



MEDIOBANCA GROUP

2022 Remuneration policy

28 October 2022



MEDIOBANCA



Section 1. Executive summary

Section 2. Remuneration Governance

Section 3. Remuneration Policy and Structure

Section 4. Mediobanca Performance

Section 5. Short-term Incentive

Section 6. Long-term Incentive



MEDIOBANCA

EXECUTIVE SUMMARY

FY22 – BUSINESS ACHIEVEMENTS AND REMUNERATION HIGHLIGHTS

All gateways met

- ◆ Capital and liquidity ratios enhanced as defined in the Risk Appetite Framework
- ◆ Positive Group Gross Operating Profit

Business results

- ◆ **Record results** despite geopolitical instability and weaker macro environment
- ◆ Sound expansion of profitable assets driven by **strong commercial performance**
- ◆ **2019-23 Business Plan** strategy and targets **broadly confirmed**
- ◆ Significant progress on **Mediobanca's sustainability ambitions** (incl. first TCFD report)
- ◆ **Shareholders' remuneration: total pay-out ~100%**

Pay for performance

- ◆ The notable improvement in divisional performance led to bonus pools slightly increasing
- ◆ Sustainable pay for performance from a long-term perspective

CEO and General Manager

- ◆ Overachievement of scorecard KPIs

REMUNERATION POLICY – WHAT'S NEW

Remuneration policy strengthened to align to the latest set of rules and best practices

- ◆ **Pay for Performance: Further enhanced transparency on the remuneration structure and achievement** of KPIs for the CEO & General Manager to demonstrate the pay-for-performance culture at Mediobanca
- ◆ **Reduced Pay for the Chairman: Chairman no longer an employee to align to best practice, leading to a 60% reduction in his compensation (full year basis)**
- ◆ **Remuneration Governance: Strengthening the Governance processes** with the wider involvement of the Risk Committee and the increased role of the Remuneration Committee
- ◆ **Sustainability Focus: Further incorporating strategic ESG KPIs into variable remuneration**
- ◆ **Overall Disclosure: New disclosures to increase transparency and clarity of Mediobanca's approach to executive remuneration**

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STRONG REMUNERATION GOVERNANCE TO ENSURE A VERIFIED AND TRANSPARENT PROCESS

Group governance of remuneration involves several functions and corporate departments

Shareholders	Remuneration Committee	Corporate departments involved
<p>Shareholders at the Annual General Meeting:</p> <ul style="list-style-type: none"> ◆ set, at each BoD renewal, the annual fixed pay for members of the board of directors ◆ approve the remuneration policies and compensation schemes based on financial instruments for group directors, staff and collaborators ◆ Approve the criteria for determining the compensation to be awarded in the event of early termination of the employment relationship or term of office ◆ approve the variable remuneration cap for employees and advisors of the Group at 200% of fixed remuneration, following Board of Directors proposal or any other limit set by the regulations 	<p>Consultative role regarding CEO, GM, Executive Directors and main Material Risk Takers (MRT) and staff rem. and retention policies. Activities include:</p> <ul style="list-style-type: none"> ◆ reviews and assesses remuneration proposals and guidelines ◆ advisor for decisions regarding the criteria to be used for compensation payable to all identified staff with focus on main MRTs ◆ regularly reviews (benchmarks & market practice analysis, regulatory framework & recommendations) the adequacy, congruity, adherence and application of remuneration policies, including equality policy and gender pay gap ◆ verifies performance achievements involving all relevant company units in devising and checking the remuneration and incentive policies and practice ◆ Co-operates with Risk and CSR Committees 	<p>GROUP HR process owner, governs and controls units to verify the Group's earnings and financial data</p> <p>AUDIT reviews data and monitors process adherence</p> <p>ACCOUNTING provides data for determining the business areas' performances based on results</p> <p>COMPLIANCE evaluates compliance of policy with legal and regulatory frameworks</p> <p>RISK MANAGEMENT contributes to establishing metrics to calculate risk adjusted performance</p>

REMUNERATION COMMITTEE

Composition

5 non-executive members, **all independent**, 40% F /60% M

Member	Position	Independent
M. Carfagna	Chairman	X ^{1,2}
V. Banet	Member	X ^{1,2}
V. Hortefeux	Member	X ^{1,2}
M. Ibarra	Member	X ^{1,2}
A. Lupoi	Member	X ^{1,2}

