English translation for courtesy purposes only. In case of discrepancies between the Italian version and the English version, the Italian version shall prevail

BANCA MONTE DEI PASCHI DI SIENA S.P.A.

SHAREHOLDERS' MEETING

6 April 2021 (single call)

EXPLANATORY REPORT BY THE BOARD OF DIRECTORS

CONCERNING ITEM 3) ON THE ORDINARY SESSION OF THE AGENDA

REPORT ON THE REMUNERATION POLICY AND ON COMPENSATION PAID PURSANT TO ARTICLE 123-TER, PARAGRAPH 6, OF THE LEGISLATIVE DECREE N. 58 OF 24 FEBRUARY 1998 ("CONSOLIDATED FINANCIAL ACT" OR THE "TUF"); INHERENT AND CONSEQUENT DELIBERATIONS: A) BINDING VOTE ON THE FIRST SECTION RELATED TO THE REMUNERATION AND INCENTIVE POLICY E B) NON-BINDING VOTE ON THE SECOND SECTION RELATED TO COMPENSATION PAID.

Dear Shareholders,

You have been summoned to the ordinary Shareholders' meeting to resolve the following argument, **item 3)** in the agenda of the Ordinary Session:

"Report on the remuneration policy and on compensation paid: pursuant to Article 123-ter, paragraph 6, of the Legislative Decree n. 58 of 24 February 1998 ("Consolidated Financial Act" or the "TUF"); inherent and consequent deliberations: a) binding vote on the first section related to the remuneration and incentive policy e b) non-binding vote on the second section related to compensation paid."

Letter from the Chairperson of the Remuneration Committee

Raffaele Di Raimo

Dear Shareholders,

As Chairman of the Remuneration Committee, established following the re-election of the company bodies during the Shareholders' Meeting on 18 May 2020, I am pleased to present to you the Annual Remuneration Report of Banca Monte dei Paschi di Siena for the year 2021.

Remuneration policies, functional for a sound and safe management, are strategically important for the pursuit of multiple objectives, a crucial one of which is to safeguard the Group's capacity to create value and strengthen its economic/financial profile, taking into due consideration internal and external restrictions impacting its operations, such as those posed by the 2017-2021 restructuring plan: the application of the "salary cap" on individual remuneration, as well as the definition of particularly challenging target operating expense levels, which leave less room for the use of remuneration levers, particularly those relating to variable remuneration incentives.

The year that has just ended was also unique due to the explosion of the health and economic crises generated by COVID-19. These crises struck the general public and the global economy and, inevitably, had extremely significant repercussions on the activities and results of credit institutions.

But that's not all. Within the context of widespread suffering of economic operators triggered by policies enacted to combat the pandemic, banks were given a leading role of great responsibility in the implementation of the support programmes launched by governments.

The decisions made by this bank in 2020, including on remuneration, were therefore first and foremost guided by general requirements, moreover expressly highlighted and punctually conveyed by the European regulator. The same requirements assume priority significance for the preparation of the 2021 Remuneration Policy as well.

Notably, the exceptional nature of this historical moment requires us to seek out an adequate balance between the need to limit costs and risks on one hand, and on the other hand the opportunity to implement useful remuneration instruments to motivate, attract and retain the best resources and strengthen the relationship between the company and its employees.

For this last purpose, it is fundamental to prepare and implement a fair and transparent pay policy which, as such, is suitable to involve and support the management and employees in the achievement of business objectives, to maintain appreciable competitiveness in relation to the external market and develop an increasing capacity to be open and adapt to change, which is moreover essential considering the number and complexity, likewise growing, of interests ascribable to stakeholders, which the bank is called upon to address in keeping with the instructions received from Italian and European regulators.

In this regard, it is important to note the update of the CONSOB Issuers' Regulation, in implementation of EU Directive 2017/828("Shareholder Rights Directive 2"), the dictates of which have impacted both the structure and the content of this document.

The remuneration model developed for 2021 aims, within the external constraints mentioned above, in the first place to consolidate four main features:

- the meritocracy of the remuneration and incentive systems;
- the link between the remuneration, risk and sustainability of performance;
- consistency with reference market practices and compliance with the regulatory framework in force;
- transparency with respect to shareholders and investors.

The intent is to design a policy that is not focused exclusively on economic, financial and capital results, but which, upstream, expresses a foundational sensitivity to values and principles such as sustainability, gender neutrality, inclusivity, incentivisation of equal opportunities and, in addition, listening to, engaging and ensuring the participation of employees.

Furthernore, this is also coherent with the Montepaschi Group's Strategic Identity based on the 4 paradigms of Simplicity, Innovation, Well-being and Listening, underpinned by Beauty, Places and Sustainability, which is reflected in initiatives that catalyse the widespread requirements of our stakeholders, developing a business model based on sustainable growth, transparency, the enhancement of talent and local regional development, listening and constant dialogue with local communities.

In building this model, we also aim to prevent conflicts of interest and strengthen the culture of regulatory compliance and responsible risk management, as well as the focus on achieving increasing pay consistency between comparable roles and responsibilities, also based on their complexity and strategic nature within the Group, offering everyone the same development and career opportunities.

Lastly, I take advantage of this occasion to thank the other members of the Committee, Luca Bader, Alessandra Barzaghi, Marco Bassilichi and Paola De Martini, for all of their contributions.

With confidence in the trust that you will place in us, I lastly thank all of you shareholders for your contributions and the attention you will devote to the Report, with the hope that you will approve of it in full at the shareholders' meeting.

Kindest regards,

Raffaele Di Raimo

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REGULATORY DEVELOPMENTS

The legislative and regulatory framework on remuneration experienced a significant evolution in the course of 2020 with the adoption of a series of measures by the domestic and European authorities, some of which have not yet completed the approval and publication process. For example, EU Directive 2019/878 of 20 May 2019 ("CRD V"), which still needs to be transposed into our legal system by a European delegation law in the parliamentary approval phase.

As regards the **European regulatory framework,** the *European Banking Authority* (EBA) published the following documents in 2020:

- 18 June 2020: new regulatory technical standards **(RTS) on Identified Staff** (previously subject to consultation, completed on 19 February 2020), which confirm the combination of qualitative and quantitative criteria underlying the identification of Identified Staff, supplementing provisions on the matter set forth in the CRD V. The regulation will enter into force on the twentieth day subsequent to publication in the Official Journal of the European Union (which has not yet taken place), all of its elements will be compulsory and directly applicable in each Member State and it will replace EU Regulation 604/2014, which will be repealed. As things currently stand, the RTSs are still in the European Commission approval phase.
- 24 June 2020: *Final Draft* of Implementing Technical Standards **(ITS) for public disclosures,** falling within the scope of the Regulation relating to prudential requirements for entities (**CRR II),** containing, inter alia, amendments of the disclosure on remuneration. It is established that the first date for making the market disclosure as well as reporting to the competent authorities according to the new regulations will be 30 June 2021. As things currently stand, the ITSs are still in the European Commission approval phase.
- 29 October 2020: consultation for the **new EBA Guidelines on sound remuneration policies**, intended to adopt the new provisions of the CRD V, particularly with reference to the gender neutrality of remuneration policies and the application of exemptions on the variable remuneration of Identified Staff. The consultation concluded on 29 January 2021, the guidelines will be finalised in the first half of 2021 and they will apply - according to what is set forth in the consultation paper - as of 26 June 2021.
- 30 October 2020: **consultation on the methods for inclusion and consideration of ESG (***environmental, social & governance***) factors and risks in governance mechanisms, risk management and the supervision of credit institutions and investment firms.** With respect to remuneration policies, it is appropriate for ESG risks to be adequately and proportionately contemplated within the remuneration of Identified Staff. The consultation concluded on 3 February 2021.

Also with reference to ESG matters, please also note that on 27 November 2020, the **ECB guide on climate-related and environmental risks** issued by the European Central Bank ("ECB") (subject to a previous consultation) was published. In relation to remuneration, the document establishes that remuneration policies and practices, including recourse to deferment and the definition of performance criteria, should stimulate conduct consistent with the risk appetite and long-term business objectives and discourage the excessive assumption of risk. To this end, the entities that have defined objectives in this area should consider the adoption of a variable remuneration component linked to the achievement of such objectives. When the financial effects of climate and environmental risks are difficult to quantify, the management body may evaluate whether to integrate adequate qualitative criteria within the remuneration policy.

Lastly, in the course of 2020 **recommendations were received from Regulators during the health emergency,** particularly from the Bank of Italy as regards the distribution of dividends during the pandemic as well as the ECB recommendation on the adoption, until September 2021, of very limited policies on variable remuneration.

As concerns the **domestic regulatory scenario,** on 18 November 2020 the Bank of Italy put up for consultation the proposed **revision of Provisions on remuneration policies and practices in banks and banking groups** (Bank of Italy Circular 285/2013, Part I, Title IV, Chapter 2). The consultation was intended to gather comments and observations on the proposed amendments to the Provisions in order to incorporate the new elements introduced by the CRD V on rules concerning remuneration, taking into account, inter alia, the work ongoing in the European realm on the same matter (review of the EBA guidelines cited above). The consultation concluded on 18 January 2021.

In order to complete the process for regulatory adaptation to the provisions laid out in **Directive (EU) 2017/828** (***Shareholder Rights Directive II***, hereinafter, " ", adopted within our legal system with Italian Legislative Decree no. 49 of 10 May 2019) and as set forth in Italian Legislative Decree no. 58/1998 - Consolidated Financial Act or TUF (art. 123-ter paragraphs 7 and 8), after a public consultation Consob adopted **resolution no. 21623 of 10 December 2020 containing amendments to its regulations to adopt the content of the SHRD II at secondary legislation level as well, by amending Consob Regulation no. 11971 of 14 May 1999, on the issuers' regulation** (the "**Issuers' Regulation**"), with regard to the rules on remuneration transparency. The amendments, extremely briefly, regarded:

a) rules of transparency in terms of remuneration with reference to the disclosure and content of the relative report on the remuneration policy and on compensation paid;
b) the disclosure layouts, which were refined in light of the evolution of market practice.

Lastly, please note that on 22 December 2020, in the eighth annual report on the application of the Corporate Governance Code, the Chairman of the Corporate Governance Committee sent a **letter to listed companies** formulating specific recommendations for 2021 in order to strengthen practices and favour a gradual transition to the new **Corporate Governance Code** (approved in January 2020 and applicable starting from the first year beginning after 31 December 2020). As regards remuneration policies, please note in particular the recommendations to: (i) integrate the sustainability of business activities within the definition of strategies, the internal control and risk management system and the remuneration policy, also on the basis of an analysis of the materiality of factors which could impact the generation of long-term value; (ii) strengthen the link between variable remuneration and long-term performance objectives, also including non-financial parameters when relevant; (iii) define criteria and procedures for the assignment of severance pay.

Section I – 2021 Group remuneration and incentive policy

1. MAIN UPDATES IN THE 2021 REMUNERATION POLICIES

The Report on the remuneration policy and compensation paid has been reorganised into two distinct sections: the first regards the Remuneration and incentive policies adopted by the Bank for the year 2021 with reference to the company bodies of the Bank and the subsidiaries and the Group's employees and associates, as well as the processes for implementing such policies, illustrating how the remuneration policy contributes to the business strategy, the pursuit of long-term interests and the company's sustainability. The Shareholders' Meeting resolution on the first section is binding.

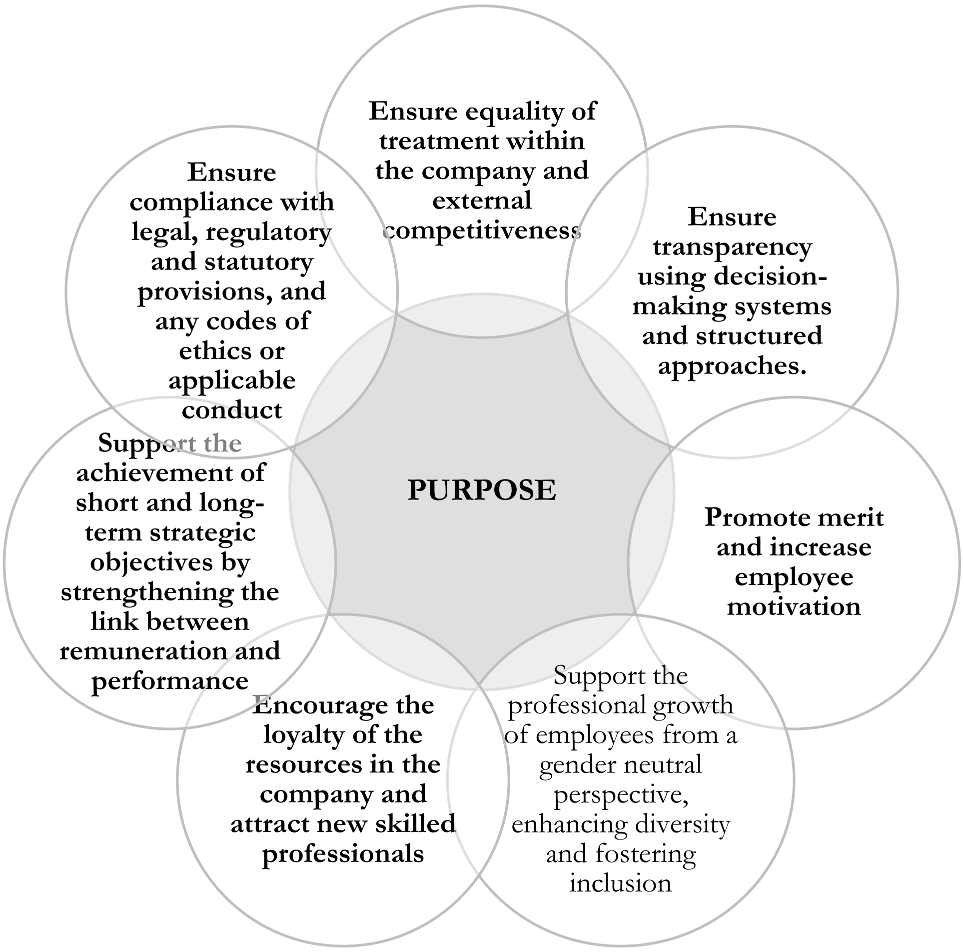
The second section, broken down in turn into two parts with a first part that provides a qualitative presentation of the items of remuneration, while the second part includes the compensation paid in the form of a table, in accordance with the provisions laid out in Scheme *7 bis* of Annex 3 of the Issuers' Regulation. The Shareholders' Meeting resolution on the second section is non-binding.

With the exception of the modification of the document structure described above, the 2021 remuneration policy is basically aligned with that of 2020, also in consideration of the broadly favourable vote expressed by the shareholders' meeting during the approval of the 2020 report and the approval expressed by institutional investors[1].

2. PURPOSE

The Group's remuneration policies, geared towards improving company performance and the creation of value over time, fully compliant with the risk-governance policies, are designed to:

[1] Indication also provided pursuant to Directive 2017/828/EU ("*Shareholder Rights Directive 2*").



In its capacity as parent company, the Monte Paschi di Siena Bank (the "**Bank**") ensures that the remuneration paid within the various **Group companies** is in line with the applicable regulatory framework and the principles set forth in these remuneration policies, while taking due account of the 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.

Among the above principles, attention should be drawn to those characterising the Group's Strategic Identity: Simplicity, Innovation, Well-being and Listening, through which, aware of its role in society and sustained by its wealth of tradition and history, the Bank is opening itself up to a change in perspective by adopting the approach whereby an enterprise in today's market is no longer only expected to make profits, but also to do so through virtuous behaviour and projects; to pay increasing attention to the needs of people, the communities and the environment in which it operates, undertaking to act more effectively to achieve the values underpinning the concept of Sustainability for its customers, employees and the territories it operates in.

The Bank is constantly committed to guaranteeing adequate working conditions and environments for its personnel, in line with occupational health and safety regulations, with a specific focus on reconciling the objectives and needs of the company with the personal and family requirements of its employees, also through ongoing occasions for listening that solicit ideas and involvement in the creation of new paths.

In defining the remuneration policies for 2021, it was necessary to take into account the situation arising with the COVID-19 epidemiological emergency, establishing inter alia the possibility to take advantage of smart working for a much higher number of employees than had applied this arrangement to date, while also reinforcing digitalisation, process reviews and the organisation of work.

In the year that just concluded, it became clear that the adoption of "smart working" generally allows for a better work-life balance while also guaranteeing planned productivity, and that the more widespread use of this arrangement has launched a process of cultural evolution resulting in a transition towards a concept of work based not only on intensity and duration, but also on each person's contribution in terms of actual output and results.

From this change perspective, increasing attention is being paid to Diversity & Inclusion (D&I), with a particular focus on the topics of gender and disability, with respect to which the Bank undertakes to foster a climate which allows for the expression of differences, with actions to support and recognise people's value and their abilities. Diversity is a strategic priority which also makes it possible to attract talent, while favouring organisational well-being and productivity; it is therefore necessary to set up policies which guarantee equal access, career paths and remuneration, so as to leverage the skills of every individual with respect for diversity.

