



## **Report on remuneration for submission to shareholders in annual general meeting on 28 October 2015**

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 2015 and;
- B) submit the Mediobanca Group's new remuneration policies, approved by the Board of Directors on 22 September 2015, 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 new Bank of Italy supervisory instructions on remuneration and incentivization policies and practices published on 18 November 2014, enacting the European Capital Requirements Directive (CRD IV) issued on 26 June 2013;
- the consultation document issued by the European Banking Authority (EBA) on 4 March 2015 containing the new guidelines on remuneration formulated pursuant to CRD IV, and providing guidance for standardized implementation of the regulations at European level. Once the final version has been released, the guidelines will be applied by the relevant authorities at European level, replacing those issued by CEBS in 2010.

As required by the regulations, this report incorporates the disclosure requirements established by both the Bank of Italy and Consob.



## Section 1

### A) Staff remuneration policies for FY 2014/15

#### Introduction

In line with its strategic plan objectives, in the year ended 30 June 2015 the Mediobanca Group reported growth in revenues, profits and dividends as a result of the ongoing reallocation of the capital freed up by the sale of equity investments to banking businesses.

The following in particular should be noted:

- optimization of the Group's asset structure, with solid capital ratios;
- growth in lending, alongside an improvement in asset quality and coverage ratios;
- increase in turnover on both the corporate and retail sides, along with increased diversification in geographical and business terms, with rising net profit and profitability;
- further equity stake disposals;
- increased remuneration to shareholders with a higher dividend;
- concrete launch of the MAAM platform with the acquisition of Cairn Capital.

During the twelve months under review, the enhancement of the control units and in particular the Risk Management area continued; a new organizational structure was finalized for the Treasury area; and the quality of the Group's staff was improved through inclusion in internal career development schemes and new staff being recruited externally as well.

The decisions regarding staff remuneration have been taken in view of the above business and organizational scenario, which increasingly is requiring 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 eight occasions in the course of the year, compared to five occasions last year. 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 on invitation.

The main items on the agenda in Committee meetings are: analysis of developments in the regulatory framework; 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; benchmark analysis of market compensation; severance treatment; and drafting the new remuneration policies to be submitted to the approval of the Board of



Directors and shareholders in general meeting. The committee has also assessed the possibility of implementing a long-term incentive scheme in the future which is consistent with the regulatory framework, and reviewed and directed the internal processes and procedures adopted in connection with the remuneration system.

The Group Human Resources department has provided support on the above governance activities in co-ordinating the process of formulating the proposals and resolutions. 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 Group Audit and Compliance units have issued reports stating that the remunerations policies conform to the Bank of Italy regulations. 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.

## Board of Directors' remuneration for the 2015-17 three-year period

The Board of Directors reappointed on 28 October 2014 allocated its annual maximum emolument of €2,750,000 set by shareholders in general meeting as follows, with a saving of approx. 15% compared to the previous year.

Group	No.	Fee, 2015-17	Total
Directors	18	100,000	1,800,000
Deputy Chair	2	35,000	70,000
Executive Committee	2	90,000	180,000
Remunerations Committee	5	30,000	150,000
Appointments Committee	4	20,000	80,000
Control and Risks Committee	3	80,000	240,000
<b>TOTAL</b>			<b>2,520,000</b>



## 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”<sup>1</sup> constitutes the so-called “bonus pool”. Payment is conditional upon a series of 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<sup>2</sup> indicated by the risk metrics adopted in the Risk Appetite Framework<sup>3</sup> 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.<sup>4</sup>

The Chief Executive Officer allocates the aggregate bonus pool to be awarded on the basis of the Economic Profit<sup>5</sup> earned by the Wholesale Banking division (the area in which most staff with the ability to impact substantially 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 emphasis on 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 heads of the control units is approved by the Board.

At 30 June 2015, the Group’s results for the year showed a consolidated pre-tax profit of €757m, up 51% on last year, driven by: a 12% increase in revenues, from €1.8bn to €2bn; a good performance by the securities portfolio, which delivered a gain of €106m (30/6/14: €212m) representing the net surplus following gains on disposals less writedowns to equity investments and AFS securities; and lower loan loss provisions, which were down from €736 to €533m. The main income items performed as follows:

- net interest income rose 5%, driven by the consumer segment which grew 10%, with wholesale business down 7%;
- net fee and commission income up 11%, driven by a good performance in capital markets activity;
- net treasury income recovering, from €45m to €207m, partly due to the stronger US dollar;
- reduction in the contribution from the equity-accounted companies (from €264m to €224m);

<sup>1</sup> The Mediobanca Group’s most relevant staff as at 30 June 2015 comprised 76 employees, representing 2% of the total headcount of the Group 11% of that of Mediobanca S.p.A., compared with 1.75% and 9% at 30 June 2014.

<sup>2</sup> CET 1 ratio, leverage ratio, AFR/ECAP, liquidity coverage ratio, net stable funding ratio, retail funding ratio.

<sup>3</sup> 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.

<sup>4</sup> Total income less operating costs and loan loss provisions, as shown in the restated financial statements, and including the results of the Principal Investing division.

<sup>5</sup> 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.



- lower loan loss provisions, which decreased from €736m to €533m, on an 8% rise in lending volumes;
- cost/income and compensation/income ratios close to 2012 levels.

The Wholesale Banking division's results in the twelve months ended 30 June 2015 reflect:

- pre-tax profit of €276m, with revenues up 39% driven by a good performance in fee income (up 15%) and trading income;
- a substantial reduction in loan loss provisions (from €232m to €74m).

The Retail and Consumer Banking division's results for the year ended 30 June 2015 were as follows for the main companies:

- for the Compass Group, a net profit of €83m (€41.9m), after loan loss provisions totalling €413.4m including €41.8m in one-off adjustments charged to the interim accounts;
- for CheBanca!, a net loss of €12.8m (after a tax rebate of €0.5m), an improvement on last when a net loss of €25.1m was posted (tax rebate €2.4m). The loss at the pre-tax level improved by €14.2m, declining from €27.5m to €13.3m, on a €3.2m increase in total income (from €163.5m to €166.7m), a €7.4m improvement in the cost of risk (down from €27.8m to €20.4m), and a €5.2m reduction in deposit guarantee provisioning (from €6.1m to €0.9m).

All the Group's gateways for the year ended 30 June 2015 were thus met.<sup>6</sup>

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 €237m.

The other quantitative and qualitative metrics were also met, in the sense that the Group's results reflected the required risk/return balance, compliance with all the objectives set in the Risk Appetite Framework and the annual budget (including in terms of cost/income and compensation/income ratios), and represented an improvement on previous years' performances.