Supported by external independent compensation consultant in FY 22

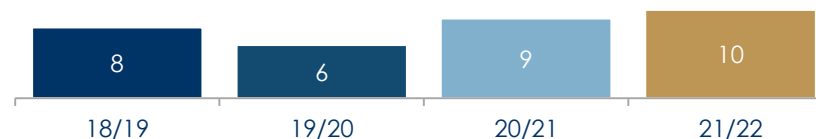
FY22 main topics

- ◆ Determination of the new (reduced) compensation for the Chairman (no more employed) and the Lead Independent Director
- ◆ Definition of scorecards for CEO and GM, with financial and non financial criteria, including ESG KPIs, evaluation
- ◆ Review of compensation for relevant MRTs and evaluation of performance and bonus pools for the Group relevant units
- ◆ Decisions made by the CEO regarding the variable remuneration of business units and other staff
- ◆ Analysis of regulatory framework, benchmarks, peers and market practice, including Gender Pay Gap
- ◆ Review of the new Remuneration Policy to be approved by the Board of Directors and by shareholders at the 2022 AGM

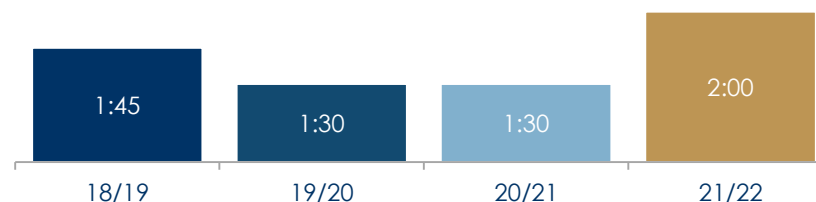
Activity

Effectiveness of Rem Co with meetings number, duration and attendance confirmed in the last 4Y

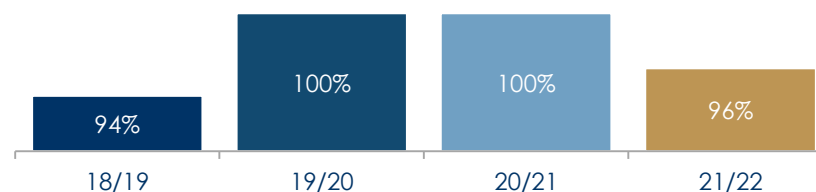
Meetings



Duration (h:m)



Attendance



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REMUNERATION: PRINCIPLES AND GUIDELINES

Remuneration policy, along with group culture, is long-term value generation oriented.
 We shield our reputation, trustworthiness and sustainability
 with responsibility, fairness and transparency in our approach to business

Adequate pay mix
 to attract and retain talent
 while fostering sustainable and long term approach.

Variable compensation strongly related to results
 Deferral: total variable compensation vesting over no less
 than 4Y, 5Y for Top Executives.
 Significant equity component.

Risk-adjusted: Gateways linked to Risk
 Appetite Framework, Bonus Pools
 calculated based on Economic
 Profit/ROAC.

Cap: applied to mitigate risk appetite.

Mandatory deferral policy

Claw back: in the event of damages
 on MB's capital base, profitability,
 financial results.

Malus conditions applied

Competitiveness

**Value merit &
 performance**

Sustainable approach: Targets set to
 ensure solid capital base, adequate
 liquidity ratios, profitable results and
 appropriate risk management.

Non-financial targets: applied to
 foster sustainable value creation.

Short-term remuneration: Targets set
 at the beginning of the FY (budget vs.
 quantitative KPIs).

Long-term remuneration: Targets set
 according to BP19/23 confirmed and
 disclosed ex-ante in the LTI plan.

Fairness

Transparency

Equal opportunities

No distinction of age, gender, sexual orientation, marital status,
 religion, language, ethnic or national origins, disability,
 pregnancy, maternity or paternity including adoptive, personal
 beliefs, political opinions, affiliation or trade union activity.

Severance

No golden parachutes for directors in case of voluntary or
 involuntary termination.
 Severance for Executives and MRT population: 24 months of
 remuneration capped at €5mIn, included notice & non
 compete agreements.



REMUNERATION STRUCTURE

The **remuneration structure** is aligned both to the **latest European and Italian legislation/provisions** and with **global best practices**. Investor and Proxy Advisor feedback also informs our approach and structure to remuneration. An **adequate balance between fixed and variable** remuneration is considered **crucial to avoid risk and short-term behaviour**.

All variable remuneration is subject to performance conditions in the performance period, ex post malus condition (Group performance, compliance breaches, responsibility for financial losses or reputational damages) **and claw back clauses** (in case of fraud or willful misconduct).

