MEDIOBANCA

Report on remuneration submitted to approval of shareholders in annual general meeting on 28 October 2016

Dear Shareholders,

We have called you together in general meeting to:

A) report on the remuneration policies adopted for the twelve months ended 30 June 2016 and;

B) submit the Mediobanca Group's new remuneration policies, approved by the Board of Directors on 21 September 2016, to your approval.

During the year under review, the governing bodies of Mediobanca have continued to devote particular attention to the issue of staff remuneration policies, including in the light of the new documents published by the supervisory authorities on this subject. In particular the following have been taken into consideration: the EBA Guidelines on remuneration policies published on 21 December 2015; and the Opinion on application of the criteria of proportionality addressed to the European Commission to be submitted to the European and Council with a view to possible revision of CRD IV and CRR. The new guidelines will come into force on 1 January 2017, and the Policies being submitted to your approval substantially reflect them.

This report incorporates the disclosure requirements established by both the Bank of Italy and Consob.

Section 1

A) Staff remuneration policies for FY 2015/16

Introduction

The Mediobanca Group posted improved results, and hence was able to distribute a higher dividend, for FY 2015/16, a year marked by significant market turmoil, on the back of its distinctive positioning in the banking sector. Mediobanca's business model has proved to be profitable even in the current scenario of subdued economic growth and low interest rates, due to the following distinctive features:

- Focus on three diversified, specialist businesses (CIB, Consumer Credit and Wealth Management) unaffected by restructuring processes;
- Excellent asset quality (Texas ratio 16%);
- High capital solidity levels (CET1 above 12%, leverage ratio approx.10%);
- Low cost/income ratio (44%).

The decisions regarding staff remuneration have been taken in view of the above business, which requires the contribution of high-quality professional skills.

Governance

The governing bodies and company units have governed the entire process of applying and revising the remunerations policies.

In particular, as described in the Annual statement on corporate governance and ownership structure, the Remunerations committee has met on seven occasions in the course of the year, and the meetings on average lasted around 1 hour and 45 minutes. The Committee is made up of five non-executive members, a majority of whom qualify as independent under the Code of conduct for listed companies operated by Borsa Italiana. The Statutory Audit Committee also participates in Committee meetings, as do the Chief Executive Officer and the General Manager, the Chief Risk Officer and the head of Human Resources, as guests.

The main items on the agenda in Committee meetings are: formulation of proposals to the Board of Directors regarding the variable remuneration of directors who are members of the Group's management (defining and marking their scorecards); assessment of the proposals made by the Chief Executive Officer regarding the variable remuneration of the other staff; review of the internal processes and procedures adopted in connection with the remuneration system; review of developments in the regulatory framework; analysis of market compensation; application of the severance policy; and drafting the new remuneration policies to be submitted to the approval of the Board of Directors and shareholders in general meeting.

The Group Human Resources department has provided support on the above governance activities in co-ordinating the process of formulating the proposals and resolutions, and executing them. The services of leading external consultants have also been used in the course of various activities, in particular market benchmark analysis and finalizing the remunerations new policies

The Compliance unit has issued its report stating that the remunerations policies conform to the Bank of Italy and internal regulations, and the Group Audit Unit checked that they were implemented correctly. The Risk Management unit, too, has been involved in the activity of ascertaining that the gateways have been met. The Accounting and Financial Reporting and Planning and Control units, finally, have provided the data for checking the gateways and for determining the business areas' performances.

Calculation of bonus pool and allocation using risk-adjusted metrics based on sustainable results over time

The variable component remuneration component to be assigned to the "identified staff"[1] constitutes the so-called "bonus pool". Payment is conditional upon certain conditions, or "gateways", which consist of the following indicators approved by shareholders at the last general meeting, being met:

a) capital adequacy and liquidity requirements [2] adopted in the Risk Appetite Framework[3] approved by the Board of Directors;

b) positive operating profit delivered at Group level.[4]

The Chief Executive Officer allocates the aggregate bonus pool to be awarded on the basis of the Economic Profit [5] earned by the Wholesale Banking division (the area in which most staff with the potential to impact on Mediobanca's risk profile are employed) according to quantitative and qualitative indicators. The bonus pool for the individual business areas is calculated on the basis of scorecards which generally use Economic Profit as their primary metric as well as other secondary quantitative and qualitative metrics, whereas individual awards are made on the basis of overall assessment of personal performance, with particular attention being paid to reputational and compliance issues as well. The bonus pool for staff employed by the control units and staff and support areas is established based on qualitative considerations, to limit the correlation between bonuses paid and the results delivered by the Bank and so guarantee the independence of their role. The Chief Executive Officer's decisions are illustrated to the Remunerations Committee and the Board of Directors. The remuneration paid to the head of company financial reporting and the heads of the control units is approved by the Board.

The Group's results for the year ended 30 June 2016 were as follows:

- GOP of €735m, up over 10% on last year, with revenues stable at €2bn and loan loss provisions down from €533m to €419m;

1) The Mediobanca Group's most relevant staff as at 30 June 2016 comprised 78 employees, representing 1.94% of the total headcount of the Group 10.5% of that of Mediobanca S.p.A., compared with 2% and 11% at 30 June 2015.
2) CET 1 ratio > 8,75% ex SREP, Leverage ratio, AFR/ECAP, Liquidity Coverage Ratio ≥ 100%, Net Stable Funding Ratio ≥ 100%, Retail funding ratio.
3) The Risk Appetite Framework identifies the risks which the Bank is willing to take, and for each risk defines the objectives and limits in normal and stressed conditions, identifying the management actions necessary to bring the risk back within the set limit. It is based on assessment of the principal risk drivers to which the Bank is exposed, both macroeconomic and specific. The RAF is subject to ongoing fine-tuning and update, in line with the continual changes in the risk metrics and analysis methodologies adopted, not to mention to the regulatory framework and the corporate processes with which it is integrated.
4) Total income less operating costs and loan loss provisions, as shown in the restated financial statements.
5) Economic Profit (EP) is defined as the pre-tax profit earned by the Wholesale Banking division, net of variable labour costs and the cost of regulatory capital (not represented in the accounts) required to perform such activities. It therefore measures the additional profit generated after the return on capital, the cost of which is calculated based on a risk-free rate in the medium/long term, the risk premium and taking into account the Division's cost of funding. As required by the supervisory authorities, the EP metric reflects both present and future risks and the sustainability of results over time.

- a stable contribution from the securities portfolio (representing the difference between gains on disposal and writedowns to equity investments and AFS securities);
- gross operating profit down 2.8%, due to contributions of approx. €91m to the Bank Resolution Fund and the Deposit Guarantee Fund (approx. two-thirds of which non-recurring).

The various items performed as follows:

- net interest income rose 6%, driven by the consumer segment which grew 12%, with wholesale business down 18%;
- net fee and commission income down 5%, with significant growth in asset management business, mass market and affluent, which offset the reduction in capital market activities;
- net treasury income declining, in part due to reduced gains on AFS securities (from €76m to €16m);
- increase in the contribution from equity-accounted companies (from €224m to €257m);
- further reduction in loan loss provisions, from €533m to €419m, on a 7% increase in lending;
- cost/income and compensation/income ratios stable at 2014 levels.

The Wholesale Banking division's results in the twelve months ended 30 June 2016 reflect:

- pre-tax profit of €165m, down 41% on last year following a 23% reduction in revenues due to the approx. 18% decrease in net interest income, hit by asset repricing and the reduction in market rates, gains on forex trading (down from €57m to approx. €14m) and gains on AFS securities (from €75m to €16m), and a contraction in equity capital market fees;
- reduction in loan loss provisions (from €74m to €29m);
- strengthening of headcount (some 20 staff added).

For the Retail and Consumer Banking division, the results for the year ended 30 June 2016 were as follows for the main companies:

- for the Compass Group, a net profit €171m, twice the figure reported last year, and a ROAC of 20%, reflecting growth in assets (CAGR: +8%) and revenues (9.9%), alongside a further reduction in the cost of risk (from 369 bps to 317 bps) and a cost/income ratio which remains below 35%;
- for CheBanca!, the completion of the process which has led to the creation of a profitable digital bank, with a net profit of €7.5m for the twelve months (ROAC 5%), having achieved size in terms of direct funding (€10.7bn), indirect funding (€3.9bn) and mortgage lending (€5bn) which drove a 15% increase in revenues; the cost of risk declined, from 45 bps to 34 bps, as did the cost/income ratio (from 96% to 84%);

Private Banking delivered a €29.5m net profit and 22% ROAC, down on last year due to a lower contribution from treasury income.

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Principal Investing contributed €370m in profits to the Group's results (30/6/15: €335m), on an improved performance by Assicurazioni Generali.

All the Group's gateways for the year ended 30 June 2016 were thus met.[6]

The Economic Profit earned by the Wholesale Banking division as stated in the accounts, which is not one of the gateways but is used as a risk-adjusted indicator in assessing the sustainability of the bonus pool, totalled €126m.

The other quantitative and qualitative metrics were also met, in the sense that the Group's results reflected the required risk/return balance, in compliance with all the objectives set in the Risk Appetite Framework. From a qualitative perspective, Mediobanca confirmed its positioning and market share in a difficult market scenario.

Having therefore ascertained that all the conditions precedent to the distribution of the bonus pool had been met, and in application of the criteria provided for in the remuneration policies, the Chief Executive Officer, after consulting with the General Manager, established an aggregate variable remuneration component of €57.5m for Mediobanca (compared to €69m in 2015), €25m of which for identified staff (approx. €34m), corresponding to a payout ratio 40% and 20% of the WB Economic Profit respectively, and down 17% and 23% on last year. These amounts include the variable component reserved to directors who are members of the Mediobanca Group's senior management. The aggregate variable component amounts to 92% of the fixed component for identified staff[7] (124% last year). Considering the headcount as a whole for Mediobanca, the ratio is 66%, compared to 76% in 2015. One of the main objectives in making the award of the variable component was to maintain a competitive compensation package for younger and business staff from a talent retention perspective.

For the Retail and Consumer division, the risk-adjusted earnings performances delivered in the year were positive too. The total variable remuneration component awarded to the division was €11.7m, basically flat versus 2015, €1.3m (€1.1m) was the bonus pool for identified staff, up 18% in line with the division's excellent results. The bonus pool for identified staff represented approx. 98% of the fixed remuneration, whereas for the headcount as a whole the ratio fell from 9% in 2015 to 8%.