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 €69m for Mediobanca, €34m of which for identified staff (compared with a retention bonus of approx. €14m paid in 2014), corresponding to a payout ratio of 29% of the WB Economic Profit (14.3%). 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 76% of the fixed component (124% for identified staff<sup>7</sup>).

For the Retail and Consumer division, the risk-adjusted earnings performances delivered in the year were positive. The total variable remuneration component, which amounts to 9% of the total fixed component, came to approx. €11m (vs €9.5m last year), €1m of which was the bonus pool for identified staff (representing 99% of the fixed remuneration).

Management with strategic responsibilities other than the executive directors and referred to in the Consob resolution issued in 2011, consisted of five persons as at 30 June 2015: the three heads of the control units, the head of company financial reporting and the co/head of the Corporate and

<sup>6</sup> CET 1 ratio 11.98%; leverage ratio 10.98%; AFR/ECAP, liquidity coverage ratio, retail funding ratio all above RAF; net stable funding ratio ≥100%; Group operating profit €757m.

<sup>7</sup> Excluding identified staff working in control and support units.



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

The annual variable remuneration component for directors who are members of the Group's senior management is included in the aggregate bonus pool, subject to the gateways being met, and is conditional upon the quantitative and qualitative targets assigned in the individual scorecards approved by the Board of Directors being achieved. If the quantitative objectives are met, the amount of the bonus payable to the CEO and the General Manager is between 50% and 200% of their gross annual salary. This amount may be adjusted by the BoD according to whether or not the qualitative objectives are met also (without prejudice to the cap instituted).

The quantitative performance indicators assigned for the financial year ended 30 June 2015 involved: for the CEO, Group risk-adjusted profitability indicators (profit before tax earned from Group banking activities/capital absorbed), consolidated revenues, capital solidity indicators (tier 1 ratio); 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), and control of administrative expenses. For the CEO the qualitative objectives involved in the initiatives in the asset management area, the Group's non-Italian operations and strengthening of the company units; and for the General Manager, the projects to improve the quality of resources, and development of factoring and private banking operations.

Based on the results of the scorecards, the Board of Directors, having obtained the favourable opinion of the Remunerations Committee, resolved to award variable remuneration of €2,250,000 to the CEO and of €1,870,000 to the General Manager (in both cases approx. 125% of their fixed salaries). Contributions to the complementary pension scheme are also paid in both cases on the upfront cash component.

## Means of distributing the variable component

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

The aggregate bonus pool amounts include the share to be paid to identified staff in equity form ("performance shares") equal to approx. €16m (approx. 50% of the bonus pool), which will be booked to the accounts over the next three financial years under the accounting standards currently in force.

Accordingly, the Board of Directors adopted a resolution to award Group staff a total of 1,710,836 performance shares<sup>8</sup> (at the average stock market value of Mediobanca shares in the month prior to the award, i.e. €9.1758), including those awarded to identified staff employed at Group companies<sup>9</sup>.

<sup>8</sup> 122,605 of which to the CEO and 101,898 to the General Manager.

<sup>9</sup> In January 2015 a further 41,886 performance shares were awarded to CMB, a Mediobanca Group company whose financial year and performance cycle ends on 31 December 2014. A further 108,628 performance shares were also awarded in the course of the year under the terms of severance agreements, 43,451 of which were delivered.



## 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 changes compared to the previous versions involve:

- a more accurate description of the process used to define the variable component;
- the treatment provided in cases where beneficiaries leaves the company (including the treatment of performance shares, deferred components and contributions to the complementary pension scheme);
- the addition of malus conditions at the individual business unit level, as a further indicator for measuring the performance of risk-adjusted results over time;
- the deferral of variable remuneration for senior Bank figures over a five-year time horizon.

The Economic Profit earned by the Wholesale Banking division continues to be used as the metric for quantifying the Mediobanca bonus pool, and a cap of 200% of fixed remuneration has been adopted on the variable component.



## 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 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.
- 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 powers and composition in accordance with the regulations in force.

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, including shareholders in general meeting. To be able to perform its duties 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, with reference to the remuneration and incentivization policies, ascertains whether the incentives provided by the remuneration system take adequate account of the risks, capital and liquidity situation, co-ordinating as appropriate 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 having sought the opinions of 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' 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 unit;
- 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 2015 the Groups “identified staff” (including non-executive directors) broke down as follows:

Cluster	Definition			EBA regulations	MRT # 2015
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 the Executive Committee			Article 3. 1	4
3) Senior management and heads of relevant BUs (principal business lines, geographical areas and other senior business figures)	<ul style="list-style-type: none"> <li>◆ Co Head of CIB</li> <li>◆ Head of Principal Investing</li> <li>◆ Head of Finance division</li> <li>◆ Head of Corporate Finance</li> <li>◆ Head of Equity Capital Markets</li> </ul>	<ul style="list-style-type: none"> <li>◆ Head of Debt Capital Markets</li> <li>◆ Head of Lending and Structured Finance</li> <li>◆ Head of CMS/London</li> <li>◆ Head of Financial Institutions Group</li> <li>◆ Head of Global Coverage</li> </ul>	<ul style="list-style-type: none"> <li>◆ Frankfurt branch manager</li> <li>◆ Madrid branch manager</li> <li>◆ Paris branch manager</li> <li>◆ Head of MB Turkey</li> <li>◆ CEO of CMB</li> </ul>	Art. 3. 3 Art. 3.6	15
4) Heads and senior staff of internal control units	<ul style="list-style-type: none"> <li>◆ Compliance</li> <li>◆ Risk Management</li> <li>◆ Group Audit Unit</li> </ul>			Article 3. 4 Article 3.5 Art.3.7 Article 3.15	10
5) Staff with managerial responsibilities in relevant business units	<ul style="list-style-type: none"> <li>◆ Heads of trading desks, liquidity, trading origination</li> <li>◆ Staff with key responsibilities in the Lending and Structured Finance and Corporate Finance areas</li> <li>◆ Other staff with responsibility for specific product areas (MB Securities, research)</li> <li>◆ General Managers of Compass, CB! and CMB; and CEOs of SelmaBPM and Spafid</li> </ul>			Article 3.8 Article 3.15	25
6) Heads and senior staff in staff and support units	<ul style="list-style-type: none"> <li>◆ Human resources</li> <li>◆ Head of company financial reporting</li> <li>◆ Accounts and financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>◆ Budget and planning/control</li> <li>◆ Legal counsel</li> </ul>	<ul style="list-style-type: none"> <li>◆ COO</li> <li>◆ CIO</li> </ul>	Art. 3. 9 Art. 3.15	7
7) Quantitative criteria	Holders of roles with total compensation ≥ €500,000 in the previous financial year not included in the above categories			Article 4	14
TOTAL as % of total Mediobanca S.p.A. staff as % of total Mediobanca Group staff					76 (89) 11% 2%

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 and professional staff, in particular for key roles and positions, 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 Mediobanca staff remuneration is based on various components, with the objective of: balancing the fixed and variable components 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. An insurance policy is also available to cover directors and officers (D&O) against civil liability.