To this end, the Group implements appropriate initiatives to make its business policies, for example on gender equality, more effective, by enacting constant monitoring of existing KPIs, checking indexes of female employment in the company, and developing initiatives like those aimed at supporting the managerial development of women in roles of responsibility.

Particular attention is also dedicated to the topic of disability, with respect to which the Bank participates in specific projects, with a view to analysing the various phases of entry into the world of work of individuals with disabilities, concentrating on the lived experience of the protagonists, leveraging best practices and identifying concrete areas for improvement.

The year 2021 will also be devoted to the topic of "generations", as the need has been identified to focus on the over 50 population to put into place enhancement, motivation and reconversion initiatives in synergy with appropriate welfare policies.

The Group's remuneration policies represent important operational leverage for the proper orientation of the management and personnel towards a logic of limitation and prudent management of the risks assumed (including legal and reputational risks); to induce motivation and conduct inspired by moderation and ethics in business dealings, as well as transparency and fairness in customer relations, in order to avoid possible conflicts of interest; for the construction of dialogue and the pursuit of a relationship of trust with all stakeholders, thus strengthening corporate governance.

The purpose is to design a business strategy that best values human, social, relational and environmental capital, inspired by sustainability, gender neutrality not only in remuneration policies but also in hiring and career development policies, succession planning, access to training, inclusivity and incentivisation of equal opportunities, and which at the same time achieves increasing consistency of remuneration between comparable roles and responsibilities, also with a view to the attraction and retention of key resources, a crucial factor to guarantee the Group's success.

Policies will therefore be focused on the principles of efficiency, equity, transparency and sustainability; on the desire to value merit and correspondence between performance and personal recognitions, while also paying the utmost attention to avoiding conflicts of interest and strengthening the culture of regulatory compliance.

The intent is to increasingly effectively contribute to the pursuit of the Group's long-term economic/financial interests, but also to the company's "*sustainable success*". The priority objective of creating value for shareholders over a medium/long-term time horizon cannot disregard the pursuit of objectives linked to corporate social responsibility. In this scenario, remuneration policies can play a strategic role in pursuing these objectives, through adequate balancing and sizing of the variable remuneration component with respect to the fixed component, and ensuring that the variable part of remuneration is connected to both financial and non-financial performance parameters, the latter linked to environmental, social and governance (ESG) targets. In this scenario, particular attention is paid not only to the results achieved, through a direct link between performance and remuneration, but also an evaluation of the objectivity and measurability of the conditions to which remuneration is subject and the indicators used to measure it. To this end, over the annual horizon of the report, a detailed and balanced framework of objectives is expected to be maintained to guarantee the profitability of the company as a whole and reinforce operational efficiency in traditional business sectors.

The remuneration policy therefore supports the Group's commitment to integrating the requirements of the Restructuring Plan, which imposes rigorous financial discipline, while ensuring the sustainability of future actions and projects.

Policies for 2021 have also been defined considering the orientations expressed by shareholders during the shareholders' meeting vote of 18 May 2020 on the 2020 Policy, which received 99.90% of votes in favour for the resolution on the first section of the Report pursuant to art. 123-ter, paragraph 3 bis of the Consolidated Financial Act (binding vote) and 99.92% for the resolution on the second section of the Report pursuant to art. 123-ter, paragraph 6 of the Consolidated Financial Act (non-binding vote), while the performance shares plan for the payment of severance in favour of personnel was approved with 99.92% voting in favour.

The results of the vote confirmed significant approval of the breakdown, general criteria and levels of remuneration set forth in the report, which were taken into account in the consideration and evaluation of updates and improvements made to this document.

The 2021 report, which has an annual duration, until the next Shareholders' Meeting that will be called upon to decide on the approval of the 2021 financial statements, has been appropriately updated considering the changed legislative and regulatory framework, and now also has an updated structure with a view to coming into line with the provisions of the updated Issuers' Regulation, in implementation of the Shareholders Rights Directive II, approved and published by Consob last December, by inserting a clear division between the two sections set forth by the above-mentioned regulation:

- section I: **Remuneration policy**, which (i) indicates how the policies contribute to the business strategy, the pursuit of long-term interests and the company's sustainability and is determined by taking into account the compensation and working conditions of company employees; (ii) defines the various components of remuneration which may be recognised; (iii) specifies the elements of the policy which, in the presence of the exceptional circumstances specified in article *123-ter*, paragraph *3-bis* of the Consolidated Financial Act, it is possible to derogate;
- section II: **Compensation paid**, broken down into two parts with a first part that provides a qualitative presentation of the items of remuneration, while the second part includes the compensation paid in the form of a table, in accordance with the provisions laid out in Scheme *7 bis* of Annex 3 of the Issuers' Regulation.

3. GOVERNANCE RULES

The rules of governance and decision-making autonomy 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 them, 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 framework finds its primary source in some provisions of the Articles of Association of Banca Monte dei Paschi di Siena S.p.A. (hereinafter the "**Articles of Association**"), which are linked to a specific Group policy, approved by the Bank's Board of Directors (hereinafter the "**Board of Directors**"). This policy ensures alignment between regulatory provisions and the internal delegated authority 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 (the "**Shareholders' Meeting**"), which approves the section set forth in article 123 *ter*, paragraph 3 of the Consolidated Financial Act (TUF) with a binding vote and the section set forth in article 123 *ter*, paragraph 4 of the Consolidated Financial Act (TUF) with an advisory vote - and to the Board of Directors.

Article 13 of the Articles of Association[2] assigns the following power to the ordinary Shareholders' Meeting:

- determine the fees for directors and statutory auditors;
- approve the remuneration policies and the plans based on financial instruments in favour of the board directors, employees, and other business partners who are not bound by employment relationships with the Bank.
- approve the criteria to calculate the remuneration to be agreed in the event of early termination of employment, or early termination of office (including the limits set for said remuneration in terms of annuality of the fixed remuneration and the maximum amount resulting from application of the criteria).

The Supervisory Provisions also attribute to the Shareholders' Meeting, if provided by the Articles of Association, the responsibility for authorising, within the perimeter of approving the Group remuneration policies, the decision to make any changes to the 1:1 limit (and maximum 2:1) between variable remuneration and fixed remuneration for the Group companies where the staff to whom said decision refers operate, subject to amendment of the Articles of Association.

On the other hand, the **Board of Directors** (Articles 17 and 26 of the Articles of Association and its detailed provisions set forth in the Bank's policy) is responsible for implementing the remuneration policies approved by the Shareholders' Meeting, firstly, as regards:

a) the remuneration of directors who hold special positions (including the Chief Executive Officer and the directors who are members of board committees provided by the Articles of Association), and the General Manager;
b) the provisions on the legal and economic status of the Deputy General Managers, the Managers of the units reporting directly to the Board of Directors or the Chief Executive Officer/General Manager (in accordance with article 17, paragraph 2, letter n) of the Bank's Articles of Association), the Division Managers, the Manager responsible for preparing the Company's financial reports and the higher level staff of the Company Control Functions[3];
c) 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.

The **Remuneration Committee**, established within the Bank's Board of Directors and currently composed of five non-executive directors, the majority of whom are independent (including the Chairperson of the Committee), is responsible - also with the support of the Risk Management function, which sees the Chief Risk Manager appropriately involved in the Remuneration Committee meetings - for expressing an independent opinion on remuneration policies and practices and for submitting proposals to the Board of Directors regarding the remuneration and financial treatment of the figures listed above under a) and b), whose remuneration structure falls within the exclusive responsibility of the Board of Directors, as per the Articles of Association and internal policy. The remuneration of the Remuneration Committee, as non-executive directors, is not linked to the Group's economic results and incentive plans of any nature whatsoever are not envisaged for the same (see par. 5). The operating rules of the Committee also envisage that, if a member has a personal interest or represents that of others with regard to a matter to be resolved upon, the same should inform the Committee of such and abstain

[2] Available on the website of the Bank at the address www.gruppomps.it section CORPORATE GOVERNANCE - Governance Model.
[3] The aforementioned internal policy (not the Articles of Association) establishes the Board of Directors' independence in defining the legal and economic status of the II level managers of the Company Control Functions units, here intended as the "higher level" staff referred to in the Supervisory Provisions Section II, paragraph 2.

from the same, it being understood that no Director should attend Committee meetings in which proposals are to be made to the Board of Directors regarding the remuneration of said Director[4].

The Bank's **Risk and Sustainability Committee**, which is composed of five non-executive directors, the majority of whom are independent (including the Chairperson of the Committee):

- 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;
- ensures that the incentives underlying the Group's remuneration and incentive system are consistent with the Risk Appetite Framework ("RAF").

The **Chief Executive Officer**, delegated by the Board of Directors, has decision-making autonomy on the legal and economic status of staff of all levels and status, except for the figures mentioned above under a) and b) above, whose remuneration structure, as noted above, falls under the exclusive responsibility of the Board of Directors.

The **Human Resources, Compliance, Risk Management, Planning, Internal Audit and Legal** functions of the Bank, according to their respective responsibilities and in such a manner to ensure their independence, participate in the definition, planning and any revision of the policies and provide the necessary support to ensure they are in line with the regulatory framework and that they work properly.

Lastly, the Bank's **Human Resources**[5] function implements the policies from a technical and operational view, overseeing their coordination at Group level (individual companies), regarding both the fixed remuneration component and the variable remuneration component, and ensuring - inter alia - consistency between the policies, the human resource management procedures and the remuneration and incentive systems of the Bank.

4. COMPLIANCE

Compliance of the Group's remuneration policies with the applicable regulatory requirements and at the same time compliance with the commitments undertaken towards stakeholders, with particular emphasis on presiding over the qualitative level of the relationship with customers and implementing effective behaviour for the correct management of this relationship, are ensured by the contributions provided by the Bank's Company Control Functions (Compliance, Risk Management and Internal Audit), which, supporting the Human Resources function, support the company bodies when planning the remuneration policies also in order to ensure they are in line with the Bank's risk appetite and participate in the corresponding implementation processes.

The Bank's **Compliance** function:

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

[4] Indication also provided pursuant to Directive 2017/828/EU ("Shareholder Rights Directive 2").
[5] On the basis of the update of the Supervisory Provisions of 23/10/2018, the Human Resources function is no longer considered to be the Company Control Function for remuneration purposes (however, subject to the principles underlying the payment of variable remuneration in the Company Control Functions, and especially the rule whereby variable remuneration should be reduced, also applying to that function). That function "gives support to the compliance function".

The Bank's **Risk Management** function safeguards the sustainability of remuneration policies by monitoring their consistency and the ensuing incentive systems with the Group's RAF, also producing a report to support the Risk and Sustainability Committee and providing adequate support to the Remuneration 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 applicable legislation, making the Board of Directors and the Shareholders’ Meeting aware of the results.

For the verification of some technical-legal aspects of the remuneration policy the Bank was supported by the legal firm BonelliErede[6].

To define its remuneration policies, the Bank analysed the practices of the major banking groups and continuously uses the services of the consulting company Willis Towers Watson for benchmarking exercises (see par. 6.1)[7].

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

[7] Indication also provided pursuant to Directive 2017/828/EU (“Shareholder Rights Directive 2”).

5. REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

At its meeting held on 18 May 2020, the Ordinary Shareholders' Meeting elected the Board of Directors and the Board of Statutory Auditors and approved their gross annual compensation, to the extent due *pro tempore*, for the 2020-2022 three-year period for the position of Director without delegation powers, Chairman of the Board of Directors, Standing Auditor and Chairman of the Board of Statutory Auditors of the Bank.

For the 2020-2022 three-year period, the remuneration of Directors who have not been delegated with any powers, will envisage a gross fixed annual component, with the option, for the Board of Directors, to approve further gross fixed annual remuneration for the members of the committees within the Board of Directors and/or remuneration for specific positions (pursuant to article 2389, paragraph 3 of the Italian Civil Code).

The table below summarises the amounts approved for the 2020-2022 three-year period:

Role	Gross annual remuneration	Daily allowance (**)
Board of Directors:		
Chairman	110,000	-
Chief Executive Officer	- (*)	-
Other Directors (***)	65,000	-
Board of Statutory Auditors:		
Chairman	80,000	-
Statutory Auditors	65,000	-

(*) At its meeting on 22/5/2020, the Board of Directors approved a single, comprehensive remuneration for Mr Bastianini for the roles of General Manager and Chief Executive Officer, inclusive of annual compensation as well as any attendance fees due for exercising the powers of Chief Executive Officer. For the entire duration of the Bank's restructuring period (unless specified otherwise by the competent authorities), the overall package of the manager, including benefit components, will be disbursed in compliance with the application of the salary cap based on the commitments assigned by the European Commission (see par. 6.1 for more detailed information on the salary cap).
(**) As can be seen from the above table, 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.
(***) Including the Deputy Chairperson.

In its meeting of 12/6/2020, the Board of Directors approved the annual gross remuneration of the directors for their participation in internal committees of the Board of Directors (Risk and Sustainability Committee, Related Party Transactions Committee, Nomination Committee and Remuneration Committee). These payments, which are lower if compared to the main competitors, were defined in line with the strict remuneration policies imposed by the commitments and with the financial constraints of the 2017-2021 restructuring plan.

Role	Gross annual remuneration	Daily allowance
Risk and Sustainability Committee:		
Chairman	25,000	-
Other Members	15,000	-
Related Party Transactions Committee:		
Chairman	15,000	-
Other Members	10,000	-
Nomination Committee:		

Chairman	15,000	-
Other Members	10,000	-
Remuneration Committee:		
Chairman	15,000	-
Other Members	10,000	-

Finally, the following compensation has been decided for the sole Director of the Bank, member of the Supervisory Board pursuant to Law 231/2001:

Role	Gross annual remuneration	Daily allowance
Supervisory Board 231/2001:		
Independent director	10,000	-

With reference to the non-executive directors and the members of the Board of Statutory Auditors, the principle 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, as had previously been approved by the Shareholders' Meeting, is confirmed.

There is no predetermined severance pay for the directors in the event that they leave office.

For members of the Bank's Board of Directors and Board of Statutory Auditors, like the provisions in force for employees, an insurance policy has been taken out to cover professional accidents and healthcare and provide specific coverage for Covid-19.

For the sake of completeness, note that the members of the Board of Directors and the Board of Statutory Auditors of the Bank and the subsidiaries are also beneficiaries of a "Directors & Officers Liability" (D&O) insurance policy, which covers the third-party liability[8] of directors, statutory auditors and managers resulting from illegal acts performed by the same while performing their duties. The D&O policy was taken out at Group level in implementation of Shareholders' Meeting Resolution of 11 April 2019 and subsequently renewed within the limits set forth by the above-mentioned resolution.

Also for the members of the company bodies of the subsidiaries, the principle has been confirmed that there will be no link established with the economic results achieved by the Group and/or participation in incentive schemes of any nature whatsoever, without prejudice to any non-executive directors of those companies who are also employees of another Group company and who, as such, may be beneficiaries of incentive schemes in compliance with what is set forth in par. 6.3.

For the Group's employees who cover non-executive corporate roles on designation of the Parent Company and/or a subsidiary, there is also a waiver to the remuneration established for the role of director or member of the board of statutory auditors (the latter only with reference to the subsidiaries), based on the prior written consent of the employee concerned.

[8] Excluding wilful misconduct.

6. PERSONNEL REMUNERATION AND INCENTIVE POLICY

6.1 General Principles

> ***BENCHMARKING***
>
> In order to compare the remuneration of the Bank and Group's resources assigned to the various roles with respect to the external market, specific peer groups have been identified:
>
> - for the top management positions of the Board of Directors, a selection of Italian companies drawn from the 2020 ***Executive Remuneration Survey - Italy*** by Willis Towers Watson, similar to the Montepaschi Group in terms of business model and organisational complexity (13 companies in the banking and insurance segments: Banco BPM, BPER, UBI, Carige, Bancoposta, Cariparma, Illimity, ING Bank, Mediobanca, Banca IFIS, Unicredit, Generali Italia, Aviva Italia);
> - for other positions of r**esponsibility in General Management and Territorial Area**, the 2020 **Financial Services Survey - Banking Report Italy** by Willis Towers Watson, which includes 45 companies;
> - **for the Network and operational positions**, the **Retributiva Credito e Finanza survey** by ABI in association with Deloitte Consulting S.r.l. which included 28 of the primary companies/groups in the Italian banking sector in 2020.

The implementation of staff remuneration policies, approved by the Shareholders' Meeting, is the responsibility of the 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), which will make its choices in pursuit of the objectives described in the second chapter of this section.

Remuneration, pursuant to Circular no. 285/2013 of the Bank of Italy, refers to "all forms of payment or benefit, including any allowances paid, directly or indirectly, in cash, financial instruments or services or fringe benefits in exchange for work or professional services by staff to the Bank or other companies in the Banking Group.[9]"

The Bank's remuneration policy is influenced by its commitments and therefore also by a restrictive policy in terms of variable remuneration.[10] In particular, on 4 July 2017 the European Commission approved the Bank's precautionary recapitalisation plan which, inter alia, required the Group to make a series of commitments as of 4 July 2017 and until the end of the restructuring period (31/12/2021). Among these is the Group commitments to apply severe executive remuneration policies and, specifically, to ensure that total individual remuneration does not exceed the average employee salary at the beginning of the plan in 2016, multiplied by ten (salary cap). The Bank ensures the application of this commitment with respect to the Chief Executive Officer / General Manager and other top management figures.