Employee category	Fixed Compensation		Variable compensation			
	Base	Pension plan	STI (Annual Scorecard)		LTI (Strategic Plan 19 - 23)	
	Upfront	Annual contrib.	5 Y deferral - 60% deferred*		5 Y deferral - 60% deferred*	
	Cash	Cash	Cash	Shares	Cash	Shares
Non Executive directors included Chairman	100%					
Executive Directors	100%	100%	47%	53%	47%	53%
Executives - Senior Managers	100%	100%	47%	53%	47%	53%
Other Executives (Material Risk Takers)	Upfront	---	4 Y Deferral - 40/60% deferred			
	100%	100%	50%	50%	---	---

* If variable amount equal or higher of € 404.000

- ◆ **Executive directors** variable remuneration
 - ◆ accrues only if aligned with established gateways
 - ◆ variable remuneration is distributed at least ~50% in cash and ~50% in equity (performance shares)
- ◆ **Executives** variable remuneration is paid inter alia in the form of equity instruments (performance shares)

The Group's identified staff (or MRT - Material Risk Takers Executives) as at 30 June 2022 represents around 2% of the total Group staff and are as follows: 98 resources qualified as identified staff, including Executives, Senior Management, Manager of business units and other resources with managerial responsibilities.

- ◆ In accordance with the European Directive CRD, **Mediobanca has set a cap on variable remuneration for all employees at 200% of fixed pay** to:
 - ◆ maintain adequate flexibility and minimize fixed costs
 - ◆ align interests and encourage the achievement of sustainable results
 - ◆ attract and retain talent in an aggressive market context
 - ◆ reward performance and link individual performance to the results of the bank
- ◆ Employee bonus pool determination and distribution is governed by "gateways".
- ◆ Individual allocation is based on documented quantitative and qualitative performance evaluation, with particular attention to aspects of compliance.

VARIABLE REMUNERATION SETTLEMENT AS AT FY 23

Employee category	Instrument	Variable compensation settlement					Total	o/w deferred	
		up front	1Y	2Y	3Y	4Y			5Y
Executive Directors & Executives - Senior Management	Cash	20%		13%			14%	47%	27%
	Equity		20%		11%	11%	11%	53%	33%
Other Executives (Material Risk Takers)	Cash	20%		5%	5%	20%		50%	30%
	Equity		20%	15%	15%			50%	30%
Central functions	Cash	100%						100%	
	Equity	--							

* If variable amount equal or higher of € 404.000

Executive directors' variable remuneration settlement

- ◆ 1-year holding period for up-front equity components
- ◆ 5-year deferral period for 60% of remuneration

Top executives (material risk takers) variable remuneration settlement: 60% of the variable component is deferred over a 5-year time horizon (as for the Executive Directors)

All variable remuneration awarded is subject to certain and further Group performance conditions, malus and clawback clauses during the deferral period and before granting

Other Executives (material risk takers) variable remuneration settlement: a substantial part of the variable component, up to 60%, is deferred over a four-year time horizon and paid inter alia in the form of equity instruments (performance shares schemes)

Performance share plan (reserved to employees)

- ◆ at least 3-year deferred period (vesting plus holding)
- ◆ all variable remuneration is subject to performance conditions, ex post malus condition and clawback clauses

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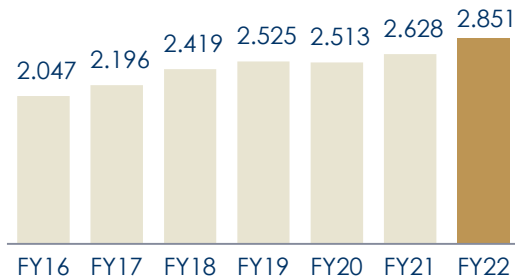


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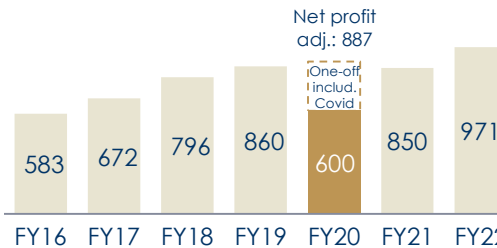
FY 22: GROWTH, QUALITY AND STAKEHOLDERS' REMUNERATION ...