## **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 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 bonus pool 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.

The scorecards contain 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 (indicatively between 115% and 150% of the minimum value).

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 forth in the plan itself being reached. In the event of a long-term incentive being implemented, the short-term scheme described under the previous point will be linked to the provisions of the long-term scheme, with the latter being included in the existing 200% cap on variable remuneration. 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, 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 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 after consulting with the Remunerations Committee.

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 modest, 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 annual bonuses 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 from time to time.



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

In accordance with the national and supranational regulations, the upper limit on the variable remuneration component for all staff belonging to the Mediobanca Group<sup>10</sup> 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).<sup>11</sup>

The reasons justifying this limit are primarily:

- the need to attract and retain the most talented staff, in investment banking in particular, 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;
- 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.

---

<sup>10</sup> 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.

<sup>11</sup> The Group's headcount currently comprises approx. 3,700 staff made up as follows: 860 in Wholesale Banking (with 70 qualifying as identified staff), 2,440 in Consumer and Retail Banking (3 identified staff), 230 in Private Banking (3 identified staff), and 170 in the services company.



## Determination of 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), seeking to maintain a solid capital base and strong liquidity position, preserve profitability over the long term in line with its own business profile, and safeguard its reputational capital, with a view to achieving business continuity and sustainable results over the long term. In particular:

### a) Gateways

Distribution of the bonus pool (which constitutes the variable component earmarked for the remuneration of "identified staff") only takes place if the following indicators or "gateways" are complied with:

- a. capital adequacy and liquidity requirements<sup>12</sup> indicated by the risk metrics adopted in the Risk Appetite Framework<sup>13</sup> 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.<sup>14</sup>

### b) Budgeting phase

Under the process for determining the bonus pool, in preparing the budget the Board of Directors approves the cost of labour for the financial year to come, including the amount of variable remuneration and the bonus pool payable to identified staff, determined on the basis of Mediobanca's and the individual business units' estimated performance targets, the market scenario and historical pay trends.

### c) Determination of the bonus pool

Once the final results have been closed, the bonus pool payable to Mediobanca's identified staff is calculated by the CEO who identifies the share of the Economic Profit earned by the Wholesale banking division<sup>15</sup> (the area to which most staff who have a substantial impact on Mediobanca's risk profile belong) produced from assessment of the quantitative parameters (satisfactory Group results in terms of risk/return, consistency with Risk Appetite Framework profiles 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, proper conduct and reliability of staff members with reference in particular to reputational and compliance issues, retention of key staff, need for new professional talent). The amount this determined is measured against the bonus pools resulting from the scorecards for the

<sup>12</sup> CET 1 ratio, leverage ratio, AFR/ECAP, liquidity coverage ratio, net stable funding ratio, retail funding ratio.

<sup>13</sup> 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.

<sup>14</sup> Total income less operating costs and loan loss provisions, as shown in the restated financial statements, and including the results of the Principal Investing division.

<sup>15</sup> 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.



individual business activities, which may be fine-tuned to ensure that overall sustainability is maintained.

#### **d) Distribution and allocation of the bonus pool**

The bonus pool for the individual business activities is calculated on the basis of scorecards which generally use Economic Profit as the primary metric and other secondary quantitative metrics (including reference to budget objectives and historical results performances) and qualitative metrics with the institution of a cap. The scorecards are structured in such a way as to incentivize internal co-operation, in particular between heads of business unit.

The bonus pool to be earmarked for identified staff in the control units and staff and support areas is determined on the basis of qualitative considerations, in order to limit the degree of correlation with the Bank's results, thus safeguarding the independence of their role (see section above entitled "Compensation structure for staff employed in control units and staff and support areas").

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

The Board of Directors, after consulting with the Remunerations Committee and at the Chief Executive Officer's proposal, may authorize the payment of a bonus pool for retention purposes even if the gateways are not met. The possibility of paying a retention bonus pool is assessed in view 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 on the following main 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 the Wholesale Banking division delivers a Economic Profit which is negative or small, the Chief Executive Officer may also propose a variable remuneration floor pool, agreeing the rationale for distributing the proceeds with the governing bodies based on the individual contributions of the business activities to the overall results.

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

Annual bonuses are awarded to the individual beneficiaries by the Chief Executive Officer and senior management through a shared annual performance assessment process which emphasizes professional merit and quality, with particular attention paid to reputational issues (the bonus either cannot be paid or is reduced for any staff guilty of committing a compliance breach of either the internal or external regulations in the course of the year). The entitlement to receive variable remuneration is subject to the beneficiary continuing to work for the Mediobanca throughout the assessment period and their 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.

Mediobanca valorizes its staff on a meritocratic basis, developing their professional capabilities in accordance with the principle of equal opportunities and in line with its own strategic choices and organizational and productive requirements. Career development is facilitated through the provision of adequate training, practical work experience under the leadership of line managers, in some cases 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 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 the objectives set. Regular feedback throughout the year also allows the line manager and staff to agree on the extent to which the objectives have been met, with objective discussion of individual performances. In this way the organization is able to reach its objectives while respecting its corporate values, and transparency is ensured with reference to training opportunities, professional development and assessment criteria.

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

- 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
- 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, and to value generation in accordance with the risk-adjusted principles referred to above.

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 correlation with the valuation process, staff may also be involved in a career advancement process involving 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, experiences 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, taking into account 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 at companies forming part of the Mediobanca Banking Group), and identifying a pool of possible replacements with high potential (the "senior talent pool" for key positions, including the business areas, control units, and staff and support roles) in view also of likely future requirements in terms of strategic leadership and/or professional and managerial capabilities through a global organizational approach.

The remunerations policies are therefore co-ordinated in close conjunction 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 ascertain the continuity of the company's results.

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 performance conditions, which are the same as the "gateways" described in the section entitled "Determination of bonus pool and correlation between risks and performance", have been met in each year;
- 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<sup>16</sup>), and no losses have been incurred which were attributable to their actions.

In this way staff are required, 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 profitable 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 whether or not fraud and/or wilful misconduct are established. Provision for such measures is also 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) or of the obligations in respect of remuneration and incentivization.

## Performance share scheme

In connection with the equity instruments to be used as components of staff remuneration, Mediobanca has adopted a performance share scheme, subject to the approval of 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 awarded to them as a result of the annual or long-term performance assessment process. The shares awarded are assigned to the beneficiaries in practice 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 their actual assignment, 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 assignment, which remains conditional upon

---

<sup>16</sup> 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.



the beneficiary continuing to work for the Group.