Given the above, the remuneration structures are defined in accordance with applicable market practices (see box on 'benchmarking') and comprise a fixed component and a variable component, a detailed description of which can be found in paragraphs 6.2 and 6.3 below.

The combination of the fixed and variable components (the "**pay mix**") is established *ex ante* for each staff sub-category, in compliance with the relevant provisions, in order to discourage behaviour oriented towards an excessive undertaking of risks (see paragraph 7.1 and 7.2).

The basic elements that characterise the salary structure are outlined in the paragraphs below.

[9] In accordance with applicable law "marginal payments or benefits given to staff on a non-discretionary basis may not be included, and which form part of a general policy of the bank, and which do not have effects on the bonus plan when taking on or controlling risks".

[10] Indication also provided pursuant to Directive 2017/828/EU ("Shareholder Rights Directive 2").

6.2 Fixed remuneration

6.2.1 Remuneration definition and policy

Fixed remuneration is stable and irrevocable (i.e. it cannot be unilaterally reduced by the Bank, outside the cases set forth by law), and is determined and paid within predefined ranges on the basis of pre-established and verifiable criteria such as levels of professional experience and responsibility, which do not create incentives to assume risks and do not depend on the Bank's performance. Possible modifications are made over time as those criteria change, or in order to achieve a realignment with respect to market salary parameters.

The table levels, provided by applicable laws, in some cases may be integrated with interventions aimed at **enhancing the value of managerial and specialist** contribution expressed, seeking **a better correlation** between the grade of the **position in the organisation** (see box on "Job levelling"), the **associated remuneration levels** expressed by the market, those within the bank reported for comparable roles and the **fixed remuneration** of the resource.

In general, salary ranges are defined for each grade and updated over time, with midpoint values, percentage breadth, progression (i.e. distance between the grade midpoints) and percentage overlaps between the categories, to guarantee a structured approach to remuneration reviews and to minimise the amount of discretion involved. The position in the applicable category is determined by a series of pre-established factors, including continuous performance, risk culture and the transparency expressed, the strategic nature of the activity overseen, the riskiness of the role covered and lastly the difficulty of finding analogous figures. This approach makes it possible to guarantee salary equity in terms of gender neutrality as well.

JOB LEVELLING

In order to analyse the positions, the Group engaged the international advisory firm Willis Towers Watson, which uses its proprietary method (the *Global Grading System)* to create a job levelling system for the main company jobs, which creates a decreasing order of the company jobs.

Each of these **positions** is evaluated based on the **nature and level of complexity of the contribution provided to the business**, through quantitative and qualitative factors, including organisational assessment and risk governance-related factors, which make it possible to identify the relative **grade**.

Once the grade has been assigned, internal and external equity can be evaluated over time, checking the consistency of the remuneration packages of the resources with the same classification levels, and the external balance can be evaluated by comparing market values. For top positions within the Board of Directors, the analysis is further sophisticated and considers not only the grade but also the role covered through a comparison with the same or the closest roles present in the market and belonging to the same grade or nearby grades, allowing for a more precise assessment of remuneration compared to the applicable market.

Furthermore, indemnities may also be attributed to parties in specific positions or roles, characterised by amounts:

- determined *ex ante* on the basis of specific measurement criteria in accordance with the complexity of the job covered;
- paid to all resources in effectively comparable situations;
- not related to performance, and in any case, not providing an incentive to risk taking;

- not subject to reduction or suspension until the objective condition (position, job, location of office) that determined the attribution of the amount no longer applies or changes considerably;
- in any case, revoked when the person leaves the specific position and/or office that determined the attribution of the amount[11].

Inconvenience allowance may also be recognised if the attribution of a specific job or the assignment of a workplace imply a significant change of the resource's personal situation. Specifically, reference is made to cases in which the resource must incur higher expenses, including unforeseen, for commuting and cost of living (such as services, utilities, lodging, etc.).

In continuity with last year, company actions on the fixed remuneration component will continue to be characterised, also in view of the cost restrictions set by the restructuring plan and the above-mentioned commitments, by strong selectivity and high "prioritisation" requirements. In this scenario, the above-mentioned systems of benchmarking, job leveling and use of the salary ranges defined for each grade, will be increasingly functional to find the best distribution of available resources.

For financial advisors, the recurring component, which represents the most stable and ordinary element of their remuneration, is deemed equivalent to fixed remuneration; it is represented by commission remuneration recognised, based on the individual contracts of each Financial Advisor, in relation to the products and services placed and managed (see paragraph 6.4.2).

6.2.2 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, enhancing motivation and reinforcing Group identity. The "Welfare MPS" model is consolidated, including through **II level agreements** and the work of **joint committees**, with a view towards economic compatibility and overall sustainability, with the introduction of projects such as "MP Solidale"[12] and "Lavoro Agile", a system of leave and time off, particularly to support parents.

The institutions that support people include the following:

- **the company's contribution to the Supplementary Pension Fund**, set forth to the fixed extent of 2.5% of the tax base used for the purposes of employee severance pay in favour of all employees and access to the company's supplementary pension scheme provided to all employees of the Group companies and their dependants;
- the **Accident Policy and Health Coverage**, the latter not only for employees in service, but also for former employees in the Solidarity Fund and retired, including dependant family members; Due to the health emergency, Covid-19 insurance coverage was taken out for 2021 as well, and the flu vaccine can be reimbursed for colleagues in at-risk categories;
- **luncheon vouchers**, with more favourable treatment than the national collective labour agreement, both in terms of amount (Euro 6.00 compared to Euro 1.81 for the national collective labour agreement) and in terms of the staff members who qualify for the benefit (including middle managers at the III and IV remuneration level);
- **subsidised terms for certain bank transactions (especially loans);**

[11] Following the assignment to a new job and/or position, the fairness of the overall remuneration structure of the owner will be revalued on the basis of the grade of the new position (as identified on the basis of the Global Grading System described under "Job Levelling").
[12] This scheme is implemented through an annual pool of hours of paid leave, to which employees contribute on a voluntarily basis by donating hours of paid leave, one or more days of holidays or portions of salary by the Executives, for the benefit of the staff in the Professional Areas and Middle Manager categories, who need additional leave with respect to the amount they are individually entitled to, in order to deal with serious and justified personal and/or family situations.

and others granted on an individual basis, in accordance with pre-established, structured allocations such as:

- providing **sublet accommodation** at or near the workplace for personal and family use in the event of transfer upon the company's decision, or, alternatively, **a commuting allowance**;
- **company car for private and business use**, with expenses charged to the Bank, for staff members in key roles in the organisation, with high mobility requirements and Managers with "personalised" contracts;
- **insurance coverage, including permanent disability from illness and death from illness**, for Managers.

Benefits such as accommodation and a vehicle for private and business use may be maintained for a period not exceeding 3 months following the termination of employment. Health and insurance coverage continue to be effective, for all subjects, until their natural annual expiry[13].

For the sake of comprehensiveness, in implementation of Shareholders' Meeting Resolution of 11 April 2019, for the Group Managers, similar to what has been provided for directors and statutory auditors, the Bank has confirmed the "Directors & Officers Liability" (D&O) insurance coverage for third-party liability[14] resulting from illegal acts performed by the same while performing their duties.

The above-mentioned resolution authorised the stipulation of the D&O with an annual duration and awarded the most extensive power to the Parent Company's Board of Directors for the annual renewal of this insurance policy, informing the Shareholders' Meeting of the costs actually incurred and the scope of application of the cover.

6.2 3 Company Control Function Allowance

The managers of the Company Control Functions[15], up to the third level in the company hierarchy, and the Financial Reporting Manager are assigned position-related allowance to counterbalance the significant responsibilities of the jobs held, while still maintaining independence.

This allowance is to be assigned, in accordance with the principles and definitions of the Bank of Italy Circular no. 285/2013, to fixed remuneration as:

- it is determined *ex ante* on the basis of objective, pre-established and non-discretionary criteria, such as in particular the level of responsibility;
- it has a permanent and irrevocable nature as long as the condition that determined it remains (the right of assignment is no longer valid if the beneficiary ceases to hold the position);
- it does not depend on and is not in any way (nor its disbursement or its amount) subordinated to the company and/or individual performance and therefore does not create an incentive to take on risks.

6.3 Variable remuneration

6.3.1 Definition

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[13] Indication also provided pursuant to Directive 2017/828/EU ("Shareholder Rights Directive 2").

[14] Excluding wilful misconduct.

[15] As defined by the company policy on the basis of the Supervisory Provisions.

Variable remuneration includes:

- any payment or benefit where assignment or disbursement depends on performance, however it is measured (income targets, volumes, etc.), or other parameters (for example permanence in the company), not including remuneration relating to early retirement, benefits or pay in lieu of notice established by general employment law as described in paragraph 6.3.2;
- discretionary pension benefits and agreements on remuneration relating to early retirement or early termination of office (known as *golden parachutes*) described in paragraph 6.3.4 below;
- the "Non Core" components described in paragraph 6.3.3.

The relation of the variable component with performance (for forms of variable remuneration that are not linked to different parameters) allows implementation of a **differentiation and meritocracy mechanism** and, no less important, makes it possible to **align the interests of management and employees with those of the Shareholders.**

All variable remuneration instruments:

- are subject, when applicable, to the limits on the variable distributions provided by the Supervisory Provisions in application of article 141 of the CRD IV Directive, or if these limits are not complied with, in the presence of a positive Maximum Distributable Amount;
- are activated to the extent to which there is economic capacity in personnel costs, and more specifically the total annual amount allocated to variable remuneration (so-called "bonus pool") determined in accordance with the Supervisory Provisions and specifically with the provisions established for banks that benefit from state aid (see Title IV, Chapter 2, Section V paragraph 1 of Circular no. 285/2013);
- are subject to *malus* clauses (where there are deferral mechanisms in place) and clawbacks upon any occurrence of certain events, as described in paragraph 8.2;
- are designed to incorporate risk-adjusted performance indicators, liquidity and equity, both at Group and individual company entity level, also defined, valued and formalised on the basis of the binding instructions of the Risk Management function, appropriately differentiated in accordance with the type of instrument;
- are subject to the rules set out in paragraphs 7.1 and 7.2 below;
- may not be subject to personal hedging strategies or insurance on remuneration or other aspects that could alter or invalidate the effects of alignment with the risk inherent in the remuneration mechanisms, as set forth in paragraph 8.3 below.

The main instruments used to determine the variable remuneration applied by the Group may be logically broken down into four aggregates:

- "Core" components;
- "Non Core" components;
- remuneration related to early termination of employment or early termination of office;
- remuneration of business partners not bound to the Bank by employment relationships.

The following paragraphs describe the variable instruments usable within the Group for each of these aggregates.

6.3.2 "Core" components

The variable instruments that may be theoretically activated include first of all those that can be classified among the core components since they are considered to be incentive instruments in the strict sense. Their potential activation is decided each year on the basis of various factors (surrounding conditions, regulatory and legal restrictions, available resources, etc.) and motivated to the Board of Directors in charge of authorising them on the basis of proposals by the Remuneration Committee and on the opinion of the Risk and Sustainability Committee regarding the consistency of the entire structure with the Risk Appetite Framework.

RAF and RAS

The Risk Appetite Framework aims to ensure consistency on a continuous basis between the Group's actual risk profile and the risk appetite approved ex ante by the Board of Directors, taking into account any risk tolerance thresholds 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.

Ex-ante target risk appetite thresholds are established for each indicator, which are more conservative than the risk tolerance thresholds, which in turn are more conservative than the risk capacity thresholds.

These instruments closely depend on the performance of the Group and the structure, and provide for:

- **formalized and transparent activation and delivery conditions** established ***ex ante***;
- pre-determined quantitative and qualitative **financial and non-financial targets and related to corporate social responsibility**, able to permit a constant connection between sustainability over time, risk-adjusted performance, compliance and remuneration[16];
- ***ex ante* identification and provision of *ex post* remodulation mechanisms of the "bonus pools" in correlation to the financial and equity situation of the Bank;**
- ***pre-defined individual target bonuses (by role or aggregated role).***

In view of the financial constraints resulting from the Bank's restructuring plan, it is deemed that the conditions for activating the variable incentive systems for Group employees in the current year are not present.

6.3.3 "Non Core" components

Within the scope of "non core" components of variable remuneration, certain instruments are envisaged[17], disbursed continuously to resources in service, and functional, according to the case, to protect the Bank's assets if key resources leave the commercial supply chains or to ensure greater stability, retaining strategic resources with high-level skills. More specifically:

a) **Non-compete covenants.**

[16] Indication also provided pursuant to Directive 2017/828/EU ("Shareholder Rights Directive 2").

[17] These instruments are activated and disbursed in accordance with the legislative and regulatory provisions applicable at the time and in compliance with any indications from the competent national and foreign regulatory bodies.

The non-compete covenant clause is an agreement between the Bank and the employee that limits the right of the employee to carry out professional activities in competition with the Bank following termination of the working relationship, providing, if breached, for payment of a penalty.

A consistent monthly payment, pre-established on a fixed basis, is given to the employee for that commitment (as required under article 2125 of the Italian Civil Code), generally while the employment contract is in place[18].

The instrument is attributed after an initial observation period in favour of key figures in the network: more specially, it is given to all private bankers/family officers meeting specific requirements and their managers, with the amounts assigned in accordance with pre-established basis portfolio levels.

The agreement is maintained for the entire period in which the conditions which determined its attribution are met.

b) Staff retainment.

These are instruments used for staff **retention** purposes (therefore not linked to performance), and in particular in the following forms:

- **agreement to extend notice period**: this is an agreement whereby the employee undertakes to agree, in the event of resignation, a longer notice period than that provided for under the applicable collective contract[19], for a pre-established fixed amount at a certain percentage of the fixed remuneration;
- **stability pact:** this is an agreement whereby the employee undertakes not to leave the job for a pre-established period in exchange for a pre-established fixed amount determined as a certain percentage of the fixed remuneration and with provision for a penalty to be paid by the employee if he/she breaches the commitment**.**

Both instruments are used primarily for resources in positions where there are retention risks and/or for resources with key skills.

The range of variable remuneration instruments also includes training courses, instruments that envisage a reward to employees through the provision of specialist training and **contests**, i.e. campaigns of limited cost, with low individual amounts, that are effective in supporting business activities, also from the point of view of customer acquisition/retention since they incentivise commercial and productivity initiatives in the operating units, in line with customers' financial requirements. With regard to contests, a portion of the amounts may be deferred, also with a view to the retention of key staff, such as for example resources in the Private banking segment. The recognition of the amounts depends on permanence in the company on the disbursement date[20] and is made in compliance with the provisions of paragraph 6.3.1. Each time a training course or contest is organised, it must be carefully analysed and specifically regulated, also to ensure that it does not constitute an incentive to push the sale of specific products or financial instruments, and always takes place in compliance with the rules envisaged for all variable remuneration components (see paragraph 6.3.1.) with specific regard also to the regulatory provisions (e.g. Transparency, MIFID II, IDD) and the rules of conduct with respect to the customers. Each initiative provides for exclusion clauses in the event of inadequate individual behaviour such as the presence of disciplinary proceedings or the failure to complete mandatory training.

In extraordinary cases, the Bank may use the following instruments:

[18] The agreements currently in place with the Bank all provide for the payment while the employment contract is in place. However, the payment can be made after the employment contract has ended (to that end, with reference to the Identified Staff, see what is specified in Section II on severance).

[19] More specifically, 6 / 12 months instead of the period provided under the collective agreement (1 month for the Professional Areas and Middle Managers and 3 months for the Managers).

[20] Indication also provided pursuant to Directive 2017/828/EU ("Shareholder Rights Directive 2").

- **entry bonuses**, granted only for the first year of employment and only if the prudential requirements have been met at the time of hire, also for attraction purposes (not subject to the rules of variable remuneration and not included in the limit to the variable / fixed ratio of the first year's remuneration only where paid in a single solution upon hiring[21]);
- **one-off payments**, i.e. monetary recognition of a small amount to reinforce the engagement of the individual resources who have been particularly distinguished on an individual level;
- ***retention bonuses,*** or individual disbursements for justified and documented reasons linked to the opportunity to keep the resource in service as an employee for a pre-established period of time and/or linked to a specific event (for example completion of a company restructuring process or an extraordinary transaction).

With the exception of the specifications above relating to the entry bonuses, all the remaining amounts pursuant to this paragraph (including payment of the non-compete covenants, but only for the amount that exceeds a year of fixed remuneration[22]), are disbursed in accordance with the rules that apply to disbursement of variable remuneration. In particular:

(i) for employees who are considered to be Identified Staff, the disbursement procedures set out under paragraph 7.1 will be followed (i.e. part of the disbursement deferred and part of it in financial instruments, subject to *malus* and claw back clauses etc.) in accordance with the cluster they belong to;

(ii) for the remaining staff, the payment is made entirely up front in cash, but subject to normal claw back mechanisms (see paragraph 8.2).

These amounts will furthermore only be paid if the capital and liquidity levels are sufficient to deal with the Bank's activities.