As at 30 June 2016, management with strategic responsibilities other than the executive directors and referred to in the Consob resolution issued in 2011, consisted of five persons: the three heads of the control units, the head of company financial reporting and the co-head of the Corporate and Investment Banking division. Their remuneration package reflects the provisions of the Remuneration policies, based on the individual category of identified staff to which they belong.

Variable remuneration of the Chief Executive Officer and General Manager of Mediobanca S.p.A.

The annual variable remuneration component for directors who are members of the Group's senior management is included in the aggregate bonus pool and reflects the achievement of the quantitative and qualitative targets assigned in the individual scorecards approved by the Board of Directors. In general terms, If the quantitative objectives are met, the amount of the bonus payable to the CEO and the General Manager may be between 50% and 200% of

6) CET 1 ratio 12.08%; leverage ratio 9.52%; AFR/ECAP 212%; liquidity coverage ratio 244%; retail funding ratio 62%; net stable funding ratio 111%; Group operating profit €735m.
7) Excluding identified staff working in control and support units.

their gross annual salary. This amount may be adjusted by the BoD according to whether or not the qualitative objectives are also met (without prejudice to the 2:1 cap).

The quantitative performance indicators assigned for the financial year ended 30 June 2016 involved: for the CEO, Group risk-adjusted profitability indicators (profit before tax earned from Group banking activities/capital absorbed), consolidated revenues, consolidated cost of risk; and for the General Manager, Group risk-adjusted profitability indicators (profit before tax earned from Group banking activities/capital absorbed), consolidated revenues from money management activities (net interest income and trading income generated by the Mediobanca Group), consolidated revenues, Mediobanca Group cost/income ratio. For the CEO the qualitative objectives involved consolidation in the initiatives in the asset management area and the Group's non-Italian operations, and maintaining an adequate regulatory capital level (CET 1 ratio); and for the General Manager effective management of the Group's project spending, support in achieving the Capital Market Solutions platform's objectives, and coverage of the Private Banking scope of operations.

Based on the results of the scorecards, the Board of Directors, at the Remunerations Committee's proposal, resolved to award variable remuneration of €2,100,000 and of €1,046,000 to the General Manager (equal to 115% and 70% respectively of their fixed salaries, down from the 125% awarded to both last year. Contributions to the complementary pension scheme are also paid in both cases on the upfront cash component. Of the variable remuneration awarded, half in cash and half shares, 60% will be deferred over a five-year time horizon and is subject to performance conditions being met. The upfront equity component is subject to a two-year holding period.

Means of distributing the variable component

The means of distribution are as provided in the remuneration policies.

The bonus pool consists of the variable remuneration to be paid to identified staff and consists of the equity component ("performance shares") equal to approx. €13m (approx. 50% of the bonus pool), which in part will be booked to the accounts over the next four financial years under the accounting standards currently in force.

Accordingly, the Board of Directors adopted a resolution to award Group staff a total of 2.208.774 performance shares[8] (at the average stock market value of Mediobanca shares in the month prior to the award, i.e. €5.7079) including those awarded to identified staff employed at Group companies.[9]

8) 183,956 of which to the CEO and 91,627 to the General Manager.
9) In January 2016 a further 18,465 performance shares were awarded to identified staff at CMB, a Mediobanca Group company whose financial year and performance cycle ended on 31 December 2015. A further 129,650 performance shares were also awarded in the course of the year under the terms of severance agreements.

B) New staff remuneration policies

Introduction

As in the past, the new Remunerations policies:

- comply with the supranational and national regulations currently in force;
- allow areas of the Bank which create value to be awarded, using objective measurement criteria;
- enable the Group to attract and retain staff with the professional skills and capabilities required to meet its needs;
- are in line with the policies adopted by other national and international operators.

The main change compared to the previous versions involves the introduction of a more detailed description of the process used for defining the variable component and bonus pool for identified staff, structured according to the Group's divisional organization (Wholesale Banking, Principal Investing, Retail & Consumer, Private Banking, and Corporate Centre).

The cap of 200% of fixed remuneration has been adopted on the variable component continues to be adopted.

Governance

The governance process for the Group remuneration policy is structured across two levels: corporate and organizational.

a) Corporate governance

Under the current Articles of Association:

- shareholders in general meeting establish the annual fixed fee payable to members of the Board of Directors when they are appointed, and for the entire duration of their term of office, to be allocated among the individual members based on the Board's own decision. Directors who are not members of the Group's senior management are entitled to refunds on expenses incurred by them in the performance of their duties.
- shareholders in general meeting, within the terms set by the regulations in force at the time, also approve the remuneration policies and compensation schemes based on financial instruments for Group directors, staff and collaborators, and set the criteria for establishing compensation to be agreed in the event of a beneficiary leaving the company or office.
- at the Board of Directors' proposal, shareholders in general meeting may, with the requisite majorities, establish the variable remuneration of Group staff and collaborators up to the limit of 200% of their fixed salaries or any other limit set by the regulations in force at the time.

- the Board of Directors institutes the committees envisaged by the regulations in force from among its own number, including the Remunerations Committee, establishing their composition and powers.

Under the regulations in force:

- the Remunerations Committee consists of between three and five members, all non-executive directors, at least a majority of whom qualify as independent under the terms of the Code of conduct in respect of listed companies. Proceedings at Committee meetings are co-ordinated by a chairman appointed from among the independent members. The Committee's duties include proposing compensation for staff whose remuneration and incentivization systems are decided by the Board of Directors; it serves in an advisory capacity for decisions regarding the criteria to be used for compensation payable to all identified staff; it monitors application of the rules governing the remuneration of the heads of the company's control units, working closely with the Statutory Audit Committee in this area. It also prepares the documentation to be submitted to the Board of Directors for the relevant decisions; works together with the other internal committees, in particular the Risks Committee; and ensures the involvement of all relevant company units in compiling and checking the remuneration and incentivization policies and practices. It also gives its opinion, based *inter alia* on the information received from the relevant company units, on whether the performance objectives to which the incentivization schemes are linked have been reached and ascertains whether or not the other conditions precedent to payment of compensation have been met; it provides feedback on the activities performed to the governing bodies. To be able to perform its activities effectively and responsibly, the Remunerations Committee has access to company information relevant to such ends, is endowed with sufficient funds to guarantee it is independent in operational terms, and may call on the services of experts, including from outside the company, on matters for which it is responsible. The Committee is regularly constituted at meetings where a majority of the directors in office are in attendance, and adopts resolutions on the basis of the majority of those present voting in favour. Minutes of Committee meetings are taken and kept in separate registers.

- the Risks Committee ascertains whether the incentives provided by the remuneration system take adequate account of the Group's risks, capital and liquidity situation, liaising with the Remunerations Committee.

- the Chief Executive Officer presents the proposed Group staff remuneration and retention policies to the governing bodies, is responsible for staff management, and after consulting with the General Manager, determines the bonus pool based on the criteria established by the Board of Directors and then distributes it.

b) Organizational governance

- Human Resources directs and governs the entire remuneration process, involving the governing bodies, control units and other teams responsible for verifying the Group's earnings and financial data.

- The Accounting and Financial Reporting and Planning and Control units provide the data for ascertaining that the gateways have been met and for determining the business areas' and divisions' performances based on the results achieved.

- The Risk Management unit helps in defining the metrics to be used to calculate the risk-adjusted company performance, in validating the results and the gateways, and in checking that these are consistent with the provisions of the Risk Appetite Framework.

- The Compliance unit carries out an annual assessment of the remuneration policies' compliance with the sector regulatory framework. It is also responsible, after consulting with the other control units, for checking whether or not any compliance breaches have been committed with relevance for purposes of assessing the performance and award of the variable remuneration component. The Compliance unit is involved in the processes of revising, adapting and managing the remuneration systems to ensure these are in line with the regulations in force at the time, including in terms of establishing the identified staff, analysing the metrics adopted, and the practice in cases where the beneficiary has left the company.

- The Group Audit unit makes a statement declaring that the staff remuneration and incentivization policy adopted by the Bank complies with the Instructions. It also carries out annual controls on the data and process, and brings any irregularities to the attention of the relevant bodies for the appropriate corrective action to be taken.

All activities are documented to ensure that they may be fully tracked.

Definition of "identified staff"

The criteria adopted to identify relevant staff with a substantial impact on the Mediobanca Group's risk profile are those provided in the EU delegated regulation enacted by the European Commission on 4 March 2014 (published in the *Official Journal of the European Union* on 6 June 2014):

- qualitative, linked to the role covered within the company organization (including non-executive directors), relevant business units, control and staff units;

- quantitative, based on total overall remuneration received in the previous financial year.

Mediobanca regularly carries out analysis of the Group's organizational structure via a documented process. At 30 June 2016 the Group's "identified staff" (including non-executive directors) broke down as follows:

Cluster	Definition	EBA regulations	PPR No. (2016)
1) **Non-executive directors**	Non-executive members of BoD, including Chairman	Article 3.2	**1 (+13)**
2) **Directors with executive duties**	Management who are members of Executive Committee	Article 3.1	**4**
3) **Senior management and heads of relevant BUs** (principal business lines, geographical areas and other senior business figures)	- Co-Head CIB - Head Principal Investing - Head Finance Division - Head Corporate Finance - Head Equity Capital Markets - Head Debt Capital Markets - Head Lending and Structured Finance - Head CMS/London - Head Financial Institutions Group - Head Global Coverage - Head Frankfurt - Head Madrid - Head Paris - Head MB Turkey - CEO, CMB	Article 3.3 Article 3.6	**15**
4) **Heads and senior staff of internal control units**	- Compliance - Risk Management - Group Audit	Article 3.4 Article 3.5 Article 3.7 Article 3.15	**9**
5) **Staff with managerial responsibilities in relevant business units**	- Heads of trading desks, liquidity and trading origination - Staff with significant responsibility in the Lending and Structured Finance and Corporate Finance areas - Other heads of product areas (MB Securities, Research) - General Managers, Compass, CB! and CMB; CEOs of SelmaBPM and Spafid	Article 3.8 Article 3.15	**22**

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6)	**Heads and senior staff in Staff and support units**	◆ Human Resources ◆ Head of company financial reporting ◆ Accounting/financial reporting ◆ Budget/Planning and control ◆ Legal counsel ◆ COO ◆ CIO	Article 3.9 Article 3.15	**7**
7)	**Quantitative criteria**	Roles with total compensation ≥ €500,000 or same remuneration bracket in previous financial year not included in categories listed above	Article 4	**20**
		TOTAL at 30/6/16[10] % of total Mediobanca S.p.A. staff % of total Mediobanca Group staff		**78 (91)** 10.5% 1.94%

Management with strategic responsibilities as defined in the Consob resolution issued in 2011 other than directors (i.e. the three heads of the control units, the head of company financial reporting and the co-head of the Corporate and Investment Banking division) are all included in the definition of identified staff.

