**			**1.810**		**96.492**		
DE COURTOIS D'ARCOLLIERÈS Frédéric Marie	**Director until 24/9**	1/1 - 24/09/2013	24/09/13									
(i) Compensation in the company that prepares the Financial Statements				47.200				1.810		49.010		
(ii) Compensation from subsidiaries and affiliates									918.938 (6)	918.938		
(iii) Total				**47.200**	**0**			**1.810**	**918.938**	**967.948**		
DEMARTINI Paola	**Director**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				69.600	17.863			1.810		89.273		
(ii) Compensation from subsidiaries and affiliates										-		

Table 1 - REMUNERATION PAID TO MEMBERS OF THE BOARD, STATUTORY AUDITORS, GENERAL MANAGERS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES
(pursuant to the Consob Resolution no.11971 of 14 May 1999 and subsequent amendments).
Data refers to period 1/1 - 31/12/2013

Name and Surname	OFFICE	Period for which the office was held	Termination of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable pay		Non-monetary benefits (^)	Other remuneration	Total	Fair value of the equity remuneration	Severance pay
						Bonuses and other incentives	Profit sharing					
(iii) Total				**69.600**	**17.863**			**1.810**		**89.273**		
DRINGOLI Angelo	**Director**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				68.000	10.000			1.810		79.810		
(ii) Compensation from subsidiaries and affiliates									7.865 (7)	7.865		
(iii) Total				**68.000**	**10.000**			**1.810**	**7.865**	**87.675**		
GORGONI Lorenzo	**Director**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				69.600	31.200			1.810		102.610		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**69.600**	**31.200**			**1.810**		**102.610**		
GROPPI Tania	**Director until 13/10**	1/1 - 13/10/2013	13/10/13									
(i) Compensation in the company that prepares the Financial Statements				52.136	19.557			1.810		73.502		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**52.136**	**19.557**			**1.810**		**73.502**		
DISCEPOLO DANIELE	**Director from 26/11**	26/11 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				7.433	1.375					8.808		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**7.433**	**1.375**			**0**		**8.808**		
RUBINI MARINA	**Director from 26/11**	26/11 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				7.433	458					7.892		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**7.433**	**458**			**0**		**7.892**		
SALVADORI Paolo	**Chairman of the Board of Statutory Auditors**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				109.600	800			1.810		112.210		
(ii) Compensation from subsidiaries and affiliates									61.150 (8)	61.150		
(iii) Total				**109.600**	**800**			**1.810**	**61.150**	**173.360**		
SERPI Paola	**Standing Auditor**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				69.200	1.200			1.810		72.210		
(ii) Compensation from subsidiaries and affiliates									25.616 (9)	25.616		
(iii) Total				**69.200**	**1.200**			**1.810**	**25.616**	**97.826**		
GASPERINI SIGNORINI Claudio	**Standing Auditor**	01/1 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				69.600	1.200			1.810		72.610		
(ii) Compensation from subsidiaries and affiliates									23.448 (10)	23.448		
(iii) Total				**69.600**	**1.200**			**1.810**	**23.448**	**96.058**		
MICCINESI Marco	**Director from 26/11/13**	26/11 - 31/12/2013	27/04/15									
(i) Compensation in the company that prepares the Financial Statements				7.433	458					7.892		
(ii) Compensation from subsidiaries and affiliates										-		
(iii) Total				**7.433**	**458**					**7.892**		

Table 1 - REMUNERATION PAID TO MEMBERS OF THE BOARD, STATUTORY AUDITORS, GENERAL MANAGERS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES
(pursuant to the Consob Resolution no.11971 of 14 May 1999 and subsequent amendments).
Data refers to period 1/1 - 31/12/2013

Name and Surname	OFFICE	Period for which the office was held	Termination of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable pay		Non-monetary benefits (^)	Other remuneration	Total	Fair value of the equity remuneration	Severance pay
						Bonuses and other incentives	Profit sharing					
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES		01/1 - 31/12/2013	≠									
(i) Compensation in the company that prepares the Financial Statements				4.153.850				73.182		4.227.032		4.539.504
(ii) Compensation from subsidiaries and affiliates									343.459 (11)	343.459		
(iii) Total				**4.153.850**		**0**			**343.459**	**4.497.309**		**4.539.504**

(Λ) Long Term Care and Health Policies, company payments into Complementary Pension Funds, Fringe Benefits.

(A) Mr. Profumo waived his fee for the office of Chairman (€500,000) with the exception of the portion provided for the office of Director (€60,000).

