

This document is a courtesy translation from Italian into English. In case of any inconsistency between the two versions, the Italian original version shall prevail



Board of Directors' Report on the seventh item on the agenda of the Ordinary Shareholders' Meeting convened for 28 March 2017 in one call, regarding the Remuneration Policies of the Banca Carige Group

(drafted pursuant to article 125-ter of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented, and article 84-ter of the Regulation adopted by Consob Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented)

Foreword

Dear Shareholders,

the Board of Directors of Banca CARIGE S.p.A. (hereinafter "**Banca CARIGE**" or the "**Bank**" or the "**Company**") has convened this Ordinary Shareholders' Meeting on 28 March 2017 at 10.30 a.m. at the Centro Congressi Magazzini del Cotone, Area Porto Antico, Sala Maestrale, Via ai Magazzini del Cotone 59, Genoa, in one call to discuss and vote, among other aspects, on the following item on the agenda:

- Remuneration Policies of the Banca Carige Group

This report ("the **Report**") was drafted pursuant to article 125-bis of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (the Consolidated Law on Finance - "TUF") and article 84 of the Regulation adopted by Consob Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the "**Issuers' Regulation**").

Rationale and proposal

Please note that the prevailing remuneration policies were last approved at the Ordinary Shareholders' Meeting of 31 March 2016, in compliance with the policies to contain risk and in line with the Bank's long-term objectives, corporate culture and the overall structure of Corporate Governance and internal controls.

In this respect, having regard to the provisions of the prevailing Supervisory instructions on "Remuneration and Incentive Policies and Practices", under Part One, Title IV of Bank of Italy Circular no. 285 of 17 December 2013, introduced with Update no. 7 of 18 November 2014 (hereinafter the "Supervisory instructions"), it should be noted that:

- in addition to determining the remuneration payable to the bodies it appoints, the Ordinary Shareholders' Meeting approves:
 - (i) the remuneration and incentive policies for members of strategic supervision, management and control bodies and remaining personnel;
 - (ii) the criteria for determining compensation to be agreed in the event of termination of the employment relationship or early termination of office, including limits to the number of years of fixed salary and the maximum amount that can be awarded under such criteria;

- the same Shareholders' Meeting receives, at least once a year, a clear and complete report on the remuneration and incentive systems and practices containing:
 - (i) information disclosed pursuant to article 450 of EU Regulation no. 575 of 26 June 2013 ("CRR Regulation");
 - (ii) information on the total remuneration of the chair of the strategic supervision body and each member of the management body or top management pursuant to article 450, letter j) of the above CRR Regulation;
 - (iii) information on the implementation of the Supervisory instructions.

In addition, under the combined provisions of articles 123-ter of the TUF and 84-quarter of Consob Issuers' Regulation, listed companies are required to annually submit a Remuneration Report to the Shareholders' Meeting, providing information on the implementation of the remuneration policies in force during the financial year and illustrating the remuneration policies of the Group for the following year.

Given the aforesaid framework of primary legislation, regulations and supervisory instructions, the Shareholders' Meeting is therefore submitted the "Remuneration Report", which illustrates the remuneration policies of the Carige Group for financial year 2017, as approved by the Board of Directors' meeting of 21 February 2017 and describes the implementation of the remuneration policies applied in the course of financial year 2016.

Attached to the foregoing Report is the document "Criteria and limits for the determination of compensation to be agreed in the event of early termination of the employment relationships or early termination of office", which sets the criteria for determining the aforesaid compensation, including limits to the number of years of fixed salary and the maximum amount that can be paid under such criteria.

Notice is hereby given that, under the annual audit it carried out, the Bank's Internal Auditing function expressed an opinion of overall appropriateness of the remuneration practice adopted, in line with both the policies approved by the Shareholders' Meeting and the supervisory regulations in force.

- 0 -

Given all of the above, the following proposal is submitted to the Shareholders' Meeting for approval:

"The Ordinary Shareholders' Meeting of BANCA CARIGE S.p.A. - Cassa di Risparmio di Genova e Imperia of 28 March 2017, taking into account the detailed information on the Group's remuneration policy provided in the "Remuneration Report", and in the attachment "Criteria and limits for the determination of compensation to be agreed in the event of early termination of the employment relationships or early termination of office", resolves:

- to take note of the report submitted by the Board of Directors on the implementation -in the previous financial year- of the remuneration policies approved by the Ordinary Shareholders' Meeting of 31 March 2016;
- to approve the remuneration policy of the Banca Carige Group for the next financial year and the implementation of its inherent procedures, as well as the criteria and limits for the determination of compensation to be agreed in the event of early termination of the employment relationships or early termination of office, including the limits to the number



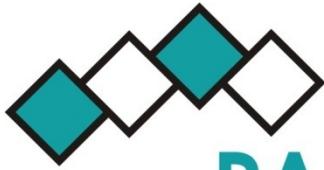
BANCA CARIGE

Cassa di Risparmio di Genova e Imperia

of years of fixed salary and the maximum amount that can be awarded under such criteria, all of which as described in the 'Remuneration Report', inclusive of all attachments, as per the Board of Directors' Report on the relevant item on the agenda of the Ordinary Shareholders' Meeting".

Genoa, 21 February 2017

for the BOARD OF DIRECTORS
THE CHAIRMAN
(Giuseppe Tesauro)



BANCA CARIGE

Cassa di Risparmio di Genova e Imperia

Remuneration Report

(pursuant to article 123-ter of the TUF and the Bank of Italy Supervisory Regulations)

Text approved by the Board of Directors on 21 February 2017



GRUPPO BANCA CARIGE

FOREWORD

This Remuneration Report (hereinafter "Report") was drafted pursuant to the disclosure requirements of the Bank of Italy Supervisory Regulations on remuneration and incentives policies and practices (Circular no. 285/2013, revision no. 7 of 18 November 2014, Part One, Title IV, Chapter 2: hereinafter "Circular 285/2013"), article 123-ter of Legislative Decree 58/1998 (Consolidated Law on Finance or TUF) and article 84-quarter of the Issuer Regulations (Consob resolution no. 11971/1999 and successive amendments), coherent with the instructions in the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana, last updated in July 2015 (Corporate Governance Code).

The Report is submitted to the Ordinary Shareholders' Meeting and published on the Group's website www.gruppocarige.it.

The Report is made up of two sections.

The first section provides information regarding the remuneration policies adopted for 2017 (hereinafter "2017 Policies") and in particular:

- the process of definition and approval of the remuneration policies adopted by Banca Carige Group (hereinafter "Group") and the governing bodies;
- the main characteristics of the remuneration policies for the members of the governing and control bodies, Identified Staff, other employees and collaborators not bound by employment contract;
- the relationships between fixed and variable salary components;
- the mechanisms ensuring links between the variable salary component and the results, key metrics, coherence with the targets, and corporate strategies and risks;
- the deferment systems and risk correction mechanisms.

The second section of the Report concerns implementation of the remuneration policies for financial year 2016 pursuant to the aforementioned Bank of Italy Supervisory Regulations and the reporting and data transmission obligations foreseen by article 450 of Regulation 2013/575/EU of 26 June 2013 (hereinafter "CRR"). This section is made up of two parts.

The first part "Implementation of the Remuneration Policies" contains information on:

- implementation of the procedures foreseen by the Banca Carige Group staff remuneration policies (hereinafter "2016 Policies");
- salaries paid to the board members of the Parent Company and the Subsidiaries in 2016;
- forms of variable remuneration linked to incentive schemes accruing to financial year 2016;
- other types of remuneration accruing to 2016;
- remunerations over one million euros;
- the remuneration data transmission obligations to the Bank of Italy.

The second part "Analytical Description of Salaries Paid" provides the quantitative information required by regulation:

- statements of salaries paid or to be paid to "Identified Staff";
- statements on the remuneration paid or to be paid to the members of the governing and control bodies, general managers and other executives with strategic responsibilities within the Parent Company, pursuant to Consob Resolution 11971/1999 (and subsequent amendments);
- statement of total remuneration of the chair of the strategic oversight board and each member of the management body, and the General Manager, pursuant to the Bank of Italy Supervisory Regulations (Circular 285/2013).

CONTENTS

SECTION I	4
1. LEGISLATIVE CONTEXT	4
2. PRINCIPLES AND AIMS	4
2.1 <i>Changes with respect to 2016</i>	5
3. GOVERNANCE, DECISION-MAKING AND CONTROL	5
3.1 <i>Governing Bodies</i>	5
3.1.1 <i>Parent Company Shareholders' Meeting</i>	5
3.1.2 <i>Parent Company Board of Directors</i>	6
3.1.3 <i>Remuneration Committee</i>	6
3.1.4 <i>Risk Committee</i>	7
3.1.5 <i>Shareholders' Meetings of the Subsidiary Banks/Companies</i>	7
3.1.6 <i>Boards of Directors of Subsidiary Banks/Companies</i>	7
3.1.7 <i>Parent Company Board of Statutory Auditors</i>	8
3.2 <i>Corporate Functions</i>	8
4. COMPONENTS OF REMUNERATION	9
4.1 <i>Fixed Remuneration</i>	9
4.2 <i>Variable remuneration</i>	10
5. BENEFICIARIES OF THE POLICIES	10
6. STAFF REMUNERATION AND INCENTIVE POLICIES	11
6.1 <i>Fixed to variable component ratios</i>	11
6.2 <i>Limits to distributions - combined capital reserve requirement</i>	11
6.3 <i>Remuneration of the Governing Bodies</i>	12
6.4 <i>Remuneration of employees</i>	12
7. CHARACTERISTICS OF THE VARIABLE REMUNERATION SYSTEM	13
7.1 <i>Determination of the bonus pool</i>	13
7.2 <i>Link between bonus and results</i>	13
7.3 <i>Activation of the bonus pool</i>	14
7.4 <i>Bonus payments on performance</i>	14
7.5 <i>Payment of individual performance bonuses</i>	15
7.6 <i>Malus and claw-back mechanisms</i>	16
7.7 <i>Severance payments</i>	17
7.8 <i>Commercial initiatives</i>	17
7.9 <i>Company bonus in the form of welfare services</i>	17
7.10 <i>Attraction and retention</i>	17
8. BENEFITS AND WELFARE PROGRAMME	18
9. EXTERNAL COLLABORATORS NOT BOUND BY EMPLOYMENT CONTRACT	18
10. INFORMATION ON THE REMUNERATION SYSTEM	18
SECTION II	20
IMPLEMENTING DOCUMENT OF THE 2016 REMUNERATION POLICIES	20
<i>Introduction and key measures of 2016 remuneration policy</i>	20
PART I DEFINITION AND IMPLEMENTATION OF THE 2016 REMUNERATION POLICIES	22
1. DECISION-MAKING AND CONTROL PROCESS	22
2. CARIGE GROUP IDENTIFIED STAFF	24
3. INFORMATION ON SALARIES	24
4. SALARIES FOR IDENTIFIED STAFF AT THE START OR END OF EMPLOYMENT	27
PART II: ANALYTICAL DESCRIPTION OF THE SALARIES PAID	28

SECTION I

1. LEGISLATIVE CONTEXT

Banca Carige Group annually updates its Remuneration and Incentives Policies and Practice in line with the regulatory environment, which has evolved further with the publication of the “Guidelines on Sound Remuneration Policies” by the EBA, which came into effect on 1 January 2017, and with which the Bank of Italy must comply by 30 June 2017.

The current legislative framework is that outlined by Circular no. 285/2013 “Supervision Guidance for Banks”, issued by the Bank of Italy and adopting the rules on remuneration and incentives policy and practice contained in the CRD IV Package (CRD IV), and in large part contained in the aforementioned EBA Guidelines.

This document¹ defines the remuneration system for the personnel of Banca Carige Group (hereinafter “Group”) for the year 2017 in accordance with prevailing Bank of Italy regulation², European regulation³ and Consob⁴, coherent with the instructions in the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana, last updated in July 2015 (Corporate Governance Code) and the internal rules of the Group banks and companies.

2. PRINCIPLES AND AIMS

The remuneration and incentive policies are a vital tool of long- and medium-term strategy of a services company such as Carige, in which one of its biggest assets are the people who will have to navigate the ongoing process of recovery and growth. They are designed to create value and pursue sustainable growth for the company's shareholders, employees and customers. They are based on principles of sustainability and fairness of retribution through which the company can retain the best people to make a positive contribution to achieving the ambitions goals of the strategic plan. In the definition of the Policies particular attention was also paid to the possible impacts of remuneration policy on the maintenance of a robust capital base and on the containment of risk.

The 2017 Remuneration Policy was therefore defined in line with the goals of the strategic plan and was evaluated by the Remuneration Committee in the course of meetings held in October and November of 2016 and January 2017.

The policies were designed with the following aims in mind:

- reinforcement of the connection between position, expertise and total remuneration in order to realign salaries with market benchmarks;
- align labour costs with sustainable criteria and valorize skills, the work performed and the motivation of the workforce;
- attract and retain talent strategic to the business through a remuneration policy which, in compliance with the legislation, seeks to valorize and reward individual and team efforts and results in the medium term;
- develop corporate welfare and benefits governance;
- a prudent severance policy which on the one hand completes the continual process of managerial renewal and generational staff turnover, and on the other remains in line with regulation and industry practice and the Group's profit forecasts;

¹ The Bank was supported for certain aspects by the consulting services of Studio Legale Daverio & Florio.

² Bank of Italy Circular no. 285/2013, Part One, Title IV, Chapter 2.

³ Commission Delegated Regulation no. 604 of 4 March 2014, for the definition of Material Risk Takers (MRTs) or Identified Staff (IS); Commission Delegated Regulation no. 527/2014 on the regulatory technical standards specifying the classes of instruments that can be used to determine variable remuneration; Commission Delegated Regulation no. 575/2013 on public disclosure.

⁴ In particular, articles 114-bis and 123-ter of Legislative Decree no. 58/1998 (Consolidated Law on Finance) and articles 84-bis and 84-quarter of the Issuer Regulations (Consob Resolution no. 11971/1999 and subsequent amendments), as well as the joint Bank of Italy-Consob communication of 29 January 2014 “Implementation of the ESMA Guidelines on Remuneration Policies and Practices (Mifid)”; Consob communication of 19 June 2014 on the disclosure of information on allowances and benefits paid to executive directors and general managers.