The Chief Executive Officer may also use this instrument 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 correlate 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. 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.

The maximum number of shares that may be awarded under the terms of the 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 is submitted to the approval of the Bank's shareholders at the annual general meeting to be held on 28 October 2015. Alternatively 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 9,820,990 shares have been awarded but not assigned, 65,177 from the treasury share holdings and the other 9,755,813 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.<sup>17</sup> 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

<sup>17</sup> As at 15 September 2015, a total of 21,761,000 stock options and/or performance stock options, as yet unexercised, had been assigned to Mediobanca Group staff, at an average price of €8.489 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 9,820,990 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 3.4%. 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.



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 sets the basic principles for the guidelines of the incentives mechanism of management at the various Group companies, leaving the specific decisions up to their respective Boards of Directors with the objective of attracting and motivating key staff. The incentivization system is reserved to 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 of the companies themselves, having sought the opinion of the General Manager and the Human Resources department of Mediobanca. Each beneficiary is notified of their inclusion in the incentives scheme, with a defined individual 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 in which they operate) 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.

There are also limits below which the bonus is paid fully in cash in the year in which it accrues. Above this limit forms of deferral are envisaged, on a three-year basis. Mediobanca reserves the right not to pay all or part of the deferred share in the event of losses related (such instances not to be construed restrictively) to provisions which prove to be insufficient, contingent liabilities or other items which might prejudice the integrity of the accounts ("malus conditions").

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 ended**

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 pay compensation to directors who leave office for any reason.

### **b) Definition and payment of severance pay**

For individuals linked to Mediobanca Group companies under the terms of employment contracts (including those directors who are members of the Group's senior management and all identified staff, including the aggregate of management with strategic responsibilities), different types of severance pay are envisaged.

The additional amount over and above the amount established and payable in respect of the cost of the failure to provide notice and other entitlements payable upon termination (severance provision, holiday leave etc.) in accordance with the locally applicable legal and contractual provisions, is usually referred to as "severance" and represents the main instrument recognized in the various jurisdictions for cases where termination of the employment relationship is by mutual consent. This amount:

- is determined not only based on regulatory provisions but also on legal and jurisprudential provisions, collective or individual contractual arrangements, and/or practices used in the individual reference markets;
- takes account of the Bank's long-term performances and is not paid if the conduct of the individual staff has in any way damaged the integrity of Mediobanca's capital, profitability, earnings/financial situation or reputation, regardless of whether or not such conduct constitutes instances of fraud or wilful misconduct;
- is paid in the context of those processes intended to minimize the earnings and reputational risks, present and future, which the Bank might face as a result of possible disputes.

Other types of arrangement may also be agreed upon termination of the employment relationship, such as non-competition agreements or settlements paid in respect of potential moral or material damages.

### **c) Severance pay amount**

The amount of severance pay is assessed on the basis of the various factors normally provided in the applicable regulations (including employment law). 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 applicable regulations in the countries where Mediobanca operates determines the basis for calculating the additional monthly salaries to be paid by way of severance, with reference being habitually made to both fixed salary and average variable remuneration paid over a given time horizon (generally the last three years) and in some cases also 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 and non-competition agreement (if any) as 24 monthly salaries as previously defined and in any case not to exceed €5m. This amount 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.).<sup>18</sup> Severance payments may not under any circumstances exceed the limits set by the applicable laws, regulations and collective contracts.

#### **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.

The Bank also reserves the right to claw back amounts paid under 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 are forfeited in cases where staff tender their resignations or are dismissed, as the entitlement to any company benefits.

In cases where termination of the employment relationship is by mutual consent, exceptions 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, in connection with more favourable treatment in individual cases and the possibility of applying local legislations.

#### **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 to cases of particular significance (e.g. identified staff belonging to clusters 2 and 3), are handled by the Board of

---

<sup>18</sup> 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.



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 critical 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 policies for identified staff and the sector regulations in force from time to time shall apply. Any amounts paid in addition to notice when the employment relationship is terminated 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 of their departure.



Dear shareholders,

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

in view of the Staff remunerations policies for FY 2014/15 as illustrated in the Board of Directors’ report,

HEREBY RESOLVE

1. First resolution: 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;
2. Second resolution: 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;
3. Third resolution: to approve the new staff remuneration policies as illustrated in the Board of Directors’ report

and to confer on the Board of Directors and the Chief Executive Officer 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, 22 September 2015

The Board of Directors



## 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) Name and surname	(B) Post	(C) Period for which post has been held	Term of office expires	(1) Fixed compensation			(2) Fees payable for participation in committees	(3) Variable compensation (non-)		(4) Non-cash benefits	(5) Other forms of compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity payable on leaving office/severance
				Emolu-ments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Renato Pagliaro	Chairman of Board of Directors	01/07/2014	30/06/2015	30/06/2017	100.000	1.800.000	1.900.000			350.460				
										of which complementary pension scheme				
										346.432				
	(I) Compensation in company preparing the accounts				100.000	1.800.000	1.900.000			350.460		2.250.460	0	
(II) Compensation from subsidiaries/associates at 30/06/2015						0					0			
(III) Total					100.000	1.800.000	1.900.000	0	0	0	350.460	0	2.250.460	0
Maurizia Angelo Comneno	Deputy Chairman of Board of Directors	28/10/2014	30/06/2015	30/06/2017	90.616		90.616							
	Member of Executive Committee	28/10/2014	30/06/2015	30/06/2017	60.411		60.411							
	(I) Compensation in company preparing the accounts				151.027		151.027							
	(II) Compensation from subsidiaries/associates at 30/06/2015						0							
(III) Total				151.027	0	151.027	0	0	0	0	151.027	0	0	
Dieter Rampl	Deputy Chairman of Board of Directors	01/07/2014	28/10/2014	30/06/2014	44.384		44.384							
	(I) Compensation in company preparing the accounts				44.384		44.384	0						
	(II) Compensation from subsidiaries/associates at 28/10/2014						0							
	(III) Total				44.384	0	44.384	0	0	0	0	44.384	0	0
Marco Tronchetti Provera	Deputy Chairman of Board of Directors	01/07/2014	30/06/2015	30/06/2017	135.000		135.000							
	(I) Compensation in company preparing the accounts (1)				135.000		135.000							
	(II) Compensation from subsidiaries/associates at 30/06/2015						0							
	(III) Total				135.000		135.000	0	0	0	0	135.000	0	0
Alberto Nagel	CEO	01/07/2014	30/06/2015	30/06/2017	100.000	1.800.000	1.900.000		450.000		439.284		261.725	
										of which complementary pension scheme				
										434.357				
	(I) Compensation in company preparing the accounts				100.000	1.800.000	1.900.000	0	450.000	0	439.284	0	261.725	0
(II) Compensation from subsidiaries/associates at 30/06/2015						0								
(III) Total				100.000	1.800.000	1.900.000	0	450.000	0	439.284	0	261.725	0	
Francesco Saverio Vinci	General Manager	01/07/2014	30/06/2015	30/06/2017	100.000	1.500.000	1.600.000		374.000		365.798		225.792	
										of which complementary pension scheme				
										361.010				
	(I) Compensation in company preparing the accounts				100.000	1.500.000	1.600.000	0	374.000	0	365.798		225.792	0
(II) Compensation from subsidiaries/associates at 30/06/2015 (1) (2)				12.658		12.658	7.342				20.000			
(III) Total				112.658	1.500.000	1.612.658	7.342	374.000	0	365.798	0	2.359.798	225.792	0