Pay mix

The Mediobanca Group Remuneration policy is intended to attract and retain highly qualified professional and ethical staff, who are suited to the complexity, increasing internationalization and specialization of its businesses, based on a rationale of prudent management and sustainability of costs and results over time. The structure of the Group's staff remuneration is based on various components, with the objective of: balancing the fixed and variable parts over time (pay mix), implementing a flexible approach to remuneration, and helping to gear compensation towards performance in view of the significance of role within the company without encouraging risky and/or short-term behaviour. Each year the staff compensation package's positioning is assessed relative to its reference market, including with the assistance of outside advisors.

a) Remuneration structure for non-executive directors

The non-executive directors' emolument is fixed by the shareholders in general meeting, and no provision is made for incentives linked to the Bank's performance.

As from this year, the D&O insurance policy has been extended to cover all the directors of all Group companies.

b) Remuneration structure for directors who are members of the Group's senior management

The remuneration for directors who are members of the Group's senior management is regulated by individual agreements approved by the Board of Directors. Their remuneration structure comprises:

1) a fixed salary;

2) a variable annual component (or short-term incentive) which only accrues if the gateways stipulated in the Remunerations policy are met (see below the section entitled "Determination of variable remuneration and bonus pools and correlation between risks and performance"), commensurate with the quantitative and qualitative performance indicators contained in an individual scorecard approved annually by the Board of Directors at the Remunerations Committee's proposal being reached.

10) As at 30 June 2015, the Mediobanca Group had a total of 76 (89) identified staff, representing 2% of the total Group headcount and 11% of the total staff employed by Mediobanca S.p.A.

The scorecards consist of performance objectives identified within each individual manager's sphere of responsibility (for example these may regard risk-adjusted profitability or revenues, Group-wide or for particular divisions, Economic Profit of individual areas for which they are responsible, other objectives consistent with the guidelines of the strategic plan with respect to capitalization, liquidity or new business initiatives) and weighted according to the relevance assigned to them by the Board of Directors and the actual margin of autonomy in terms of decision-making. If the objectives are met, this triggers the payment of a variable bonus ranging from 50% (or lower) of the gross annual salary on certain minimum objectives being reached (usually related to the budget objectives) to a maximum of 200% in the event of outstanding performances.

Of the variable component, 50% is paid in cash and 50% in equity, and 60% is deferred over a five-year time horizon. All the deferred items are subject to the performance and malus conditions stipulated in these Policies (see below the section entitled "Performance conditions, malus condition and clawback").

3) upon the approval of a long-term Group plan, the Board of Directors may choose to award an extraordinary bonus conditional upon the objectives set out in the plan itself being reached (long-term incentives). In such cases, the short-term scheme described under the previous point will be linked to the provisions of the long-term scheme, without prejudice to the 200% cap on variable remuneration, which must be complied with in each financial year. Actual payment will be made on the terms, conditions and methods provided for the variable remuneration component referred to above, unless provided otherwise by the Board of Directors, having consulted with the Remunerations Committee, in accordance with the regulations in force for long-term incentivization schemes.

The Chairman receives only a fixed salary. However, the Board of Directors may, having consulted with the Remunerations Committee and within the limits set by the regulations, assess the possibility of also paying him a variable component, on an exceptional basis, to be distributed in accordance with the regulations set forth in this policy.

The Group's executive directors also receive their emoluments as directors, but not those due in respect of participation in committees. In the case of positions held on behalf of Mediobanca in subsidiaries or investee companies, any emoluments are paid to Mediobanca as the persons concerned are Bank employees. An insurance policy is available to cover such directors, like the others, for third-party liability, and they also benefit from participation in the complementary pension scheme operated for Mediobanca Group management staff.

c) Compensation structure for staff employed in control units and staff and support areas

The remuneration package for the Group's identified staff in the control units (Group Audit, Compliance and Risk Management), Human Resources and the Head of Company Financial Reporting is structured so that the fixed component represents the majority, with a smaller variable component assigned annually based on qualitative and efficiency criteria. The variable component has a maximum limit of 33% of the fixed component, while that of the heads of unit is set annually by the Board of Directors with the Remunerations Committee in favour.

The remuneration of staff employed in the staff and support areas is normally determined on the basis of positioning vis-à-vis the reference market (which varies according to the value of the individual employee, their role and the retention strategies in place). For such staff the variable component, usually limited, is not related to the Group's earnings results but to the quality of the individual's performance.

d) Remuneration structure for other "identified staff"

- fixed salary: this reflects technical, professional and managerial capabilities, and the related responsibilities. Mediobanca devotes continuous attention to the value of the fixed salaries it pays, which are monitored in relation to its competitors and adapted to changes in the market scenario from time to time, avoiding excessive reliance on the variable component while at the same time being careful not to make the overall package unduly inflexible.

- variable remuneration: this functions as recognition and reward for targets set and results achieved, and is calculated based on risk-adjusted indicators. It constitutes an important motivational factor, and for some business figures (in the Wholesale Banking division in particular) may form a significant portion of their annual pay, in line with reference market practice, without prejudice to the cap and to the other conditions established by the regulations in force.

  The variable component is paid in cash and equity instruments, in part upfront and in part in subsequent years, subject to performance conditions being met. Any shares awarded are subject, after the respective rights have vested, to an additional holding period for retention purposes. The section entitled "Variable component structure" describes the criteria and means of deferral in more detail.

- Benefits: in line with the market, compensation package is completed by a series of fringe benefits which are evidence of the ongoing attention paid by Mediobanca to the personal needs and welfare of its own staff, even after retirement. The benefits chiefly consist of pension, insurance and healthcare schemes. The benefit schemes are sometimes distinguished by families of professionals and geographical areas, but do not make provision for individual discretionary systems. The Bank's supplementary pension scheme was established in December 1998 for all staff, with contribution rates distinguished by category and length of time employed by the company. Company cars are provided only for the most senior figures.

e) Other information on remuneration structure

For a restricted number of staff with high potential and generally low seniority, a long-term incentive is applied in the form of deferred cash (a bonus which accrues over three years and is paid in the following two years) in addition to the annual bonus.

Guaranteed bonuses: these may be awarded to staff with particularly important profiles but only at the recruitment stage and for the first year of their employment by the company, as per the regulations in force. They also include bonuses awarded upon recruitment to compensate for any loss in earnings from previous jobs, in accordance with sector practice. Such bonuses are decided and paid in accordance with the policies and regulations in force.

Staff are not allowed to use personal hedging or insurance strategies involving the variable component of their remuneration or other aspects which could alter or otherwise distort the fundamental alignment of the compensation mechanisms with the company's risk. The control units carry out checks to this end.

Remuneration cannot under any circumstances be paid in forms, instruments or means that seek to avoid the regulatory provisions.

Limit on variable remuneration

Subject to approval by shareholders in general meeting, and in accordance with the national and supranational regulations, the upper limit on the variable remuneration component for all staff belonging to the Mediobanca Group[11] and hence for all identified staff has been set at 200% the amount of their fixed remuneration (without prejudice to the provisions in place for staff employed in the control units, Human Resources and the Head of company financial reporting).[12]

The reasons justifying this proposed limit are primarily:

- the need to attract and retain the most talented staff, in investment banking especially, by aligning the Bank's practice with that of its competitors;
- the need to maintain the appropriate operating flexibility, minimizing the risks that would be associated with increasing the fixed labour cost component excessively;
- to ensure that the remuneration policy is consistent with incentives which seek to promote virtuous conduct in the pursuit of business objectives and value creation;
- to align the Bank with the policies adopted by the leading Italian and international banks;
- the increasing presence of competitors in sectors (financial institutions which are not banks, private equity, hedge funds) or geographies (Far East, the Americas) with a liberalized regulatory framework;
- the possibility of ensuring that funds are distributed appropriately between the most deserving candidates.

The sustainability of this limit is guaranteed by the provisions of the remunerations policies regarding the determination of the bonus pool, the correlation between risk and performance, and the performance conditions, malus conditions and clawback provisions.

Determination of variable remuneration and the bonus pool and correlation between risks and performance

Determination of the bonus pool and the correlation between risks and performance is achieved via a process which has the objective of rewarding staff based on the Bank's and the Group's risk-adjusted performances, in accordance with the risk profile defined in the Risk Appetite Framework (RAF), from the perspective of business continuity and sustainable results over the long term.

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11) With the exception of staff not included in the definition of identified staff employed in business areas governed by sector regulations where there is no cap on variable remuneration under the present regulatory framework and in the absence of specific guidance from the supervisory authorities in this area.

12) The Group's headcount currently comprises approx. 4,036 staff made up as follows: 938 in Wholesale Banking (with 73 qualifying as identified staff), 2,593 in Consumer and Retail Banking (3 identified staff), 308 in Private Banking (3 identified staff), and 197 in the services company

In more detail:

a) Gateways

Distribution of the bonus pool (which comprises the variable component earmarked for the remuneration of the "identified staff" in each Group organizational division) only takes place if the following indicators or "gateways" are met:

a) capital adequacy and liquidity requirements[13] indicated by the risk metrics adopted in the Risk Appetite Framework[14] approved by the Board of Directors, which are the primary indicators taken into consideration in the ICAAP;

b) positive operating profit delivered at Group level.[15]

b) Budgeting phase

Under the process for determining the variable remuneration and the divisional bonus pools, in preparing the budget the Board of Directors approves the cost of labour for the financial year to come, including the amount of variable component, determined on the basis of the all the Mediobanca Group divisions' expected earnings performance targets, the market scenario and historical pay trends.

c) Determination of variable remuneration and divisional bonus pools

Once the final results have been closed, the variable remuneration and the bonus pool payable to the Group's various business divisions are calculated based on the risk-adjusted earnings performances of the respective divisional areas (Economic Profit and/or ROAC) and on other secondary quantitative and qualitative objectives.