1) Turchi
€ 12,100.00 Corporate Social Insurance Fund for Monte Dei Paschi di Siena Employees for the office of Chairman
€ 8,550,00 from the Complementary Pension Fund for employees of Banca MPS Spa from 1/1/1991 for the office of Director
€ 12,000.00 from Agricola Merse SRL for the office of Chairman of the Board of Statutory Auditors

2) Viola
Of which 332,838 for the office of CEO, restored due to the absence of the prerequisites at the basis of the waiver and in consideration of the different remuneration structure resulting from the application of the EU parameters as below. A further Euro 266,051 paid for the same reason during the year are not represented in the table given that they pertains to FY 2012.

3) Viola
Following the salary cap imposed by the EC on the remuneration of management - which led to a reduction of the theoretical potential remuneration structure of the CEO from 3.5 million to 500,000 Euro, in addition to the suspension of remuneration related to the offices detained - a settlement amount was agreed on, of € 1,200,000 (following which the Manager waived any agreements or amounts due from the previous contractual structure) to be paid at the end of 2014 or upon the occurrence of one of these two events (should they occur before the end of 2014):
a) signing of the binding commitments regarding the underwriting of the capital increase, pursuant to Commitment 17 of the Plan ("Capital increase");
b) exercise by the Bank of the right to convert the New Financial Instruments into shares, pursuant to the provisions of the Plan.

4) Viola
Amounts paid by AXA Assicurazioni Danni Spa and AXA MPS Assicurazioni Vita Spa deposited to Banca MPS SpA.

5) Bernard
€ 95,617.38 from AXA MPS Assicurazioni Vita SpA for the office of General Manager from 24/9 (of which € 742.38 non-monetary benefits)

6) De Courtois D'Arcollierès
€ 434.162,76 from AXA MPS Assicurazioni Danni SpA for the office of CEO until 24/9 (of which € 232,531.57 Compensation, € 201,631.19 bonus and incentives);
€ 484,775.18 from AXA MPS Assicurazioni Vita SpA for the office of CEO until 24/9 (of which € 246,984.78 Compensation, € 208,770.53 bonus and incentives and € 29,019.87 non-monetary benefits)

7) Dringoli
€ 2,300.00 Corporate Social Insurance Fund for Monte Dei Paschi di Siena Employees for the office of Director;
€ 5,564.92 from the Complementary Pension Fund for employees of Banca MPS Spa from 1/1/1991 for the office of Chairman

8) Salvadori
€ 27,250 from AXA MPS Assicurazioni Danni SpA for the office of Chairman of the Board of Statutory Auditors;
€ 33,900 from AXA MPS Assicurazioni Vita SpA for the office of Chairman of the Board of Statutory Auditors;

9) Serpi
€ 17,316.00 from MPS Tenimenti Spa for the office of Chairman of the Board of Statutory Auditors;
€ 8,300.00 from the Complementary Pension Fund for employees of Banca MPS Spa from 1/1/1991 for the office of Auditor

10) Gasperini
€ 7,780.65 from MPS Gestione Crediti Banca Spa for the office of Chairman of the Board of Statutory Auditors (until 12/5);
€ 15,667.12 from MPS Immobiliare Spa for the office of Chairman of the Board of Statutory Auditors;

11) Amounts paid by subsidiaries and deposited to Banca MPS SpA.

Table 3B - MONETARY INCENTIVE PLANS IN FAVOUR OF MEMBERS OF THE BOARD, STATUTORY AUDITORS, GENERAL MANAGERS 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 - 31/12/2013)

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

No plans activated or paid out

Schedule 7-ter - Table 1: SHAREHOLDING IN MPS HELD BY MEMBERS OF THE BOARD, STATUTORY AUDITORS AND GENERAL MANAGERS
(31 December 2013)

SURNAME AND NAME	OFFICE	COMPANY IN WHICH SHARES ARE 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
PROFUMO Alessandro	Chairman	Banca Monte dei Paschi di Siena SpA	=	=	=	=
VIOLA Fabrizio	CEO	Banca Monte dei Paschi di Siena SpA	=	=	=	=
TURCHI Marco	Deputy Chairman	Banca Monte dei Paschi di Siena SpA	=	=	=	=
CORSA Pietro Giovanni	Deputy Chairman	Banca Monte dei Paschi di Siena SpA	=	=	=	=
ALEOTTI Alberto Giovanni	Director	Banca Monte dei Paschi di Siena SpA	**1.000**	=	=	**1.000**
BERNARD Beatrice	Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
DEMARTINI Paola	Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
DISCEPOLO DANIELE	Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
DRINGOLI Angelo	Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
GORGONI Lorenzo	Director	Banca Monte dei Paschi di Siena SpA	**29.190.788**	=	**29.190.788**	=
MICCINESI Marco	Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
RUBINI MARINA	Director	Banca Monte dei Paschi di Siena SpA	=	=	=	=
SALVADORI Paolo	Chairman of the Board of Statutory Auditors	Banca Monte dei Paschi di Siena SpA	=	=	=	=
SERPI Paola	Standing Auditor	Banca Monte dei Paschi di Siena SpA	=	=	=	=
GASPERINI SIGNORINI Claudio	Standing Auditor	Banca Monte dei Paschi di Siena SpA	**176.730**	=	=	**176.730**
ANDREADIS STEFANO	Alternate Auditor	Banca Monte dei Paschi di Siena SpA	**40.000**	=	=	**40.000**
MICHELOTTI FRANCO	Alternate Auditor	Banca Monte dei Paschi di Siena SpA	=	=	=	=