(A) Name and surname	(B) Post	(C) Period for which post has been held	Term of office expires	(1) Fixed compensation			(2) Fees payable for participation in committees	(3) Variable compensation (non-)		(4) Non-cash benefits	(5) Other forms of compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity payable on leaving office/severance
				Emolu-ments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Tarak Ben Ammar	Director	01/07/2014	30/06/2015	30/06/2017	100.000		100.000				100.000			
	(I) Compensation in company preparing the accounts				100.000	0	100.000				100.000	0	0	
	(II) Compensation from subsidiaries/associates at 30/06/2015													
	(III) Total				100.000	0	100.000	0	0	0	0	100.000	0	0
Gilberto Benetton	Director	01/07/2014	30/06/2015	30/06/2017	100.000		100.000				100.000			
	(I) Compensation in company preparing the accounts				100.000	0	100.000	0			100.000	0	0	
	(II) Compensation from subsidiaries/associates at 30/06/2015						0				0			
	(III) Total				100.000	0	100.000	0	0	0	0	100.000	0	0
Roberto Bertazzoni	Director	01/07/2014	28/10/2014	30/06/2014	32.877		32.877				32.877			
	Member of Remunerations committee	01/07/2014	28/10/2014	30/06/2014	6.575		6.575				6.575			
	Member of Appointments committee (3)	01/07/2014	28/10/2014	30/06/2014	6.575		6.575				6.575			
	(I) Compensation in company preparing the accounts				46.027	0	46.027				46.027	0	0	
	(II) Compensation from subsidiaries/associates at 28/10/2014						0				0			
Mauro Bini	Director	28/10/2014	30/06/2015	30/06/2017	67.123		67.123				67.123			
	Member of Control and risks committee and Related parties committee	28/10/2014	30/06/2015	30/06/2017	53.699		53.699				53.699			
	Member of Appointments committee (3)	28/10/2014	30/06/2015	30/06/2017	13.425		13.425				13.425			
	(I) Compensation in company preparing the accounts				134.247	0	134.247	0			134.247	0	0	
	(II) Compensation from subsidiaries/associates at 30/06/2015						0				0			
Marie Bolloré	Director	28/10/2014	30/06/2015	30/06/2017	67.123		67.123				67.123			
	Member of Appointments committee	28/10/2014	25/03/2015	--	8.110		8.110				8.110			
	(I) Compensation in company preparing the accounts				75.233	0	75.233	0			75.233	0	0	
	(II) Compensation from subsidiaries/associates at 30/06/2015						0				0			
Maurizio Carfagna	Director	28/10/2014	30/06/2015	30/06/2017	67.123		67.123				67.123			
	Member of Remunerations committee	28/10/2014	30/06/2015	30/06/2017	20.137		20.137				20.137			
	(I) Compensation in company preparing the accounts				87.260	0	87.260	0			87.260	0	0	
	(II) Compensation from subsidiaries/associates at 30/06/2015 (2)				13.333		13.333	16.457			29.790			
Angelo Casò	Director	01/07/2014	30/06/2015	30/06/2017	100.000		100.000				100.000			
	Chairman of Control and risks committee and Related parties committee	01/07/2014	28/10/2014		24.657		24.657				24.657			
	Member of Executive Committee	01/07/2014	30/06/2015	30/06/2017	80.137		80.137				80.137			
	Chairman of Remunerations committee	01/07/2014	28/10/2014		6.575		6.575				6.575			
	Member of Appointments committee	01/07/2013	28/10/2014		6.575		6.575				6.575			
	(I) Compensation in company preparing the accounts				217.944	0	217.944				217.944	0	0	
	(II) Compensation from subsidiaries/associates at 30/06/2015													
(III) Total				217.944	0	217.944	0	0	0	0	217.944	0	0	

(A) Name and surname	(B) Post	(C) Period for which post has been held		Term of office expires	(1) Fixed compensation			(2) Fees payable for participation in committees	(3) Variable compensation (non-)		(4) Non-cash benefits	(5) Other forms of compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity payable on leaving office/severance
					Emolu-ments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Maurizio Cereda	Director	01/07/2014	28/10/2014	30/06/2014	32.877	383.500	416.377				65.545		481.922		
											63.467				
	(I) Compensation in company preparing the accounts				32.877	383.500	416.377	0			65.545		481.922		
	(II) Compensation from subsidiaries/associates at 28/10/2014														
	(III) Total				32.877	383.500	416.377	0	0	0	65.545	0	481.922	0	0
Maurizio Costa	Director	28/10/2014	30/06/2015	30/06/2017	67.123		67.123						67.123		
	Member of Remunerations committee	28/10/2014	30/06/2015	30/06/2017	20.137		20.137						20.137		
	Member of Appointments committee (3)	28/10/2014	30/06/2015	30/06/2017	13.425		13.425						13.425		
	(I) Compensation in company preparing the accounts				100.685	0	100.685	0			0		100.685		
	(II) Compensation from subsidiaries/associates at 30/06/2015														
	(III) Total				100.685	0	100.685	0	0	0	0	0	100.685	0	0
Alessandro Decio	Director	01/07/2014	30/06/2015	30/06/2017	100.000		100.000						100.000		
	(I) Compensation in company preparing the accounts (1)				100.000	0	100.000	0			0		100.000		
	(II) Compensi da controllare e collegate al 30/06/2015														
	(III) Total				100.000	0	100.000	0	0	0	0	0	100.000	0	0
Massimo Di Carlo	Director	01/07/2014	28/10/2014	30/06/2014	32.877	413.000	445.877				70.281		516.158		
											68.310				
	(I) Compensation in company preparing the accounts				32.877	413.000	445.877				70.281		516.158		
	(II) Compensation from subsidiaries/associates at 28/10/2014 (2)				3.187		3.187	1.772					4.959		
	(III) Total				36.064	413.000	449.064	1.772	0	0	70.281	0	521.117	0	0
Bruno Ermolli	Director	01/07/2014	28/10/2014	30/06/2014	32.877		32.877						32.877		
	Member of Remunerations committee	01/07/2014	28/10/2014	30/06/2014	6.575		6.575						6.575		
	(I) Compensation in company preparing the accounts				39.452	0	39.452	0			0		39.452		
	(II) Compensation from subsidiaries/associates at 28/10/2014														
	(III) Total				39.452	0	39.452	0	0	0	0	0	39.452	0	0
Giorgio Guazzaloca	Director	01/07/2014	28/10/2014	30/06/2014	32.877		32.877						32.877		
	(I) Compensation in company preparing the accounts				32.877		32.877	0			0		32.877		
	(II) Compensation from subsidiaries/associates at 28/10/2014														
	(III) Total				32.877	0	32.877	0	0	0	0	0	32.877	0	
Anne Marie Idrac	Director	01/07/2014	28/10/2014	30/06/2014	32.877		32.877						32.877		
	Member of Remunerations committee	01/07/2014	28/10/2014	30/06/2014	6.575		6.575						6.575		
	Member of Appointments committee (3)	01/07/2014	28/10/2014	30/06/2014	6.575		6.575						6.575		
	(I) Compensation in company preparing the accounts				46.027	0	46.027						46.027	0	0
	(II) Compensation from subsidiaries/associates at 30/06/2015														
	(III) Total				46.027	0	46.027	0	0	0	0	0	46.027	0	0