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

- compliant and effective governance of remuneration and incentives policy, through the involvement of various corporate functions, in particular the control functions, through the Remuneration Committee and other bodies, to ensure an efficient remuneration process at every phase of implementation.

The key principles of the Group Policies are:

- coherence between remuneration, roles and responsibilities to valorize skills, experience and the contribution required of the job;
- attention to risk and compliance, to ensure sustainable growth for the Bank over the long term;
- valorization of merit, understood as reward for results, expertise and the upholding of Group values;
- prudence in the predisposition of rules and procedures designed to discourage conduct and behaviour in conflict with the Bank's interests or which might induce excessive risk taking;
- continual comparison with market best practice and tendencies to attract, motivate and keep the best people.

We should also note that no independent specialist consultants were employed and no other companies were used as benchmarks in drawing up remuneration policy, apart from basic evaluations or comparisons with average industry pay levels.

2.1 Changes with respect to 2016

The Policies are described schematically to highlight the distinguishing elements and make it easier to understand the changes with respect to 2016 policies.

In particular, we foresee:

- adjustment and realignment of pay for targeted positions regarded as "key" to the realisation of the strategic plan, via comparison with market benchmarks, and analysis of job requirements and skills demonstrated;
- introduction into existing collective agreements social welfare awards, conversion of some remuneration instruments into forms of private pension, commercial bonuses and job level targets for key employees;
- possible implementation of variable remuneration schemes running into 2018 but which take account of 2017 performance, combined with retention schemes for strategic resources;
- tighter links between performance and risk, identifying indicators based on the Group's Risk Appetite Framework with a view to stimulating the company's economic recovery;
- closer attention to conflicts of interest to protect clients in the short- medium- and long-term, in compliance with the relevant legislation;
- a more rigorous formalization of the award and use of additional benefits, as well as a fairer allocation of such instruments (e.g. company cars);
- a leaner organization of the work based on a greater responsibility in the decision-making process to prevent bureaucratic inefficiencies.

3. GOVERNANCE, DECISION-MAKING AND CONTROL

The governance systems and rules are designed to guarantee clarity, transparency and effectiveness in the definition and implementation of the Group's remuneration policies and incentives.

Group remuneration policies are governed on two levels:

- governing bodies;
- corporate functions.

3.1 Governing Bodies

3.1.1. Parent Company Shareholders' Meeting

The Parent Company Shareholders' Meeting:

- determines the fixed salaries for the members of the Board of Directors including the attendance fees for Board Meetings and Executive Committee Meetings;

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

- approves and re-examines annually the remuneration of the members of the Parent Company Board of Directors, Group staff and external collaborators not bound by employment contract;
- approves the criteria for determining the compensation of Identified Staff in the event of termination of employment or early retirement from office (golden parachute) including the limits to the number of years of fixed salary and the maximum amount that can be awarded under such criteria in compliance with the prevailing legislation and regulations (taking into account, among other things, the duration of the employment relationship),
- approves or rejects Section I of the Remuneration Report on the basis of article 123-ter of the Consolidated Law on Finance;
- approves any equity-based compensation plans.

3.1.2. Parent Company Board of Directors

The Board of Directors:

- draws up, submits to the Shareholders' Meeting and re-examines at least annually, the remuneration and incentives policy and is responsible for its correct implementation;
- defines the remuneration and incentive systems for Identified Staff (see first point of section 5). In particular it ensures that these systems are coherent with the Bank's overall decisions in terms of risk taking, strategies, long-term goals, corporate governance structure and internal controls;
- pursuant to article 2389 of the Italian Civil Code establishes, after hearing the opinion of the Board of Statutory Auditors, the remuneration of Directors with special duties;
- ensures that the remuneration policy is properly documented and available for access within the company.

Inside the Board of Directors the CEO resolves on remuneration matters through the system of proxies and delegated powers and in accordance with the regulation of corporate procedures.

3.1.3 Remuneration Committee

The Remuneration Committee was appointed within the Board of Directors, composed of three non-executive and independent directors.

The Remuneration Committee assists the Board of Directors in defining personnel remuneration and incentives policy, assessing the coherence of such policy with the long-term goals and with the overall structure of corporate governance and internal control.

The Committee works with other Board Committees and in particular with the Risk Committee, to examine whether the incentives provided by the remuneration system take account of risk, capital and liquidity. In particular, the Committee provides the Risk Committee with information necessary to verify the coherence of the Bank's remuneration and incentive system with the RAF.

The Committee may consult with competent corporate functions on matters of risk, liquidity and capital.

The Committee has full access to all information deemed important to carry out its duties effectively and responsibly and has a budget large enough to guarantee its autonomy.

The Remuneration Committee provides recommendations and opinions to the Board of Directors on matters of remuneration. In particular, on the basis of documentation provided by the competent corporate functions, the Committee:

- makes recommendations on further compensation, over and above the salaries decided by the Shareholders' Meeting, for the Chairman, Deputy Chairman, Chief Executive Officer, members of the Executive Committee and the Board Committees,
- makes recommendations on the compensation of staff whose remuneration and incentives are decided by the Parent Company Board of Directors;
- makes recommendations on remuneration policies for Group personnel and external collaborators as well as for financial agents, insurance agents and financial advisors not bound by employment contract;
- makes recommendations on the criteria adopted to determine any "incentive bonus" for each category of Group personnel;
- examines the outcome and analyses of the identification of Identified Staff and provides an opinion on the matter for submission to the Board of Directors;

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

- makes recommendations on the criteria adopted to determine, for Identified Staff within the Group, exceptional payouts to new hirings in their first year (welcome bonus) and the compensation paid in the event of early termination of the employment relationship;
- provides advice on the determination of compensation criteria for Group Identified Staff;
- makes recommendations on the use of other equity-based staff incentive schemes (e.g. stock options). Specifically, the Remuneration Committee makes recommendations on the best incentive scheme, and monitors its progress and application over time;
- makes recommendations on the remuneration of directors holding special office as well as the Chief Executive Officer/General Manager and executives with strategic responsibilities.

The Remuneration Committee verifies:

- at least every six months, that the Committee's own procedure complies with the provisions of the law and regulations and, in so doing, assesses the adequacy of its individual members to perform their duties. This is performed in accordance with the rules on the self-assessment of the boards and board committees;
- the correct application of the rules on the remuneration of the heads of the corporate control functions, in close consultation with the Board of Statutory Auditors;
- the achievement of the bonus-related performance targets underlying the incentives schemes and checks other salary payment conditions for each Group staff category, with the help of information from the competent corporate functions.

The Remuneration Committee, in accordance with the regulation on the management information process, periodically reports to the Board of Directors, the Chief Executive Officer and the Board of Statutory Auditors on its activities, taking into account the information it has received from the operating and control functions. It reports regularly on its work to the Shareholders' Meeting.

3.1.4. Risk Committee

The Risk Committee assists the Board of Directors on all risk matters, the internal control system and corporate organization, with particular attention to activities which are necessary and useful to help the Board of Directors arrive at a correct and effective determination of the Risk Appetite Framework (RAF) and risk governance policy.

Verifies, at least annually, without prejudice to the competences of the Remuneration Committee, that the incentives underlying the Bank's remuneration and incentive system are coherent with the risk appetite framework (RAF).

3.1.5 Shareholders' Meetings of the Subsidiary Banks/Companies

The Shareholders' Meetings of the subsidiary banks approve the remuneration policies and set the salaries for the respective governing bodies on the basis of the Board of Directors' recommendations and the instructions of the relative Boards of the Parent Company.

They also approve the equity-based remuneration plans and/or incentives for their company, as well as the criteria and limits set for determining the compensation to be agreed in the event of termination of employment or early retirement from office.

The Shareholders' Meetings approve, on recommendation of the respective Boards of Directors, the Parent Company's Annual Remuneration Report.

3.1.6 Boards of Directors of Subsidiary Banks/Companies

The Boards of Directors of the individual banks and companies adopt the recommendations of the Parent Company governing bodies and approve the Group's remuneration policies.

They also accept and submit for approval of their respective Shareholders' Meetings recommendations for the salaries of the governing bodies, and the criteria and limits for the determination of compensation to be agreed in the event of termination of employment or early retirement from office.

Finally they approve the Parent Company's annual remuneration report and direct the decisions on the management and remuneration of resources on the basis of the Parent Company's guidelines with the support of HR and the other competent corporate functions.

3.1.7. Parent Company Board of Statutory Auditors

The Board of Statutory Auditors oversees the correct application of the rules on the remuneration of the heads of the corporate control functions, in close consultation with the Remuneration Committee; It also advises the Board of Directors in the formulation of opinions as required by the prevailing legislation.

The Parent Company Board of Statutory Auditors, with the support of the control functions of the Parent Company and the individual banks/companies controlled by the Group, assesses the operational compliance of the procedures of the strategic supervision, management and control bodies and those with duties equivalent to those of general manager at the Parent Company and the banks/companies controlled by the Group.

In addition, the Board of Statutory Auditors assesses the work of the control function personnel and expresses a judgement on their efficiency in terms of a percentage.

3.2. Corporate Functions

Corporate functions are involved in all stages of defining and planning the remuneration policies in order to preserve independence and provide technical advice to ensure that the policies comply with the regulatory framework.

The corporate functions⁵ involved in the definition of the Policies are described below.

3.2.1 Risk Management

Helps ensure that the incentive schemes are properly risk-adjusted to guarantee that the remuneration and incentive systems comply with the Risk Appetite Framework (RAF), overseeing the links between remuneration and risk-adjusted returns.

It works in close connection with Planning and Control to set the targets - at corporate and business unit level (gates) - for the incentive system.

3.2.2 Human Resources

Provides technical support in the definition and application of the remuneration policies, overseeing coordination at Group and individual bank/company level, for the fixed and variable salary components of the remuneration and incentive system.

3.2.3. Planning and Control

Works in coordination with the other corporate functions to help define the remuneration and incentive systems as regards the aspects within its remit.

It provides the information needed to calculate the performance indicators specified in Group Policy and the implementing regulations.

3.2.4 Planning and Marketing

Works in coordination with the other corporate functions to define the remuneration and incentive systems. In particular it sets the individual and company targets for the incentive schemes making sure that they conform to the principle of correct management of conflicts of interest between the Bank and the clientele.

It handles the monitoring and accounting of incentives scheme targets laid out in Group Policies and the enacting regulations.

3.2.5. Compliance and Internal Audit

Compliance and Internal Audit work jointly between them and together with the Remuneration Committee, to guarantee the adequacy and conformity of remuneration policies and practices with the legislation and their proper functioning.

Compliance

The Parent Company Compliance function helps guarantee the adequacy and adherence to the legislation and the implementation procedures, and passes a judgement on compliance.

⁵ Corporate control functions include: Compliance (incorporating the Anti-Money Laundering unit), Internal Audit, Risk Management, Validation and Human Resources pursuant to Bank of Italy Circular 285/2013, as well as the Manager in Charge of preparing the Corporate Financial Documents.

It verifies:

- that the incentives schemes comply with the law, the Articles of Association, and the code of ethics and other codes of conduct, to make sure that legal and reputational risks are contained, especially with regard to customer relationships;
- compliance with the law and regulations of the rules contained in the remuneration policies, for the identification of Identified Staff and in the report on compensation to be agreed in the event of termination of employment or early retirement from office.

Internal Audit

The Parent Company Internal Audit function assesses, on an annual basis, the compliance of processes and practices with the approved Policies and with the regulations, reporting any facts or anomalies to the governing bodies and the corporate functions so that they may take corrective action if necessary.

4. COMPONENTS OF REMUNERATION

Carige Group staff receive both fixed and variable remuneration.

4.1 Fixed Remuneration

The fixed remuneration component is structured so as to permit the variable part to significantly contract or disappear in relation to the risk-adjusted results effectively achieved.

It is defined on the basis of the position held, in accordance with the principle of valorization of the expertise and responsibility associated with the position.

Fixed remuneration components include:

- remunerations approved by the Shareholders' Meeting:
 - (i) remuneration for the members of the Boards of Directors and Board of Statutory Auditors, plus salaries approved by the Board for specific duties pursuant to article 2389 of the Italian Civil Code;
 - (ii) attendance fees for Board of Directors and Executive Committee meetings;Members of the Board of Directors and Board of Statutory Auditors are also entitled to reimbursement of job-related expenses.
- gross salary as set by the CCNL (National Collective Bargaining Agreement) and/or individual contract;
- personal awards;
- payments for minimum salary, minimum term, non-competition and extension of notice which reflect the characteristics described at point 6.4 below (among the minimum salary payments are non performance-related payouts for commercial roles, foreseen by the company bargaining agreement);
- salary components defined as fixed in accordance with the law, the CCNL or company contracts, or based on specific corporate policies (e.g.: compensation for travel inconvenience or loss of notice)
- the recurrent component of salary for financial business agents, insurance agents and financial advisors.

4.1.2 Benefits associated with fixed salary

Many benefits included in fixed salary awarded by the Parent Company or by the subsidiary banks/companies depend on national collective or company agreements or specific corporate policies and are therefore not discretionary. These are:

- healthcare assistance;
- private pension;
- occupational/non-occupational insurance
- long term care insurance;
- corporate car;
- housing, normally on a free loan.

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

Executives⁶ and members of the strategic supervision board, management and control bodies also receive a D&O policy (Directors' and Officers' Liability Insurance).

4.2 Variable remuneration

The variable remuneration component (bonus) is additional to the fixed component and is normally linked to results achieved over the short- or medium-long term, and therefore to metrics such as term in office at a certain date and performance assessments.

Variable remuneration components include:

- **incentive** bonuses linked to short- or long-term performance incentive schemes foreseen for specific staff categories or by individual contracts;
- **contractual** bonuses, i.e. foreseen by the national collective bargaining agreement, the company bargaining agreement or trade union agreements, such as corporate welfare bonuses;
- **discretionary** bonuses associated with the attraction and retention of resources, made up of:
 - welcome bonuses;
 - one-off awards of a small amount, even in kind, for certain categories, sometimes following a commercial competition;
 - retention bonus or other type of bonus linked to seniority;
- any compensation in the event of termination of employment or office (golden parachute”).