For the Wholesale Banking division[16] (the area in which the highest number of staff with a substantial impact on Mediobanca's risk profile are employed), the Chief Executive Officer of Mediobanca identifies the share of the share of the division's Economic Profit to be used for the bonus pool and variable remuneration. The amount reflects assessment of quantitative parameters (Group results, Risk Appetite Framework indicators other than those already included among the gateways, comparison of performances delivered versus annual budget objectives and the three-year business plan, comparison versus historical performances, and cost/income and compensation/income ratios) and qualitative parameters (market positioning and market share, retention of key staff, need to recruit new professional talent). The amount this determined is measured against the bonus pools resulting from the scorecards for the individual business units, which may be fine-tuned to ensure that overall sustainability is maintained.

For the other divisions (Retail & Consumer and Private Banking), the amounts are determined by the Chief Executive Officers of the legal entities forming part of them, who to this end liaise with the General Manager and Human Resources department of Mediobanca S.p.A. (see section entitled "Remuneration policies for staff employed at Group companies").

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13) CET 1 ratio, leverage ratio, AFR/ECAP, liquidity coverage ratio, net stable funding ratio, retail funding ratio.
14) The Risk Appetite Framework identifies the risks which the Bank is willing to take, and for each risk defines the objectives and limits in normal and stressed conditions, identifying the management actions necessary to bring the risk back within the set limit. It is based on assessment of the principal risk drivers to which the Bank is exposed, both macroeconomic and specific. The RAF is subject to ongoing fine-tuning and update, in line with the continual changes in the risk metrics and analysis methodologies adopted, not to mention to the regulatory framework and the corporate processes with which it is integrated.
15) Total income less operating costs and loan loss provisions, as shown in the consolidated restated financial statements.
16) Economic Profit (EP) is defined as the pre-tax profit earned by the Wholesale Banking division, net of variable labour costs and the cost of regulatory capital (not represented in the accounts) required to perform such activities. It therefore measures the additional profit generated after the return on capital, the cost of which is calculated based on a risk-free rate in the medium/long term, the risk premium and taking into account the Division's cost of funding. As required by the supervisory authorities, the EP metric reflects both present and future risks and the sustainability of results over time.

The variable remuneration and bonus pool to be allocated to the Corporate Centre and Principal Investing are established by the Chief Executive Officer of Mediobanca, on the basis – for the former – of general earnings sustainability with limited correlation to the Group's results, and – for the latter – of qualitative criteria and specific qualitative and quantitative performance indicators.

d) Distribution and allocation of variable remuneration and bonus pools

The variable remuneration and bonus pool for the individual business units of the Wholesale Banking division and the units which provide services to the Group as a whole comprised within the Corporate Centre are calculated on the basis of scorecards which use Economic Profit as the primary metric and other secondary quantitative metrics (such as reference to budget objectives and historical results performances) and qualitative metrics with the institution of a cap.

For the other divisions (see section entitled "Remuneration policies for staff employed at Group companies"), the variable remuneration and bonus pool are allocated based on internal organizational structure: for senior management, on the basis *inter alia* of individual scorecards; for the commercial branch network and credit management, based on reaching specific business indicators applicable individually or collectively by organizational unit. For the staff, support and control units, allocation is based primarily on qualitative criteria.

e) Exceptions (bonus pools for retention purposes and floors)

The Board of Directors, at the Chief Executive Officer's proposal and with the Remunerations Committee in favour, may authorize payment of a bonus pool for identified staff for retention purposes even if the gateways have not been met. The possibility of paying a retention bonus pool is assessed in the light of the reasons why the individual gateways were not met, and the impact of the individual indicator on the Group's capital adequacy, liquidity and profitability. The scope of the staff and the amount involved is based mainly on the following criteria: the contribution of the individual beneficiary to the overall results of the division and the Group, the importance of the profile to the sustainability of future results, benchmark analysis of the market and competitive scenario, the need to ensure business continuity, and consistency with the succession planning policy.

Furthermore, if the gateways are met but an Economic Profit or other divisional indicator is delivered which is negative or small, the Chief Executive Officer may also propose a variable remuneration floor pool for identified staff, agreeing the rationale for distributing the proceeds with the governing bodies based on the individual contributions of the business activities to the company's results.

f) Assessment of individual quantitative and qualitative performance in the award of the annual bonus

Annual bonuses are awarded to the individual beneficiaries via an annual performance assessment process based on merit and professional quality, with particular attention to reputational issues: indeed, the bonus may either not be paid or be reduced for staff guilty of committing compliance breaches of either internal or external regulations in the course of the year. The entitlement to receive variable remuneration is subject to the beneficiary fully maintaining their status as employee of the Mediobanca Group throughout the assessment period and still being in the company's employment at the actual date of distribution and/or not serving a period of notice for resignation or dismissal. For identified staff, the performance assessments are ratified individually by the Chief Executive Officer and General Manager of Mediobanca.

Mediobanca valorizes its staff on a meritocratic basis, developing their professional capabilities and career opportunities in accordance with the principle of equal opportunities and in line with the Bank's own strategic, organizational and business choices. Professional development is facilitated through the provision of the appropriate training, practical work experience under the leadership of line managers, mobility across different positions, assessment of performance, and ultimately the career advancement and promotion process.

At the start of the year the professional, personal and company objectives for each staff member are assigned and discussed with the respective line manager. Such objectives are meant to be achievable, challenging and weighted according to the priority assigned to each staff member. Particular attention is paid to proper individual conduct in accordance with the provisions of the Code of ethics, Organizational model and Business conduct policy, and in general terms with the principles established by the laws, regulations, operational rules and internal procedures, with reference in particular to those considered to be most relevant in terms of reputational risk.

At the end of each year, the line managers make their assessment of the individual staff members based on these objectives. Regular feedback throughout the year also allows the line managers and staff to agree on the extent to which the objectives have been met, as part of objective discussion of individual performances. In this way the organization is able to reach its objectives while respecting its corporate values, and transparency is assured in the area of training opportunities, professional development and assessment criteria.

For staff belonging to the business units, the assessment reflects:

- earnings results achieved, e.g. reaching or not reaching budget targets and objectives in terms of improvement from the previous year, with reference to the risk/return and cost/income ratios;

- qualitative criteria: development of product offering, professional conduct and reliability, quality in terms of customer relationships, technical and analytical skills in the field of finance, ability to control costs, importance placed on achieving operating efficiency, and co-operation with other areas of the Bank, reputational and compliance issues, and adherence to the Bank's values.

For all the other units, the main aspects of assessment are based on qualitative objectives and a broader appraisal regarding compliance with regulations, control of costs and efficient management of resources. In particular, for staff employed in the accounting, planning and control areas the following aspects are considered: all obligatory, supervisory and market disclosure requirements being complied with, all the accounting processes, related electronic procedures and tax requirements being managed efficiently and accurately. For staff employed in the internal control units (Group Audit, Compliance and Risk Management), continuous monitoring and control of the Bank's processes and operations, carried out independently and autonomously to prevent risk situations developing and ensure irregular behaviour or events is picked up swiftly; continuous assessment of compliance with the regulations in the form of appropriate audit plans, updates to internal guidance, training of internal units; correct development of models, methodologies and metrics with which to measure market, credit and operational risks, producing adequate reporting for monitoring processes and accurate analysis of new products and their risk profiles.

In close relation to the valuation process, staff may also be involved in a career advancement pathway, which may involve covering new organizational roles, promotion to a new contractual level or being assigned a new corporate title based on the experience acquired and results achieved. Promotions are proposed by the head of the business unit concerned, agreed with Human Resources and approved by the General Manager and/or the Chief Executive Officer (for middle management). For higher levels (senior management or equivalent), the process involves specific appraisal of the candidate concerned, including by other senior Bank staff from a variety of different professional backgrounds, experience and roles. The process is closely linked to that of succession planning which involves researching, identifying and managing individual candidates for senior positions (specifically executive directors, including in cases where such figures have to be replaced ahead of the scheduled expiry of their term of office, in view of the fact that under Mediobanca's current Articles of Association, some of the directors must be chosen from among staff with at least three years' experience as senior management employed by Mediobanca Banking Group companies). The process also requires a pool of possible high-potential replacements to be identified (the "senior talent pool") for key positions, including the business areas, control units, and staff and support roles, in view of likely future requirements in terms of strategic leadership and/or professional and managerial capabilities based on a global organizational approach.

The remunerations policies are therefore closely co-ordinated with the Succession planning and Staff management policies, both of which are approved by the Board of Directors.

Variable component structure: timescale for distribution and instruments

A substantial proportion of the variable component is deferred in time and distributed in the form of equity instruments, in order to link incentives to the objective of value creation in the long term, and to allow the continuity of the company's positive results to be ascertained.

The variable component payable to directors with executive duties, to senior management (i.e. groups 2 and 3 of the table shown in the section entitled "Identified staff") and to staff employed in areas operating on financial markets, included in groups 5 and 7 of the same table, is deferred as to 60%.

For the remaining identified staff the deferred share is 40%.

The time horizon for deferral is three years, save for directors with executive duties and for senior management (i.e. groups 2 and 3 in the table shown in the section entitled "Definition of identified staff"), for whom it is five years, with annual distributions made pro rata. Deferral applies to any amount of variable remuneration.

For line managers and senior staff in the control units and staff and support areas (groups 4 and 6), deferral is applied to variable remuneration which is equal to or exceeds €80,000.

The upfront component (i.e. paid in the same year as the award is made) and the deferred variable remuneration are distributed as to 50% in cash and as to 50% in equity instruments.

After the vesting period, the equity instruments are subject to a further retention holding period, of two years for the upfront component and one year for the deferred component.

Given the full time horizon over which the variable remuneration is distributed, in cash and shares, the economic benefit for recipients is spread across six financial years for management staff and over five years for the other identified staff.

Mediobanca also applies a 30% deferral over a three-year time horizon, all in cash and subject to malus conditions, to all staff not included in the definition of identified staff who receive variable remuneration equal to or higher than €100,000.

Performance conditions, malus condition and clawback

The deferred variable remuneration component is paid, provided that:

- the beneficiary is still a Group employee and not serving a period of notice for resignation or dismissal;
- the beneficiaries' business units post a positive risk-adjusted result net of extraordinary items and the effects of strategic decisions, as ratified by the Risk Management unit and the Control and Risks Committee;
- the beneficiary has not committed any compliance breaches (i.e. has not been subject to disciplinary measures under the terms, *inter alia*, of Mediobanca's Code of ethics, Organizational model, Business conduct policy and other internal regulations[17]) and no losses have been incurred which were attributable to their actions.