(A) Name and surname	(B) Post	(C) Period for which post has been held Term of office expires			(1) Fixed compensation			(2) Fees payable for participation in committees	(3) Variable compensation (non-)		(4) Non-cash benefits	(5) Other forms of compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity payable on leaving office/severance
					Emolu-ments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Vanessa Labérenne	Director	01/07/2014	30/06/2015	30/06/2017	100.000		100.000					100.000			
	Member of Executive Committee	01/07/2014	28/10/2014		19.726		19.726					19.726			
	Chairman of Remunerations committee	28/10/2014	30/06/2015	30/06/2017	20.137		20.137					20.137			
	Member of Remunerations committee	01/07/2014	28/10/2014		6.575		6.575					6.575			
	Member of Control and risks committee and Related parties committee	01/07/2014	30/06/2015	30/06/2017	78.356		78.356					78.356			
	Member of Appointments committee	25/03/2015	30/06/2015	30/06/2017	5.370		5.370					5.370			
	(I) Compensation in company preparing the accounts				230.164	0	230.164					230.164	0	0	
	(II) Compensation from subsidiaries/associates at 30/06/2015														
(III) Total				230.164	0	230.164	0	0	0	0	0	230.164	0	0	
Elisabetta Magistretti	Director	01/07/2014	30/06/2015	30/06/2017	100.000		100.000					100.000			
	Chairman of Control and risks committee and Related parties committee	28/10/2014	30/06/2015	30/06/2017	53.699		53.699					53.699			
	Member of Control and risks committee and Related parties committee	01/07/2014	28/10/2014	30/06/2014	24.657		24.657					24.657			
	Member of Appointments committee	01/07/2014	30/06/2015	30/06/2017	20.000		20.000					20.000			
	Member of Remunerations committee	28/10/2014	30/06/2015	30/06/2017	20.137		20.137					20.137			
	(I) Compensation in company preparing the accounts				218.493	0	218.493					218.493	0	0	
	(II) Compensation from subsidiaries/associates at 30/06/2015														
(III) Total				218.493	0	218.493	0	0	0	0	0	218.493	0	0	
Alberto Pecci	Director	01/07/2014	30/06/2015	30/06/2017	100.000		100.000					100.000			
	Member of Remunerations committee	28/10/2014	30/06/2015	30/06/2017	20.137		20.137					20.137			
	(I) Compensation in company preparing the accounts				120.137	0	120.137	0			0	120.137			
	(II) Compensation from subsidiaries/associates at 30/06/2015														
(III) Total				120.137	0	120.137	0	0	0	0	0	120.137	0	0	
Carlo Pesenti	Director	01/07/2014	28/10/2014	30/06/2014	32.877		32.877					32.877			
	Member of Remunerations committee	01/07/2014	28/10/2014	30/06/2014	6.575		6.575					6.575			
	(I) Compensation in company preparing the accounts				39.452	0	39.452					39.452	0	0	
	(II) Compensation from subsidiaries/associates at 28/10/2014														
(III) Total				39.452	0	39.452	0	0	0	0	0	39.452	0	0	
Gian Luca Sichel	Director	28/10/2014	30/06/2015	30/06/2017	67.123		67.123					67.123			
	(I) Compensation in company preparing the accounts				67.123		67.123					67.123			
	(II) Compensation from subsidiaries/associates at 30/06/2015					450.000	450.000		110.000		4.776	564.776	66.410		
(III) Total				67.123	450.000	517.123	0	110.000	0	4.776	0	631.899	66.410	0	
Eric Strutz	Director	01/07/2014	28/10/2014	30/06/2014	32.877		32.877					32.877			
	Member of Executive Committee	01/07/2014	28/10/2014	30/06/2014	19.726		19.726					19.726			
	(I) Compensation in company preparing the accounts				52.603	0	52.603					52.603	0	0	
	(II) Compensation from subsidiaries/associates at 28/10/2014														
(III) Total				52.603	0	52.603	0	0	0	0	0	52.603	0	0	
Alexandra Young	Director	28/10/2014	30/06/2015	30/06/2017	67.123	335.400	402.523		51.900		38.556	492.979	25.963		
	(I) Compensation in company preparing the accounts				67.123	335.400	402.523		51.900		38.556	492.979	25.963		
	(II) Compensation from subsidiaries/associates at 30/06/2015														
(III) Total				67.123	335.400	402.523	0	51.900	0	38.556	0	492.979	25.963	0	

