



Board of Directors' Report on the third item on the agenda of the Ordinary Shareholders' Meeting convened for 29 March 2018 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 articles 84-bis and 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 for 29 March 2018 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 articles 84bis and 84-ter 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 28 March 2017, 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 equity-based remuneration plans;
 - (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.

Finally, pursuant to articles 114-bis of the TUF and 84-bis of the Consob Issuer Regulations the same listed companies are required to publish a specific report regarding any equity-based compensation plans, where adopted.

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 2018, as approved by the Board of Directors' meeting of 20 February 2018 and describes the implementation of the remuneration policies applied in the course of financial year 2017.

Attached to the aforementioned report are:

- the "Statement on equity-based compensation plans", containing a specific report on the compensation plans based on financial instruments foreseen by the remuneration policies;
- 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 29 March 2018, taking into account the detailed information on the Group's remuneration policy provided in the 'Remuneration Report', and in the attachments 'Statement on equity-based compensation plans' and "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 28 March 2017;
- to approve the remuneration policy of Banca Carige Group for the next financial year and the implementation of its inherent procedures, as well as the equity-based compensation plans and 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 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, 20 February 2018

for THE BOARD OF DIRECTORS
THE CHAIRMAN
(Giuseppe Tesauro)