Discretionary pension benefits are not currently among the instruments that can be set up for Group staff.

The disbursement of these instruments, also functional to assure structural savings on labour costs, is undertaken on the basis of specific, pre-established and well documented decision-making processes, in accordance with the current regulatory framework[23] and taking into account any indications that may be received from the competent authorities.

6.3.4 Compensation for early termination of the employment

The Articles of Association state 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 number of years of fixed remuneration and the total maximum amount that results from their application.

Payments for employment termination, in addition to the post-employment benefits established by general law on the work relationship and advance notice (by law and collective labour agreement)[24], and not determined by a competent third party such as a judicial authority and/or arbitration authority (the **severance**), is quantified and paid out by the Bank in accordance with the regulatory framework in force

[21] In accordance with the provisions of paragraph 2.1 of Section III of the new Supervisory Provisions.
[22] In accordance with the provisions of paragraph 2.2.2 and 2.2.3 of Section III of the new Supervisory Provisions.
[23] With payment being made, among other things, only if compatible with capital and liquidity levels sufficient to cope with the Bank's activities and subject (also including individuals not classified as Identified Staff) to the claw-back mechanisms set forth in paragraph 8.2, as well as, in the case of deferral, the *malus* mechanisms envisaged in paragraphs 8.2.

[24] In particular, the Bank applies the notice periods envisaged by the National Collective Labour Agreement for Credit Executives to managerial staff (with relation to length of service in the company), and applies the notice periods envisaged by the National Collective Labour Agreement for non-managerial staff in the Credit Sector (with relation to length of service in the company and to level).

at the time, in application of the criteria described below, and always with respect and in pursuit of the best interests of the Company.

There are no arrangements currently in place that pre-establish fixed *ex-ante* amounts due in the event of early termination of employment, or that provide for the payment of amounts exceeding the treatment provided for in the applicable national collective agreements.

Severance pay can only be given by the Bank in the case of (i) a termination of employment at the company's discretion without just cause; (ii) consensual termination of employment, excluding the case of voluntary resignation. Severance pay 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;
- performance (not including risks) and the liquidity and capital levels of the Bank;
- professional contribution provided to the Company and performance of the beneficiary (not including risks) in relation to expectations; individual conduct and alignment to values, in the 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 among themselves, and always in pursuit of the best interests of the Company.

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

In very exceptional circumstances (and never occurred recently for the Identified Staff), when required in the interests of the company, deviation from the above-mentioned amount is not excluded within the limit represented by the maximum number of months due, at the time of the resolution, as supplementary indemnity according to the collective agreement in force at the time. This may only take place 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 by the Remuneration Committee and approved by the Board of Directors.

The number of months related to notice and severance pay are calculated considering the mandatory criteria of the law and the collective labour agreement, i.e. 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), 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.[25] As regards the impact of the termination of employment on the rights allocated under incentive plans based on financial instruments, at the moment, MPS does not have any plans of this nature in place (the only share-based plan currently

[25] Considering 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 no variable remuneration has been paid to top management in recent years, global remuneration currently corresponds to fixed remuneration and the above-mentioned limit of 24 months' salary does not diverge significantly from two 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 (possibly increased by the number of months of duration of the non-compete clause, in the applicable cases).

envisaged is exclusively related to the payment of the Severance portion to be paid in financial instruments pursuant to Supervisory Provisions; see paragraph 6.6).

If, after a careful assessment of the cost/benefit ratio in the broader area of the individual negotiations, it is considered useful to pursue the goals regarding the payment of severance pay, this[26] is generally calculated in accordance with the following formula:

Requirements:

1. Both at Group level and the level of individual companies, compliance with the limits on the variable distributions provided by the Supervisory Provisions in application of article 141 of the CRD IV Directive, or if these limits are not complied with, presence of a positive *Maximum Distributable Amount*;
2. No compliance breaches for the potential beneficiary (see to that end, paragraph 8.2) which are serious enough to justify dismissal from the job[27].

[26] Subject to the exception provided for under paragraph 2.2.3, Section III of the new Supervisory Provisions upon the occurrence of which - in compliance with the provisions of the aforementioned Supervisory Provisions - the provisions regarding severance pay pursuant to this paragraph do not apply.
[27] If a less serious compliance breach is found, the severance pay will be reduced (at a different percentage on the basis of the degree of materiality of the compliance breach) according to the provisions of the internal procedure on compliance breaches (see paragraph 8.2).

Factors determining the number of months to be awarded:

Evaluation factors	Criteria	Number of months
Company seniority	Up to 2 years	0
	Up to 6 years	1
	Up to 10 years	2
	Up to 15 years	3
	Over 15 years	5
Relevance and complexity of the position covered (*grade*)	Up to Grade 12	0
	Grades 13 and 14	1
	Grades 15 and 16	2
	Grades 17 and 18	3
	Grade 19 and over	5
Age	Up to 40	0
	Up to 45	1
	Up to 55	2
	Over 55 and until pension entitlement	1
	Beyond the right to a pension	0
Individual performance	Low	-2
	Average	2
	High	6
Risk of legal disputes	None/low	0
	Medium	2
	High	4
Performance of the Bank, net of risks	YES	0
	NO	-2
Impact on the contractual remuneration of being subject to a salary cap	Irrelevant	0
	Low	1
	Medium	2
	High	4
Individual conditions of the resource (*)	YES	3 (MAX)
	NO	0

(*) From a solidarity perspective only relating to the Bank's operating personnel (office staff and middle managers) and as an alternative to the "relevance and complexity of the position covered (grade)" factor, which does not usually apply to these positions, this factor makes it possible to account for, in exceptional and limited cases, any individual circumstances, such as the serious illness of a spouse or of cohabiting relatives, the death of a spouse or of cohabiting relatives or the serious illness of the employee (factor evaluated following formal documented assessment).

In consideration of the presence of State aid, all the parameters indicated above have been defined with a view towards containing costs and calculating them in a prudential manner.

With regard to staff who have foreign employment contracts, the formula will be applied to the extent that it is compatible with the specific local regulations that apply.

In compliance with the Supervisory Provisions, severance pay, where calculated on the basis of the formula indicated above, within the scope of an agreement aimed at settling a current or potential dispute, will not form part of the calculation of the maximum ratio between the variable and the fixed remuneration.

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 to cover, *inter alia*, against fraudulent or gross negligent misconduct that may be detrimental to the Bank and the Group[28] (and, in any way, defined consistently, on the one hand, with the regulatory framework and on the other with the peculiar nature and characteristics of the severance).

A **non-compete clause**, agreed upon with the individual managers for the period subsequent to employment termination, may be added to the aforementioned limits, should they reflect an actual and demonstrable business interest (subject to the provisions of the paragraph below). This payment is determined in compliance with article 2125 of the Italian Civil Code - based on the perimeter 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 annual remuneration paid to the manager calculated on the basis of the duration of the agreement.

In accordance with the Supervisory Provisions, the non-compete clause:

- is not subject to the provisions of this Section for the amount that does not exceed the last yearly fixed remuneration payment to the beneficiary;
- on the other hand, it is subject to the provisions of this Section for the amount that exceeds the last yearly fixed remuneration, but is excluded from the calculation of the limit to the ratio between the variable and fixed remuneration for the portion that, for each year the agreement lasts, does not exceed the last yearly fixed remuneration payment to the beneficiary.

6.4 Remuneration of financial advisors

6.4.1 Indirect sales channels

Starting from 29/12/2017, the Bank began promoting and placing investment products and services to the public through indirect sales channels, using qualified financial advisors who are classified as "employees" of the Bank.

The indirect sales channels relate to the placement of UCITS, portfolio management and the sale of insurance investment policies, and the collection and transmission of orders in administered assets on the secondary market.

At present, 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 that applicable to all employees in general, since there is no commission component attached.

The Bank currently does not use financial advisors operating as agents.

Effective from 29/5/2019, Banca MPS started to promote banking products to the public, as defined by the Resolution of the CICR (Comitato Interministeriale per il Credito ed il Risparmio - Interministerial Committee for Credit and Savings) dated 4/3/2003 and subsequent amendments, through personnel classified as "employees" that meet specific personal requirements defined by the Bank (classified as

[28] In accordance with the Supervisory Provisions – Section III – paragraph 2.2.3 Exceptions: "The rules provided by paragraphs 1, 2.1, 2.2.1 and 2.2.2, of this Section, do not apply to:

- *golden parachutes pursuant to paragraph 6.3.4 agreed as part of extraordinary transactions (for example mergers) or company restructuring processes provided that they fulfil both the following conditions:*
  - they respond exclusively to a logic of containment of company costs and rationalisation of staff;
  - they do not exceed Euro 100,000;
  - they provide for clawback mechanisms that at least cover fraudulent behaviour or gross negligence to the damage of the Bank;
- redundancy incentives, also related to extraordinary transactions (for example mergers) or company restructuring processes and not paid to identified staff provided that the following conditions are fulfilled:
  - they respond exclusively to a logic of containment of company costs and rationalisation of staff;
  - they encourage people to agree to support the measures provided for by law and collective contracts, for all employees;
  - they do not produce *ex ante* distortive effects on staff behaviour;
  - they provide for clawback mechanisms that at least cover fraudulent behaviour or gross negligence to the damage of the Bank".

Middle Manager, specific network positions such a branch manager, attendance of specific training courses on loans). This indirect sales channel regarded only the promotion, but not the sale of these products, which is undertaken at the bank's branches. The remuneration envisaged for this category of individuals has the same characteristics as that applicable to all employees in general, since - in particular - there is no commission component attached.

The Group avails itself of the following for the distribution of its own products and third-party products:

- a **network of financial advisors**, acting as agents based on mandates granted by the subsidiary **Widiba** (see paragraph below);
- a **network of AXA agents**[29], operating in accordance with Widiba mandates, with whom an agency agreement without representation was signed. Their remuneration structure does not provide for any non-recurring component arising from incentive components but **a recurring component exclusively** entailing the payment of sales and management commissions for the distribution of products and services;
- a **network of Leasing Agents**, operating based on a mandate from MPS L&F, with which a single-firm agency agreement is signed, with remuneration consisting exclusively of commission components recognised in relation to the products and services placed, classifiable under fixed remuneration as they are "recurring";

As regards the networks of Insurance agents and Financial agents, no forms of non-recurring incentives are envisaged.

6.4.2 The Banca Widiba S.p.A. network of financial advisors

The financial advisors are linked to Widiba by an agency contract which permanently engages them (and without representation) to:

- independently, and on behalf of Widiba exclusively, promote and place in Italy the financial, banking, insurance and welfare instruments and services indicated in the contract;
- assist the customers acquired and/or assigned under the mandate[30].

Widiba's network of financial advisors consists of:

- 1 National Network Manager;
- 524 financial advisors, including:
  - 7 Area Managers, who report directly to the National Network Manager, organised by geographical area, responsible for coordinating the financial advisors reporting to them, for business development in their territory and to achieve the objectives defined by the corporate management;
  - 49 District Managers who support the Area Managers in the activities described above.

The remuneration system for the financial advisors has specific elements that differ from the system in place for employees. Remuneration for advisors, unlike the system used for employees, comprises different types of commission in accordance with the type of activities carried out and the products placed.

[29] AXA insurance agents that act as agents for bank products only.
[30] 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 in any case.

The overall remuneration[31] of financial advisors is based on the provisions of the Supervisory Provisions, organised as follows:

- a **recurring** component, which can be compared to the fixed remuneration of staff, is the most stable and ordinary element of the remuneration. This is represented by commission remuneration recognised in relation to the products and services placed and is the ordinary form of remuneration for the agent;
- a **non-recurring** component that can be compared to staff's variable remuneration, providing an incentive to the agents, and essentially comprising incentive and loyalty-building plans. Payment of this component, based on criteria favouring and promoting compliance with the rules of conduct and the interests of the customers served is conditioned upon the achievement of specific commercial results established by Widiba, corrected for risks (including legal and reputational). To this end, Widiba has developed a specific method to continuously assess the overall risk profile of the individual financial advisors based on indicators relating to the following profiles:
  - the subjective profile, information and data referring to the advisor which may emerge from controls carried out by the control functions or the analysis of data which indicate anomalous conduct;
  - the objective profile, regarding the transactions carried out with customers, that is, anomaly indicators inferable from the transactions of such customers. This analysis is performed on an ongoing basis through a platform which identifies the financial advisor's risk index.

6.4.3 Focus on the non-recurring component of the remuneration of Widiba financial advisors

The incentive systems in the non-recurring component 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 systems are generally monetary, although non-monetary incentives are also possible (e.g. annual contests assigning prizes in the form of training courses).

These systems, in accordance with the rules, criteria and processes defined for all Group staff, are based on the following principles:

- the non-recurring component is **determined ex-ante** based **on defined parameters**;
- the individual and/or group goals to be realised are defined by ensuring that relations with customers are fair, do not create legal and reputational risks and are aimed at contributing to the diversification/reduction of risk;
- the motivating plans must never give an incentive to take on risk to an excessive extent compared to the level of risk appetite provided under company strategies; more specifically, it must be in line with the reference framework for determining the risk appetite (RAF);
- **gates** relating to the following will be added for:
  - capital and liquidity conditions of the Group;
  - specific access conditions relating to Widiba;
  - operational/compliance risk indicators that condition payment of the amounts reserved also upon the occurrence of the above indicated conditions and in compliance with the terms established. These will cause all rights and/or financial benefits deriving from the system to expire (with the consequent obligation to repay any amounts received under the system) if the

[31] The criteria set out under paragraph 85 of the EBA "Guidelines" are used to value it.

indicators materialise within five years of expiry of the system for financial advisors included in Identified Staff and within three years for the remaining advisors;

- the **performance targets** are identified as follows:
  - by considering the customer as the main priority;
  - by implementing long-term bonus systems aligned with Widiba and Group strategic objectives;
  - based on annual results and their impact over time;
  - including elements that reflect the impact of the performance of the individual and/or the group/ business unit on the creation of value of the company as a whole;
  - assessing the individual performance, not only based on financial criteria, but also based on non-financial criteria (for example risk management, behavioural aspects, compliance with company values) and taking account of the specific nature of the role.
- the **deferral**, in accordance with current regulatory provisions, of payment of the bonus in relation to the risk time horizon it refers to, with the option of applying possible **malus mechanisms**. The *malus* mechanisms can be implemented with respect to the variable remuneration to be paid or already recognised but not yet paid, for the year in which the non-compliance breach occurred. If the variable remuneration affected is not enough to ensure an adequate *malus* mechanism, the reduction may also be applied to other components of the variable remuneration;
- application of claw backs to the extent legally applicable, to the performance-related bonuses recognised based on assumptions which were subsequently discovered to be incorrect. The situations and circumstances that form the basis for implementing the claw back clauses apply if they occur no later than five years from the payment/disbursement of the related activity/services for financial advisors included in the Identified Staff perimeter and no later than three years for the other advisors;
- addition of **clauses to reduce the bonuses to zero** and/or reduce them in the event of:
  - non-compliant behaviour, disciplinary actions for irregular activities, poor conduct, with special reference to the sale of banking and financial products and services and the failure to honour internal conduct codes, breach of the values;
  - the performance levels of the advisors, considering risks assumed or incurred which have generated anomalies or critical issues in relations with customers.

  These mechanisms can lead to a reduction, also to zero out the entire non-recurring remuneration, especially when results are negative or significantly lower than pre-established targets;
- **prohibition** for beneficiaries of the bonuses **to use personal hedging strategies** or insurance on remuneration or other aspects that could alter or invalidate the effects of risk alignment inherent in the remuneration mechanisms (see paragraph 8.3).

Where given to financial advisors who are classified as Identified Staff, the non-recurring remuneration is disbursed in compliance with the rules described herein for the IV cluster in paragraph 7.1 and within the limits of proportionality between the fixed and variable component, outlined below.

LIMIT OF VARIABLE AND FIXED RATIO FOR FINANCIAL ADVISORS INCLUDED IN THE IDENTIFIED STAFF PERIMETER

The maximum ratio between variable and fixed remuneration is 1:1[32] for Identified Staff. Following the approval of the Group's 2019 remuneration policies, Widiba - as indicated in the latter - launched the

[32] 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 of the EBA Guidelines).

regulatory procedure envisaged to raise said ratio to 2:1 for the sole benefit of Widiba financial advisors who are included in the Identified Staff perimeter in order to retain, hire and attract key resources for the business. In 2020, Widiba, after obtaining prior Supervisory authorisation, proceeded with an amendment to its Articles of Association, already approved by the Shareholders' Meeting, introducing the right for it to raise the variable/fixed ratio up to 2:1. Therefore, this year Widiba may proceed with this increase by a dedicated shareholders' resolution.

This increase is:

i) linked to the specific remuneration of these subjects;
ii) in line with market practice as adopted by the main competitors (who have already brought the maximum variable / fixed ratio to 2:1);
iii) consequently aimed at preserving Widiba's competitiveness in the market and supporting 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 plans (loyalty and/or incentive) 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, stock increases and Bank profitability) identified and, predominantly, on the basis of multi-year periods.