5. BENEFICIARIES OF THE POLICIES

The categories of staff covered by the Policies are:

- **Identified Staff**, determined on the basis of the European Banking Authority (EBA) qualitative and quantitative technical standards, specified by Delegated Regulation (EU) no. 604 which came into effect on 26 June 2014, i.e. persons who take on risk and whose professional activities have a significant impact on their risk profile. This perimeter comprises the following categories:
 - Directors, not bound by employment relationship to the Group;
 - CEOs and General Managers;
 - Heads of control functions (Controllers)⁷;
 - Other categories resulting from the application of the quantitative criteria pursuant to DR 604/2014.
- **Other Group Personnel**;
- **Non-employed external collaborators including financial business agents, insurance agents and financial advisors.**

In 2017, following application of the criteria, the IS perimeter comprises **64** positions, or around **1.2%** of the Group's workforce including, in accordance with the regulations, the **25** board directors.

Staff Categories	EBA Legislation – Reg. EU 604/2014	No. of Identified Staff
Directors	Article 3 paragraph 2	25
CEOs and General Managers	Article 3 paragraphs 1-3	3
Controllers	Article 3 paragraphs 4-7	10
Other Identified Staff	Article 3 paragraphs 3 and from 5 to 15	25
Other categories resulting from the application of	Article 4 paragraphs 1-2-3	1

⁶ Top management figures with discretionary and/or decisional powers.

⁷ These include the heads of "Corporate Control Functions" in accordance with Bank of Italy Circ. 285/2013: Risk Management (CRO) Audit, Compliance, Anti-Money Laundering, Validation and Human Resources (only for the purposes of remuneration and incentives policy and practice), plus the Manager in Charge of preparing the Corporate Financial Documents and the heads of Risk Management and Risk Control.

the EBA quantitative criteria		
Total		64

The Parent Company Human Resources function oversees the identification of the Identified Staff for the Group banks/companies, applying the criteria defined by Regulation EU 604/2014.

The outcomes of the process are formalized in a document which is submitted to, and approved by, the Boards of Directors of the individual Group banks/companies.

Taking into account the operational and organizational characteristics of the individual Group companies and the level of riskiness generated by each of them, Parent Company HR identifies the Identified Staff perimeter with the support of the individual corporate functions, in particular Planning and Control, Risk Management, Compliance and Internal Audit and submits the outcomes of the process to the Parent Company Remuneration Committee.

6. STAFF REMUNERATION AND INCENTIVE POLICIES

All staff categories⁸ (see paragraph 5) receive a fixed remuneration. Depending on the category they may also receive a variable remuneration.

The combination of fixed and variable salary (the “pay mix”) is defined for each category, in compliance with the regulations, in such a way as to deter behaviour which might encourage excessive risk taking.

6.1 Fixed to variable component ratios

In line with the prudential approach taken by the Group again for financial year 2017 the ratio of variable to fixed component may not exceed 100%, except for staff belonging to the control functions where the maximum limit is lower:

- 30% of fixed salary for Identified Staff;
- 50% of fixed salary for remaining personnel.

Payouts of discretionary bonuses, except in the event of early termination of employment or office (see paragraph 4.2) are included in the calculation of the said 100%, 30% and 50% limits of fixed salary, with the exception of welcome bonuses, which are included in the calculation for the first year only.

Payouts made in the event of early termination of employment or office (golden parachute, see paragraph 7.7), as noted, are not calculated in the said limits.

Group Employees may not employ personal hedging or insurance strategies on the remuneration or on other aspects which might alter or compromise the risk alignment inherent in the remuneration mechanisms.

In compliance with the Supervisory Regulations, all forms of remuneration of new personnel involving the reduction or annulment of salary components deriving from previous jobs (using malus or claw-back mechanisms similar to those described in par 7.6 below) are forbidden.

6.2 Limits to distributions - combined capital reserve requirement

If the “combined capital reserve requirement” specified in Bank of Italy Circular no. 285/2013 is not met, the said forms of variable remuneration may only be paid within the conditions and limits established in the Circular.

Where the combined capital reserve requirement is met no distributions relating to class 1 primary capital may be made which might reduce this to a level at which the requirement is not longer met.

⁸ For non-employed external collaborators including financial business agents, insurance agents and financial advisors, see paragraph 9.

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

If the minimum prudential requirements foreseen by the prevailing and applicable regulations are not met, the variable remuneration component shall not be paid, or if paid must be within the limits and conditions specified in the regulations.

6.3 Remuneration of the Governing Bodies

Remuneration of the Board of Directors

As foreseen by the Articles of Association salary paid to Directors is established annually by the Shareholders' Meeting and is inclusive of the fixed Directors's salary component, including attendance fees for Board of Directors and Executive Committee meetings.

Directors holding particular positions receive additional payouts decided by the Board of Directors, on the recommendation of the Remuneration Committee, after hearing the opinion of the Board of Statutory Auditors. Specifically these refer to the Chairman, the Deputy Chairmen and the Chief Executive Officer as well as the members of the Executive Committee and the other Board Committees. The chairman of an Internal Board Committee may receive higher salary than the individual committee members.

The chairman's salary may not exceed the fixed salary of the Chief Executive Officer/General Manager.

Non-executive Directors receive only fixed remuneration.

For the staff category "Chief Executive Officer" there may also be a variable component, normally specified in the individual contracts which must nevertheless comply with the rules laid down by the regulations and these Policies.

The individual Directors are also rewarded for their time in terms of the aforementioned attendance fees, paid to each member for each board and executive committee meeting attended. Should a committee meeting occur on the same day as a board meeting only one daily attendance token is awarded.

The Directors are also reimbursed for job-related expenses. These reimbursements consists of a lump-sum based on metrics such as attendance of meetings, distance from home to head office, etc..

Remuneration of the Board of Statutory Auditors

The compensation of the members of the Board of Statutory Auditors is decided by the Shareholders' Meeting in line with the rules laid down in article 2402 of the Italian Civil Code. Members of the Board of Statutory Auditors are also reimbursed for job-related expenses. The individual Auditors are also rewarded for their time in terms of the aforementioned attendance fees, paid to each member for each board and executive committee meeting attended.

Members of the Board of Statutory Auditors do not receive any variable remuneration.

6.4 Remuneration of employees

Pursuant to the EBA guidelines of 21 December 2015 - applicable from 1 January 2017 and with which the Bank of Italy must comply by 30 June 2017 - remuneration is defined as fixed if the following conditions are satisfied (by way of example):

- it is based on a pre-determined criterion;
- it is not discretionary and reflects the employee's professional experience and seniority;
- the amount paid to the individual is transparent;
- it is permanent (i.e. maintained over time for a specific position or responsibilities) and not revocable (i.e. modified only by national bargaining or negotiation in line with national criteria);
- may not be reduced, suspended or annulled unilaterally by the entity/bank;
- provides no incentives to risk taking;
- does not depend on performance.

The fixed remuneration component is determined on the basis of:

- CCNL provisions and any supplementary contracts or agreements with Social Partners;
- salary benchmarks, with particular reference to positions of greatest market, business and context risk;
- level of coverage of the position by the person, in terms of performance, skills and responsibilities;
- growth potential for the most important jobs and positions difficult to fill on the labour market;

- experience and career path;
- the position occupied.

To guarantee comparison of salaries within the organization and the outside market, company roles are analyzed periodically, and each position is given a grade corresponding to its complexity. The analysis and review is performed by HR, sometimes with the support of independent consultants and the results are submitted to the Parent Company Board of Directors via the Remuneration Committee.

Fixed remuneration may be adjusted and/or revised in the form of:

- remuneration adjustments: these are variations in remuneration (in the case of rises) linked to promotions or job level or personal awards, in order to reward high potential individuals who provide consistently superior qualitative/quantitative performance or who occupy special positions generally as part of a professional development path, in any case taking account the industry benchmark;
- minimum salary awards for specific roles and responsibilities, held over a period until the position is filled. They are predetermined, permanent, transparent, and not revocable. The awards must not provide incentives to risk taking or violate the law. They are normally given to key people in control functions in line with pay bands recommended by the Remuneration Committee and approved by the Board of Directors;
- payouts linked to pacts agreed at the start and/or during the course of the employment relationship in relation to minimum term, non-competition, extension of notice, with the above characteristics. They are recurrent payouts additional to the fixed salary and paid periodically, except for supplements legally required by the pacts, associated with penalties for breach of contract. At the end of the period these payments may go to make up the fixed salary. Such instruments are designed to loyalize resources who hold vital relationships with the clientele or key positions within the organization. They are paid to professional figures on the basis of the strategic nature of their position, as well as to protect corporate assets. They may be used in concomitance with remuneration adjustments in relation to the market benchmark and the expertise of the individual;
- commercial incentives for staff in Professional Areas with commercial roles, such as managers of portfolios (e.g.: affluent, small business, corporate banking advisors etc.);
- daily travel allowances, for employees deployed to branches within their field of operations;
- additional benefits linked to specific corporate policies and not awarded on a discretionary basis.

7. CHARACTERISTICS OF THE VARIABLE REMUNERATION SYSTEM

The characteristics of the Group staff variable remuneration system is described below⁹.

7.1 Determination of the bonus pool

Each year a given amount is set aside in the Group budget for variable remuneration (the so-called "bonus pool").

This provision is shared among the Group and the individual companies, taking into consideration specific variables, whilst maintaining the capital adequacy and liquidity conditions, such as risk-adjusted returns, the number and category of personnel, the bonus targets and the types of incentive scheme, whether short- or medium-long term, or specified by the individual contracts, remuneration benchmarks, the type of business/environment in which the individual Group banks/companies operate.

7.2 Link between bonus and results

Access to the Group bonus pool depends on fully meeting certain pre-determined entry conditions (gates), whose thresholds are set each year by the Parent Company Board of Directors in line with the Group Risk Appetite Framework.

For all employees access to the bonus pool (including any performance bonus specified in the individual contracts) depends on meeting the following indicators, verified at the end of the annual and/or multi-year

⁹ As specified above, non-executive directors do not receive variable remuneration.

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

assessment period. At the expiry of the medium/long term scheme¹⁰ the Board of Directors must take into account the value creation targets contained in the existing Business Plan:

- consolidated capital adequacy: Common Equity Tier1 (**CET1**) ratio;
- consolidated liquidity: Liquidity Coverage Ratio (**LCR**);
- consolidated risk-adjusted returns: Return on Risk Adjusted Capital (**RORAC**), excluding staff belonging to the control functions - controllers).

7.3 Activation of the bonus pool

Increases or decreases, or in certain cases the zeroing, of the Group bonus pool depend on variations in the consolidated risk-adjusted returns indicator - the Return on Risk Adjusted Capital (RORAC) - which in turn lead to variations in the underlying targets (except for bonus targets for controllers).

Differences in the bonus pool may therefore vary depending on the achievement of RORAC (also expressed as a percentage) against the budget and in line with the Group Risk Appetite Framework (RAF), as defined by the Parent Company Board of Directors.

In any case the Group and individual bonus pool is zeroed if the consolidated and individual financial statements report a negative result¹¹.

If the allocated amount is exceeded, the bonuses are reapportioned until the allocation is exhausted.

Where the Group bonus pool is zeroed, the boards of the Parent Company may consider allowing each bank/company an individual bonus pool, providing the consolidated capital adequacy and liquidity conditions have been met.

However the individual bonus pools for each bank/company must not exceed the sum of the individual pools originally defined. In any case the individual thresholds for the following indicators must be satisfied:

- individual capital adequacy Common Equity Tier1 (CET1) ratio;
- individual efficiency: cost/income ratio¹².

The provision must in any case be compatible with the sustainability of company costs, in line with the prevailing Strategic Plan; after measuring the actual results it may reward best performance or top contributions, in terms of professionalism or expertise, but may not be awarded to Identified Staff in the CEO or general manager category.

In any case no individual bank/company performance-related bonuses can be paid if the individual financial statements report a negative result¹³.

7.4 Bonus payments on performance

All performance bonuses for Group staff depend on meeting specific "entry conditions" and are paid in line with the prevailing guidelines issued by the Supervisory Authority.

Payment of individual bonuses also depends on the activation annual and/or long-term (multi-year) incentives schemes at the bank/company where the person works, involving the assignment of balanced scorecards (BSCs) for each bank/company, team or individual.

Final performance is assessed in terms of quantitative results, but also in terms of behaviour. Specifically, the incentive scheme must consider probity with regard to customers relations and containment of legal and reputational risk, using qualitative indicators expressed in quantitative measurable criteria (number of

¹⁰ Biennial, three-year or multi-year depending on the current strategic plan.

¹¹ The result is suitably adjusted in the event of extraordinary circumstances which impact the economic sustainability of activating the bonus pool

¹² The cost/income calculation is suitably adjusted in the event of extraordinary circumstances which impact the economic sustainability of activating the bonus pool

¹³ See footnote on page 11

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

complaints, compliance with the law and regulations, quality of service, assessment of performance and/or managerial quality, credit quality, operating risks, application of MiFID principles, quality of product, respect for the client, fulfillment of Anti-Money Laundering obligations, etc.).

The remuneration policies and practices are designed to avoid incentives that might encourage staff to promote their own, or the Bank's, interests at the expense of clients.

The indicators in the BSCs, in particular for employees selling products and financial instruments, do not contain direct links to individual services or products, but refer more generally to areas or sectors of activity and are intended to foster and protect fair and honest customer relationships and compliance with the law and regulations, in particular compliance with obligations on conduct and conflicts of interest, also pursuant to the MiFID Directive.

For any staff category individual bonus awards depend on the achievement of the pre-determined targets.

As regard to corporate controllers note that the incentive schemes are associated with the specific duties performed and are linked not to economic results, but to corporate sustainability targets related to quantitative/quantitative indicators specific to the individual functions.

Assessment of the performance of such personnel will also involve, besides the indicators described in paragraph 7.2, a judgement by the Board of Statutory Auditors, expressed as a percentage, on the efficiency of the individual control officer.

The following paragraphs describe the procedures for payment of incentive bonuses.

7.5 Payment of individual performance bonuses

Without prejudice to the provisions of paragraphs 7.2, 7.3 and 7.4 on bonus pool entry conditions, activation of incentive schemes and achievement of performance in line with company results, the payment procedures for incentive/reward bonuses are as follows.

Payment of bonuses to remaining personnel

Bonuses for remaining personnel are paid in a single cash lump sum, usually by the July of the year following the award¹⁴.

Bonuses matured shall not be paid in the event of termination of the employment relationship (unless specifically provided for in the individual or collective contracts, or corporate agreements or by unilateral decision of the company, while still requiring a case by case assessment depending on the time of termination).