Schedule 7-*ter* - Table 2: SHAREHOLDING IN MPS HELD BY MANAGERS WITH STRATEGIC RESPONSIBILITY
(31 December 2013)

NUMBER OF MANAGERS WITH STRATEGIC RESPONSIBILITY	COMPANY IN WHICH SHARES 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
13*	Banca Monte dei Paschi di Siena SpA	**881.732**	**500.000**	**170.000**	**1.211.732**

* Strategic Managers in office as at 31/12/2013: 8	Banca Monte dei Paschi di Siena SpA	164.966	500.000	=	664.966

STATEMENT A - QUANTITATIVE INFORMATION REGARDING THE "IDENTIFIED STAFF"

Personnel		N°	Fixed Remuneration	Variable Remuneration				Severance pay
				Cash	Shares	Instruments connected to shares	Other types	
A.	CEO	1 *	402.438,00 *(A)*	-	-	-	-	-
B.	Other managers with executive positions	-	-	-	-	-	-	-
C.	Non-executive managers	-	-	-	-	-	-	-
D.	General Manager	1 *	1.325.000	-	-	-	- *B)*	-
E.	Division Heads, corporate functions, geographical areas and those who report directly to the corporate bodies	9	3.789.184	-	-	-	-	3.400.000 *(C)*
F.	Managers and personnel in charge of the internal control functions	6	1.504.916 *(D)*	-	-	-	-	1.139.504 *(E)*
G.	Other staff who individually or collectively take on significant risks	8	2.020.174	-	-	-	-	885.461 *(F)*
H.	Highly paid employees and collaborators not included in the criteria above	-	-	-	-	-	-	-

* *Mr. Fabrizio Viola holds the offices of both CEO and General Manager*

(A) *Of which 332,838 as remuneration for the office of CEO, restored due to the absence of the conditions at the basis of the waiver and in consideration of the different remuneration structure resulting from the application of the EC parameters mentioned below. A further Euro 266,051 paid for the same reason during the year are not included in the table given that they pertain to FY 2012.*

B) *Following the salary cap imposed by the EC on the remuneration of management - which led to a reduction of the theoretical potential remuneration structure of the CEO from 3.5 million to 500,000 Euro, in addition to the suspension of remuneration related to the offices detained - a settlement amount of € 1,200,000 was agreed on (following which the Manager waived any agreements or amounts due from the previous contractual structure) to be paid at the end of 2014 or upon the occurrence of one of these two events (should they occur before the end of 2014):*
a) signing of the binding commitments regarding the underwriting of the capital increase, pursuant to Commitment 17 of the Plan ("Capital increase");
b) exercise by the Bank of the right to convert the New Financial Instruments into shares, pursuant to the provisions of the Plan.

(C) *Overall amount related to the termination of the contract of 2 executives of which:*
- € 2,200,000 in favour of the first. Payment foreseen in instalments: 31/1/2014 (€ 1,407,770) - 30/6/2014 (€ 396,115) - 31/12/2014 (€ 396,115);
- € 1,200,000 in favour of the second. Payment foreseen in instalments: 18/12/2013 (€ 605,150) - 31/5/2014 (€ 297,425) - 30/11/2014 (€ 297,425);

(D) *Includes the position-related indemnity for "Control Functions"*

(E) *Total amount related to the termination of the contract of employment of 2 executives, of which € 461,538 in favour of the first and € 677,966 in favour of the second.*

(F) *Total amount related to the termination of the contract of employment of 2 executives, of which € 316,495 in favour of the first and € 568,966 in favour of the second.*

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 2013 pursuant to Art. 123-*ter* of the Consolidated Law on Finance",

RESOLVES

- to approve the contents of the abovementioned Report,
- to authorise the Board of Directors to implement the principles contained in the Report, informing the Shareholders' Meeting periodically regarding the implementation of the policies adopted.