This method is consistent with the requirement for staff, in accordance with their role and business activity, to conduct themselves at all times in such a way as to ensure that Mediobanca retains a solid capital base, a strong liquidity position and close control of all risks as well as positive earnings results, thus guaranteeing that the remuneration systems remain sustainable over the long term.

The Board of Directors may also identify further performance indicators upon the occasion of each individual award cycle. For staff employed at other Group companies, the Chief Executive Officer may choose to identify one or more specific economic indicators to replace those referred to above.

The Board of Directors, with the favourable opinion of the Remunerations committee, may, at the Chief Executive Officer's proposal, authorize payment of the deferred component, including in part, even if the gateways are not achieved, either to business divisions or individuals who during the year have delivered particularly outstanding performances or who are expected to be decisive with regard to the sustainability of results over time, for retention purposes.

Mediobanca reserves the right to take all measures necessary to claim back variable remuneration already paid (the "clawback" mechanism) in the event of damages emerging to the integrity of its capital, profitability and earnings/financial or reputational situation, which are attributable to the conduct of individual staff members even without fraud and/or wilful misconduct being established. In particular, provision for such measures is made in cases involving breach of the obligations imposed under Article 26 of the Italian banking act (company representatives – personal and professional qualifications and independence) or, where relevant to the party involved, Article 53, paras. 4ff (regulatory supervision), of the obligations in respect of remuneration and incentivization.

17) The relevant cases for application of compliance breaches are assessed internally, through an appraisal of the regulatory areas which are most relevant to the Bank's reputational risk and the gravity of the breach, as well as the process for evaluating them correctly and potentially taking action, involving the control units and governing bodies as well. Relevant factors for applying the malus and/or clawback mechanisms include not only the application of penalties as provided by the various disciplinary codes, but also warnings or reminders sent by the control units regarding the most relevant instances, or the outcomes of audits conducted again by the control units. The Compliance unit, after consulting with the other control units, once a year prepares a summary report of the relevant events that have taken place, at both the individual and business unit level.

Performance share schemes

In order to have equity instruments for use as components of staff remuneration, Mediobanca has adopted a performance share scheme, approved by shareholders at the annual general meeting to be held on 28 October 2015, to which reference is made for all further details.

The scheme involves the award of Mediobanca shares to beneficiaries as the equity component of the variable remuneration granted to them as a result of the annual or long-term performance assessment process. The shares awarded are actually assigned to the beneficiaries at the end of a vesting period of at least three years – two years for the upfront component – provided that the beneficiaries are still employed by the Group and that the performance conditions stipulated in the remuneration policies in force at the time under the section entitled "Performance conditions, malus condition and clawback" regarding the sustainability of the results achieved have been met, without prejudice to the company's capital solidity and liquidity and/or proper individual conduct.

The performance shares awarded as deferred equity component, after the performance conditions for the reference year have been checked, are subject to a further holding period of at least one year prior to the their actual assignation, which remains conditional upon the beneficiary continuing to work for Mediobanca. The performance shares awarded as upfront equity component are subject to a holding period of two years prior to their actual assignation, which remains conditional upon the beneficiary continuing to work for the Group.

The Chief Executive Officer may also use equity components outside the annual award cycle, to define remuneration packages upon the occasion of recruiting new key staff. The governing bodies may also award quantities of performance shares as part of compensation agreed in respect of early termination of the working relationship, to link it to the performance delivered and the risks taken by the individual and the Bank, as required by the regulations in force and consistent with the provisions of the remunerations policies in force at the time.

The shares received are personal, without prejudice to succession rights. The right to receive shares is retained in the event of retirement or the beneficiary being permanently disabled and/or suffering from an illness which makes them unable to continue working. Conversely, the right to receive shares is forfeited in cases where the beneficiary tenders their resignation or is dismissed. Exceptions to the foregoing are handled by the governing bodies within their respective areas of authority, namely the Board of Directors, Remunerations Committee and the Chief Executive Officer, based on the powers vested in them, particularly in cases which involve departures by mutual consent within the limits defined by the remunerations policies in force at the time. The foregoing is without prejudice to any decisions that may be taken by a third party authorized for such purpose, namely judicial authorities and/or arbitration and/or conciliation bodies, and without prejudice to any regulations providing for more favourable treatment instituted by the applicable local legislations.

Performance shares are awarded from capital increases approved by the shareholders in general meeting or from any treasury shares the Bank may possess (once again subject to a resolution being passed in general meeting). The maximum number of shares that may be awarded under the terms of the existing scheme is 20 million, from the capital increase reserved for award to Mediobanca Group staff members before 28 October 2020, pursuant to Article 2349 of the Italian Civil Code, which was approved by shareholders on 28 October 2015. Alternatively and/or in addition, those of the 15,736,786 treasury shares held by the Bank and not reserved for other purposes may be used to this end. At present a total of 9.586.670 shares have been awarded but not assigned, 65,177 from the treasury share holdings and the other 9.543.219 from the limit approved by shareholders in general meeting.

Performance stock option scheme

At an extraordinary general meeting held on 27 June 2007, the shareholders of Mediobanca approved a capital increase involving the issue of 40,000,000 shares for use as part of a stock option scheme (to be exercised by 1 July 2022). A total of 24,464,000 are outstanding, and at present their use in the scheme is not anticipated.[18] At an ordinary general meeting held on 27 October 2007, in accordance with the provisions of the regulatory instructions, the shareholders of Mediobanca approved a resolution to adopt the scheme and its methods of implementation. At a Board meeting held on 24 June 2011, in exercise of the powers granted to them, the directors of Mediobanca revised the stock option scheme to bring it in line with the Instructions, including provision for performance conditions for exercise in addition to those of a purely temporal nature, thereby effectively transforming the scheme into a performance stock option scheme.

The essential characteristics of the scheme, which is for staff with roles key to the achievement of the Group's objectives, are: a vesting period of three years from the award date, subject to the performance conditions being met as defined in the section entitled "Performance conditions, malus condition and clawback"; an exercise period of up to the end of year 8 (three years' vesting plus five years' exercise); a holding period of at least 18 months for Mediobanca shares corresponding to at least half of the capital gain achieved, irrespective of tax issues, for certain participants in the scheme who perform significant roles. In each year the performance conditions must be met for one-third of the stock options awarded. Failure to meet the performance conditions in any one year will result in the relevant share being cancelled.

Remuneration policies for staff employed at Group companies

Mediobanca liaises constantly with its Group companies to ensure that the remuneration systems operating within the Banking Group are consistent, while respecting the specific nature of their sectors of operation, organizational structures, regulations applicable according to type of business and geographical location. In particular the parent company manages the process of defining identified staff, issues guidance to be adopted and takes part in drafting documents relating to the remunerations policies to be compiled by the subsidiaries.

Mediobanca approves the amount of the variable remuneration and bonus pools for identified staff in the various divisions and their allocation; establishes the objectives for the CEOs and/or General Managers of the Group companies, and ascertains whether they have been met; and defines the basic principles of the guidelines of the incentives mechanism for the other staff at the companies, leaving the specific decisions up to their respective Boards of Directors.

The incentivization system is reserved specificallyto staff who, on account of their professional specialization, organizational role and importance to the business, have an impact on their companies' performance and value creation. The beneficiaries are identified by the Chief Executive Officer and/or General Managers of the companies themselves, after consulting with the General Manager and the Human Resources department of Mediobanca. Each

18) As at 15 September 2016, a total of 10,167,500 stock options and/or performance stock options, as yet unexercised, had been assigned to Mediobanca Group staff, at an average price of €6.554 per share, from the schemes approved by the shareholders in general meetings held on 28 October 2004 and 27 June 2007. As mentioned earlier, a total of 9.586.670 performance shares have been allocated but not yet awarded on the grounds that they are still subject to either vesting or holding periods. The fully-diluted percentage of the company's share capital represented by equity instruments issued to Group staff therefore amounts to 2,13%. The impact on the shares' market value and the possible dilution of the share capital is not material, given the fact that several schemes and several instruments are in operation across different years and vesting and holding periods spread across a medium-/long-term time horizon.

beneficiary is notified of their inclusion in the incentives scheme, with a defined annual bonus target and calculation method. The bonus is determined annually on an individual basis in view of the risk-adjusted earnings performance delivered by the company (the indicator used for the Group companies is usually the economic profit earned by the business area and/or the ROAC delivered by the business division in which they work) and other secondary, quantitative objectives. Other assessment criteria are also adopted linked to quality of performance, for example indicators of customer satisfaction, and to the achievement of individual qualitative and project-based objectives. The work once complete is subject to ratification by Mediobanca. For the commercial branch network and credit management, establishment of the variable component is based on reaching specific business indicators applicable individually or collectively by organizational unit. For the staff, support and control units, allocation is based primarily on qualitative criteria.

Below given limits, the bonus is paid entirely in cash in the year in which it accrues. Above such limits provision is made for forms of deferral, on a three-year basis. In the event of losses related to provisions which prove to be insufficient, contingent liabilities or other items which might prejudice the integrity of the accounts (such instances not to be construed restrictively; the "malus conditions"), all or part of the deferred share may not be paid.

In line with the provisions in place for Mediobanca, the incentivization schemes in operation at the Group companies too place particular emphasis on the issue of proper individual conduct (i.e. compliance with regulations and internal procedures, and transparency versus clients) by adopting the concept of compliance breaches, both at the stage of award of the variable component, and in assessment of whether or not to pay any deferred components.