Payment of bonuses to Identified Staff

Identified Staff bonuses, including those of the corporate control functions, are made up of:

- an up-front quota of 60%, paid by July of the subsequent year;
- three annual quotas of equal size for the remaining 40%, deferred over the three years following the year of the up-front payment, to be paid by July of each year.

The Parent Company Board of Directors, after hearing the Remuneration Committee, may nevertheless decide a higher deferment percentage for Identified Staff, not less than 60% and deferred for not less than 5 years, where the variable component due is a particularly high amount, bearing in mind the market pay benchmarks and the size of the amount due on top of fixed salary.

Such annual bonuses for Identified Staff are paid:

- 50%, both the up-front and the deferred quotas, in cash;

¹⁴ For staff assigned individual targets, if the variable component is equal to 50% of annual gross salary (AGS), the Board of Directors may decide that a 40% quota of the bonus may follow the deferment rules foreseen for Identified Staff, without prejudice to the payment procedure or the criteria of internal coherence and fairness.

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

- the remaining 50%, both the up-front and the deferred quotas, in a mix of shares of the Parent Company and/or performance units and sometimes the financial instruments specified in Delegated Regulation (EU) no. 527/2014 on the regulatory requirements for the use of financial instruments for variable remuneration.

The vesting period (prohibition on sale of tradable instruments, or cashing out for non-tradable instruments) of the shares and/or performance units or any other financial instruments is two years for up-front awards and one year for deferred awards.

Any dividends or interest due on the shares or other financial instruments may not be distributed or paid before the end of the deferment period;

The Parent Company Board of Directors, after hearing the Remuneration Committee, may decide to gradually apply the rules for bonus payments depending on the amount in comparison to fixed salary; gradual bonus payments may not be applied in the case of members of the governing bodies and top management of Group banks/companies.

The above rules also apply to any forms of variable performance-related remuneration foreseen by the individual contracts of Identified Staff.

Both the up-front quota, and the deferred quotas are subject to malus and claw-back mechanisms, as described in paragraph 7.6 below. They shall not be paid in cases of termination of contract or employment relationship (except in cases of retirement, death or specific provisions in individual contracts), while still requiring a case by case assessment depending on the time of termination.

7.6 Malus and claw-back mechanisms

Without prejudice to the application of malus conditions on the payment of the variable remuneration component for the period and depending on a system of gates or the achievement of performance targets, the ex-post malus correction clause mechanism operates during the deferment period, prior to the payment of deferred quotas of the bonus.

As a result the variable salary component is not paid, wholly or in part, if damage is caused to the integrity of the Bank's capital, profits or business/financial or reputational situation, by the behaviour of individual resources, whether or not due to criminal intent or serious misconduct.

The malus clause means that payment of deferred quotas of the annual bonus are subject to meeting the entry conditions foreseen by the Policies (see paragraph 7.2 above) and the thresholds specified by the Board of Directors for the year prior to payment.

Thus, if in a given year just one of the aforesaid entry conditions is not met, the deferred bonus quotas are not awarded.

The aforementioned malus mechanism, with the consequent loss of deferred bonus quota, also applies in the event of:

- i. conduct leading to significant losses for the Group or an individual bank/company;
- ii. breach of the obligations pursuant to article 26 of the Consolidated Law on Banking or, if the subject is the interested party, article 53, paragraphs 4 et seq. of the Consolidated Law on Banking or breach of remuneration and incentives obligations;
- iii. fraudulent or criminal behaviour damaging to the Group or one of the Group's banks/companies.

Besides these obligatory conditions, further more detailed conditions may apply, as foreseen by the Bank's internal regulations.

In the cases i), ii) and (iii) above all up-front and deferred bonus quotas already paid must be returned (claw-back clause)¹⁵.

¹⁵ During the investigation of such conduct/violations, whether as part of an internal inquiry or following a court sentence or the application of a fine, all deferred payments are suspended. Once the internal inquiry is concluded or final judgment is passed the unpaid quotas are cancelled (malus) and those already paid must be returned.

The above malus and claw-back mechanisms also apply to the forms of variable remuneration foreseen by the individual contracts of Identified Staff.

If the “combined capital reserve requirement” specified in Bank of Italy Circular no. 285/2013 is not met, the deferred bonus quotas, including those foreseen in the individual contracts of Identified Staff may only be paid within the conditions and limits established by the Circular.

7.7 Severance payments

Severance payments are made in accordance with the prevailing regulatory provisions. The severance payments are calculated taking into account the binding criteria foreseen by labour law and the National Collective Bargaining Agreement.

Golden parachutes

The criteria for the determination of agreed payouts, over and above the sums required by law or the national collective bargaining agreement, in the event of termination of employment or early retirement from office, including the limits to the number of years of fixed salary and the maximum amount that can be awarded under such criteria, are decided by the Shareholders' Meeting approving a special document.

Discretionary pension benefits

Discretionary pension benefits are not normally awarded. If such benefits are deemed appropriate, they are based on the rules on variable remuneration and in particular on the criteria established by the Supervisory Regulations.

7.8 Commercial initiatives

Commercial initiatives may be introduced to encourage the sales network to meet certain commercial targets. These initiatives are linked to commercial competitions and marketing campaigns and are accessory to the annual incentive schemes.

The bonuses awarded, even in kind, are of a total amount that is marginal to the amounts paid as variable remuneration, or linked to time limited targets. These payments are therefore not subject to the correction mechanisms foreseen for incentives schemes.

The awards are dependent on behaviour in observance of external and internal rules. In no case can these forms of remuneration represent an incentive to sell products unsuitable to the financial needs of customers. In any case they are not paid in the event of a failure to meet the minimum prudential regulatory requirements.

7.9 Company bonus in the form of welfare services

Budget provisions may be set aside for a specific bonus pool, coherent with the underlying allocation logic for the payment of corporate awards. Existing second level company agreements foresee a contractual variable remuneration payment of a “Corporate Social Bonus” for employees belonging to certain Professional Areas and Middle Management of a sum that varies up to a maximum EUR 300, to be paid¹⁶ in the form of welfare services.

7.10 Attraction and retention

Within the framework of the Group's policies are variable remuneration instruments designed to attract and retain staff with special expertise and capabilities required by the business¹⁷.

These instruments include:

- welcome bonuses for newly hired personnel, usually Identified Staff, and limited to the first year of employment;
- retention bonus: used to retain resources with specific skills and expertise. To protect the company and guarantee the continuity of employment of professional figures deemed strategic, retention agreements could be signed at the end of a given annual or multi-year period to supplement any performance-related incentives;

¹⁶ The bonus payment complies with the legal and regulatory framework, including the indications of the Supervisory Authority.

¹⁷ With a view strengthening employer branding, commitment, motivation and staff retention, one might examine the possibility of adopting employee profit-sharing schemes, such as stock option plans.

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

- one-off payments: used to reward extraordinary commitment and consistent effort, especially outside working hours.

These are paid by each Group bank/company providing the minimum prudential supervisory requirements are met at consolidated and individual level.

Retention bonuses, where foreseen for Identified Staff, must adhere to the more detailed rules on payouts and deferment described in paragraph 7.5.

One-off amounts are reserved exclusively for non-critical personnel and may not be higher than 5% of the individual's annual gross salary; they are normally used as part of the Group's promotion policy, compatible with the sustainability of company costs, in line with the prevailing Strategic Plan.

8. BENEFITS AND WELFARE PROGRAMME

Benefits policy¹⁸ is implemented via unilateral company resolutions (accident insurance, occupational/non-occupational insurance) or via individual agreements, where they are not part of specific company policies (company car or housing loan for mobile workers) or through collective second level agreements (healthcare assistance, private pension in addition, or complementary to, national insurance).

Collective second level agreements may also be used as part of flexible benefit plans, where the forecasts on taxes and/or contributions permit the Company to use such a mechanism to reduce personnel costs.

Group Carige does offer the following employee welfare benefits:

- mortgages and low-interest rate loans;
- low-cost insurance;
- remote psychological support for colleagues, online programmes for working mothers, study bursaries for children of employees.

9. REMUNERATION OF EXTERNAL COLLABORATORS NOT BOUND BY EMPLOYMENT CONTRACT

Salaries for this type of contract (including those for financial business agents, insurance agents and financial advisors) are decided by Group banks/companies strictly in relation to the value of the work provided, in any case in full observance of the provisions of the relevant supervisory regulations.

In the case of business promotion or product sales contracts, compensation (including the recurrent salary component) is determined on the basis of a fee-scale linked to the value of the financial assets managed, measured systematically at a given date.

Meanwhile contracts concerning the provision of intellectual work must take into account the market rates of pay and the quality of the work contracted, as well as the professionalism of the contractor.

There are no incentive schemes linked to the "non recurrent" salary component.

10. INFORMATION ON THE REMUNERATION SYSTEM

The Parent Company publishes on its website (consolidated data):

- the information on remuneration policy prescribed by article 450 of EU Regulation no. 575/2013;
- information on the total remuneration of the chair of the strategic oversight body and each member of the management body, and the General Manager, where present, pursuant to article 450, letter j) of EU Regulation no. 575/2013;
- for the Parent Company, the information prescribed by aforesaid article 450 of EU Regulation no. 575/2013 on each member of the management body;
- the information on the implementation of remuneration policy for Group staff and external collaborators not bound by employment contract, together with the information published in accordance with the supervisory regulations on corporate governance.

¹⁸ See also para 4.1.2

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

The Parent Company provides the Annual Shareholders' Meeting with the above published information.

Each bank/company controlled by the Group provides its Annual Shareholders' Meeting with the prescribed information on implementation of the remuneration system for bank/company staff and the outcome of relative controls.

The Parent Company communicates the requested data and information on Group staff remuneration to the Supervisory Authorities.

SECTION II

IMPLEMENTING DOCUMENT OF THE 2016 REMUNERATION POLICIES

Introduction and key measures of 2016 remuneration policy

The following sections provide a statement of the implementation of the 2016 Remuneration Policies (hereinafter "2016 Policies") drawn up by Banca Carige as Parent Company of Banca Carige Group to inform stakeholders of the current remuneration policies and practices and the outcomes achieved, which demonstrates their coherence with business strategy, corporate performance and healthy risk management.

The 2016 Policies were approved by the Banca Carige Board of Directors' Meeting of 25 February 2016 and submitted to the Ordinary Shareholders' Meeting of 31 March 2016 which approved them.

Each Group bank/company, through its own Board of Directors, then approved the 2016 Policies in full.

The Parent Company functions: Human Resources, General Counsel, Risk Management, Planning and Control, Compliance and Internal Audit, all contributed to the definition and implementation of the 2016 Policies.

Below are the main developments in 2016:

- 2016 saw the re-election of the governing body of Banca Carige S.p.A., (Board of Directors), followed by the appointment of the Executive Committee and the Other Internal Board Committees. In April 2016 the Board of Directors appointed the new Chief Executive Officer, Mr. Guido Bastianini;
- The year also saw the re-election of the boards of the subsidiaries Banca Carige Italia S.p.A. (merged by incorporation into the Parent Company with effect from 19/12/2016), Banca Cesare Ponti S.p.A., Banca del Monte di Lucca S.p.A. and Centro Fiduciario C.F. S.p.A..
- There were far reaching changes to management reporting directly to the Chief Executive Officer (General Counsel, COO, CFO, Internal Audit). We should also note that in January 2017 a new CCO was hired.
- Owing to the Group's negative performance, the incentive schemes described in the 2016 Remuneration Policies were not activated.
- In June 2016 we presented the 2016-2020 Strategic Plan, which sets out the strategic targets to be reached via clear strategic initiatives: a reinforced balance sheet, greater efficiency, refocus of the bank and a new offering to customers;
- In August the Parent Company took part in a data gathering exercise by the European Banking Authority for the purposes of remuneration benchmarking providing information on 2016 salaries for all personnel, including Identified Staff and so-called high earners;
- In October 2016 the company reached an agreement with the trade unions on measures to contain labour costs and administrative expenditures in line with its strategic goals, together with new hirings and the development of welfare programmes for employees;
- In December the composition of Banca Carige Group was redefined following the merger by incorporation of Banca Carige Italia S.p.A. in the Parent Company;
- Remuneration measures were introduced for retention purposes, mainly with regard to private bankers, using instruments such as non-competition, minimum term and extension of notice pacts to protect commercial goodwill and the clientele.

This section is divided into two parts:

- Part I contains:
 - information on the methods (processes and controls) used by Banca Carige Group in 2016 to implement the Policies;
 - a report on the remuneration and salaries paid in 2016 to the boards and staff of Group banks/companies;

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

- Part II contains:
 - the information on salaries by area of business as well as the remuneration of staff whose activities have a material impact on the risk profile of the company pursuant to the rules on Disclosure Obligations and Communication of Data contained in Circular 285/2013, Title IV, Chapter 2, Section VI, Paragraph 1, implementing the provisions of article 450 of CRR (EU Regulation no. 575/2013);
 - the 2016 quantitative information on remuneration for the members of the Parent Company governing and control bodies, general managers and other managers with strategic responsibilities¹⁹, in conformity with the tables contained in Consob Resolution 11971/1999, as amended by Consob Resolution 18049/2011 (second half of Section II of Scheme 7-bis) and coherent with the Bank of Italy rules on Public Disclosure Obligations contained in Circular no. 285 of 17/12/2013, Part One, Title IV, Chapter 2.

¹⁹ In accordance with the Parent Board of Directors' resolution of 3/3/2015 which defined the perimeter of management with strategic responsibilities, pursuant to the prevailing Consob Regulation, as level 1 staff or line managers.

Part I Definition and implementation of the 2016 remuneration policies

1. DECISION-MAKING AND CONTROL PROCESS

The decision-making process for Banca Carige Group 2016 Policies is described below.

The decision-making, monitoring and supervision procedures with regard to the remuneration and incentive system were performed - each for their own competence - by the following management bodies:

- Parent Company Shareholders' Meeting;
- Parent Company Board of Directors and Chief Executive Officer;
- Parent Company Board of Statutory Auditors;
- Parent Company Remuneration Committee;
- Parent Company Risk Committee;
- The control functions of the Parent Company and the individual banks/companies controlled by the Group;
- The Shareholders' Meetings, Boards of Directors and Boards of Statutory Auditors of the individual banks/companies controlled by the Group.

Pursuant to the Articles of Association, and in accordance with the prevailing supervisory regulations, approval of remuneration policy is reserved to the Ordinary Shareholders' Meeting, upon the recommendation of the Board of Directors, which implements the policies resolved by the Shareholders' Meeting during the financial year.