MAIN BONUS AND LOYALTY-BUILDING SYSTEMS OF THE NETWORK OF FINANCIAL ADVISORS AT WIDIBA

- **Long Term Incentive (LTI)**: this is a loyalty-building and incentive system aimed at the entire network of Financial Advisors existing as at 31 December 2020 with a duration of 9 years and the possibility of partial settlement every three years. The LTI system is based on sales performance conditions relating to each financial advisor verified at the time of access and on allocation conditions verified annually (minimum thresholds of assets managed and cashflows generated). The observance of all operational/compliance risk indicators is always verified with relation to the allocation and the payment of the amounts accrued. The system is intended for Financial Advisors as well as the managers of the managed portfolios that they coordinate.
- **Over Bonus**: bonus recognised to Area and District Managers if the applicable Area achieves the assigned budget targets formalised each year. The amount is determined by applying fixed rates to the Sales and Management pay-out generated by the structure coordinated and which is invoiced in the year under examination
- **Extra Management Fee:** 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 annex E of the Agency Agreement. It calls for the assignment of a bonus rate commensurate with the targets achieved by each Advisor, on the basis of the ranking developed based on the objectives identified from year to year. For managers, the fixed bonus is recognised if the Area has reached the established targets.
- **Bonus System**: includes short-term (1 year) productivity and quality objectives, linked to targets defined each year based on what is set forth in the budget. They may also include non-monetary benefits (e.g., specialised training) based on the achievement of a target defined at the level of overall stock or net cash flows or similar sales targets. This system may also include the annual contests based on the achievement of specific targets consistent with budget targets.

- **Recruiting Bonus:** for financial advisors who participated in the recruitment process of other advisors hired in the network.
- **No Ordinary Program (NOP) Personnel**: is an incentive plan (with loyalty objectives) that is based over a multi-year period of time of performance appraisal (accrual period), linked to targets and to the duration of the Bank's strategic plan; it envisages the assignment of a remuneration both on consolidated activities and on annual business development activities. The economic benefit entails a percentage allocation calculated on a fixed portion (consolidated activities - Initial Commission Pool) and a variable portion (new business development - Commission from New Funding); payment is envisaged when the plan expires. On expiry of the NOP, each participant Financial Advisor is given the right to extend the Plan for a term of one/two years, by deferring the payment of a portion of said Plan (50% and 66% respectively) against recognition of an amount calculated as a function of the duration of the extension.
- **Stability Pacts**: economic benefit subject to remaining in the Widiba network and the maintenance of the assets managed by the Advisor at a specific date. Access to this benefit results, for the stability period, in the automatic suspension of any additional loyalty system in favour of such Advisor.
- **Non-compete covenant clause**: is an agreement between the Bank and the advisor that limits the right of the employee to carry out professional activities in competition with the Bank following termination of the agency relationship, providing, if breached, for payment of a penalty. A consistent monthly payment, pre-established on a fixed basis, is given to the advisor for that commitment. The instrument is used in favour of key network positions. The agreement is maintained for the entire period in which the conditions which determined its attribution are met.
- **Fidelity plan**: includes instruments intended to stabilise and/or retain financial consultants, with a duration of at least 12 months, which call for - subject to targets of remaining in the Network for a specific period and/or the maintenance of asset volumes - the recognition of pre-determined amounts or the allocation of sums to be recognised on termination of the mandate due to retirement and/or the suspension of activities. The possible recipients of such instruments are advisors that do not receive extra management fee bonuses or other loyalty bonuses.
- **Bonus Retention:** benefit recognised to the transferee, in the event of portfolio transfer between Advisors, intended to strengthen the retention capacity on transferred customers and subject to the maintenance of the relative funding.
- **Welcome bonus:** variable component guaranteed on a one-off basis to cover costs for terminating the employment relationship with the previous intermediary, which may be paid out on presentation of the relative spending commitments.

The disbursement of the incentive plans described above is subject to controls carried out every month by the Human Resources function.

6.5 The remuneration of business partners not bound to the company by employment relationships

The Bank makes extremely limited use of business partner contracts. These types of contracts are reserved for **specific requirements** (e.g. support for special projects or recommendations) and for professionals characterised by **excellent skills and experience** in specific areas, with a view to maintaining transparent relations with customers and avoiding legal and reputational risk.

The fixed component is determined in relation to the importance of the partnership; where the importance of the same increases, variable forms of incentive (including non-compete covenants) may be provided according to the same methods as those defined for employees.

6.6 Financial instruments to service variable remuneration payment

On the basis of the Supervisory Provisions in the Bank of Italy Circular no. 285/2013, the Group is required to use shares or related instruments to pay a percentage of any variable remuneration disbursement to Identified Staff (see paragraph 7.1) (known as balancing). Obligations that may arise in 2021, for which, in view of the remuneration policies defined for 2021 may refer exclusively to possible severance pay, the Bank will use its performance shares, subject to approval by the Shareholders' Meeting of a plan for the use of performance shares, information regarding which is provided in the informational report published on the website www.gruppomps.it – CORPORATE GOVERNANCE – Shareholders Meetings and BoD.

Widiba 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 - financial instruments linked to the value of the company, on which the parties concerned may have a more direct and immediate impact through their own actions. 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 the value of Widiba. The value of such financial instruments shall be calculated through the application of a valuation model validated by the competent Bank functions and bodies and defined with the support of a third party.

7. 2021 IDENTIFIED STAFF

The scope identified based on the process described in paragraph 8.1 decreased compared to 2020 (257 compared to 278 laid out in the "2020 Report on Remuneration and on compensation paid").

The staff included in the perimeter are shown in the table below, broken down by identification criteria:

Criteri per l'identificazione del personale più rilevante (Reg. UE 604/2014)	N.		Retribuzione fissa teorica
Art. 3 par. 1 - Amministratore Delegato della Banca	1	(*)	
Art. 3 par. 2 - Altri Amministratori con incarichi esecutivi	0		
Art. 3 par. 2 - Amministratori non esecutivi	36		
Art. 3 par. 3 - Direttore Generale della Banca	1	(*)	466.250
Art. 3 parr. 3 e 9 - Responsabili delle principali linee di business, funzioni aziendali, aree geografiche e coloro che riportano direttamente agli organi societari	107	(**)	18.907.734
Art. 3 parr. 4 e 7 - Responsabili e personale di livello più elevato delle funzioni di controllo interno	40		3.675.468
Art. 3 da parr. 5 a 15 - Altri soggetti che individualmente o collettivamente assumono rischi in modo significativo	53	(***)	4.092.177
Art. 4 - Dipendenti e collaboratori con alta retribuzione non compresi nelle categorie precedenti	20		5.832.088
Totale Complessivo	**257**		**32.973.718**

(*) Il Dottor Bastianini ricopre sia la carica di Amministratore Delegato che quella di Direttore Generale.

(**) Incluso CEO/Amministratori Delegati/Direttori Generali delle società del Gruppo.

(***) Escluso il personale delle funzioni di controllo interno identificato ai sensi del criterio 3. par. 7 già ricompreso nel *cluster* precedente.

Continuing with the policy adopted in the last three financial years with respect to the Widiba financial advisors who have a total remuneration for 2020 of less than Euro 750,000, the Bank believes that it does not have to include 48 financial advisors in the perimeter in 2021, compared to the 32 exclusions indicated in 2020. Even through these advisors fall 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 and updated by Circular 285), they do not have a substantial impact on the entity's risk profile, taking into account all the risks to which the entity is or could be exposed; this assessment was made on the basis of the specific criteria described in paragraph 8.1. The exclusion will be managed in compliance with regulations in force at the time of the request (see the above-mentioned EU Delegated Regulation no. 604/2014, including any updates, and EU decision 2015/2218 of the European Central Bank).

7.1 Variable components in the remuneration of the Identified Staff - basic rules

In accordance with the legal requirements relating to the variable remuneration paid to the Identified Staff, the remuneration policies of the Bank provide as follows:

- payment of variable remuneration partly in cash and partly in financial instruments subject to retention periods, balancing percentages between the two differentiated components differentiated by Identified Staff cluster;
- deferral of the variable remuneration for different percentage amounts and time periods (as indicated below) in accordance with the relative amount (i.e. depending on whether it is a "particularly high amount" or not) and the position of the beneficiary;
- the determination of the "*particularly high amount*" of the variable component as Euro 437,421, equal to the lower amount between:
  - 10 times the overall average remuneration of Bank employees (i.e. 10 x Euro 47,135 = Euro 471,350);
  - 25% of the overall average remuneration of Italian high earners as resulting from the most recent report published by EBA[33] (i.e 25% of Euro 1,749,685 = Euro 437,421);
- the application (as long as the Bank is a beneficiary of State aid) of deferral percentages that are higher than those provided for in other banks, as indicated therein;
- limitation of the ratio between variable and fixed remuneration at a value that does not exceed 100% (ratio 1:1)[34];
- the deferred component being subject to the *ex post* correction mechanisms (*malus* and clawback) described in paragraph 8.2.

In more detail, disbursement of the variable components to the Identified Staff will be made in accordance with the following parameters subject to approval by the Shareholders' Meeting:

1) % Limit to the variable/fixed ratio:

Cluster	Number of persons	max % of variable to fixed
I Cluster	36	-
II Cluster	13	100%
III Cluster	107	80%

[33] *EBA "Report on high earners" dated 11 March 2019.*
[34] Except for that illustrated above in paragraph 6.4.3 relating to Widiba Financial Advisors.

IV Cluster	10	100% (*)
V Cluster	91	60%
Total	**257**	

(*) In the current year, Widiba may submit the introduction of the max variable/fixed ratio of 200% for financial advisors falling within the scope of Identified Staff to its shareholders' meeting for approval.

2) **Percentage balance between cash and financial instruments of the variable component[35]:**

Amount	*Cluster*	*Cash*	Financial instruments
All the amounts	II Cluster[36]	48%	52%
	III Cluster	50%	50%
	IV Cluster		
	V Cluster		

3) **Percentage deferral of the variable component differentiated by type[37]:**

Since the Bank is currently classified as a bank that benefits from State aid, the deferral percentages of the variable remuneration must be defined - as noted above - to a higher extent than those established for the other Banks. Therefore, the Bank's policy provides for increases in the deferral percentages of the variable remuneration. These increases are differentiated according to the types of variable remuneration so as to take account the different motives, characteristics and purposes of the various components.

Amount	*Cluster*	Incentive variable (**)	*Severance*	Other variable components
Particularly high amount (> Euro 471,350)	II, III, IV and V	70%	At least 62%(*)	At least 62%(*)
Other amounts	II Cluster	60%	At least 52%(*)	At least 52%(*)
	III Cluster	50%	At least 42%(*)	At least 42%(*)
	IV Cluster			
	V Cluster			

(*) Any increase in the percentage indicated will be evaluated on a case by case basis, also considering the Bank's situation at the time of payment/agreement, as well as the state of progress of the restructuring plan and the amount of the transaction to be paid. Furthermore, in the case of severance pay, convenience for the bank to conclude a transaction with the employee will also be taken into account.
(**) Including the non-recurring component of the financial advisors.

4) **Years of deferral and holding periods:**

[35] Above the materiality threshold indicated by cluster in this paragraph where present.
[36] For cluster II, what is specified in Bank of Italy Circular no. 285/2013 shall apply: "If the percentage of financial instruments is higher than 50% of the total variable remuneration, the part in financial instruments to defer is higher than the part in up-front financial instruments".
[37] To be defined for the Group at values higher than those normally provided for by other banks since State aid is given (see Section V of Circular No 285/2013 of the Bank of Italy).

<table>
<tr><th>Cluster</th><th>Years of deferral[38]</th><th>Years between evaluation and payment of the first portion</th><th>Up-front component holding period</th><th>Deferred component holding period</th></tr>
<tr><td>II Cluster</td><td>5</td><td rowspan="4">1</td><td rowspan="4">2</td><td rowspan="4">1</td></tr>
<tr><td>III Cluster</td><td rowspan="3">4</td></tr>
<tr><td>IV Cluster</td></tr>
<tr><td>V Cluster</td></tr>
</table>

5) **Malus** mechanisms, operating both if a compliance breach is found (more detail in paragraph 8.2) and each time a deferred portion is paid. For the payment of the deferred portion, the following conditions, measured on the closest possible date to the payment in question, must be simultaneously met. If they are not met, the deferred portion will not be paid:

Malus
Tier1 Ratio > Risk capacity RAF 2021
NSFR > Risk capacity RAF 2021
RAROC > Risk capacity RAF 2021

With regard to the non-recurring component of financial advisors of Widiba bank, specific access conditions illustrated in paragraph 6.4.3. will be applied.

6) Clawback mechanisms operating if a compliance breach is found (more detail in paragraph 8.2).

In 2021, for Identified Staff, the Bank will adopt the new significance thresholds, below which each payment is fully in cash and up-front, established in Bank of Italy circular 285 in consultation, in implementation of the CRD V, and therefore

- for cluster II, III and V of Identified Staff, **a threshold of significance of the variable component**[39] of **Euro 50,000** per year and jointly equal to or less than 1/3 of the total annual remuneration has been established*;*
- also for cluster IV (**Widiba financial advisors)**, the above-mentioned threshold of **significance of the variable component** of **Euro 50,000** per year and jointly equal to or less than 1/3 of the total annual remuneration has been established. This being said, the Bank reserves the right to come into line with the instructions of the Bank of Italy if they are modified with respect to the documentation in consultation.

7.2 Variable components in the remuneration of the remaining personnel - basic rules

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

The *malus* and claw back rules pursuant to the paragraph above also apply to staff who are not included in the Identified Staff perimeter (if there are any deferred payments).

The Bank does not apply said limit to the **Widiba** network of financial advisors, not categorised as Identified Staff, given the specificity of the relative remuneration system, essentially divided into recurring fees based on volumes managed/under administration and non-recurring components, please refer to paragraphs 6.4.2 and 6.4.3.).

[38] Raised from 3 to 4 years in incorporation of the CRD V.
[39] The threshold does not apply to severance pay, for which the provisions set forth in Section II apply.

7.3 The elements of the policy which may be derogated for personnel belonging to the perimeter of Managers with strategic responsibilities

In exceptional circumstances, the possibility is provided to not apply specific policy elements, provided they establish the procedural conditions based on which an exemption is possible and indicate the elements of the policy which may be derogated, without prejudice to the binding provisions of Circular 285. In compliance with the provisions laid out in Scheme *7 bis* of Annex 3 of the Issuers' Regulation, exceptional circumstances are only those in which derogation of the remuneration policy is required to pursue the company's long-term interests and sustainability as a whole or to ensure its staying capacity in the market. This being said, the Bank has established the possibility of applying certain exemptions to the policies for personnel belonging to the perimeter of Managers with strategic responsibilities. Within the scope of remuneration initiatives:

- it may be possible to use a different grade than that formally assigned, within the maximum limit of 1 grade of difference with respect to the grade assigned by Willis Towers Watson, or the possibility to use a positioning above the relative remuneration bracket defined for the grade and in any event no higher than the ninth decile of the same grade;
- as concerns severance, the definition of an amount **higher than 24 months' pay** and **what is set forth in the specific formula** (see paragraph 6.3.4) provided within a limit represented by the maximum number of months' pay due at the time of termination by way of supplementary indemnity pursuant to the collective labour agreement in force over time (22 months' pay, plus any additional months for age due based on the national collective labour agreement).

Any exemptions may be applied only following a **strict and articulated evaluation process**, which includes the issuing of opinions from the relevant company functions (and when necessary external consultants), through a proposal by the Remuneration Committee and a Board of Directors resolution. Any application of the exemptions will be reported in compliance with the reporting provisions set forth in the Issuers' Regulation.

8. FOCUS ON CERTAIN KEY PROCESSES

8.1 Process of identifying Identified Staff

In accordance with the provisions of the Supervisory Provisions, the Bank has adopted a specific company Directive "*Group Directive on the identification of Identified Staff*", whose criteria and procedures are summarised below, form an integral part of this remuneration policy and are subject to the approval of the shareholders' meeting along with the policy.

The staff, whose professional activities may have a significant impact on the risk profile of the entity, is identified annually on the basis of a structured and formalised assessment defined on the basis of the Regulatory Technical Standards (EU Delegated Regulation 604 of 4/3/2014) with specific reference to "qualitative criteria" (article 3) and "quantitative criteria" (article 4) described therein.

On 18 June 2020 the EBA published the new regulatory technical standards (RTS), which confirm the combination of qualitative and quantitative criteria underlying the identification of Identified Staff, supplementing provisions on the matter set forth in the CRD V. The regulation will enter into force on the twentieth day subsequent to publication in the Official Journal of the European Union, which has not yet taken place as of the date of this Report. The Bank will take prompt action to align the relative business processes and ensure the application of the new RTSs in compliance with the application timing that will be established.

Pending the publication of the new RTSs, the Bank will continue to apply the RTSs dated 4/3/2014, outlined in the process illustrated below, developed with the contribution of the Compliance, Risk Management, Internal Audit, Planning, Legal and Organisation functions under the responsibility of the Human Resources Function.