Policies in the event of employment being terminated or otherwise ending

As provided by the regulations and the Articles of Association, the shareholders in ordinary general meeting are responsible for determining the compensation to be awarded in cases of early termination, including the limits set on such compensation in terms of the annual fixed salary and the maximum amount deriving from applying them.

a) Treatment for directors leaving office early

Mediobanca does not make payments to directors who leave office for any reason.

b) Treatment for employees

Treatment for individuals linked to Mediobanca Group companies under the terms of employment contracts (i.e. including directors who are members of the Group's senior management and all identified staff, including the aggregate of management with strategic responsibilities) requires payment of:

- the amount established and due in accordance with the provisions of law and the locally applicable contractual regulations in respect of the cost of the failure to provide notice and other entitlements payable upon termination (severance provision, holiday leave etc.);

- a possible additional amount by way of severance: severance pay is the main instrument recognized in the various jurisdictions for cases where the employment relationship is terminated by mutual consent, with a view to minimizing the earnings and reputational risks, present and future, which the Bank might face as a result of possible disputes;

- other types of arrangement, e.g. to cover non-competition agreements or settlements paid in respect of potential moral or material damages.

c) Severance pay amount

The amount of severance pay is determined by taking into account the various factors normally stipulated in the applicable provisions of employment law and jurisprudence and in employment contracts (collective or individual), as well as the practice adopted on the respective reference markets. Although it is difficult to provide an exhaustive definition of the concrete situation given the variety of individual cases, the following factors in particular are taken into account: number of years' service within the Group, age and personal and social conditions, role and organizational position held, the historical performance in qualitative/quantitative terms delivered by the individual concerned, the reasons underlying the termination of the employment relationship (which in some cases may be organizational and strategic rather than related to the question of individual performance), the performance of activities which have generated criticalities for the risk profile established by the Group, the adoption of personal conduct which does not conform to company values, and the existence of risks for the Bank linked to possible disputes. The approach adopted reflects the effective and long-term results of the individual and company performance.

The basis for calculating the additional monthly salaries to be paid by way of severance is usually the most recent fixed salary, the average variable remuneration paid over a given time horizon (generally the last three years), and in some cases the value of fringe benefits.

Mediobanca, apart from the exceptions contemplated under point g) below, defines the total maximum amount payable by way of severance as 24 monthly salaries, as previously defined and in any case no more than €5m, unless provided otherwise by shareholders in general meeting. This amount includes any non-competition agreements, but does not include any amounts paid as indemnity for failure to give notice and the other amounts due in connection with termination of the employment relationship (severance provision, holiday leave etc.).[19] Severance payments may not under any circumstances exceed the limits set by the applicable laws, regulations and collective contracts.

Severance may not be paid in cases where the conduct of individual staff members has resulted in damages to the integrity of the Bank's capital, profitability and earnings/financial or reputational situation, whether or not fraud and/or wilful misconduct is established.

d) Timescales for payment and instruments used

For identified staff included in clusters 2 and 3 in the table shown in the section entitled "Definition of identified staff", the methods and timescales provided for in making severance payments and any compensation for non-competition agreements entered into upon terminating an employment relationship include payment of a deferred share of at least 40% over a time horizon of at least three years, use of shares or instruments related to them, payment being made subject to malus conditions in the event of liability being established in cases of fraud and/or wilful misconduct and/or attributed in a court of law to the individual staff member's own responsibility during the period in which they worked for the company which emerge after the employment relationship has been terminated. For other identified staff, forms of deferral and risk adjustment may be applied, with the appropriate methods to be identified based on the amount to be paid by way of severance, in addition to the considerations described under point c) above.

19) In terms of the number of years' fixed remuneration, if an employee has received variable remuneration throughout the time horizon considered equal to twice their annual fixed salary (cf. 2:1 cap), a total of six years' annual salary would be considered. This provision, which is entirely theoretical, is balanced by the maximum amount payable in absolute terms established by the remuneration policies.

The Bank also reserves the right to use the claw back mechanism in the cases provided for in the applicable employment law regulations.

e) Treatment of any variable remuneration deferred component awarded but not yet paid and fringe benefits

Entitlement to any deferred variable remuneration components, in cash and/or equity, awarded in previous years but not yet paid, is forfeited in cases where staff tender their resignations or are dismissed, as the entitlement to any company benefits.

Cases where termination of the employment relationship is by mutual consent, for more favourable treatment in individual cases and the possibility of applying more favourable local legislations, are handled by the governing bodies within their respective areas of responsibility, namely the Board of Directors, Remunerations Committee and Chief Executive Officer, based on the powers vested in them.

f) Decisions by third parties

The foregoing is without prejudice to any decisions that may be taken by a third party authorized for such purpose, namely judicial authorities and/or arbitration and/or conciliation bodies.

g) Exceptions and involvement of governing bodies

Possible exceptions to the foregoing, applicable under the terms of this policy in cases of particular importance (e.g. identified staff belonging to clusters 2 and 3), are handled by the Board of Directors, after consulting with the Remunerations Committee, based on assessments provided by the relevant internal units, in particular the control units, and if appropriate external lawyers.

Regular reporting is made to the Remunerations Committee on any decisions taken vis-à-vis employees qualifying as identified staff, and the Committee itself is involved promptly in deciding on the treatment of the most significant individual cases.

h) Arrangements for the Chairman, the Chief Executive Officer and General Manager

In cases where the Chairman (if a member of the Group's management), Chief Executive Officer and/or General Manager leave the Bank's employment for any reason, the provisions of the Group's remuneration policies for identified staff and the sector regulations in force from time to time shall apply. Any amounts paid in cash, in addition to notice, shall be subject to contributions to the company's complementary pension scheme, and save in cases of dismissal for just cause, the said persons will be allowed to retain any financial instruments assigned to them up to the time when the employment relationship is terminated.

MEDIOBANCA

Dear shareholders,

In view of the foregoing, we invite you to adopt the following proposed resolution (for which three separate votes will be held, one for each proposal, each with its own executive mandate):

"At an ordinary general meeting, the shareholders of Mediobanca,

in view of the Staff remunerations policies for FY 2015/16 as illustrated in the Board of Directors' report,

HEREBY RESOLVE

Resolution 1: to approve the new staff remuneration policies as illustrated in the Board of Directors' report;

Resolution 2: to adopt the provision instituted in the section entitled "Limit on variable remuneration" which establishes the ratio between variable and fixed remuneration at a maximum of 2:1, without prejudice to the fact that such ratio may not in any case exceed the maximum amount permitted by the law and regulations in force;

Resolution 3: to adopt the provision instituted in the section entitled "Policies in the event of employment being terminated or otherwise ended", establishing the criteria for determining the compensation to be agreed in cases where directors or staff leave office or cease working for Mediobanca early, including the limits on such compensation in terms of the number of annual fixed salary payments to be made and the maximum amount deriving from their application;

and to confer on the Board of Directors and the Chief Executive Officer and/or the General Manager on its behalf, the broadest powers to execute all deeds and perform all measures and formalities necessary in order to implement each of the three foregoing resolutions including the power to make all amendments to the new staff remunerations policies that prove necessary to bring them into line with the law and regulations in force from time to time".

Milan, 21 September 2016

The Board of Directors

![MEDIOBANCA — Banca di Credito Finanziario]

Section 2

Table 1: Compensation paid to members of the Bank’s governing and control bodies, general managers and other managerial staff with strategic responsibilities.

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/severance (i)
					Emolu-ments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Renato Pagliaro	Chairman of Board of Directors	01/07/2015	30/06/2016	30/06/2017	100.000	1.800.000	1.900.000				350.369 of which complementary pension scheme 346.417				
	(I) Compensation in company preparing the accounts				**100.000**	**1.800.000**	**1.900.000**				**350.369**		**2.250.369**	**-**	
	(II) Compensation from subsidiaries/associates at 30/06/2016						**-**						**-**		
	(III) Total				**100.000**	**1.800.000**	**1.900.000**	**-**	**-**	**-**	**350.369**	**-**	**2.250.369**	**-**	**-**
Maurizia Angelo Comneno	Deputy Chairman of Board of Directors	01/07/2015	30/06/2016	30/06/2017	135.000		135.000						135.000		
	Member of Executive Committee	01/07/2015	30/06/2016	30/06/2017	90.000		90.000						90.000		
	(I) Compensation in company preparing the accounts				**225.000**		**225.000**						**225.000**		
	(II) Compensation from subsidiaries/associates at 30/06/2016														
	(III) Total				**225.000**	**-**	**225.000**	**-**	**-**	**-**	**-**	**-**	**225.000**	**-**	**-**
Marco Tronchetti Provera	Deputy Chairman of Board of Directors	01/07/2015	30/06/2016	30/06/2017	135.000		135.000						135.000		
	(I) Compensation in company preparing the accounts (1)				**135.000**	**-**	**135.000**						**135.000**		-
	(II) Compensation from subsidiaries/associates at 30/06/2016						**-**						**-**		
	(III) Total				**135.000**		**135.000**	**-**	**-**	**-**	**-**	**-**	**135.000**		**-**
Alberto Nagel	CEO	01/07/2015	30/06/2016	30/06/2017	100.000	1.800.000	1.900.000		420.000		433.304 of which complementary pension scheme 428.486		2.753.304	505.894	
	(I) Compensation in company preparing the accounts				**100.000**	**1.800.000**	**1.900.000**	**-**	**420.000**	**-**	**433.304**	**-**	**2.753.304**	**505.894**	**-**
	(II) Compensation from subsidiaries/associates at 30/06/2016						**-**						**-**		
	(III) Total				**100.000**	**1.800.000**	**1.900.000**	**-**	**420.000**	**-**	**433.304**	**-**	**2.753.304**	**505.894**	**-**
Francesco Saverio Vinci	General Manager	01/07/2015	30/06/2016	30/06/2017	100.000	1.500.000	1.600.000		209.200		334.965 of which complementary pension scheme 329.087		2.144.165	347.671	
	(I) Compensation in company preparing the accounts				**100.000**	**1.500.000**	**1.600.000**	**-**	**209.200**		**334.965**		**2.144.165**	**347.671**	**-**
	(II) Compensation from subsidiaries/associates at 30/06/2016 (1) (2)				**20.000**		**20.000**	**-**					**20.000**		
	(III) Total				**120.000**	**1.500.000**	**1.620.000**	**-**	**209.200**	**-**	**334.965**	**-**	**2.164.165**	**347.671**	**-**
Tarak Ben Ammar	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000		
	(I) Compensation in company preparing the accounts				**100.000**	**-**	**100.000**						**100.000**		-
	(II) Compensation from subsidiaries/associates at 30/06/2016														
	(III) Total				**100.000**	**-**	**100.000**	**-**	**-**	**-**	**-**	**-**	**100.000**		**-**
Gilberto Benetton	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000		
	(I) Compensation in company preparing the accounts				**100.000**	**-**	**100.000**	**-**			**-**		**100.000**		
	(II) Compensation from subsidiaries/associates at 30/06/2016						**0**						**-**		
	(III) Total				**100.000**	**-**	**100.000**	**-**	**-**	**-**	**-**	**-**	**100.000**		**-**
Mauro Bini	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000		
	Member of Risks committee and Related parties committee	01/07/2015	30/06/2016	30/06/2017	80.000		80.000						80.000		
	Chairman of Appointments committee	01/07/2015	30/06/2016	30/06/2017	20.000		20.000						20.000		
	(I) Compensation in company preparing the accounts				**200.000**	**-**	**200.000**	**-**			**-**		**200.000**		
	(II) Compensation from subsidiaries/associates at 30/06/2016						**-**						**-**		
	(III) Total				**200.000**	**-**	**200.000**	**-**	**-**	**-**	**-**	**-**	**200.000**		**-**
Marie Bolloré	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000		
	Member of Appointments committee	28/10/2015	30/06/2016	30/06/2017	13.425		13.425						13.425		
	(I) Compensation in company preparing the accounts				**113.425**	**-**	**113.425**	**-**			**-**		**113.425**		
	(II) Compensation from subsidiaries/associates at 30/06/2016						**-**						**-**		
	(III) Total				**113.425**	**-**	**113.425**	**-**	**-**	**-**	**-**	**-**	**113.425**		**-**
Maurizio Carfagna	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000		
	Member of Risks committee and Related parties committee	28/10/2015	30/06/2016	30/06/2017	53.700		53.700						53.700		
	Member of Remunerations committee	01/07/2015	30/06/2016	30/06/2017	30.000		30.000						30.000		
	(I) Compensation in company preparing the accounts				**183.700**	**-**	**183.700**	**-**			**-**		**183.700**		
	(II) Compensation from subsidiaries/associates at 30/06/2016 (2)				**20.000**		**20.000**	**10.000**					**30.000**		
	(III) Total				**203.700**	**-**	**203.700**	**10.000**	**-**	**-**	**-**	**-**	**213.700**		**-**