The Parent Company Board of Directors' meeting of 25 February 2016 examined and approved, on recommendation of the Remuneration Committee, the 'Remuneration Report', and the attachments 'Statement on equity-based compensation plans' and 'Criteria and limits for the determination of compensation to be agreed in the event of termination of employment or early retirement from office, (drafted pursuant to articles 114-bis and 123-ter of the TUF, articles 84-bis and 84-quarter of the Issuer Regulations, as well as the prevailing supervisory regulations). The documents set out the new Group remuneration policies for financial year 2016.

The Group remuneration policies were then submitted to the approval of the Banca Carige SpA Shareholders' Meeting of 31 March 2016²⁰.

Each Group bank/company, through its own Board of Directors, then approved the 2016 Policies in full.

As explained above, approval and implementation of the policies entailed the active involvement of the Remuneration Committee, constituted within the Board of Directors to advise and make recommendations on the compensation of senior officers, and determine the criteria for the remuneration of Bank management.

The Remuneration Committee is composed of three to five members, chosen from among the non-executive directors, in the majority independent, in accordance with the Board of Directors' stipulations when appointing the Committee taking into account the complexity of its duties. The Committee members must possess the required professional qualifications for the position. At least one member of the Committee - screened by the Board of Directors on appointment - must possess adequate knowledge of compensation and incentive policies and practices and, in particular, of managing risk, capital and liquidity such that the incentives underpinning the remuneration system are coherent with the management of these aspects.

The Committee appoints a chairman from among its independent members alone, charged with coordinating the Committee's business.

Members of the Board of Statutory Auditors may take part in Committee meetings and, on invitation of the chairman, other company officers, including the Head of the Risk Management Function, as well as external advisors may attend provided they have no conflicts of interest with the remuneration matters on the agenda. Also attending the Committee meeting is a secretary, chosen by the Committee from among management

²⁰ We should point out that in drafting the 2016 Policies Banca Carige Spa was supported by the services of Deloitte Consulting in verifying the overall compliance of the 2016 Policies and, for certain aspects, by Studio Legale Daverio & Florio.

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

secretarial staff, who has the task of taking minutes. A report of each meeting is submitted to the Board of Directors at the first available meeting.

During the financial year the Remuneration Committee met 14 times, for an average of around one hour.

The Committee Regulation requires the chairman to call meetings sufficiently regularly to ensure the effective performance of its duties. In practice the Committee meets whenever it is necessary in the light of its duties; it was therefore impossible to schedule the meetings for financial year 2016 in advance.

With reference to 2017, at the approval date of this report the Remuneration Committee has met twice.

As has been explained, the Committee - on the basis of data flows received from the Chief Executive Officer, the Board of Statutory Auditors, the board and management committees and other corporate officers, in particular the competent control functions - assists the Board of Directors in defining the remuneration and incentive policies for Group personnel, ensuring coherence with the long-term objectives and the overall structure of corporate governance and internal controls.

The Remuneration Committee, as foreseen by the Supervisory Regulations, as well as by the provisions set forth in the new Regulation adopted by resolution of the Board of Directors' meeting of 24/1/2017 performs the activities pursuant to Section I – par. 3.1.3 of this Report.

During the financial year the Committee was actively involved:

- in the approval, by the Board of Directors, of the “Banca Carige Group Remuneration Policy”, subsequently submitted to the Shareholders' Meeting of 31/3/2016;
- in examining the report by Internal Audit on the control activities foreseen by the prevailing supervisory regulations, to guarantee the compliance of remuneration practice with the regulatory framework;
- in the determination of further compensation, over and above the salaries decided by the Shareholders' Meeting, for the Chairman, Deputy Chairman, Chief Executive Officer, members of the Executive Committee and the Board Committees of Banca Carige S.p.a.;
- in the determination of remuneration for the representatives of Banca Carige S.p.A. in the company shareholdings;
- in the identification of the Group's Identified Staff;
- in the determination of payouts to Identified Staff in the various cases of hiring, wage adjustments, termination of the employment relationship, and upgrading of individual contracts;
- in the determination of the criteria for severance payments.

In line with the prevailing supervisory regulations, implementation of the remuneration policies approved by the Shareholders' Meeting is specifically monitored by the control functions and in particular:

- by Compliance, which is charged with assessing compliance of the corporate bonus system with the law, the Articles of Association and any ethical or other codes of conduct applicable to the Bank, in order to prevent methods or approaches that might encourage high compliance risk behaviour;
- by Internal Audit, which makes an annual assessment of the coherence of the remuneration systems with the regulations. The annual verification by Internal Audit that remuneration practice corresponds to the approved policies and the regulations, found that the controls and activities involved in drafting the remuneration policies and their implementation was compliant with the prevailing supervisory regulations.

Note that no other companies were used as benchmarks in drawing up remuneration policy, apart from the essential evaluations or comparisons of average industry pay levels.

The Remuneration Committee Regulation states that it shall ensure good functional and operational links with the other corporate structures in the performance of its duties, and, in particular, that it shall have free access to all information and corporate departments necessary to carry out its duties, and the ability to call upon external advisors, within the terms established by the Board of Directors.

The table below shows the attendance figures at meetings of the Remuneration Committee during its present term of office:

This document is a courtesy translation from Italian into English.
In case of any inconsistency between the two versions, the Italian original version shall prevail

Member	Position	Number of Meetings	no. of meetings attended	% of meetings attended
Elisabetta Rubini	Chairperson	10	10	100%
Giulio Gallazzi	Member	10	9	90%
Maurizia Squinzi	Member	10	10	100%

2. CARIGE GROUP IDENTIFIED STAFF

Group Carige determined the Identified Staff in accordance with the qualitative and quantitative criteria laid down by the EBA in Delegated Regulation (EU) no. 604 of 4 March 2014, and recognised by the Bank of Italy Supervisory Regulations.

Each Group bank/company carried out its own analysis and drafted an individual document which it submitted to its own board. The Parent Company took this analysis into account to guarantee overall coherence in the drafting of the consolidated document, which, after examination by the Remuneration Committee which issued its opinion, was approved by the Board of Directors' meeting of 25 February 2016. For 2016 the Group Identified Staff perimeter encompassed 95 resources, (including non-executive directors) broken down as follows:

Staff Categories	EBA Legislation – Reg. EU 604/2014	No. of Identified Staff
Directors	Article 3 paragraph 2	44
CEOs and General Managers	Article 3 paragraphs 1-3	4
Other Identified Staff	Article 3 paragraphs 3 and from 5 to 15	35
Controllers	Article 3 paragraphs 4-7	11
Other categories resulting from the application of the EBA quantitative criteria	Article 4 paragraphs 1-2-3	1
Total		95

3. INFORMATION ON SALARIES

Group Carige staff in 2016 received salaries made up of:

a) Fixed salary

Fixed components paid in 2016 included:

- remunerations for the members of the governing bodies of the Group Banks and Companies approved by the Shareholders' Meeting, supplemented by the Board under the terms of article 2389 of the Italian Civil Code, including salaries for particular positions and attendance fees;
- the remaining personnel, including Identified Staff, besides the annual gross salary foreseen by the National Collective Bargaining Agreement for the job level, received:
 - promotions;
 - personal awards determined individually on the basis of the position, duties and responsibilities, specific experience and expertise;
 - minimum salary awards for specific roles and responsibilities, held over a period until the position is filled. These are predetermined, permanent, transparent, and non-revocable. The awards did

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

not provide incentives to risk taking or violate the law. Such payments were made to the control functions: Internal Audit, Compliance, Anti-Money Laundering and the Manager in Charge of preparing the Corporate Financial Documents;

- payments relating to pacts of stability, non-competition, extension of notice, either at hiring or during the employment relationship for specific staff categories depending on the position held and the strategic importance of the position;
- additional non-monetary benefits paid collectively in line with market practice and consisting of:
 - private pension provision
 - healthcare insurance;
 - occupational/non-occupational risk insurance
 - long term care insurance.
- Executives²¹ and members of the Board of Directors and Board of Statutory Auditors also receive D&O (Directors' and Officers' Liability Insurance);
- For some positions with managerial responsibilities a company car was provided to meet travel demands. For those working regularly outside their home area an economic support allowance was provided to compensate for travel inconvenience and in some cases the free loan of lodging;
- For external collaborators, agents and financial advisors routine stable remuneration which is "recurrent" and linked to the system of fees compliant with the Supervisory Regulations.

b) Variable

Among the variable remuneration components paid to employees in 2016 were:

- final portion of one-off awards resulting from review of the Corporate Award linked to Group results following the agreement between the company and the trade unions of 30/9/2014;
- welcome bonuses paid on the hiring of atypical resources;
- bonuses in kind for initiatives linked to commercial competitions and marketing campaigns.

3.1. Fixed to variable component ratios

In 2016 the ratio between variable and fixed salary components did not exceed the limits specified in the 2016 Policies, i.e. 100%, including Identified Staff (with a limit of 30% for Controllers).

The failure to activate an incentive scheme for 2016 means that it was impossible to fix the annual bonus targets against fixed salary and therefore to calculate ex-ante the variable to fixed ratios.

In kind bonuses were of marginal size compared with sums paid in fixed and total remuneration.

3.2 Remuneration of Board and Committee Members

2016 Policy did not foresee incentive plans or company performance-related variable salary components for Directors.

It therefore included, pursuant to the Articles of Association, an additional fixed salary component for the members of the Executive Committee and the other Board Committees, in proportion to their responsibilities, duties and frequency of attendance at board and committee meetings. The use of these objective parameters allows us to provide full justification and transparency with regard to the remuneration awarded, in line with the Bank of Italy Supervisory Regulations.

During the year the Parent Company Shareholders' Meeting and Parent Company Board of Directors took no decisions regarding the Directors' salaries on the occasion of re-election of the Board. In particular:

- The Shareholders' Meeting of 31 March 2016 voted to confirm the same amounts established for the previous mandate for the Directors' fixed salary and attendance fees;
- The Board of Directors²² established further compensation for Directors with special duties;

²¹ Top management figures with discretionary and/or decisional powers.

²² Pursuant to article 23689, paragraph 3 of the Civil Code, as foreseen by the Corporate Governance Code for listed companies as well as article 23 of the Articles of Association.

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail

- No new decisions were taken in regard to salaries for the members of the Board of Statutory Auditors, whose re-election was resolved by the Shareholders' Meeting of 30 April 2014.

The Parent Company Directors' remuneration was therefore defined as follows, taking as "base" the salary established by the Shareholders' Meeting, as specified below, not including attendance fees and a lump sum reimbursement of expenses (depending on their duties, the frequency of meetings and home distance from head office):

Board of Directors	Base 100	100
Executive Committee	100+up to 50%	up to 150
Risk Committee	100+up to 25%	up to 125
Remuneration Committee	100+up to 15%	up to 115
Appointments Committee	100+up to 10%	up to 110

The aforesaid guidelines have also been applied to the senior management of the subsidiary banks, in line with the size and characteristics of similar banking networks and the managerial responsibilities of their directors; the Parent Company's criteria for board committees do not apply, since the subsidiaries have no internal committees within their own boards of directors, given their smaller size and lower operational complexity, as non listed companies, and the fact that such committees are already present at the listed Parent Company, in line with the prevailing supervisory regulations on corporate governance.

Regarding decisions on senior management compensation by the Shareholders' Meetings and Boards of Directors of individual banks controlled by the Group:

- The Banca Carige Italia S.p.A. Ordinary Shareholders' Meeting of 12/5/2016, that of Banca Cesare Ponti S.p.A. of 19/5/2016 and that of Banca del Monte di Lucca S.p.A. of 27/7/2016 appointed their Boards of Directors, fixing the annual Directors' salaries, job-related expense reimbursements (as a lump sum for Banca Carige Italia and against receipts for Banca Cesare Ponti and Banca del Monte di Lucca), as well as their attendance fees. The Shareholders' Meetings of Banca Cesare Ponti S.p.A. and Banca del Monte di Lucca S.p.A. also re-elected the Board of Statutory Auditors and established the Auditors' annual salaries.
- Among the Group companies the Centro Fiduciario Shareholders' Meeting of 16/5/2016 appointed a new Board of Directors and Board of Statutory Auditors, decided their salaries, attendance fees and established the size of the lump-sum expenses reimbursement.

3.2.1 Remuneration of the Parent Company Chief Executive Officer

The Board of Directors of Banca Carige S.p.A. appointed Mr. Guido Bastianini as the new General Manager granting him the powers of Chief Executive Officer, in accordance with article 27 of the Articles of Association.

The Chief Executive Officer of Banca Carige S.p.A, who took office with effect from 7 April 2016, was classified as Identified Staff.

As an Executive his remuneration foresees an annual fixed salary and inclusion in the variable salary schemes for management via express Board resolution, within the framework of the Bank's remuneration policy and the prevailing regulations. His remuneration also includes welfare provision (e.g.: healthcare insurance) and benefits such as the free provision of a residence.

The General Manager's and Chief Executive Officer's remuneration was examined by the Parent Company Remuneration Committee which compared it with market benchmarks and in relation to his duties and expertise.

Mr. Bastianini expressly and unconditionally turned down any recompense, allowance or fee for the offices of Director or Chief Executive Officer or for the exercise of the associated powers.

The Chief Executive Officer also signed a stability pact with Banca Carige S.p.A. which meets the Bank's need to guarantee stable governance in line with ECB recommendations.

A pact was also signed in the event of termination of the employment relationship, in compliance with the applicable regulations and Group remuneration policy.

As regards the variable remuneration for former Banca Carige S.p.A. Chief Executive Officer Mr. Piero Montani, we should note that the conditions for the award foreseen in the individual contract were not met (failure to achieve the target indicators and gates) and therefore no payment was made.

3.3 Remuneration measures for employed personnel in 2016

The main measures taken in 2016 were in line with budget forecasts and the system of proxies and powers which involved the competent boards and functions which verified their compliance with internal and external rules.

The remuneration measures took into account industry benchmarks to guarantee competitive market positioning and a careful assessment of internal fairness, as well as the compatibility of personnel costs.