Within the perimeter of the process guidelines:

- the Parent Company's **Risk Management** function provides the applicable elements to identify the thresholds for the qualitative criteria of the above-mentioned Regulatory Technical Standards pursuant to criteria 10[40], 11[41], 12[42] and 13[43] both at Parent Company level and for Group Companies classified as "Credit Institutions" within the scope of Directive 2013/36/EU (art. 73) and which have a centralised Risk Management Function (according to formal SLAs);
- the Parent Company's **Planning** function identifies and provides the findings relating to the allocation/distribution of the internal capital, pursuant to criteria 5[44] of the above-mentioned Regulatory Technical Standards, both at Group level and for Group companies classified as "Credit Institutions";
- the Parent Company's **Organisation** function oversees the development of the Group organisational model, and reports any significant changes to it, monitoring qualitative criteria 9[45], 10 and 14[46] of the aforementioned standards in particular. In collaboration with the Human Resources function, and with the other relevant Functions in terms of delegated powers, it identifies the roles/positions in the perimeter resulting from the application of the thresholds identified with regard to qualitative criteria 11 to 14 of the above-mentioned Regulatory Technical Standards";
- the Parent Company's **Human Resources** function identifies the members of staff with responsibility in the relevant operational / company units identified during the assessment process and processes the data pursuant to articles 4 ("quantitative criteria") and 5 ("calculation of the remuneration attributed") of the above-mentioned Regulatory Technical Standards;
- the Parent Company's ***Compliance*** and **Legal** functions support the various functions involved in the proper interpretation and application of the prevailing laws;

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[40] "10) is the head or a member of a committee in charge of managing a risk category pursuant to articles 79 to 87 of Directive 2013/36/EU that is not credit risk or market risk".

[41] "11) in relation to the exposures to nominal amounts of credit risk for a transaction corresponding to 0.5% of the primary tier 1 capital of the entity and equal to at least 5 million euros, the member:

a) is responsible for initiating the proposals to grant loans or organise credit products that could produce these exposures to credit risk; or
b) has the power to adopt, approve or veto the decisions regarding those exposures to credit risk; or
c) is a member of a committee that has the power to make the decisions from letter a) or b)".

[42] "12) in relation to an entity in which the exception is not applied for small transactions relating to the trading portfolio pursuant to article 94 of Regulation (EU) no. 575/2013, the member:

a) has the power to adopt, approve or veto decisions on transactions on the trading portfolio that meet one of the following thresholds in total:
   (i) if the standardised method is applied, the own funds requirement for market risk that represent at least 0.5% of the primary tier 1 capital of the entity;
   (ii) if the internal model method is approved for regulatory purposes, at least 5% of the internal limit of the value at risk of the entity for the exposures of the trading portfolio at the 99th percentile (unilateral confidence interval); or
b) is a member of a committee that has the power to make the decisions pursuant to letter a)"

[43] "13) has managerial responsibility for a group of members of the staff who have the individual power to commit the entity to transactions and one of the following conditions is met:

a) the sum of those powers is equal to or higher than the threshold pursuant to point 11), letter a) or b) or point 12), letter a), point i);
b) if the internal model method is approved for regulatory purposes, these powers are equal or higher than 5% of the internal limit of the value at risk of the entity for the exposures of the trading portfolio at the 99th percentile (unilateral confidence interval). If the entity does not calculate a risk value at the level of that member of staff, the limits of the risk value of the staff under this person are summed".

[44] "5) has the general responsibility of managing the risks in an operational/company unit in accordance with article 142, paragraph 1, point 3 of Regulation (EU) 575/2013 where internal capital was distributed in accordance with article 73 of Directive 2013/36/EU representing at least 2% of the internal capital of the entity ("operational unit/key company")".

[45] "9) heads a function in charge of legal affairs and finances, including taxes and budgeting, human resources, remuneration policies, information technology or economic analyses".

[46] "14) in relation to the decisions to approve or prohibit the introduction of new products, the member:

a) has the power to make those decisions; or
b) is a member of a committee that has the power to make those decisions".

- the Parent Company's **Internal Audit** function controls the identification process and its results, including any requested exclusions therein.

The Group companies, classified as Credit Institutions, carry out their own self-evaluations at individual level, with the support of the Parent Company where required. Group companies that are smaller and less complex which therefore do not fall under the provisions of the Directive 2013/36/EU, are included in an identification process on a consolidated basis, delegating the consolidating entity to apply the identification process at an individual level; the Parent Company is responsible for ensuring the overall consistency of the identification process for the whole Group.

There is a structured evaluation process for **financial advisors** based on qualitative and quantitative criteria aimed at identifying the parties whose activities could have a substantial impact on its risk profile (Identified Staff). The following criteria are considered to this end:

- contribution to the risk to Widiba and the Group and verification of the contribution to the results on a prospective basis;
- analysis of the responsibilities, the level and the individual authorisations provided for;
- amount and structure of the remuneration received.

In more detail, with reference to the **qualitative criteria**, the process includes the National Network Manager and the Area Managers as Identified Staff, included in accordance with the qualitative criteria pursuant to article 3, no. 3 of the Regulation.

With regard to the **quantitative criteria**, the process provides for automatic inclusion in the Identified Staff category of financial advisors whose total remuneration amounted to or was higher than Euro 750,000 the previous year (article 4 paragraph 5 of the EU Delegated Regulation 604/2014).

On the other hand, a structured evaluation process assesses whether or not there is a substantial impact on the risk profile for financial advisors whose remuneration is higher than the amount described in the criteria pursuant to article 4 paragraph 1 letters a and b of the aforementioned Regulation 604/2014, but less than Euro 750,000. A specific calculation based on an algorithm that takes account of a series of indicators and parameters that represent the degree of riskiness of the activities of the financial advisors is applied.[47] Upon completion of that process, an overall numerical score is defined for each financial advisor with a specific risk level attached (known as the "**gross risk profile**").

In order to ensure a risk evaluation that is proportional to the operations and the impact of the individual financial advisor with respect to the overall network, starting from the gross risk profile (based on qualitative parameters), the **overall risk profile** is calculated by weighting with two quantitative corrective-type parameters for the individual financial advisor:

- the value of the total portfolio managed;
- the number of customers managed.

The results of the Identified Staff identification process are examined by the **Remuneration Committee**. With regard to any exclusions, the Chief Executive Officer of the Parent Company decides whether to submit potential exclusions from the Identified Staff to the Remuneration Committee for subsequent proposal to the Board.

With regard to the proposed exclusions for Widiba financial advisors authorised to work through indirect sales channels, without prejudice to the compliance with the qualitative and quantitative criteria indicated in the Remuneration Policies in force, the thresholds over which the exclusion of a financial advisor from the perimeter of Identified Staff may not be requested are as follows:

- - a total risk profile evaluation higher than "medium-low";

[47] Including, for example, the existence of any complaints or claims, judgements expressed following audits, evaluations made by customers, number of orders given by different customers with the same title or mark, any transactions in securities that were not right for the customer, any anomalous movements on the current account of the financial advisor, etc.

- - an overall value of the overall portfolio managed over 150 million;
- - number of customers higher than 2% of the total of the entire network of financial advisors of Widiba.

Financial advisors that satisfy at least one of the above-indicated thresholds may not be excluded from the perimeter of Identified Staff.

The thresholds are verified with reference to the figures for the financial year prior to that under analysis.

Given all of the above, the process also provides for the automatic inclusion in the Identified Staff category of financial advisors whose total remuneration in the previous year was equal to or higher than that above which the authority gives its approval only in exceptional circumstances[48].

The overall risk profile of individual financial advisors is calculated annually by Widiba's Risk and Controls Function, which then informs the Risk Management and Compliance functions of the Parent Company, in accordance with the criteria defined in the remuneration policies approved by the shareholders' meeting.

Once the Remuneration Committee obtains the opinion of the Risk and Sustainability Committee, it submits the proposal of approval of the perimeter to the Board, including any proposals for exclusion.

The perimeter identified each year is **updated every quarter** by the **Human Resources** function following new hires/exits from roles, or in the case of any significant organisational changes or significant changes to the internal capital distribution on the basis of what was reported by the designated Parent Company functions.

The staff identified is divided into five clusters through an analysis of the qualitative and quantitative criteria pursuant to the above-mentioned Regulatory Technical Standards:

Cluster	**Type of roles included in the cluster**
I Cluster	Non-executive directors of the Group companies
II Cluster	Chief Executive Officer, Chief Audit Executive, Chief Risk Officer, Chief Operating Officer, Chief Human Capital Officer, Chief Commercial Officer, Chief Lending Officer, Chief Financial Officer, Chief Safety Officer, Communication, Institutional Relations and Sustainability Department Manager, Group General Counsel Manager, Compliance Department Manager and Managing Director of the Group Operating Consortium
III Cluster	Top management (apart from the CEO of Managing Director of the Group Operating Consortium included in Cluster II), Managers reporting directly to Chiefs, Division heads of the companies, Parent Company Area Managers, Territorial General Managers, Head of Territorial Lending, Heads of II level Company Control Functions, Managers of the Legal, IT, Human Resources and Planning Functions of the companies
IV Cluster	*Area Managers and Widiba financial advisors*
V Cluster	Other staff who individually or collectively take on significant risks

8.2 Compliance breach management process

The *malus* and clawback correction mechanisms will be applied in the event of compliance breaches, which refer to:

[48] See Article 4, paragraph 5 of EU Delegated Regulation 604/2014.

- conduct that does not comply with the law, regulations or articles of association or any codes of ethics or conduct that could apply to the Bank, resulting in a significant loss for the Bank or for customers;
- other conduct that does not comply with the law, regulations or articles of association or any codes of ethics or conduct that could apply to the Bank, in the cases they may provide for;
- breaches of obligations pursuant to article 26 or when the party is an interested party, according to article 53 paragraphs 4 et seq. of the Consolidated Banking Law or obligations on remuneration and incentives;
- other fraudulent behaviour or gross negligence to the damage of the Bank.

The Bank has developed a specific procedure for the assessment of compliance breaches along with the consequent application of *ex post* correction mechanisms. This procedure governs, inter alia, the following:

(i) the duties of the various functions and company bodies in the different phases of identifying and assessing any compliance breaches;

(ii) the times and procedures for that process;

(iii) the application procedures of the resulting *malus* and clawback measures, affecting variable remuneration, also differentiated on the basis of an assessment of the degree of "materiality" of the compliance breaches, to be conducted in accordance with certain pre-established criteria. The procedures in question also governs the effects of any disciplinary proceedings on the application of the *ex post* correction mechanisms, providing in general for the suspension of payments due if there are disciplinary proceedings in place, up to conclusion of the disciplinary proceeding and the internal proceeding of assessment of the compliance breach.

The times defined by the Bank for the exercise of the claw back clauses (that are reflected in the above-mentioned procedure) are:

- 5 years from disbursement of the variable remuneration for Identified Staff;
- 3 years from disbursement of the variable remuneration for the remaining staff.

Without prejudice to the time limits for the application of the claw back laid out above, the following variable remuneration is subject to reduction/elimination:

- all variable remuneration accrued for the year (or years, in the case, for example, of conduct extended over time) in which the "Compliance Breach" was committed;
- all variable remuneration referring to years subsequent to that in which the "Compliance Breach" was committed;
- only if the "Compliance Breach" has resulted or is expected to result in a financial loss for the Bank (for example, considering the penalty or judicial proceedings initiated but not yet completed, or for legal cases or complaints made against the Bank), all variable remuneration referring to years prior to that in which the "Compliance Breach" was committed;
- for personnel who have left the company, aside from the variable remuneration identified as set forth above, any Severance provided within an agreement for the consensual termination of the employment relationship.

8.3 Verification process to assure absence of hedging strategies

The principles and criteria of the Supervisory Provisions provide - also in order to avoid any possible behaviour that defies the law - that the bank ensures that its staff are not remunerated, or do not receive payments or other benefits through vehicles, instruments or procedures that do not comply with the Supervisory Provisions. To that end, the staff may not rely on personal hedging strategies or insurance on remuneration or other aspects that could alter or invalidate the effects of alignment with the risk inherent in the remuneration mechanisms.

In order to ensure that this prohibition is complied with, the Bank has provided for the following:

- the Compliance Control Function, in association and with the support of the Human Resources function:
  - define and update the operating processes to carry out the activities needed for that end;
  - identify the types of transactions and financial investments that are directly or indirectly carried out by the Identified Staff that could affect the risk alignment mechanisms, and more generally, the pursuit of the purposes of the regulations;
  - carry out **sample checks** on internal custody and administration accounts **at least for Identified Staff**;
- the Identified Staff are required **to communicate the transactions and financial investments carried out** that fall under the categories defined above;
- the Identified Staff and individuals closely linked to them, through specific agreements, are required **to communicate the existence or the activation of custody and administration accounts with other intermediaries**.

The Bank takes account of the information received when adjusting the staff remuneration and incentive systems, with special regard to the risk alignment mechanisms and the financial and income position of the bank (for example duration of the deferral period, *malus* and clawback systems, etc.).

SECTION II – Compensation paid part I

1. IMPLEMENTATION OF REMUNERATION POLICIES IN 2020

1.1 Governance

At the date of approval of this document, the Remuneration Committee consists of the Chairman Raffaele Di Raimo and Directors Alessandra Barzaghi, Paola De Martini, Luca Bader and Marco Bassilichi. The majority of the Committee members (including the Chairman) are currently independent pursuant to article 148, paragraph 3 of Italian Legislative Decree no. 58/98 ("Consolidated Financial Act" - "TUF") and meet the independence requirements set forth in the Code, which coincide with those laid out in the Articles of Association.
In 2020 the Remuneration Committee met 18 times[49].

1.2 Compensation of Directors and Statutory Auditors

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

The compensation paid was recognised *pro tempore* to the extent established, for members until 18 May 2020, to the extent established by the Shareholders' Meeting on 18 December 2017 for the 2017-2019 three-year period, and on 18 May 2020 for members elected for the 2020-2022 three-year period, to the extent due *pro tempore* as of 18 May 2020.

Both the outgoing members and the new members elected as of 18 May 2020 benefitted, to the extent due *pro tempore*, from an insurance policy covering professional accidents and healthcare and providing specific coverage for Covid-19, in addition to "Directors & Officers Liability" (D&O), which covers third-party liability. For the latter, renewal was approved by the Bank's Board of Directors at its meeting held on 23/04/2020, for a cost of Euro 4.05 mln, including taxes and accessory costs with a maximum of Euro 100 mln for a one-year duration, effective 01 May 2020 and expiring on 30 April 2021. In 2020, the D&O coverage did not give rise to any insurance compensation in favour of the Bank.

1.3 Changes in the Identified Staff perimeter

In 2020, the Identified Staff[50] perimeter decreased from 278[51] to 257 positions following the application of the updating process set out in paragraph 8.1. The request for exclusion from the Identified Staff perimeter of Widiba financial advisors, sent to the competent authorities on 30/6/2020, was accepted.

Statement A - Quantitative information on the remuneration of the "Identified Staff" (Bank of Italy) reports the data on a like for like basis in order to facilitate the understanding and representation of all the amounts paid.

1.4 Remuneration trends

The trend in remuneration levels in 2020 was impacted by the effects of measures implemented during the year, namely:

- reorganisation of the organisational structure, primarily due to the termination of the work contracts of 855 resources (of which 560 people who entered the fund[52] and 295 due to natural turnover), including 33 managers;
- the measures introduced by the Agreement on labour costs in 2019, signed on 31/12/2018 with the company trade unions and the subsequent Agreement of 27 December 2019. The elements with the greatest impact on the above-mentioned agreements include:
  - the suspension of work for 3 or 6 working days in accordance with each employee's annual gross basic salary level, favouring lower remuneration levels;
  - a contribution of 2.5% for staff with an annual gross basic salary of higher than Euro 150,000 on the portion of the salary exceeding this amount.

For **Managers**, in addition to the above-mentioned manoeuvres and the provisions of the national collective labour agreement on contribution to the "FOC"[53], there is also the following:

- the voluntary donation to MPSolidale of one or more days holidays or percentages of wages[54];
- the restructuring, introduced in 2013, of the holiday entitlement (to facilitate management of working time in relation to targets rather than attendance, in consideration of the managerial

[50] Identified for the 2019 Remuneration Policies.
[51] Perimeter not including requests for exclusion submitted to the competent authorities.
52 Fund authorised with the agreement dated 31/12/2018 "2017-2021 Restructuring Plan - trade union procedure pursuant to articles 20 and 21 of the National Collective Labour Agreement" Minutes of the agreement of 2 October
[53] National Fund to Support Employment.
[54] Donation also possible by other employees.

independence that distinguishes this category, with the consequential waiver of any unused holiday entitlement).

With a view to remuneration alignment, with a particular focus on critical positions for the business, in compliance with restrictions of economic compatibility, in 2020 actions were taken on roughly 1% of the employees.