(A) Name and surname	(B) Post	(C) Period for which post has been held	Term of office expires	(1) Fixed compensation			(2) Fees payable for participation in committees	(3) Variable compensation (non-)		(4) Non-cash benefits	(5) Other forms of compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity payable on leaving office/severance
				Emolu-ments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Management with strategic responsibilities				2.534.632	2.534.632	2.534.632	315.000		354.253		3.203.885	13.316		
									309.022					
	(I) Compensation in company preparing the accounts			2.534.632	2.534.632	2.534.632	315.000		354.253	0	3.203.885	13.316		
	(II) Compensation from subsidiaries/associates at 30/06/2015 (1) (4)			78.000	78.000	78.000	48.000	3.998			129.998			
(III) Total			78.000	2.534.632	2.612.632	48.000	315.000	3.998	354.253	0	3.333.883	13.316	0	
Stefano Marsaglia				1.401.600	1.401.600	1.401.600	1.299.520		112.129		2.813.249	1.850.547		
									of which complementary pension scheme					
	(I) Compensation in company preparing the accounts			0	1.401.600	1.401.600	1.299.520		112.129	0	2.813.249	1.850.547		
	(II) Compensation from subsidiaries/associates at 30/06/2015			0	0	0	0	0		0	0	0		
(III) Total			0	1.401.600	1.401.600	0	1.299.520	0	112.129	0	2.813.249	1.850.547	0	
Natale Freddi	Chairman of Statutory Audit Committee	01/07/2014	30/06/2015	30/06/2017	133.425	133.425	133.425				133.425	0		
	(I) Compensation in company preparing the accounts				133.425	0	133.425	0		0	133.425	0		
	(II) Compensation from subsidiaries/associates at 30/06/2015				0	0	0	0	0	0	0	0		
	(III) Total				133.425	0	133.425	0	0	0	133.425	0	0	
Maurizia Angelo Comieno	Member of Statutory Audit Committee	01/07/2014	28/10/2014	30/06/2014	29.589	29.589	29.589				29.589	0		
	(I) Compensation in company preparing the accounts				29.589	0	29.589	0		0	29.589	0		
	(II) Compensation from subsidiaries/associates at 28/10/2014				0	0	0	0	0	0	0	0		
	(III) Total				29.589	0	29.589	0	0	0	29.589	0	0	
Laura Gualtieri	Member of Statutory Audit Committee	28/10/2014	30/06/2015	30/06/2017	70.479	70.479	70.479				70.479	0		
	(I) Compensation in company preparing the accounts				70.479	0	70.479	0		0	70.479	0		
	(II) Compensation from subsidiaries/associates at 30/06/2015				0	0	0	0	0	0	0	0		
	(III) Total				70.479	0	70.479	0	0	0	70.479	0	0	
Gabriele Villa	Member of Statutory Audit Committee	01/07/2014	30/06/2015	30/06/2017	100.068	100.068	100.068				100.068	0		
	(I) Compensation in company preparing the accounts				100.068	0	100.068	0		0	100.068	0		
	(II) Compensation from subsidiaries/associates at 30/06/2015				0	0	0	0	0	0	0	0		
	(III) Total				100.068	0	100.068	0	0	0	100.068	0	0	

- 1) Fees are paid directly to the company of origin.
- 2) Fees due in respect of position held in Banca Esperia.
- 3) Independent director added to the Appointments Committee as required by Articles of Association for certain resolutions only.
- 4) Fees due in respect of position held in Assicurazioni Generali during the relevant period.

As shown in the Report on remuneration, the definition of “management with strategic responsibilities other than directors”, as at 30 June 2015 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. The definition has therefore changed since 1 July 2014 when a total of ten staff were included. The data shown here include the accruals in respect of those staff excluded from the aggregate in the course of the twelve months. Reference is made to the notes to the tables for the cash and non-cash incentivization schemes.

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

A	B	(1)	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
			(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	110,31	From 1 July 2011 to 30 June 2016											275.000	
		27/10/07	350.000	16,54	From 2 August 2013 to 1 August 2018												350.000
Alberto Nagel CEO		28/10/04	275.000	110,31	From 1 July 2011 to 30 June 2016											275.000	
		27/10/07	350.000	16,54	From 2 August 2013 to 1 August 2018												350.000
Francesco Saverio Vinci GM		28/10/04	275.000	110,31	From 1 July 2011 to 30 June 2016											275.000	
		27/10/07	250.000	16,54	From 2 August 2013 to 1 August 2018												250.000
Maurizio Cereda Director till 28 October 2014		28/10/04	275.000	110,31	From 1 July 2011 to 30 June 2016											275.000	
Massimo Di Carlo Director till 28 October 2014		28/10/04	275.000	110,31	From 1 July 2011 to 30 June 2016											275.000	
Managerial staff with strategic responsibilities		28/10/04	895.000	110,31	From 1 July 2011 to 30 June 2016											160.000	
		27/10/07	1575.000	16,54	From 2 August 2013 to 1 August 2018												80.000
<b>(III) Total</b>			<b>4.795.000</b>													<b>2.565.000</b>	

N.B.: Start and end figures vary according to changes in the management with strategic responsibilities aggregate.

**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**

A	B	(1)	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	(11)	Financial instruments attributable to the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		(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	970.796	Nov. 2017 – Nov. 2019	25 September 2015	8,603				261.725
Francesco Saverio Vinci GM		28-ott-10			101.898 Performance shares	837.448	Nov. 2017 – Nov. 2019	25 September 2015	8,603				225.792
Gianluca Sichel Director		28-ott-10			29.970 Performance shares	246.308	Nov. 2017 – Nov. 2019	25 September 2015	8,603				66.410
Alexandra Young Director		28-ott-10			11.089 Performance shares	91.715	Nov. 2017 – Nov. 2019	25 September 2015	8,603				25.963
Managerial staff with strategic responsibilities		28-ott-10	60.076 Performance Shares	Nov. 2015							60.076	414.584	73.373
		28-ott-10	201.045 Performance Shares	Nov. 2015 – Nov. 2016							134.030	924.941	151.952
		28-ott-10	101.724 Performance Shares	Nov. 2015 – Nov. 2017									128.558
		28-ott-10			121.662 Performance shares	753.589	Nov. 2016 – Nov. 2018	26 September 2014	6,691				206.918
		28-ott-10			5.449 Performance shares	45.300	Nov. 2017 – Nov. 2019	25 September 2015	8,603				13.316
Stefano Marsaglia		28-ott-10	634.113 performance shares	Nov. 2015 – Nov. 2018	95.360 Performance shares	786.077	Nov. 2017 – Nov. 2019	25 September 2015	8,603				1634.873
<b>Total</b>			<b>996.958</b>		<b>488.033</b>	<b>3.731.233</b>					<b>194.106</b>	<b>1.339.526</b>	<b>3.004.554</b>

*Includes the award of performance shares from the scheme approved by shareholders in the annual general meetings held on 28 October 2010 and 25 September 2015, in application of the staff remuneration policy and the resolution approved by the Board of Directors for the year ended 30 June 2015.*

*Management with strategic responsibilities: for the awards made on 25 September 2015, the table shows the amount awarded to the managers included in the definition at the end-date of 30 June 2015. For the previous years' schemes, the amount also refers to the strategic management included in the definition at the start of the year.*