The **fixed salary** measures were designed to:

- ✓ bridge the pay gap for specific positions where minimum job levels are foreseen by the national labour contract or by company practice;
- ✓ maintain job motivation and satisfaction, and valorize professional standing for some staff categories (e.g. private bankers), through a mix of reward mechanisms involving job promotion and/or supplements to fixed salary, normally periodic depending on professional level and position. These sums are linked to minimum tenure and/or non-competition pacts containing claw back clauses and additional penalties for violations. If the employee remains in office until the end of the pact the minimum tenure supplements may in some cases be incorporated into fixed salary.

We should point out the signing on 28/10/2016 of a trade union agreement which renews the second level agreement designed on the one hand to contain labour costs, and on the other to reinforce social equity and valorize the jobs occupied by the workforce. Some concrete examples are: introduction of social welfare awards (maximum EUR 300), conversion of some remuneration instruments into forms of private pension, commercial bonuses and job level targets for key employees, such as private bankers.

4. COMPENSATION FOR IDENTIFIED STAFF AT THE BEGINNING OR END OF THE EMPLOYMENT RELATIONSHIP

In 2016 there were 9 retirements of Identified Staff of which 8 at the Parent Company and 1 in a subsidiary company.

There were 2 resignations²³, 6 early terminations of employment relationship and 1 dismissal for just cause.

In the case of the 6 early retirements of Parent Company Identified Staff, the dispensation regimes foreseen in the Supervisory Regulations and recognized in the document "Criteria and limits for the determination of compensation to be agreed in the event of termination of employment or early retirement from office" were applied.

In Banca Carige Group there are currently 5 golden parachute pacts²⁴ agreed in accordance with the rules approved by the 2016 Shareholders' Meeting in the document "Criteria and limits for the determination of compensation to be agreed in the event of termination of employment or early retirement from office".

In 2016 pro rate welcome bonuses were paid to 2 members of recently hired Identified Staff at Group Banks.

²³ Among the resignations was 1 Banca Carige Executive, who held the post of Manager in Charge of Preparing the Corporate Financial Documents.

²⁴ Of which 1 stipulated in January 2017.

PART II: ANALYTICAL DESCRIPTION OF THE SALARIES PAID

REMUNERATION POLICIES

Statement pursuant to article 450 CRR letter g): Identified staff - aggregate quantitative remuneration data broken down by business area

ABI code of bank/group **6175**
Name of bank/group **BANCA CARIGE GROUP**
Reporting period **2016**

	Areas of duty					Total
	Members of the Board of Directors (1)	Investment banking (2)	Retail banking (3)	Other corporate functions (4)	Corporate control functions	
Number of people	46	5	16	18	10	95
Total remuneration (in €) (5)	3,642,207.44	705,148.76	2,131,103.31	2,952,907.93	1,058,724.89	10,490,092.33
of which: total variable salary (in €) (6)	-	16,666.67	3,360.00	258,166.65	3,000.00	281,193.32

(1) Inclusive of quotas received by persons who are also Bank employees

(2) Investment banking is represented by the Finance Area

(3) Retail banking represents staff from the commercial structures

(4) Inclusive of quotas received by persons as members of the Board of Directors but whose role is primarily administrative

(5) Fixed+variable+benefits

(6) Total variable salary refers to lump sums deriving from the trade union agreement of 30/09/2016 and welcome bonus quotas

REMUNERATION POLICIES

Statement pursuant to article 450 CRR letter h): Identified staff - aggregate quantitative remuneration data broken down by Board of Directors, other management and other identified staff

ABI code of bank/group

6175

Name of bank/group

BANCA CARIGE GROUP

Reporting period

2016

Sub		Staff Category			Total
		Members of the Board of Directors (1)	Other Management (2)	Other Identified Staff (3)	
	Number of people	46	15	34	95
i)	Total fixed salary (in €)	3,642,207.44	2,540,725.73	4,025,965.83	10,208,899.01
i)	No. of beneficiaries	46	15	34	95
i)	Total variable salary (in €)	0	274,833.32	6,360.00	281,193.32
i)	No. of beneficiaries	0	8	6	14
ii)	of which: in cash	0	274,833.32	6,360.00	281,193.32
ii)	of which: in shares and related securities	0	0	0	0
ii)	of which: in other financial instruments	0	0	0	0
ii)	Actual deferred remuneration awarded in previous years and not in current period (in €)	0	0	0	0
iii)	of which: quotas awarded	0	0	0	0
iii)	of which: quotas not awarded	0	0	0	0
iii)	Recognized deferred remuneration paid in current period (in €)	0	0	0	0
iv)	of which: reduced amounts for performance adjustments	0	0	0	0
iv)	Welcome bonus payments (5)	0	(4) 273,333.32	0	273,333.32
v)	No. of beneficiaries	0	2	0	2
v)	Actual golden parachute payments	0	0	0	0
v)	No. of beneficiaries	0	0	0	0
v)	Recognised golden parachute payments	0	0	0	0
vi)	No. of beneficiaries	0	0	0	0
vi)	Higher amount for early retirement of an individual person (in €)	0	0	0	0

(1) Inclusive of quotas received by persons who are also Bank employees

(2) Inclusive of quotas received by individuals partly as members of the Board of Directors

(3) Inclusive of quotas received by individuals partly as members of the Board of Directors

(4) Pro rata payment of Welcome Bonuses for new Banca Cesare Ponti GM and new CFO

REMUNERATION POLICIES

Statement pursuant to article 450 CRR letter i):

Identified staff receiving remuneration of at least €1 million for the financial year

ABI code of bank/group

6175

Name of bank/group

BANCA CARIGE GROUP

Reporting period

2016

SALARY BANDS	Total remuneration		Identified Staff (number of people)
	from	to	
BAND 1	€ 1,000,000	€ 1,499,999	0
BAND 2	€ 1,500,000	€ 1,999,999	0
BAND 3	€ 2,000,000	€ 2,499,999	0
BAND 4	€ 2,500,000	€ 2,999,999	0
BAND 5	€ 3,000,000	€ 3,499,999	0
BAND 6	€ 3,500,000	€ 3,999,999	0
BAND 7	€ 4,000,000	€ 4,499,999	0
BAND 8	€ 4,500,000	€ 4,999,999	0
BAND 9	€ 5,000,000	€ 5,999,999	0
BAND 10	€ 6,000,000	€ 6,999,999	0
BAND 11	€ 7,000,000	€ 7,999,999	0
BAND 12	€ 8,000,000	€ 8,999,999	0
BAND 13	€ 9,000,000	€ 9,999,999	0
BAND 14	above	€ 10,000,000	0

REMUNERATION POLICIES

Statement pursuant to article 450 CRR letter j): Identified Staff

ABI code of bank/group
Name of bank/group
Reporting period

6175
BANCA CARIGE GROUP
2016

Members of the Carige Board of Directors	Total remuneration (1)
Chairman Banca Carige - TESAURO Giuseppe	425,625.00
Deputy Chairman Banca Carige - MALACALZA Vittorio	155,625.00
CEO Banca Carige - BASTIANINI Guido	542,068.59
Director - ARMELLA Sara	71,250.01
Director - CALABI Claudio	89,645.71
Director - CHECCONI Remo Angelo	115,951.63
Director - GALLAZZI Giulio	57,820.50
Director - GIRDINIO Paola	49,000.01
Director - MOCCHI Alberto	82,338.33
Director - PASQUALE Luciano	43,125.00
Director - ZAMPINI Giuseppe	14,360.21
Director - RUBINI Elisabetta	83,574.21
Director - SQUINZI Maurizia	74,250.01
Director - VENUTI Lucia	79,937.54
Chairman Banca Carige - CASTELBARCO ALBANI Cesare (retired)	210,086.05
Deputy Chairman Banca Carige - REPETTO Alessandro (retired)	91,604.52
CEO Banca Carige - MONTANI Piero Luigi (retired)	313,934.63
Director - ANSELMINI Beniamino (retired)	95,071.25
Director - BONNET Jerome Gaston Raymond (retired)	17,875.00
Director - CHRISTILLIN Evelina (retired)	21,562.51
Director - GARSUAULT Philippe Marie Michel (retired)	48,487.61
Director - MACCIO' Marco (retired)	23,250.01
Director - PESCIONE Guido (retired)	18,375.00
Director - PROVAGGI Giampaolo (retired)	96,500.01
Director - ROFFINELLA Lorenzo (retired)	47,750.29
Director - VASCO Elena (retired)	19,000.02
Director - WATTECAMPS Philippe (retired)	17,625.00

(1) The salary shown comprises quotas for membership of the Boards of Directors of subsidiaries. Minimum discrepancies in the figures between different tables are due to rounding up/down in the representation of the data (e.g. exact figures or data in thousands of euros).

Other Group Banks	Total remuneration (2)
Chairman Banca del Monte di Lucca - LAZZARINI Carlo	31,352.15
Deputy Chairman Banca del Monte di Lucca - LAZZARINI Carlo	86,598.69
Chairman Banca Cesare Ponti - PONTI Cesare	296,713.77
General Manager Banca del Monte di Lucca - PEDRELLI Andrea	92,910.59
General Manager Banca Cesare Ponti - PICCOLO Daniele	557,225.89 (3)
Director Banca del Monte di Lucca - MARCHI Marco	22,750.00
Director Banca del Monte di Lucca - PANI Roberto	20,687.28
Chairman Banca del Monte di Lucca - GUERRIERI Claudio Giuseppe Isandro (retired)	29,284.25
Deputy Chairman Banca del Monte di Lucca - PENZO Renato (retired)	16,747.31
Director Banca del Monte di Lucca - BALDINI Andrea (retired)	13,647.85
Director Banca del Monte di Lucca - CASTAGNETTI Piercarlo (retired)	13,647.85
Director Banca Cesare Ponti - BRUZZONE Mauro (retired)	8,438.17
Director Banca Cesare Ponti - MARTINELLI Fermo Andrea (retired)	8,938.17
Director Banca Carige Italia - GASTALDI Luigi (retired)	21,760.74

(2) The salary shown comprises quotas for membership of the Boards of Directors of several companies.

(3) Inclusive of € 256,666.65 in monthly pro rata welcome bonus payments in first year of service.

Statements on remuneration in accordance with the rules contained in: Consob resolution 11971/1999 and subsequent amendments (second half of Section II of Scheme 7-bis)

Table - Salaries paid to the members of the governing and control bodies, general managers and executives with strategic responsibilities

OFFICER		OFFICE		SALARY (euro thousands)								
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary			Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits	Non monetary benefits				

1) Board of Directors in office to 31/12:

Giuseppe Tesaro	Chairman	31/3 - 31/12	*	375	- 1.00							
	Director	31/3 - 31/12	*	51								
				<i>of which, tokens:</i>	4.0							
				<i>expenses:</i>	21.0							
Salary in the company drafting the financial statements				426	0					426		
Salaries from subsidiaries and affiliates					(2)					0		
TOTAL				426	0					426		
Vittorio Malacalza	Deputy Chairman	31/3 - 31/12	*	113	- 3.00							
	Director	31/3 - 31/12	*	43								
				<i>of which, tokens:</i>	4							
				<i>expenses:</i>	13.0							
Salary in the company drafting the financial statements				156	0					156		
Salaries from subsidiaries and affiliates										0		
TOTAL				156	0					156		

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary		Non monetary benefits	Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits					
Guido Bastianini	CEO and Exec. Committee Member	31/3 - 31/12	*	516								
Salary in the company drafting the financial statements				516	(4)			26		542		
Salaries from subsidiaries and affiliates					(5)							
TOTAL				516				26		542		

Sara Armella	Director	31/3 - 31/12	*	43								
				<i>of which, tokens:</i>	3.5							
				<i>expenses:</i>	13.0							
	Exec. Committee Member	4/4 - 31/12	*	28								
				<i>of which, tokens</i>	4							
				<i>expenses:</i>	11							
Salary in the company drafting the financial statements				43		28				71		
Salaries from subsidiaries and affiliates										0		
TOTAL				43		28				71		

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary		Non monetary benefits	Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits					
Claudio Calabi	Director	31/3 - 31/12	*	51								
				<i>of which, tokens:</i>	4.0							
				<i>expenses:</i>	21.0							
	Exec. Committee Chairman	5/8 - 31/12	*		20							
					<i>of which, tokens</i>	2						
					<i>expenses:</i>	11						
	Appoint. Committee Chairman	4/4 - 5/8	*		3							
					<i>of which, expenses:</i>	2						
Salary in the company drafting the financial statements				51	23					74		
Salaries from subsidiaries and affiliates				16	(6)					16		
TOTAL				67						90		

Remo Angelo Checconi	Director	1/1 - 31/12	*	58								
				<i>of which, tokens:</i>	6.0							
				<i>expenses:</i>	17.5							
	Exec. Committee Member	1/1 - 31/3	*		39							
		4/4 - 31/12			<i>of which, tokens</i>	6						
					<i>expenses:</i>	15						
Salary in the company drafting the financial statements				58	39					97		
Salaries from subsidiaries and affiliates				19	(7)					19		
TOTAL				77	39					116		

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary			Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits	Non monetary benefits				
Giulio Gallazzi	Director	31/3 - 31/12	*	50								
				<i>of which, tokens:</i> 3.0								
				<i>expenses:</i> 21.0								
	Remun. Committee Member	4/4 - 31/12	*		8							
					<i>of which, expenses:</i> 4							
Salary in the company drafting the financial statements				50	8					58		
Salaries from subsidiaries and affiliates										0		
TOTAL				50	8					58		

Paola Girdinio	Director	31/3 - 31/12	*	43								
				<i>of which, tokens:</i> 3.0								
				<i>expenses:</i> 13.0								
	Appoint. Committee Member	4/4 - 31/12			6							
					<i>of which, expenses:</i> 4							
Salary in the company drafting the financial statements				43	6					49		
Salaries from subsidiaries and affiliates										0		
TOTAL				43	6					49		

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary		Non monetary benefits	Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits					
Alberto Mocchi	Director	31/3 - 31/12	*	50								
				<i>of which, tokens:</i>	3.0							
				<i>expenses:</i>	21.0							
	Risk Committee Member	4/4 - 31/12	*		16							
					<i>of which, expenses:</i>	9						
Salary in the company drafting the financial statements					50	16				66		
Salaries from subsidiaries and affiliates					17	(8)				17		
TOTAL					67	16				83		
Luciano Pasquale	Director	31/3 - 31/12	*	43								
				<i>of which, tokens:</i>	4.0							
				<i>expenses:</i>	13							
Salary in the company drafting the financial statements					43	0				43		
Salaries from subsidiaries and affiliates					10	(9)				10		
TOTAL					53	0				53		
Giuseppe Pericu	Director	11/10 - 31/12	*	12								
				<i>of which, tokens:</i>	1.0							
				<i>expenses:</i>	4.0							
	Appoint. Committee Member	11/10 - 31/12			2							
					<i>of which, expenses:</i>	1						
Salary in the company drafting the financial statements					12	2				14		
Salaries from subsidiaries and affiliates										0		
TOTAL					12	2				14		