As regards the new hires in the Group, the employment agreements for managerial positions (only 3, in line with what was done in the previous three-year period), prepared in compliance with the policies approved by the Shareholders' Meeting, were 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 recurring remuneration component for employees[55] (staff and organisational charts as at 31/12/2020 and 31/12/2019; amounts in Euro):

Employees	Number of employees as at 31/12/2020	Average remuneration as at 31/12/2020	Number of employees as at 31/12/2019	Average remuneration as at 31/12/2019
Managing Director and Top Management	19	277,833	19	265,841
Other Managers	229	115,579	256	116,416
Middle Managers and Professional Areas	21,184	46,188	21,765	45,861
Total Employees	**21,432**	**47,135**	**22,040**	**46,870**

Average remuneration levels in the Group were up slightly in 2020 (+0.6%), mainly due to remuneration increases from the provisions of the national collective labour agreement for Professional Areas and Middle Managers, and limited remuneration actions taken.

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), in the entire Group only one Widiba financial advisor surpassed that threshold (and therefore, operating as an Agent on the basis of a specific mandate; in the Euro 1 million - Euro 1.5 million remuneration bracket[56]).

Below is a representation of the remuneration of Group employees by business segment:

Customer segment	Number of employees as at 31/12/2020	Sum of remuneration as at 31/12/2020	Average remuneration as at 31/12/2020
Private	15,705	709,674,204	45,188
Corporate	708	36,822,125	52,009
Finance	188	10,931,806	58,148
Service and Corporate Centre	4,831	252,765,644	52,322
Total Employees	**21,432**	**1,010,193,779**	**47,135**

1.5 2020 variable remuneration

In 2020, in order to contribute to the achievement of the cost targets provided for under the above-mentioned commitments assigned by the European Commission with approval of the Bank's precautionary recapitalisation plan, the variable bonus plan systems, described as the core components

[55] Net of solidarity measures, which on average amount to approx. 2% of the annual gross basic salary.
[56] Information pursuant to article 450 (1) (i) of Regulation (EU) no. 575/2013.

of the Variable Performance-Related Bonus for Middle Managers and Professional Areas, and MBO for the Managers. As a result, there was and will be no disbursement in relation to these systems.

In 2020, the Bank used specific targeted instruments with a low impact on costs for the Bank (contest, see paragraph 6.3.3) effective in motivating and rewarding excellent resources (in the network, managers of non-performing loans and other resources in the credit supply chain).

To protect the Bank's interests in cases of departures of key resources from the private banking supply chain, it continued to make use of **non-compete covenants**.

In 2020, as part of the remuneration actions taken, 8 agreements were also activated to extend the prior notice period.

No **retention bonuses** were given and no **one-off payments** were recognised in 2020.

No **entry bonuses** were given for the 84[57] new hires completed during the year (including 3 managers).

As concerns the **non-recurring remuneration** component of the Widiba Financial Advisors, in 2020 the incentive systems were settled linked to the extra management fee and the recruiting bonus defined by the contracts formalised with new advisors (41 Financial Advisors), the bonus system (39 Financial Advisors) and the long-term incentive plan (agreed to in 2015) named "No Ordinary Program", which involved 395 Advisors.

With regard to the **remuneration paid for the early termination of the employment contract**, within the scope of 65 consensual employment contract terminations[58] completed during the year (including 19 managers), **20 amounts exceeding the advance notice cost** were paid. In this area, in 2020, with reference to Identified Staff only, 10 employment relationships were terminated consensually - again as part of the ongoing company restructuring process, and to meet cost reduction objectives and resource streamlining needs; 9 amounts exceeding the notice cost were paid; the average incentive paid for these terminations (excluding the average cost of the advance notice due by law, equal to Euro 164,518), was Euro 61,735. 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 amount of Euro 100,000. These amounts, disbursed in compliance with current legislation and the contractual provisions for the category, were defined within the perimeter of specific policies adopted by the Board of Directors and consistent with the resolutions of the Shareholders' Meeting, aimed at limiting discretion when determining the amounts to be granted and guaranteeing equal treatment.

In 2020, the Bank decided to suspend the disbursement of the deferred share of the severance of a former manager who left the Bank in prior years in relation to verification activities regarding the activation of a possible Compliance Breach[59].

Within the scope of reorganising the **foreign division** provided for in the restructuring plan, incentives for the early termination of employment contracts for 6 employees with foreign employment contracts were paid in addition to the above. All the terminations were agreed in accordance with prevailing law and with specific local laws.

In view of the above, with reference to the performance share plan approved by the Shareholders' Meeting in 2020, as well as the plans from 2017 to 2019, to serve severance payment requirements, in view of the amounts paid out in the previous year for such terminations (which always took place as part of the ongoing company restructuring process, and based on cost reduction and resource streamlining requirements), since a single severance payment of higher than the relative exemption threshold of Euro

[57] Value net of 469 entries due to ruling enforcement.

[58] In 2020, no compensation or other benefits were awarded for termination of office or for consensual termination relating to managers with strategic responsibilities (information provided pursuant to Directive 2017/828/EU ("Shareholder Rights Directive 2").

[59] The total amount subject to the adjustment is Euro 124,746 in cash and 5,340 in performance shares for the component in financial instruments. This indication is also provided pursuant to Directive 2017/828/EU ("Shareholder Rights Directive 2").

100,000 had never been made, it was not necessary to use the above-mentioned balance between cash and financial instruments; therefore no use was made with respect to the plan.

For the sake of completeness, instead, with regard to the performance share plan for 2016:

- of the original 32,806 deferred performance shares, in the course of 2020 1,220 were settled; the remaining 13,126 performance shares continue to be accounted for, following the settlements and cancellations taking place to date, and will be settled each year over a five-year time horizon starting one year after the relative assignments. These assignments are subject to the verification of pre-established malus conditions.

With regard to Widiba financial advisors who are Identified Staff, the percentage of the variable component to be paid in financial instruments, equal to Euro 913,659.43, will be assigned after approval of the Widiba performance share plan.

SECTION II – compensation paid part II

This section analytically illustrates the remuneration paid or in any case assigned in 2020 financial year to the Directors, Statutory Auditors and Managers with strategic responsibilities (pursuant to article 123-ter paragraph 4 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 Provisions.

In this regard, it should be noted that Consob imposes the obligation to report 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 Group level.

List of the information included in this Section:

Tables	Contents	Authorities
Table 1	Remuneration paid to the Members of the Board, Statutory Auditors, General Managers, Deputy General Managers and other Managers with strategic responsibilities (pursuant to the Consob Resolution no.11971 of 14 May 1999 and subsequent amendments)(data refers to period 1/1 -31/12/2020). Comparative information of the annual changes of the remuneration of directors, of the company's results and of the average remuneration of employees pursuant to to the EU Directive 2017/828 (data from 1° January 2019).	Consob
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 other managers with strategic responsibility (pursuant to the Consob resolution n. 11971 of 14 May 1999 and subsequent amendments) (data refers to period 1/1 - 31/12/2020).	Consob
Table 3B	Monetary incentive plans in favour of members of the board, statutory auditors, general managers, deputy general managers and other managers with strategic responsibility (pursuant to the Consob resolution n. 11971 of 14 May 1999 and subsequent amendments) (data refers to period 1/1 - 31/12/2020).	Consob
Schedule 7-ter	Table 1: Shareholdings held in MPS by Members of the Board of Directors and Statutory Auditors and General Managers (31 December 2020) Table 2: Shareholding in MPS held by Managers with Strategic Responsibilities (Consob) (31 December 2020)	Consob
Statement A	Quantitative information on the remuneration of "Identified Staff"	Bank of Italy

Table 1 - REMUNERATION PAID TO THE MEMBERS OF THE BOARD, STATUTORY AUDITORS, GENERAL MANAGERS, DEPUTY GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSABILITIES.
(pursuant to the Consob Resolution no.11971 of 14 May 1999 and subsequent amendments).
(data refers to period 1/1 - 31/12/2020)

Name and Surname	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					
BARIATTI Stefania	**Chairperson**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				34,500.00	10,000.00 *(1)*	-	-	1,576.20	-	46,076.20		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**34,500.00**	**10,000.00**	-	-	**1,576.20**	-	**46,076.20**	-	-
GRIECO Maria Patrizia	**Chairperson**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				68,138.89	-	-	-	1,678.50	-	69,817.39		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**68,138.89**	-	-	-	**1,678.50**	-	**69,817.39**	-	-
TURICCHI Antonino	**Deputy Chairman**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	9,583.33 *(2)*	-	-	1,576.20	-	36,076.20		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**9,583.33**	-	-	**1,576.20**	-	**36,076.20**	-	-
BETTIO Francesca	**Deputy Chairman**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	6,166.67 *(3)*	-	-	1,678.50	-	48,109.06		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**6,166.67**	-	-	**1,678.50**	-	**48,109.06**	-	-
D'ECCLESIA Rita Laura	**Deputy Chairman**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	9,250.00 *(4)*	-	-	1,678.50	-	51,192.39		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**9,250.00**	-	-	**1,678.50**	-	**51,192.39**	-	-
MORELLI Marco	**CEO**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				-						-		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				-		-	-		-	-		
BASTIANINI Guido	**CEO**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				-						-		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				-		-	-		-	-		
BADER Luca	**Director**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	12,333.34 *(5)*	-	-	1,678.50	-	54,275.73		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**12,333.34**	-	-	**1,678.50**	-	**54,275.73**	-	-
BARZAGHI Alessandra Giuseppina	**Director**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	12,333.34 *(6)*	-	-	1,678.50	-	54,275.73		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**12,333.34**	-	-	**1,678.50**	-	**54,275.73**	-	-
BASSILICHI Marco	**Director**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	6,166.67 *(7)*	-	-	1,678.50	-	48,109.06		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**6,166.67**	-	-	**1,678.50**	-	**48,109.06**	-	-

(*) For the members of the Bank's Board of Directors and Board of Statutory Auditors, the item includes an insurance policy to cover professional accidents, health as well as a specific protection for Covid-19. For the Chief Executive Officer and the other Executives with Strategic Responsibilities, the item includes an insurance policy to cover professional accidents, health as well as a specific protection for Covid-19, the Long Term Care policy, a contribution of 2,5% to the complementary pension fund, where applicable, as well as benefits if attributed.

(1) Stefania Bariatti,amounts recognised for the participation in board committees.

(2) Antonino Turicchi, amounts recognised for the participation in board committees:
- € 3,833.33 for the participation in the "Nomination Committee"
- € 5,750.00 for the participation in the "Risk Committee"

(3) Francesca Bettio, amounts recognised for the participation in board committees:
- € 6,166.67 for the participation in the "Related Party Transactions Committee"

(4) Rita Laura D'Ecclesia, amounts recognised for the participation in board committees:
- € 9,250.00 for the participation in the "Risk Committee"

(5) Luca Bader, compensi per la partecipazione a comitati:
- € 6,166.67 for the participation in the "Nomination Committee"
- € 6,166.67 for the participation in the "Remuneration Committee"

(6) Alessandra Barzaghi,amounts recognised for the participation in board committees:
- € 6,166.67 for the participation in the "Related Party Transactions Committee"
- € 6,166.67 for the participation in the "Risk Committee"

(7) Marco Bassilichi,amounts recognised for the participation in board committees:
- € 6,166.67 for the participation in the "Remuneration Committee"

Table 1 - REMUNERATION PAID TO THE MEMBERS OF THE BOARD, STATUTORY AUDITORS, GENERAL MANAGERS, DEPUTY GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSABILITIES.
(pursuant to the Consob Resolution no.11971 of 14 May 1999 and subsequent amendments).
(data refers to period 1/1 - 31/12/2020)

Name and Surname	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					
BOCHICCHIO Francesco	**Director**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	6,166.67 *(8)*	-	-	1,678.50	-	48,109.06		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**6,166.67**	**-**	**-**	**1,678.50**	**-**	**48,109.06**	**-**	**-**
CAPPELLO Maria Elena	**Director**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	7,583.33 *(9)*	-	-	1,576.20	-	34,076.20		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**7,583.33**	**-**	**-**	**1,576.20**	**-**	**34,076.20**	**-**	**-**
CASALI Roberta	**Director**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	5,750.00 *(10)*	-	-	1,576.20	-	32,242.87		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**5,750.00**	**-**	**-**	**1,576.20**	**-**	**32,242.87**	**-**	**-**
CASTELLANO Rosella	**Director**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	15,416.67 *(11)*	-	-	1,678.50	-	57,359.06		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**15,416.67**	**-**	**-**	**1,678.50**	**-**	**57,359.06**	**-**	**-**
CUCCURULLO Olga	**Director**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	9,250.00 *(12)*	-	-	1,678.50	-	51,192.39		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**9,250.00**	**-**	**-**	**1,678.50**	**-**	**51,192.39**	**-**	**-**
DE MARTINI Paola	**Director**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	12,333.34 *(13)*	-	-	1,678.50	-	54,275.73		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**12,333.34**	**-**	**-**	**1,678.50**	**-**	**54,275.73**	**-**	**-**
DI RAIMO Raffaele	**Director**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	18,500.00 *(14)*	-	-	1,678.50	-	60,442.39		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**18,500.00**	**-**	**-**	**1,678.50**	**-**	**60,442.39**	**-**	**-**
GIORGINO Marco	**Director**	1.1 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				65,180.56	35,000.00 *(15)*	-	-	-	-	100,180.56		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**65,180.56**	**35,000.00**	**-**	**-**	**-**	**-**	**100,180.56**	**-**	**-**

(*) For the members of the Bank's Board of Directors and Board of Statutory Auditors, the item includes an insurance policy to cover professional accidents, health as well as a specific protection for Covid-19. For the Chief Executive Officer and the other Executives with Strategic Responsibilities, the item includes an insurance policy to cover professional accidents, health as well as a specific protection for Covid-19, the Long Term Care policy, a contribution of 2,5% to the complementary pension fund, where applicable, as well as benefits if attributed.

(8) Francesco Bochicchio, amounts recognised for the participation in board committees:
- € 6,166.67for the participation in the "Related Party Transactions Committee"

(9) Maria Elena Cappello, amounts recognised for the participation in board committees:
- € 3,750.00 for the participation in the "Nomination Committee"
- € 3,833.33 for the participation in the "Remuneration Committee"

(10) Roberta Casali,amounts recognised for the participation in board committees:
- € 5,750.00 for the participation in the "Risk Committee"

(11) Roberta Castellano, amounts recognised for the participation in board committees:
- € 6,166.67 for the participation in the "Nomination Committee"
- € 9,250.00 for the participation in the "Risk Committee"

(12) Olga Cuccurullo, amounts recognised for the participation in board committees:
- € 9,250.00 for the participation in the "Risk Committee"

(13) Paola De Martini, amounts recognised for the participation in board committees:
- € 6,166.67 for the participation in the "Related Party Transactions Committee"
- € 6,166.67 for the participation in the "Remuneration Committee"

(14) Raffaele Di Raimo, amounts recognised for the participation in board committees:
- € 9,250.00 for the participation in the "Remuneration Committee"
- € 9,250.00 for the participation in the "Risk Committee"

(15) Marco Giorgino, amounts recognised for the participation in board committees:
- € 6,166.67 for the participation in the "Nomination Committee"
- € 3,833.33 for the participation in the "Remuneration Committee"
- € 25,000.00 for the participation in the "Risk Committee"

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(data refers to period 1/1 - 31/12/2020)

Name and Surname	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					
KOSTORIS Fiorella	**Director**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	9,583.33 *(16)*	-	-	1,576.20	-	36,076.20		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**9,583.33**	**-**	**-**	**1,576.20**	**-**	**36,076.20**	**-**	**-**
LANCELLOTTI Roberto	**Director**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	9,583.33 *(17)*	-	-	1,576.20	-	36,076.20		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**9,583.33**	**-**	**-**	**1,576.20**	**-**	**36,076.20**	**-**	**-**
MAIONE Nicola	**Director**	1.1 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				65,000.02	22,444.42 *(18)*	-	-	-	-	87,444.44		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**65,000.02**	**22,444.42**	**-**	**-**	**-**	**-**	**87,444.44**	**-**	**-**
PETRUCCIOLI Stefania	**Director**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	11,499.99 *(19)*	-	-	1,576.20	-	37,992.86		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**11,499.99**	**-**	**-**	**1,576.20**	**-**	**37,992.86**	**-**	**-**
PIAZZOLLA Salvatore Fernando	**Director**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	3,833.33 *(20)*	-	-	1,576.20	-	30,326.20		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**3,833.33**	**-**	**-**	**1,576.20**	**-**	**30,326.20**	**-**	**-**
RAO Roberto	**Director**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	15,416.67 *(21)*	-	-	1,678.50	-	57,359.06		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**15,416.67**	**-**	**-**	**1,678.50**	**-**	**57,359.06**	**-**	**-**
RICCABONI Angelo	**Director**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	11,500.00 *(22)*	-	-	1,576.20	-	37,992.87		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**11,500.00**	**-**	**-**	**1,576.20**	**-**	**37,992.87**	**-**	**-**
SANTORO Michele	**Director**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	3,833.33 *(23)*	-	-	1,576.20	-	30,326.20		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**3,833.33**	**-**	**-**	**1,576.20**	**-**	**30,326.20**	**-**	**-**

(*) For the members of the Bank's Board of Directors and Board of Statutory Auditors, the item includes an insurance policy to cover professional accidents, a health policy as well as a specific protection for Covid-19. For the Chief Executive Officer and the other Executives with Strategic Responsibilities, the item includes an insurance policy to cover professional accidents, a health policy as well as a specific protection for Covid-19, the Long Term Care policy, a contribution of 2,5% to the complementary pension fund, where applicable, as well as benefits if attributed.