**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 Name and surname	B Post	(1) Scheme	(2) Bonus for the year			(3) Previous years' bonuses			(4) Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	
Alberto Nagel CEO		FY 2014/2015	450.000	675.000	Nov.2016-Nov.2019				
Francesco Saverio Vinci GM		FY 2014/2015	374.000	561.000	Nov.2016-Nov.2019				
Gian Luca Sichel Director		FY 2014/2015	110.000	165.000	Nov.2016-Nov.2019				
Alexandra Young Director		FY 2014/2015	51.900	49.850	Nov.2016-Nov.2019				
Management with strategic responsibilities		FY 2014/2015	215.000	20.000	Nov.2016-Nov.2018				
		FY 2013/2014						495.000	
		FY 2012/2013				125.000	100.000	150.000	
		FY 2011/2012				34.000		284.000	
		FY 2010/2011				65.000			
Stefano Marsaglia		FY 2014/2015	350.000	525.000	Nov.2016-Nov.2018				949.520
<b>Total compensation in company preparing the accounts</b>			<b>1.550.900</b>	<b>1.995.850</b>		<b>224.000</b>	<b>100.000</b>	<b>929.000</b>	<b>949.520</b>

*Management with strategic responsibilities: for the awards made on 25 September 2015, the table shows the amount awarded to the managers included in the definition at the end-date of 30 June 2015. For the previous years' schemes, the amount also refers to the strategic management included in the definition at the start of the year.*



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	==	==	2.730.000
NAGEL ALBERTO	CEO	MEDIOBANCA	2.626.050	==	==	2.626.050
VINCI FRANCESCO SAVERIO	GM	MEDIOBANCA	945.000	==	==	945.000
BERTAZZONI ROBERTO*	Director	MEDIOBANCA	1.050.000	==	==	1.050.000
MAURIZIO CARFAGNA	Director	MEDIOBANCA	28.000 **	==	==	28.000
CEREDA MAURIZIO	Director	MEDIOBANCA	619.500	==	==	619.500
DI CARLO MASSIMO	Director	MEDIOBANCA	556.500	==	==	556.500
PECCI ALBERTO*	Director	MEDIOBANCA	4.757.500	==	==	4.757.500
GIAN LUCA SICHEL	Director	MEDIOBANCA	==	50.000 ***	42.400	7.600

N.B. 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.

\* Investment owned through subsidiaries.

\*\* Of which 8,000 shares held via subsidiaries.

\*\*\* Shares subscribed for in exercising stock options

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	215.180	115.267**	21.010***	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.

\* Strategic management as at 30/6/15.

\*\* Shares awarded in execution of performance share scheme.

\*\*\* Sold to meet tax charges relating to the award of performance shares.

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) Staff and support	19.262	5.698,1	200%	30%	5.035,5	216,9	285,85	159,85
2) Control functions	4.858	977,5	33%	20%	977,5	-	-	-
3) Wholesale Banking - Financial Markets	26.342	26.968,5	200%	102%	12.531,2	3.113	6.892,3	4.432
4) Wholesale Banking - Advisory	21.217	20.323,25	200%	96%	10.733,75	2.293	4.559,5	2.737
5) Wholesale Banking - Lending and Structured Finance	4.852	3.634	200%	75%	2.778,5	105	680,5	70
6) Retail and Consumer	97.791	8.827,9	200%	9%	7.906,22	232,5	442,6	246,6
	<b>174.322</b>	<b>66.429</b>	<b>-</b>	<b>38%</b>	<b>39.963</b>	<b>5.960</b>	<b>12.861</b>	<b>7.645</b>

Gross amounts in €'000.

Does not include Mediobanca CEO or General Manager.

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	2.250	200%	125%	450	450	675	675
2) GM	1	1.500	1.870	200%	125%	374	374	561	561
Other Directors with executive duties (management who are members of Executive Committee)	2	790	754	200%	95%	162	162	215	215
3) Senior management and heads of relevant BUs (principle business lines, geographical areas and other senior business figures)	12	9.000	11.700	200%	130%	2.340	2.340	3.510	3.510
4) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	10	1.433	460	33%	32%	460	-	-	-
5) Staff with managerial responsibilities in relevant business units	24	7.450	9.529	200%	128%	2.079	2.079	2.685	2.685
6) Heads and senior staff in Staff and support units (Head of company financial reporting, HR, Operations and IT, Legal)	7	1.612	569	200%	35%	429	60	40	40
7) Quantitative criteria	14	4.855	5.030	200%	104%	1.319,5	1.319,5	1.196	1.196
	<b>72</b>	<b>30.240</b>	<b>32.162</b>	<b>-</b>	<b>106%</b>	<b>7.614</b>	<b>6.785</b>	<b>8.882</b>	<b>8.882</b>

Gross amounts in €'000.

For Group CEOs does not include emoluments payable in respect of their office.

Does not include relevant staff (two persons) employed at Group companies whose financial year ends after 30 June.

Group	#	Deferred from previous years and paid during the year in cash <sup>1</sup>	#	Deferred from previous years and paid during the year in number of MB shares <sup>2</sup>	#	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)	-	-	-	-	-	-
3) Senior management and heads of relevant BUs (principle business lines, geographical areas and other senior business)	5	2.450	6	951.176	-	-
4) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	-	-	-	-	-	-
5) Staff with managerial responsibilities in relevant business units	17	1.912	10	493.584	-	-
6) Heads and senior staff in Staff and support units (Head of company financial reporting, HR, Operations and IT, Legal)	-	-	-	-	-	-
7) Quantitative criteria	10	641	5	334.257	-	-
	<b>32</b>	<b>5.003</b>	<b>21</b>	<b>1.779.017</b>	-	-

<sup>1</sup> Gross amounts in €'000.

<sup>2</sup> Number of Mediobanca shares.

Group	#	Treatment at start of relationship	#	Treatment at end of relationship <sup>1</sup>
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)	-	-	1	4.000 *
4) Heads and senior staff of Internal control units (Compliance, Risk Management, Group)	-	-	-	-
5) Staff with managerial responsibilities in relevant business units	1	70	1	465
6) Heads and senior staff in Staff and support units (Head of company financial reporting, HR,	-	-	-	-
7) Quantitative criteria	1	275	1	450
	<b>2</b>	<b>345</b>	<b>3</b>	<b>4.915</b>

Gross amounts in €'000.

<sup>1</sup> With reference to the identified staff identified as of 30 June 2014.

\* Includes cost of indemnity for failing to give notice and complementary pension scheme contributions; of which €1,861,000 by way of incentive, deferred as to 60% over the three-year cash/equity horizon.

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