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary		Non monetary benefits	Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits					
Elisabetta Rubini	Director	31/3 - 31/12	*	50 <i>of which, tokens: 3.5</i> <i>expenses: 21.0</i>								
	Risk Committee Member	4/4 - 31/12	*	16 <i>of which, expenses: 9</i>								
	Remun. Committee Chairman	4/4 - 31/12	*	8 <i>of which, expenses: 4</i>								
Salary in the company drafting the financial statements				50	24					74		
Salaries from subsidiaries and affiliates				10	(10)					10		
TOTAL				60	24					84		
Maurizia Squinzi	Director	31/3 - 31/12	*	51 <i>of which, tokens: 4.0</i> <i>expenses: 21.0</i>								
	Risk Committee Chairman	4/4 - 31/12	*	16 <i>of which, expenses: 9</i>								
	Remun. Committee Member	4/4 - 31/12	*	8 <i>of which, expenses: 4</i>								
Salary in the company drafting the financial statements				51	24					75		
Salaries from subsidiaries and affiliates										0		
TOTAL				51	24					75		

OFFICER		OFFICE		SALARY (euro thousands)									
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary		Non monetary benefits	Other salary	Total	Fair value of equity awards	Severance or retirement indemnity	
						Bonus and other incentives	Share of profits						
<i>Lucia Venuti</i>	Director	1/1 - 31/12	*	68									
				<i>of which, tokens:</i>	6.0								
				<i>expenses:</i>	27.5								
	Risk Committee Member	1/1 - 31/3	*		5								
					<i>of which, expenses:</i>	3							
	Appoint. Committee Member	4/4 - 31/12	*		6								
					<i>of which, expenses:</i>	4							
Salary in the company drafting the financial statements				68	11					79			
Salaries from subsidiaries and affiliates										0			
TOTAL				68	11					79			

2) Board directors retired in FY 2016

<i>Cesare Castelbarco Albani</i>	Chairman	1/1 - 31/3		75								
	Director	1/1 - 31/3		16								
				<i>of which, tokens:</i>	3.0							
				<i>expenses:</i>	4.0							
	Exec. Committee Chairman	1/1 - 31/3			9							
					<i>of which, tokens:</i>	1						
					<i>expenses:</i>	4						
Salary in the company drafting the financial statements				91	9					100		
Salaries from subsidiaries and affiliates				110	(11)					110		
TOTAL				201	9					210		

OFFICER		OFFICE		SALARY (euro thousands)									
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary			Other salary	Total	Fair value of equity awards	Severance or retirement indemnity	
						Bonus and other incentives	Share of profits	Non monetary benefits					
Alessandro Repetto	Deputy Chairman	1/1 - 31/3		38									
	Director	1/1 - 31/3		16									
				<i>of which, tokens:</i>	3								
				<i>expenses:</i>	4.0								
	Exec. Committee Member	1/1 - 31/3			10								
					<i>of which, tokens:</i>	2							
					<i>expenses:</i>	4							
Salary in the company drafting the financial statements				54	10					64			
Salaries from subsidiaries and affiliates				28	(12)					28			
TOTAL				82	10					92			
Piero Luigi Montani	CEO and Exec. Committee Member	1/1 - 31/3		312									
Salary in the company drafting the financial statements				312						314			
Salaries from subsidiaries and affiliates					(13)					0			
TOTAL				312						314			

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary			Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits	Non monetary benefits				
Beniamino Anselmi	Director	1/1 - 1/8		41 <i>of which, tokens: 4.0</i> <i>expenses: 16.0</i>								
	Exec. Committee Chairman	4/4 - 1/8		17 <i>of which, tokens: 2.0</i> <i>of which, expenses: 9</i>								
	Risk Committee Chairman	1/1 - 31/3		5 <i>of which, expenses: 3</i>								
	Remun. Committee Member	1/1 - 31/3		3 <i>of which, expenses: 1</i>								
Salary in the company drafting the financial statements				41	25					66		
Salaries from subsidiaries and affiliates				29	(14)					29		
TOTAL				70	25					95		
Jerome Bonnet	Director	1/1 - 31/3		18 <i>of which, tokens: 2.0</i> <i>expenses: 7.0</i>								
	Salary in the company drafting the financial statements				18					18		
	Salaries from subsidiaries and affiliates									0		
	TOTAL				18					18		

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary		Non monetary benefits	Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits					
Evelina Christillin	Director	1/1 - 31/3		17								
				<i>of which, tokens:</i>	1.0							
				<i>expenses:</i>	7.0							
	Remun. Committee Member	1/1 - 31/3			3							
					<i>of which, expenses:</i>	1						
	Appoint. Committee Member	1/1 - 31/3			2							
					<i>of which, expenses:</i>	1						
Salary in the company drafting the financial statements				17	5					22		
Salaries from subsidiaries and affiliates										0		
TOTAL				17	5					22		
Philippe Marie Michel Garsault	Director	1/1 - 31/3		17								
				<i>of which, tokens:</i>	2.0							
				<i>expenses:</i>	7.0							
	Risk Committee Member	1/1 - 31/3			5							
					<i>of which, expenses:</i>	3						
	Remun. Committee Member	1/1 - 31/3			3							
					<i>of which, expenses:</i>	1						
	Appoint. Committee Member	1/1 - 31/3			2							
					<i>of which, expenses:</i>	1						
Salary in the company drafting the financial statements				17	10					27		
Salaries from subsidiaries and affiliates				21	(15)					21		
TOTAL				38	10					48		

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary		Non monetary benefits	Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits					
Marco Macciò	Director	1/1 - 31/3		15								
				<i>of which, tokens:</i>	2.0							
				<i>expenses:</i>	4.0							
	Exec. Committee Member	1/1 - 31/3			8							
					<i>of which, tokens:</i>	0.5						
					<i>expenses:</i>	4						
Salary in the company drafting the financial statements				15	8					23		
Salaries from subsidiaries and affiliates										0		
TOTAL				15	8					23		
Guido Pescione	Director	1/1 - 31/3		18								
				<i>of which, tokens:</i>	3.0							
				<i>expenses:</i>	7.0							
	Salary in the company drafting the financial statements				18						18	
Salaries from subsidiaries and affiliates										0		
TOTAL				18						18		
Giampaolo Provaggi	Director	1/1 - 21/10		48								
				<i>of which, tokens:</i>	5.0							
				<i>expenses:</i>	14.0							
	Exec. Committee Member	1/1 - 31/3			30							
		4/4 - 21/10			<i>of which, tokens:</i>	4						
					<i>expenses:</i>	12						
Salary in the company drafting the financial statements				48	30					78		
Salaries from subsidiaries and affiliates				19	(16)					19		
TOTAL				67	30					97		

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary		Non monetary benefits	Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits					
Lorenzo Roffinella	Director	1/1 - 31/3		16 <i>of which, tokens: 3.0</i> <i>expenses: 4.0</i>								
	Risk Committee Member	1/1 - 31/3			5 <i>of which, tokens: 3</i>							
	Remun. Committee Member	1/1 - 31/3			3 <i>of which, expenses: 1</i>							
	Appoint. Committee Chairman	1/1 - 31/3			2 <i>of which, expenses: 1</i>							
Salary in the company drafting the financial statements				16	10					26		
Salaries from subsidiaries and affiliates				22	(17)					22		
TOTAL				38	10					48		
Elena Vasco	Director	1/1 - 31/3		17 <i>of which, tokens: 1.0</i> <i>expenses: 7.0</i>								
	Appoint. Committee Member	1/1 - 31/3			2 <i>of which, expenses: 1</i>							
Salary in the company drafting the financial statements				17	2					19		
Salaries from subsidiaries and affiliates										0		
TOTAL				17	2					19		

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary			Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits	Non monetary benefits				
<i>Philippe Wattecamps</i>	Director	1/1 - 31/3		18								
				<i>of which, tokens:</i>	2.0							
				<i>expenses:</i>	7.0							
Salary in the company drafting the financial statements				18						18		
Salaries from subsidiaries and affiliates										0		
TOTAL				18						18		

3) Board of Statutory Auditors in office to 31/12/2016:

<i>Stefano Lunardi</i>	Chairman BoSA	1/1 - 31/12	**	123								
				<i>of which, tokens:</i>	11.0							
				<i>expenses:</i>	22.5							
Salary in the company drafting the financial statements				123						123		
Salaries from subsidiaries and affiliates				85	(18)					85		
TOTAL				208						208		

<i>Maddalena Costa</i>	Standing auditor	1/1 - 31/12	**	93								
				<i>of which, tokens:</i>	10.0							
				<i>expenses:</i>	22.5							
Salary in the company drafting the financial statements				93						93		
Salaries from subsidiaries and affiliates				52	(19)					52		
TOTAL				145						145		

OFFICER		OFFICE										
SALARY (euro thousands)												
Name and Surname	Position	Period in office	End of term of office	Fixed salary	Salary for committee membership	Non equity variable salary			Other salary	Total	Fair value of equity awards	Severance or retirement indemnity
						Bonus and other incentives	Share of profits	Non monetary benefits				
Remo Dominici	Standing auditor	22/4 - 31/12	**	62								
				<i>of which, tokens:</i>	5.0							
				<i>expenses:</i>	15.5							
Salary in the company drafting the financial statements				62						62		
Salaries from subsidiaries and affiliates				36	(20)					36		
TOTAL				98						98		

4) Auditors retired in FY 2016

Vittorio Rocchetti	Standing auditor	1/1 - 22/4		30								
				<i>of which, tokens:</i>	5.0							
				<i>expenses:</i>	7.0							
Salary in the company drafting the financial statements				30						30		
Salaries from subsidiaries and affiliates				17	(21)					17		
TOTAL				47						47		

Executives with strategic responsibilities: (*)												
Salary in the company drafting the financial statements				2222					150		2372	
Salaries from subsidiaries and affiliates				23							23	
TOTAL				2245					150		2395	

.. Shareholders' Meeting to approve Financial Statements at 31/12/2018

.. Shareholders' Meeting to approve Financial Statements at 31/12/2016

(*) Aggregate data

1. Additional salary for office of Chairman is to be understood as comprehensive of compensation for membership of Board Committees and/or other positions held in Group companies

2. This item does not include the sum of EUR 101,000 (of which EUR 500 tokens and EUR 10,000 expenses) for the office of Chairman of Banca Carige Italia S.p.A. from 12/5 to 19/12, since it is entirely transferred to CARIGE S.p.A.

3. Additional salary for office of Deputy Chairman is to be understood as comprehensive of compensation for membership of Board Committees and/or other positions held in Banca CARIGE Group companies
4. Received for the office of General Manager. No further salary is foreseen for the office of Chief Executive Officer by virtue of the waiver of all salary, remuneration, allowance or fee for the office of Chief Executive Officer (including the sum of €35,000 for Directors established by the Shareholders' Meeting) and salaries due in relation to other positions held in Banca CARIGE Group companies
5. This item does not include compensation for positions in Group companies representing CARIGE S.p.A., which is entirely transferred to CARIGE S.p.A. The total amount of EUR 34,000 is broken down as follows:
 - EUR 21,000 (of which EUR 500 tokens and EUR 6,000 expenses) for the office of Director of Banca Carige Italia S.p.A. from 12/5 from to 19/12
 - EUR 13,000 for the office of Director of Banca Cesare Ponti S.p.A. from 19/5 to 31/12
6. For the office of Deputy Chairman of Banca Cesare Ponti S.p.A. (plus EUR 3,000 transferred to the Parent CARIGE S.p.A.) from 19/5 to 31/12
7. For the office of Director of Banca Carige Italia S.p.A. (of which EUR 2,500 tokens and EUR 3,500 expenses) from 1/1 to 12/5
8. Of which:
 - EUR 7,000 (plus EUR 2,000 transferred to the Parent CARIGE S.p.A.) for the office of Director of Banca del Monte di Lucca S.p.A. from 27/7 to 31/12
 - EUR 10,000 (plus EUR 3,000 transferred to the Parent CARIGE S.p.A.) for the office of Director of Banca Cesare Ponti S.p.A. from 19/5 to 31/12
9. For the office of Member of the Board of Directors of the subsidiary Autostrada dei Fiori S.p.A. on designation of the Riviere di Liguria Chambers of Commerce (of which Euro 2,500 tokens) from 1/1 to 31/12
10. For the office of Director of Banca Cesare Ponti S.p.A. (plus EUR 3,000 transferred to the Parent CARIGE S.p.A.) from 19/5 to 31/12
11. Of which:
 - EUR 97,000 (of which EUR 2,000 tokens and EUR 3,500 expenses) for the office of Chairman of Banca Carige Italia S.p.A. from 1/1 to 12/5
 - EUR 13,000 (of which EUR 1,000 tokens) for the office of Deputy Chairman of Banca Cesare Ponti S.p.A. from 1/1 to 19/5
12. Of which:
 - EUR 16,000 (of which EUR 2,000 tokens and EUR 3,000 expenses) for the office of Director of Banca Carige Italia S.p.A. from 1/1 to 19/4
 - EUR 12,000 (of which EUR 1,000 tokens) for the office of Chairman of Centro Fiduciario CF S.p.A. from 1/1 to 20/4
13. This item does not include compensation for positions in Group companies representing CARIGE S.p.A., which is entirely transferred to CARIGE S.p.A. The total amount of EUR 27,000 is broken down as follows:
 - EUR 15,000 (of which EUR 1,000 tokens and EUR 3,000 expenses) for the office of Director of Banca Carige Italia S.p.A. from 1/1 to 19/4
 - EUR 8,000 (of which EUR 500 tokens) for the office of Director of Banca Cesare Ponti S.p.A. from 1/1 to 19/5
 - EUR 4,000 (of which EUR 1,000 tokens) for the office of Director of Centro Fiduciario S.p.A. from 1/1 to 19/4.
14. Of which,
 - EUR 20,500 (of which EUR 2,000 tokens and EUR 6,000 expenses) for the office of Director of Banca Carige Italia S.p.A. from 1/1 to 12/5
 - EUR 8,500 (of which EUR 1,000 tokens) for the office of Director of Banca Cesare Ponti S.p.A. from 1/1 to 19/5
15. For the office of Director of Banca Carige Italia S.p.A. (of which EUR 1,000 tokens and EUR 7,000 expenses) from 1/1 to 12/5
16. For the office of Director of Banca Carige Italia S.p.A. (of which EUR 2,000 tokens and EUR 3,500 expenses) from 1/1 to 12/5
17. For the office of Director of Banca Carige Italia S.p.A. (of which EUR 500 tokens and EUR 6,000 expenses) from 12/5 from to 19/12