(16) Fiorella Kostoris, amounts recognised for the participation in board committees:
- € 3,833.33 for the participation in the "Related Party Transactions Committee"
- € 5,750.00 for the participation in the "Remuneration Committee"

(17) Roberto Lancellotti, amounts recognised for the participation in board committees:
- € 3,833.33 for the participation in the "Remuneration Committee"
- € 5,750.00 for the participation in the "Risk Committee"

(18) Nicola Maione, amounts recognised for the participation in board committees:
- € 9,250.00 for the participation in the "Nomination Committee"
- € 3,833.33 for the participation in the "Related Party Transactions Committee"
- € 3,833.33 for the participation in the "Remuneration Committee"
- € 5,527.76 for the participation in the "Organismo di Vigilanza" Committee

(19) Stefania Petruccioli, amounts recognised for the participation in board committees:
- € 3,833.33 for the participation in the "Nomination Committee"
- € 3,833.33 for the participation in the "Related Party Transactions Committee"
- € 3,833.33 for the participation in the "Organismo di Vigilanza" Committee

(20) Salvatore Fernando Piazzolla, amounts recognised for the participation in board committees:
- € 3,833.33 for the participation in the "Nomination Committee"

(21) Roberto Rao, amounts recognised for the participation in board committees:
- € 6,166.67 for the participation in the "Nomination Committee"
- € 9,250.00 for the participation in the "Related Party Transactions Committee"

(22) Angelo Riccaboni, amounts recognised for the participation in board committees:
- € 5,750.00 for the participation in the "Related Party Transactions Committee"
- € 5,750.00 for the participation in the "Risk Committee"

(23) Michele Santoro, amounts recognised for the participation in board committees:
- € 3,833.33 for the participation in the "Related Party Transactions Committee"

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(data refers to period 1/1 - 31/12/2020)

Name and Surname	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					
VALERIO Giorgio	**Director**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	3,833.33 *(24)*	-	-	1,576.20	-	30,326.20		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**3,833.33**	**-**	**-**	**1,576.20**	**-**	**30,326.20**	**-**	**-**
CENDERELLI Elena	**Chairperson of the Board of Statutory Auditors**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				30,666.67	-	-	-	1,576.20	-	32,242.87		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**30,666.67**	**-**	**-**	**-**	**1,576.20**	**-**	**32,242.87**	**-**	**-**
CIAI Enrico	**Chairperson of the Board of Statutory Auditors**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				49,555.56	-	-	-	1,678.50	-	51,234.06		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**49,555.56**	**-**	**-**	**-**	**1,678.50**	**-**	**51,234.06**	**-**	**-**
BASTIANI Alessia	**Statutory Auditor**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	-	-	-	1,678.50	-	41,942.39		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**-**	**-**	**-**	**1,678.50**	**-**	**41,942.39**	**-**	**-**
FANTINI Raffaella	**Statutory Auditor**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	-	-	-	1,576.20	-	26,492.87		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**-**	**-**	**-**	**1,576.20**	**-**	**26,492.87**	**-**	**-**
SALVADORI Paolo	**Statutory Auditor**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				24,916.67	-	-	-	1,607.20	-	26,523.87		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**24,916.67**	**-**	**-**	**-**	**1,607.20**	**-**	**26,523.87**	**-**	**-**
SOPRANO Luigi	**Statutory Auditor**	18.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				40,263.89	-	-	-	1,678.50	-	41,942.39		
(ii) Fees from subsidiaries and affiliates										-		
(iii) Total				**40,263.89**	**-**	**-**	**-**	**1,678.50**	**-**	**41,942.39**	**-**	**-**
MORELLI Marco *(role of General Manager)*	**General Manager**	1.1 - 18.05.20										
(i) Fees in the company that prepares the Financial Statements				178,729.14				14,480.59		193,209.73		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**178,729.14**	**-**	**-**	**-**	**14,480.59**	**-**	**193,209.73**	**-**	**-**
BASTIANINI Guido *(role of General Manager)*	**General Manager**	22.05 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				286,923.04				8,774.17		295,697.21		
(ii) Fees from subsidiaries and affiliates												
(iii) Total				**286,923.04**	**-**	**-**	**-**	**8,774.17**	**-**	**295,697.21**	**-**	**-**
MANAGERS WITH STRATEGIC RESPONSIBILITY		1.1 - 31.12.20										
(i) Fees in the company that prepares the Financial Statements				4,742,596.72		-		262,715.00		5,005,311.72		-
(ii) Fees from subsidiaries and affiliates									203,728.52 *(25)*	203,728.52		
(iii) Total				**4,742,596.72**	**-**	**-**	**-**	**262,715.00**	**203,728.52**	**5,209,040.24**	**-**	**-**

(*) For the members of the Bank's Board of Directors and Board of Statutory Auditors, the item includes an insurance policy to cover professional accidents, a health policy as well as a specific protection for Covid-19. For the Chief Executive Officer and the other Executives with Strategic Responsibilities, the item includes an insurance policy to cover professional accidents, a health policy as well as a specific protection for Covid-19, the Long Term Care policy, a contribution of 2,5% to the complementary pension fund, where applicable, as well as benefits if attributed.

(24) Giorgio Valerio, amounts recognised for the participation in board committees:

€ 3,833.33 for the participation in the "Nomination Committee"

(25) Amounts paid by subsidiaries of which € 203,728.52 deposited to Banca MPS SpA

COMPARATIVE INFORMATION OF THE ANNUAL CHANGES OF THE REMUNERATION OF DIRECTORS, OF THE COMPANY'S RESULTS AND OF THE AVERAGE REMUNERATION OF EMPLOYEES

pursuant to the EU Directive 2017/828 (data from 1° January 2019)

	2020			2019	
	HC	Amounts	Var %	HC	Amounts
CEO/General Manager		**465,652**	**-0.1%**	1	**466,250**
Morelli Marco					
CEO	-	-	-	-	-
GENERAL MANAGER	1	178,729	-61.7%	1	466,250
Bastianini Guido					
CEO	-	-			
GENERAL MANAGER	1	286,923			
Directors and Statutory Auditors	**31**	**1,402,833**	**5.8%**	**16**	**1,326,000**
DIRECTORS (**)	25	1,192,250	6.8%	13	1,116,000
STATUTORY AUDITORS (**)	6	210,583	0.3%	3	210,000
Managers whith strategic responsability	**20**	**4,742,597**	**-4.3%**	**20**	**4,956,026**
MANAGER WHITH STRATEGIC RESPONSABILITY (*)	20	4,742,597	-4.3%	20	4,956,026
Average remuneration of employees	**21,432**	**47,135**	**0.6%**	**22,040**	**46,870**
Net Income (in €/mln)		**-1,689**	**63.5%**		**-1,033**

No incentive systems have been activated for CEO and Managers with startegic responsability in the past two years

(*) During both 2019 and 2020, the perimeter of the Strategic Executives underwent changes during the year; the total number of Executives is shown in the HC column.

(**) During 2020 the Board of Directors and the Board of Statutory Auditors were renewed; the total number of Executives is shown in column HC.

COMPARATIVE INFORMATION OF THE ANNUAL CHANGES OF THE REMUNERATION OF DIRECTORS, OF THE COMPANY'S RESULTS AND OF THE AVERAGE REMUNERATION OF EMPLOYEES

pursuant to the EU Directive 2017/828 (data from 1° January 2019)

Directors and Statuatory Auditors details			
Name and Surname	**Office**	**2020**	**2019**
Bariatti Stefania	Chairperson C.d.A.	44,500	108,500
Grieco Maria Patrizia	Chairperson C.d.A.	68,139	
Turicchi Antonino	Deputy Chairperson C.d.A.	34,500	57,500
Bettio Francesca	Deputy Chairperson C.d.A.	46,431	
D'Ecclesia Maria Laura	Deputy Chairperson C.d.A.	49,514	
Barzaghi Alessandra Giuseppina	Director	52,597	
Bader Luca	Director	52,597	
Bassilichi Marco	Director	46,431	
Bochicchio Francesco	Director	46,431	
Cappello Maria Elena	Director	32,500	90,000
Casali Roberta	Director	30,667	80,000
Castellano Rosella	Director	55,681	
Cuccurullo Olga	Director	49,514	
De Martini Paiola	Director	52,597	
Di Raimo Raffaele	Director	58,764	
Giorgino Marco	Director	100,181	100,000
Kostoris Fiorella	Director	34,500	90,000
Lancellotti Roberto	Director	34,500	90,000
Maione Nicola	Director	87,444	85,000
Petruccioli Stefania	Director	36,417	95,000
Piazzolla Salvadore Fernando	Director	28,750	75,000
Rao Roberto	Director	55,681	
Riccaboni Angelo	Director	36,417	95,000
Santoro Michele	Director	28,750	75,000
Valerio Giorgio	Director	28,750	75,000
Cenderelli Elena	Chairperson of the Board of Statutory Auditors	30,667	80,000
Ciai Enrico	Chairperson of the Board of Statutory Auditors	49,556	
Fantini Raffaella	Statutory Auditor	24,917	65,000
Salvadori Paolo	Statutory Auditor	24,917	65,000
Bastiani Alessia	Statutory Auditor	40,264	
Soprano Luigi	Statutory Auditor	40,264	
Total		**1,402,833**	**1,326,000**

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 - 31/12/2020)

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 plan 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 - 31/12/2020)

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) Compensi nella società che redige il bilancio		Piano A / /	-	-	/ /	-	-	-	-
		Piano B / /	-	-	/ /	-	-	-	-
		Piano C / /	-	-	/ /	-	-	-	
(II) Compensi da controllate e collegate		Piano A / /	-	-	/ /	-	-	-	-
		Piano B / /	-	-	/ /	-	-	-	-
		Piano C / /	-	-	/ /	-	-	-	-
(III) Totale			-	-		-	-	-	-

No plan activated or paid out

Chart 7-ter- Table 1: SHAREHOLDING HELD IN MPS BY MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND GENERAL MANAGERS (31 december 2020)

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
Grieco Maria Patrizia	CHAIRPERSON	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Bettìo Francesca	DEPUTY CHAIRMAN	Banca Monte dei Paschi di Siena SpA	=	=	=	=
D'Ecclesia Rita Laura	DEPUTY CHAIRMAN	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Bastianini Guido	CEO GENERAL MANAGER	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Bader Luca	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Barzaghi Alessandra Giuseppina	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Bassilichi Marco	DIRECTOR	Banca Monte dei Paschi di Siena SpA	105	=	=	105
Bochicchio Francesco	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Castellano Rosella	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Cuccurullo Olga	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
De Martini Paola	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Di Raimo Raffaele	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Giorgino Marco	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Maione Nicola	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Rao Roberto	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Bariatti Stefania	EX DEPUTY CHAIRMAN	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Turicchi Antonino	EX DEPUTY CHAIRMAN	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Morelli Marco	EX CEO EX GENERAL MANAGER	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Cappello Maria Elena	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Casali Roberta	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Kostoris Fiorella	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Lancellotti Roberto	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Petruccioli Stefania	DIRECTOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Piazzolla Salvatore Fernardo	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	=	=	=	=
Ciai Enrico	CHAIRPERSON OF THE BOARD OF STATUTORY AUDITORS	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Bastiani Alessia	STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Soprano Luigi	STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Vitali Piera	STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Chieppa Lorenzo	EX STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Cenderelli Elena	EX CHAIRPERSON OF THE BOARD OF STATUTORY AUDITORS	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Fantini Raffaella	EX STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	72	=	7	65
Salvadori Paolo	EX STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Mezzabotta Claudia	EX STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=
Monarca Daniele Federico	EX STANDING AUDITOR	Banca Monte dei Paschi di Siena SpA	=	=	=	=

Chart 7 - ter - Table 2: SHAREHOLDING IN MPS HELD BY MANAGERS WITH STRATEGIC RESPONSABILITIES (Consob)
(31 December 2020)

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	1,271	=	=	1,226 (1)

of which in office at 31/12/2020

18	Banca Monte dei Paschi di Siena SpA	1,271	=	=	1,226

(*) *values resulting from the extraordinary partial merger of BMPS in AMCO.*

(1) *of which 122 held by family members*

STATEMENT A - QUANTITATIVE INFORMATION ON THE REMUNERATION OF “IDENTIFIED STAFF”

Personnel	N°	Fixed Remuneration	Variable Remuneration				Severance pay
			Cash	Shares	Instruments connected to shares	Other types	
CEO	1 *(1)*						
Other managers with executive positions	-						
Non-executive managers	29	879,903					
General Manager	1 *(1)*	295,292					
Deputy General Manager	2	553,224					
Division Heads, Corporate functions, Geographical Area Heads and those who report directly to the corporate bodies	92	15,316,969	1,055,837 *(2)*		345,981 *(3)*	47,000 *(4)*	
Managers and personnel in charge of the internal control functions	28	3,174,980 *(5)*	-			2,033 *(4)*	
Other staff who individually or collectively take on significant risks	101	8,589,613	2,921 *(6)*			88,796 *(4)*	218,017 *(7)*
Highly paid employees and collaborators not included in the criteria above	25	4,111,881	8,550 *(8)*			32,000 *(4)*	272,407 *(9)*

(*) It includes the fixed component (notice) of the overall amounts recognized in the context of early termination agreements of no. 8 employment relationships..

(1) Mr.Marco Morelli held both the position of Chief Executive Officer and General Manager until May 18 2020, the date of the alternation with Mr. Guido Bastianini.
The data refer to the remuneration received up to the day of termination of the service, 18 August 2020.

(2) Relating amount to the non-recurring component of total remuneration awarded to the Financial Advisors within the Identified Staff perimeter.

(3) Relating amount to the share in financial instruments of the non-recurring component of the remuneration accrued during the year by the financial advisors within the Identified Staff perimeter.

(4) Total amount relating to no. 16 recipients of non-competition agreements and attributions linked to permanence in the company.

(5) Includes the position-related allowance for "Control Functions".

(6) Relative amount n. 1 payment for non-core components.

(7) Total amount relating to no. 4 severance payement recognized in the context of early termination agreements of the employment relationship (amount max. € 97,000).

(8) Relative amount no. 3 payment for non-core components.

(9) Total amount relating to no. 3 severance payement recognized in the context of early termination agreements of the employment relationship (amount max. € 99,170).

1. Resolution proposal

Dear Shareholders,

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

"*The Ordinary Shareholders' Meeting:*

- *having examined the "REPORT ON THE REMUNERATION POLICY AND ON COMPENSATION PAID" prepared by the Board of Directors pursuant to Article 123-ter of the Legislative Decree n. 58 of 24 February 1998 ("**Consolidated Financial Act"**)", Article 84-quater of the Consob Issuers Regulation 11971/1999, the provisions of the Bank of Italy Circular n. 285/2013 and Article 13 paragraph 3 lett. e) of the Bank's By-Laws (the "**Report**");*
- *having examined, in particular, the Section 1 of the above Report, prepared pursuant to Article 123-ter, paragraph 3 and 3-bis of the Consolidated Financial Act and related to (i) company policy for 2021 in remuneration matters of all staff (including members of the administrative bodies and without prejudice to the provisions of Article 2402 of the Italian Civil Code, of the members of the control bodies), ("**2021 Policy**"), (ii) the procedures used for the adoption of and implementation of the policy and (iii) the criteria for determining the remuneration to be granted in the event of early termination of employment;*
- *considering that, pursuant to Article 123-ter, paragraph 3-ter, of the Consolidated Financial Act the Shareholders' Meeting is called to express a binding vote on the aforementioned Section 1 of the Report,*

RESOLVES

- *to approve Section I of the Report, pursuant to Article 123-ter, paragraph 3-ter, of the Consolidated Financial Act;*
- *to give a mandate to the Chief Executive Officer, with the right to sub delegate, for the implementation of the 2021 Policy.*

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

2. Resolution proposal

Dear Shareholders,

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

"The Ordinary Shareholders' Meeting,

- *having examined the "REPORT ON THE REMUNERATION POLICY AND ON COMPENSATION PAID" prepared by the Board of Directors pursuant to Article 123-ter of the Legislative Decree n. 58 of 24 February 1998 ("**Consolidated Financial Act"**), Article 84-quater of the Consob Issuers Regulation 11971/1999, the provisions of the Bank of Italy Circular n. 285/2013 and Article 13 paragraph 3 lett. e) of the Bank's By-Laws (the "**Report**");*
- *having examined, in particular, the Section 2 of the Report, related to the reporting of the remuneration paid in 2020, prepared pursuant to Article 123-ter, paragraph 4 of the Consolidated Financial Act,*
- *considering that pursuant to Article 123-ter, paragraph 6, of the Consolidated Finance Act, the Shareholders' Meeting is called to cast a non-binding vote on the aforementioned Section 2 of the Report.*

RESOLVES

positively the Section 2 of the Report, prepared pursuant to Article 123-ter paragraph 6 of the Consolidated Financial Act".

Siena, 25 February 2021

For the Board of Directors
Maria Patrizia Grieco
President of the Board of Directors