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(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
					Fixed compensation				Variable compensation (non-equity)						
Name and surname	Post	Period for which post has been held		Term of office expires	Emolu-ments	Fixed salary	Total	Fees payable for participation in committees	Bonus and other incentives	Interest in earnings	Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/severance (i)
Angelo Casò	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000		
	Member of Executive Committee	01/07/2015	30/06/2016	30/06/2017	90.000		90.000						90.000		
	(I) Compensation in company preparing the accounts				**190.000**	-	**190.000**						**190.000**		-
	(II) Compensation from subsidiaries/associates at 30/06/2016														
	(III) Total				**190.000**	-	**190.000**	-	-	-	-	-	**190.000**		-
Maurizio Costa	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000		
	Member of Remunerations committee	01/07/2015	30/06/2016	30/06/2017	30.000		30.000						30.000		
	Member of Appointments committee	01/07/2015	30/06/2016	30/06/2017	20.000		20.000						20.000		
	(I) Compensation in company preparing the accounts				**150.000**	-	**150.000**	-			-		**150.000**		
	(II) Compensation from subsidiaries/associates at 30/06/2016														
	(III) Total				**150.000**	-	**150.000**	-	-	-	-	-	**150.000**		-
Alessandro Decio	Director	01/07/2015	16/03/2016		71.037		71.037						71.037		
	(I) Compensation in company preparing the accounts (3)				**71.037**	-	**71.037**	-			-		**71.037**		
	(II) Compensation from subsidiaries/associates at 30/06/2016														
	(III) Total				**71.037**	-	**71.037**	-	-	-	-	-	**71.037**		-
Massimiliano Fossati	Director	16/03/2016	30/06/2016	30/06/2016	29.041		29.041						29.041		
	(I) Compensation in company preparing the accounts (1)				**29.041**	-	**29.041**				-		**29.041**		
	(II) Compensation from subsidiaries/associates at 30/06/2016												-		
	(III) Total				**29.041**	-	**29.041**	-	-	-	-	-	**29.041**		-
Vanessa Labérenne	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000		
	Chairman of Remunerations committee	01/07/2015	30/06/2016	30/06/2017	30.000		30.000						30.000		
	Member of Risks committee and Related parties committee	01/07/2015	30/06/2016	30/06/2017	80.000		80.000						80.000		
	Member of Appointments committee	01/07/2015	28/10/2015		6.575		6.575						6.575		
	(I) Compensation in company preparing the accounts				**216.575**	-	**216.575**						**216.575**		-
	(II) Compensation from subsidiaries/associates at 30/06/2016														
	(III) Total				**216.575**	-	**216.575**	-	-	-	-	-	**216.575**		-
Elisabetta Magistretti	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000		
	Chairman of Risks committee and Related parties committee	01/07/2015	30/06/2016	30/06/2017	80.000		80.000						80.000		
	Member of Appointments committee	01/07/2015	30/06/2016	30/06/2017	20.000		20.000						20.000		
	Member of Remunerations committee	01/07/2015	30/06/2016	30/06/2017	30.000		30.000						30.000		
	(I) Compensation in company preparing the accounts				**230.000**	-	**230.000**						**230.000**		-
	(II) Compensation from subsidiaries/associates at 30/06/2016						**0**						-		
	(III) Total				**230.000**	-	**230.000**	-	-	-	-	-	**230.000**		-

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(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/severance (i)
					Emolu-ments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Alberto Pecci	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000		
	Member of Remunerations committee	01/07/2015	30/06/2016	30/06/2017	30.000		30.000						30.000		
	(I) Compensation in company preparing the accounts				**130.000**	-	**130.000**	-			-		**130.000**		
	(II) Compensation from subsidiaries/associates at 30/06/2016						**0**						-		
	(III) Total				**130.000**	-	**130.000**	-	-	-	-	-	**130.000**		-
Gian Luca Sichel	Director	01/07/2015	30/06/2016	30/06/2017	100.000		100.000						100.000	190.630	
	(I) Compensation in company preparing the accounts				**100.000**		**100.000**						**100.000**		
	(II) Compensation from subsidiaries/associates at 30/06/2016					568.681	568.681		263.215		5.732		837.628	190.630	
	(III) Total				**100.000**	**568.681**	**668.681**	-	**263.215**	-	**5.732**	-	**937.628**	**190.630**	-
Alexandra Young	Director	01/07/2015	30/06/2016	30/06/2017	100.000	340.000	440.000		57.360		39.954 of which complementary pension scheme 34.973		537.314	55.478	
	(I) Compensation in company preparing the accounts				**100.000**	**340.000**	**440.000**		**57.360**		**39.954**		**537.314**	**55.478**	
	(II) Compensation from subsidiaries/associates at 30/06/2016														
	(III) Total				**100.000**	**340.000**	**440.000**	-	**57.360**	-	**39.954**	-	**537.314**	**55.478**	-
Management with strategic responsibilities						2.531.620	2.531.620		424.400		233.061 of which complementary pension scheme 216.775		3.189.081	1.526.741	
	(I) Compensation in company preparing the accounts					**2.531.620**	**2.531.620**		**424.400**		**233.061**	-	**3.189.081**	**1.526.741**	
	(II) Compensation from subsidiaries/associates at 30/06/2016						-						-		
	(III) Total				-	**2.531.620**	**2.531.620**	-	**424.400**	-	**233.061**	-	**3.189.081**	**1.526.741**	-
Natale Freddi	Chairman of Statutory Audit Committee	01/07/2015	30/06/2016	30/06/2017	140.000		140.000						140.000		
	(I) Compensation in company preparing the accounts				**140.000**	-	**140.000**		-		-		**140.000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2016						-						-		
	(III) Total				**140.000**	-	**140.000**	-	-	-	-	-	**140.000**	-	-
Laura Gualtieri	Member of Statutory Audit Committee	01/07/2015	30/06/2016	30/06/2017	105.000		105.000						105.000		
	(I) Compensation in company preparing the accounts				**105.000**	-	**105.000**		-		-		**105.000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2016						-						-		
	(III) Total				**105.000**	-	**105.000**	-	-	-	-	-	**105.000**	-	-
Gabriele Villa	Member ofStatutory Audit Committee	01/07/2015	30/06/2016	30/06/2017	105.000		105.000						105.000		
	(I) Compensation in company preparing the accounts				**105.000**	-	**105.000**		-		-		**105.000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2016						-						-		
	(III) Total				**105.000**	-	**105.000**	-	-	-	-	-	**105.000**	-	-

1) Fees are paid directly to the company of origin.
2) Fees due in respect of position held in Banca Esperia.
3) Of which € 50,819 paid directly to the company of origin.

As shown in the Report on remuneration, the definition of "management with strategic responsibilities other than directors", as at 30 June 2016 involved five staff members: the three heads of the control units, the head of company financial reporting and the co-head of the Corporate and Investment Banking division.

Table 2: Stock options granted to members of the governing bodies, general managers and managerial staff with strategic responsibilities

			Options held at start of financial year			Options awarded during the year						Options exercised during the year			Options expired during the year	Options held at year-end	Options attributable to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Name and surname	Post	Scheme	No. of options	Strike price	Possible exercise period (from-to)	No. of options	Strike price	Possible exercise period (from-to)	Fair value at award date	Award date	Market price of shares underlying award	No. of options	Strike price	Market price of underlying shares at exercise date	No. of options	No. of options	Fair value
Renato Pagliaro	Chairman	28/10/04	275.000	€10,31	From 1 July 2011 to 30 June 2016										275.000		
		27/10/07	350.000	€6,54	From 2 August 2013 to 1 August 2018											350.000	
Alberto Nagel	CEO	28/10/04	275.000	€10,31	From 1 July 2011 to 30 June 2016										275.000		
		27/10/07	350.000	€6,54	From 2 August 2013 to 1 August 2018											350.000	
Francesco Saverio Vinci	GM	28/10/04	275.000	€10,31	From 1 July 2011 to 30 June 2016										275.000		
		27/10/07	250.000	€6,54	From 2 August 2013 to 1 August 2018											250.000	
Gianluca Sichel	Director	28/10/04	100.000	€10,31	From 1 July 2011 to 30 June 2016										100.000		
Managerial staff with strategic responsibilities		28/10/04	160.000	€10,31	From 1 July 2011 to 30 June 2016										160.000		
		27/10/07	80.000	€6,54	From 2 August 2013 to 1 August 2018											80.000	
(III) Total			**2.115.000**												**1.085.000**	**1.030.000**	

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Table 3A: Incentivization schemes based on financial instruments other than stock options in favour of members of the governing bodies, general managers and managerial staff with strategic responsibilities