18. Of which
- EUR 56,000 (of which EUR 3,000 tokens and EUR 9,500 expenses) for office of Chairman of the Board of Statutory Auditors of Banca Carige Italia S.p.A. from 1/1 to 19/12
 - EUR 16,000 for the office of Chairman of the Board of Statutory Auditors of Banca Cesare Ponti S.p.A. (of which EUR 1,000 tokens) from 1/1 to 31/12
 - EUR 10,000 for the office of Chairman of the Board of Statutory Auditors of Creditis Servizi Finanziari S.p.A. from 1/1 to 31/12
 - EUR 2,500 for the office of Chairman of the Board of Statutory Auditors of Centro Fiduciario CF S.p.A. from 1/1 to 31/12
 - EUR 500 for the office of Standing Auditor of Carige Covered Bond S.p.A. from 1/1 to 7/6
19. Of which
- EUR 41,500 (of which EUR 3,000 tokens and EUR 9,500 expenses) for the office of Standing Auditor of Banca Carige Italia S.p.A. from 1/1 to 19/12
 - EUR 7,500 for the office of Standing Auditor of Creditis Servizi Finanziari S.p.A. from 1/1 to 31/12
 - EUR 1,500 for the office of Standing Auditor of Centro Fiduciario CF S.p.A. from 17/5 to 31/12
 - EUR 1,500 for the office of Standing Auditor of Carige Covered Bond S.p.A. from 7/6 to 31/12
20. Of which
- EUR 26,000 (of which EUR 2,000 tokens and EUR 6,000 expenses) for the office of Standing Auditor of Banca Carige Italia S.p.A. from 12/5 to 19/12
 - EUR 6,500 for the office of Standing Auditor of Banca Cesare Ponti S.p.A. from 19/5 to 31/12
 - EUR 3,500 for the office of Standing Auditor of Creditis Servizi Finanziari S.p.A. from 14/7 to 31/12
21. Of which
- EUR 15,000 (of which EUR 2,000 tokens and EUR 3,000 expenses) for the office of Standing Auditor of Banca Carige Italia S.p.A. from 1/1 to 22/4
 - EUR 2,000 for the office of Standing Auditor of Creditis Servizi Finanziari S.p.A. from 1/1 to 22/4

TABLE 3: INCENTIVE PLANS FOR MEMBERS OF THE BOARD OF ADMINISTRATION, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

TABLE 3A: INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS OTHER THAN STOCK OPTIONS FOR MEMBERS OF THE BOARD OF ADMINISTRATION, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

(A)	(B)	(1)	Financial instruments awarded in previous years not vested in the period		Financial instruments awarded in the period					Financial instruments vested and not awarded in the period	Financial instruments vested and awardable in the period		Financial instruments for the period
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and Surname	Position	Plan	No. and type of financial instruments	Vesting period	No. and type of financial instruments	Fair value at date of award (in € '000s)	Vesting period	Date of award	Stock price at date of award	No. and type of financial instruments	No. and type of financial instruments	Value at maturity (in € '000s)	Fair value (in € '000s)
		(1)											
(I) Salary in the company drafting the financial statements													
(III) Total													

(1) No incentive scheme was activated across the Group in 2016 and therefore no financial instruments were awarded in the period to any of the recipients of said scheme.

TABLE 3: INCENTIVE PLANS FOR MEMBERS OF THE BOARDS OF ADMINISTRATION AND OF CONTROL, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

TABLE 3B: CASH-BASED INCENTIVE PLANS FOR MEMBERS OF THE BOARD OF ADMINISTRATION, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

A	B	(1)	(2)			(3)			(4)
Name and Surname	Position	Plan	Bonus for the year			Bonus for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	

OTHER STRATEGIC EXECUTIVES			Payable/Paid	Deferred	Period of deferment	No longer payable	Payable/paid	Still deferred	
(I) Salary in the company drafting the financial statements	2016 plan (1)	€	-	-	-	-	-	-	-
(III) Total		€	-						

(1) No incentive scheme was activated across the group in 2016.

TABLE 4 - STATEMENT OF PARTICIPATING INTERESTS OF MEMBERS OF THE GOVERNING AND CONTROL BODIES AND GENERAL MANAGERS

SURNAME AND NAME	POSITION	COMPANY SHAREHOLDING	NO. SHARES OWNED AT THE END OF PREVIOUS FY	NO. SHARES PURCHASED	NO. SHARES SOLD	NO. SHARES OWNED AT THE END OF CURRENT FY
MALACALZA Vittorio	Deputy Chairman	CARIGE S.p.A.	1,250,000	250,000	50,000	1,450,000
CHECCONI Remo Angelo	Director	CARIGE S.p.A.	2,208	=	=	2,208
MOCCHI Alberto	Director	CARIGE S.p.A.	500	=	=	500
PASQUALE Luciano	Director	CARIGE S.p.A.	20,000	30,000	=	50,000
PERICU Giuseppe	Director	CARIGE S.p.A.	12,500	5,000	5,000	12,500
VENUTI Lucia	Director	CARIGE S.p.A.	=	8,000	=	8,000
LUNARDI Stefano	Chairman of the Board of Statutory Auditors	CARIGE S.p.A.	17,997	=	=	17,997
CASTELBARCO ALBANI Cesare Indirect ownership (Castelfin Srl)	Chairman until 31/3/2016	CARIGE S.p.A.	53,448	=	=	53,448
REPETTO Alessandro	Deputy Chairman until 31/3/2016	CARIGE S.p.A.	5,000	=	=	5,000

SURNAME AND NAME	POSITION	COMPANY SHAREHOLDING	NO. SHARES OWNED AT THE END OF PREVIOUS FY	NO. SHARES PURCHASED	NO. SHARES SOLD	NO. SHARES OWNED AT THE END OF CURRENT FY
MONTANI Piero Luigi	Chief Executive Officer until 31/3/2016	CARIGE S.p.A.	204,832	=	204,832	=
ANSELMI Beniamino	Director until 1/8/2016	CARIGE S.p.A.	=	180,000	=	180,000
MACCIO' Marco Indirect ownership (partner)	Director until 31/3/2016	CARIGE S.p.A. CARIGE S.p.A.	872 1,776	= =	= =	872 1,776
ROFFINELLA Lorenzo	Director until 31/3/2016	CARIGE S.p.A.	7,968	=	=	7,968

SHAREHOLDINGS OF OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITY

NO. EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	COMPANY SHAREHOLDING	NO. SHARES OWNED AT THE END OF PREVIOUS FY	NO. SHARES PURCHASED	NO. SHARES SOLD	NO. SHARES OWNED AT THE END OF CURRENT FY
5	CARIGE S.p.A.	6,311	12,000	99	18,212

Attachment

Criteria and limits for the determination of remuneration to be paid in the event of early termination of the employment relationship or early termination of office, including limits to the number of years of fixed salary and the maximum amount that can be paid under such criteria

Foreword

This statement on the criteria and limits for the determination of remuneration to be paid in the event of early termination of the employment relationship or early termination of office was drafted taking into account the following legislation:

- i. Recommendation 2009/385/EC of 30 April 2009 complementing Recommendations 2004/913/EC and 2005/162/EC as regards the regime for the remuneration of directors of listed companies.
- ii. Article 6 of the Corporate Governance Code.
- iii. EBA's Guidelines on sound remuneration policies of 27/06/2016, formally effective since 1 January 2017, which the Bank is required to comply with by 30 June 2017.
- iv. Consob Recommendation of 19 June 2014 on the information to be disclosed on compensation and/or other benefits for executive directors and general managers of Italian companies listed in the FTSE Mib and Mid Cap indexes in the event of termination of office or termination of the employment relationship.
- v. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.
- vi. Bank of Italy's Circular no. 285 of 17/12/2013, Update no. 7 of 18 November 2014, Part One, Title IV, Chapter 2, Remuneration and incentive policies and practices.

In particular, the Bank of Italy Supervisory Regulations, Circular no. 285 of 17 December 2013, Update no. 7 of 18 November 2014, Part One, Title IV, Chapter 2, Section II - Role and Responsibilities of the Shareholders' Meeting and corporate bodies - provide, among other aspects, for the Ordinary Shareholders' Meeting to approve the criteria for the determination of compensation to be paid in the event of early termination of the employment relationship or early termination of office (**see Section III, paragraph 2.2.2 – “Golden Parachute”**), including limits to the number of years of fixed salary and the maximum amount that can be paid under such criteria.

Part One, Title IV, Chapter 2, Section I – General Rules - of the same Regulations provide for banks to apply the provisions at issue to the entire workforce, with the exception of the more detailed rules – set forth in Section III, para. 1.2, para. 2.1, indents 3 and 4, para. 2.2.1 and para. 2.2.2: these rules are to be applied **only to Identified Staff**.

In this regard the Shareholders' Meeting foresees the following:

1) Criteria

- a) In the event of any negotiated “golden parachute” payout, the Banca Carige Group will comply with the provisions of the foregoing legislation in line with the rules of the 2017 Remuneration Policies described in Section I of the Remuneration Report, “*Severance payments*” and within the limits set out in point 2) of this document.

More specifically:

Any payout negotiated in the event of termination of the employment relationship or office (“Golden parachute”)¹ - including payouts foreseen by the individual contracts of Identified Staff - is subject to the

¹Without prejudice to any amendments to the Supervisory Regulations, Golden parachute payouts also include: i) compensation based on a non-competition clause: the Bank/Group company may sign specific non-competition pacts in view of or upon early termination of the employment relationship, should it be necessary or advisable to defend both the goodwill and the Customer base acquired. ii) compensation in lieu of notice for the amount exceeding the statutory minimum notice period (compensation in lieu of notice whose

attainment of the indicators described in Section I of the Remuneration Report, *para. 7.2* and to the thresholds defined by the Board of Directors.

Severance payments are made up of:

- an up-front quota of 60%, paid the same year;
- three annual quotas of equal amount for the remaining 40%, deferred over the three years following the year of the up-front payment and, in turn, to be paid in each year of deferral.

However, the Parent Company's Board of Directors, with the prior opinion of the Remuneration Committee, may consider to apply a higher deferral percentage for Identified Staff, should the variable component to be paid be for a considerably large amount, taking into account both the market remuneration benchmarks and the amounts to be paid ex-post with respect to fixed salary.

50% of the up-front and deferred quotas is paid in cash. The other 50% of the up-front and deferred quotas is paid in a balanced mix of Parent Company's shares and/or performance units and any other financial instruments specified in the Commission Delegated Regulation (EU) no. 527/2014 on the regulatory technical standards specifying the classes of instruments that are appropriate to be used for the purposes of variable remuneration.

The Board of Directors of the Parent Company, with the prior opinion of the Remuneration Committee, will take any appropriate measure to define the types of financial instruments to be potentially paid out, specifying the technical details and the means of payment of the instruments in question.

The malus and claw-back mechanisms described in Section I of the Remuneration Report, *para. 7.6* also apply.

The malus mechanism, which prevents payment of the deferred quota of severance pay, also applies in the event of:

- i) conduct leading to significant losses for the Group or an individual Bank/Company of the Group;
- ii) breach of the obligations pursuant to article 26 of the Consolidated Law on Banking or, if the subject is the interested party, article 53, paragraphs 4 et seq. of the Consolidated Law on Banking or breach of obligations concerning remuneration and incentives;
- iii) fraudulent behaviour or gross negligence damaging the Group or one of the Group's Banks/Companies.

In the foregoing cases i), ii) and (iii) all up-front and deferred severance quotas already paid must be returned (claw-back clause)².

The provisions of the Supervisory Instructions on variable remuneration included in the Remuneration policies' document approved by the Shareholders' Meeting shall apply to the remunerations in question.

- b) The Banca Carige Group may avail itself of the derogations under article 2.2.3, paragraph 1, points 1 and 2 of Section III of the Bank of Italy Instructions with reference to the following cases:
 - i. golden parachute payouts agreed in the event of extraordinary transactions (e.g., mergers) or corporate restructuring procedures which must jointly: i) conform exclusively to the logic of containing corporate costs and rationalising the workforce, ii) not exceed EUR 100,000; iii) contain claw-back clauses at least for fraudulent behaviour or gross negligence damaging the Group or one of the Group's Banks/Companies;
 - ii. voluntary redundancy incentives, agreed also in relation to extraordinary transactions (e.g. mergers) or corporate restructuring procedures, paid to non-Identified Staff, which must jointly: i) conform exclusively

amount is determined in accordance with the law, is equivalent in its composition to the salary that would have been earned during the required notice period).

²During the investigation of such conduct/violations, whether as part of an internal inquiry or following a first- or second-instance court sentence, all deferred payments are suspended. Once the internal inquiry is concluded or final judgement is passed, the unpaid quotas are cancelled (malus) and those already paid must be returned (claw-back).

to the logic of containing corporate costs and rationalising the workforce; ii) encourage adoption of the support measures foreseen by the law or collective bargaining agreements for the whole workforce; (iii) not produce ex-ante distorting effects on staff behaviour; iv) contain claw-back clauses at least for fraudulent behaviour or gross negligence damaging the Group or one of the Group's Banks/Companies.

- c) Any Golden Parachute payouts are determined in relation to the position and/or office held, to the tenure of the position and/or office and possibly in relation to the targets and/or results achieved in position or office, in any case taking account of any risks taken by the Bank/Company.
- d) In any case the provisions expressly foreseen by the prevailing law or collective bargaining agreements still apply.

2) Limits to remuneration in terms of years of fixed salary and maximum amount

Any payout negotiated in view of or upon early termination of the employment relationship or termination of office (Golden Parachute payouts) may not exceed an amount equivalent to 2 years of total annual remuneration and a maximum gross amount of EUR 1.5 mln per beneficiary.

The individual Banks/Group companies shall draft a similar document to be submitted for approval to their Shareholders' Meetings.