			Financial instruments awarded in previous years which have not vested during the course of the year		Financial instruments awarded during the year					Financial instruments vested during the year and not allocated	Financial instruments vested during the year and not allocated		Financial instruments attributable to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Post	Scheme	No. and type of instrument	Vesting period	No. and type of financial instrument	Fair value at award date	Vesting period	Award date	Market price at award	No. and type	No. and type	Value upon vesting	Fair value
Alberto Nagel	CEO	28-ott-10	122.605 Performance shares	Nov. 2017 – Nov. 2019									262.442
		28-ott-15			183.956 Performance shares	922.642	Nov. 2018 – Nov. 2021	27-set-16	€5,960				243.452
Francesco Saverio Vinci	GM	28-ott-10	101.898 Performance shares	Nov. 2017 – Nov. 2019									226.410
		28-ott-15			91.627 Performance shares	459.561	Nov. 2018 – Nov. 2021	27-set-16	€5,960				121.261
Gian Luca Sichel	Director	28-ott-10	29.494 Performance Shares	Nov. 2016 – Nov. 2018									50.299
		28-ott-10	29.970 Performance shares	Nov. 2017 – Nov. 2019									66.592
		28-ott-15			55.719 Performance shares	279.462	Nov. 2018 – Nov. 2021	27-set-16	€5,960				73.739
Alexandra Young	Director	28-ott-10	11.089 Performance shares	Nov. 2017 – Nov. 2019									26.034
		28-ott-15			21.181 Performance shares	106.887	Nov. 2018 – Nov. 2021	27-set-16	€5,960				29.444
Managerial staff with strategic responsibilities		28-ott-10	390.840 Performance Shares	Nov. 2016 – Nov. 2018							243.273	2.197.972	1.131.949
		28-ott-10	100.809 Performance shares	Nov. 2017 – Nov. 2019									229.617
		28-ott-15			122.462 Performance shares	615.652	Nov. 2018 – Nov. 2021	27-set-16	€5,960				165.175
Total					**474.945**	**2.384.204**					**243.273**	**2.197.972**	**2.626.414**

Included awards made on 27 September 2016 for FY ending 30 June 2016.

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Table 3B: Cash incentivization schemes based on financial instruments other than stock options in favour of members of the governing bodies, general managers and managerial staff with strategic responsibilities

A	B	(1)	(2)			(3)			(4)
			Bonus for the year			Previous years' bonuses			
			(A)	(B)	(C)	(A)	(B)	(C)	
Name and surname	Post	Scheme	Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	Other bonuses
Alberto Nagel	CEO	FY 2015/2016	420.000	630.000	Nov.2017-Nov.2021				
		FY 2014/2015						675.000	
Francesco Saverio Vinci	GM	FY 2015/2016	209.200	313.800	Nov.2017-Nov.2021				
		FY 2014/2015						561.000	
Gianluca Sichel	Director	FY 2015/2016	127.215	190.822,5	Nov.2017-Nov.2021				
		FY 2014/2015						165.000	
		FY 2013/2014					80.000	40.000	
		FY 2012/2013					30.000	30.000	
		FY 2011/2012					26.000		
Alexandra Young	Director	FY 2015/2016	57.360	63.540	Nov.2017-Nov.2021				
		FY 2014/2015						49.850	
Management with strategic responsibilities		FY 2015/2016	424.400	399.600	Nov.2017-Nov.2021				
		FY 2014/2015						545.000	
Total compensation in company preparing the accounts			**1.238.175**	**1.597.763**			**136.000**	**2.065.850**	

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Investments held by members of the governing and control bodies and by general managers

Name and surname	Post	Investee company	No. of shares held at end of previous year	No. of shares acquired	No. of shares sold	No. of shares owned at end of present year
PAGLIARO RENATO	Chairman	MEDIOBANCA	2.730.000	==	130.000	**2.600.000**
NAGEL ALBERTO	CEO	MEDIOBANCA	2.626.050	==	==	**2.626.050**
VINCI FRANCESCO SAVERIO	GM	MEDIOBANCA	945.000	==	==	**945.000**
MAURIZIO CARFAGNA	Director	MEDIOBANCA	28.000 *	5.000	==	**33.000 ****
PECCI ALBERTO	Director	MEDIOBANCA	4.757.500 ***	==	50.000	**4.707.500 *****
GIAN LUCA SICHEL	Director	MEDIOBANCA	7.600	==	==	**7.600**

NB - for directors appointed or whose positions ended in the course of the year, the initial/final holding refer to the dates of appointment or resignation/disposal accordingly.
* of which n. 8.000 shares owned through subsidiaries.
** of which n. 13.000 shares owned through subsidiaries.
*** Investment owned through subsidiaries.

Investments held by other managerial staff with strategic responsibilities

No. of managerial staff with strategic responsibilities	Investee company	No. of shares owned at end of previous year	No. of shares acquired	No. of shares sold	No. of shares owned at end of present year
5*	MEDIOBANCA	97.125	243.273 **	243.273 **	97.125

N.B. Values at start and end of period vary according to changes in composition of aggregate of managerial staff with strategic responsibilities.

* Managerial staff with strategic responsibilities as at 30.6.2016.
** Shares awarded in execution of performance share scheme.

Aggregate quantitative information by division as required by Bank of Italy instructions

Mediobanca area of activity	Fixed Salary	Variable	% variable maximum	% variable on fixed salary	Cash Upfront	Equity Upfront	Deferred Cash	Deferred equity
1) Management body Supervisory function - Mediobanca	3.993,8	-	-	-	-	-	-	-
2) Management body Management function - Mediobanca	4.640	4.024	200%	87%	813,8	813,8	1.198,2	1.198,2
3) Staff and support	89.687,6	13.714,1	200%	15%	13.382,4	96	171,70	64
4) Control functions	13.203,6	2.360,4	33%	18%	2.291,8	29,4	19,6	19,6
7) Investment Banking - business	58.069,8	46.317	200%	80%	26.866,1	4.696,6	9.316,9	5.437,4
8) Retail e Consumer - business	53.083	2.909,3	200%	5%	2.379,55	151,5	277,3	101
9) Private Banking / Asset Management - business	13.795	4.656	200%	34%	4.416,3	60	90	90
	236.472,8	**73.981,1**	**-**	**31,3%**	**50.149,9**	**5.847,3**	**11.073,7**	**6.910,2**

EBA classification
Gross amounts in €'000.
Includes Group companies which ended FY on 31 December 2015.

Aggregate quantitative information by the various categories of "identified staff" as required by the Bank of Italy instructions

	Mediobanca Group	#	Fixed Salary	Variable	% variable maximum	% variable on fixed salary	Cash Upfront	Equity Upfront	Deferred Cash	Deferred equity
1)	Non-executive directors (non-executive members of BoD, including Chairman)	1	1.800	-	-	-	-	-	-	-
	CEO	1	1.800	2.100	200%	117%	420	420	630	630
2)	GM	1	1.500	1.046	200%	70%	209,2	209,2	313,8	313,8
	Other Directors with executive duties (management who are members of Ex	2	940	877,9	200%	93%	184,6	184,6	254,4	254,4
3)	Senior management and heads of relevant BUs (principle business lines, geo	13	9.406,5	7.980	200%	85%	1.596	1.596	2.394	2.394
4)	Heads and senior staff of Internal control units (Compliance, Risk Managem	9	1.395	427,5	33%	31%	359	29,4	19,6	19,6
5)	Staff with managerial responsibilities in relevant business units	21	6.042	6.745	200%	112%	1.608	1.608	1.764,5	1.764,5
6)	Heads and senior staff in Staff and support units (Head of company finacial	7	1.757,9	587,8	200%	33%	364	96	64	64
7)	Quantitative criteria	20	5.763,4	5.920	200%	103%	1.618,5	1.618,5	1.341,5	1.341,5
		75	**30.404,8**	**25.684,1**	**-**	**84%**	**6.358,9**	**5.761,7**	**6.781,8**	**6.781,8**

Gross amounts in €'000.
For Group Directors does not include emoluments payable in respect of their office.
Includes relevant staff (one person) employed at Group company which financial year ended 31 December15.

Mediobanca Group	#	Deferred from previous years and paid during the year in cash[1]	#	Deferred from previous years and paid during the year in number of MB shares[2]	#	Deferred from previous years due for cash payment during the year being cancelled
1) Non-executive directors (non-executive members of BoD, including Chairman)	-	-	-	-	-	-
2) Directors with executive duties (management who are members of Executive Committee)	1	136	-	-	-	-
3) Senior management and heads of relevant BUs (principle business lines, geographical areas and other senior business figures)	8	1.572	6	712.854	-	-
4) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	-	-	-	-	-	-
5) Staff with managerial responsibilities in relevant business units	20	2.105	9	467.858	-	-
6) Heads and senior staff in Staff and support units (Head of company finacial reporting, HR, Operations and IT, Legal)	-	-	-	-	-	-
7) Quantitative criteria	16	1.710	5	397.635	-	-
	45	**5.523**	**20**	**1.578.347**	**-**	**-**

[1] Gross amounts in €'000.
[2] Number of Mediobanca shares.

Group	#	Treatment at start of relationship	#	Treatment at end of relationship[1]
1) Non-executive directors (non-executive members of BoD, including Chairman)	-	-	-	-
2) Directors with executive duties (management who are members of Executive Committee)	-	-	-	-
3) Senior management and heads of relevant BUs (principle business lines, geographical areas and other senior business figures)	-	-	1	4.000*
4) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	-	-	1	310
5) Staff with managerial responsibilities in relevant business units	1	1.321	3	1.083
6) Heads and senior staff in Staff and support units (Head of company finacial reporting, HR, Operations and IT, Legal)	-	-	-	-
7) Quantitative criteria	-	-	3	1.059**
	1	**1.321**	**8**	**6.452**

Gross amounts in €'000.
[1] With reference to the identified staff identified as of 30 June 2015.
** Of which € 2,297 by way of incentive, deferred as to 60% over the three-year cash/equity horizon.*
*** Of which € 298 by way of incentive, deferred as to 40% over the three-year cash horizon.*

MEDIOBANCA

Total remuneration awarded over € 1 mln.	#
€ 1 million - 1,5 millions	11
€ 1,5 - 2 millions	3
€ 2 - 2,5 millions	1
€ 2,5 - 3 millions	1
€ 3 - 3,5 millions	1
€ 3,5 - 4 millions	
€ 4 - 4,5 millions	2