Business model efficiency, positioning and diversification, with no compromise on growth initiatives and quality, paved the way for record 12M results despite geopolitical instability and weaker macro environment. Sound expansion of revenue generating assets (loan book up 7% and TFAs up 12%) driven by strong commercial performance while maintaining a distinctive risk profile (with strong asset quality and CET1 ratio @15.7%) led to record revenues (€2.8bn), and record net profit at €907m (adj. €971m net of one-offs).

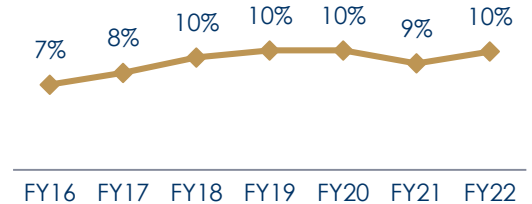
Revenues



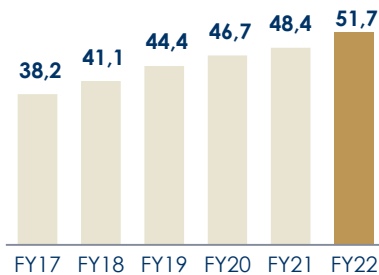
Net profit adjusted¹



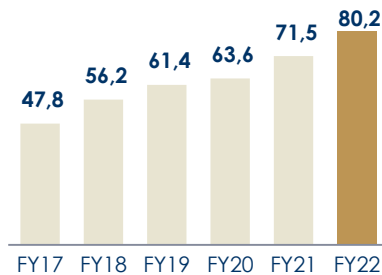
ROTE adj.¹ growth



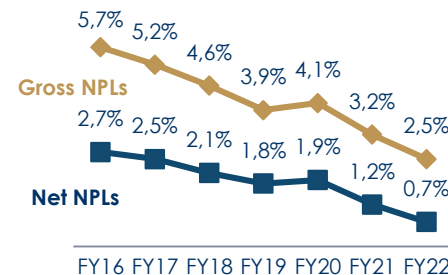
Loan book growth



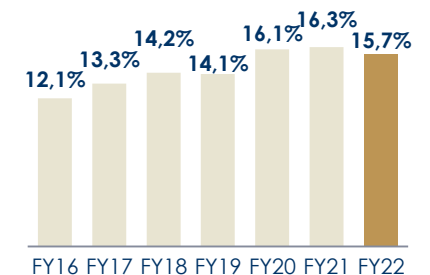
TFAs growth



Group NPLs/Loans trend



Core Tier 1 trend

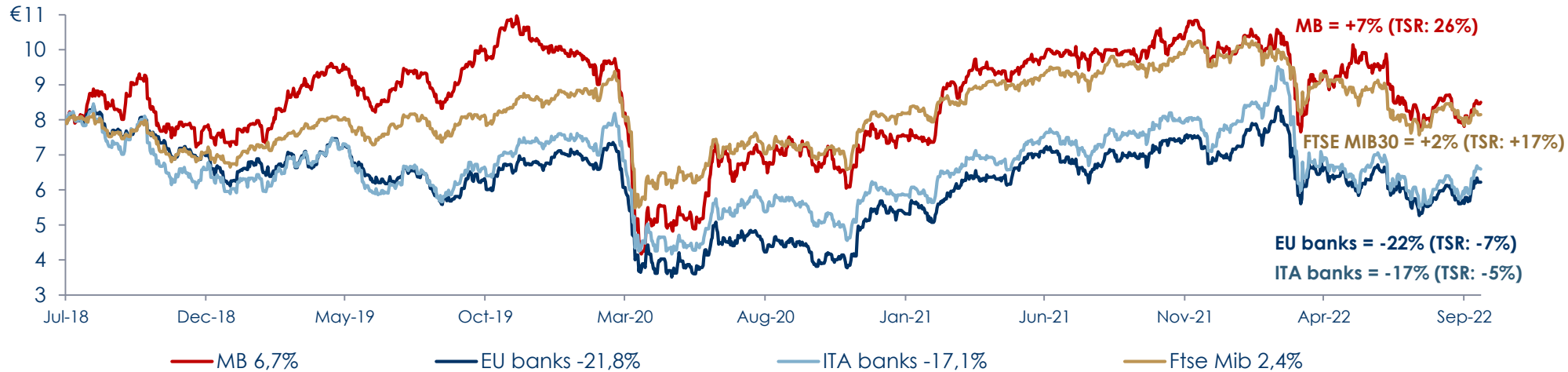


1) Excluding items stemming from Covid emergency, systemic fund provisions, impairments on equity stakes and securities, and other positive/negative one-off items.

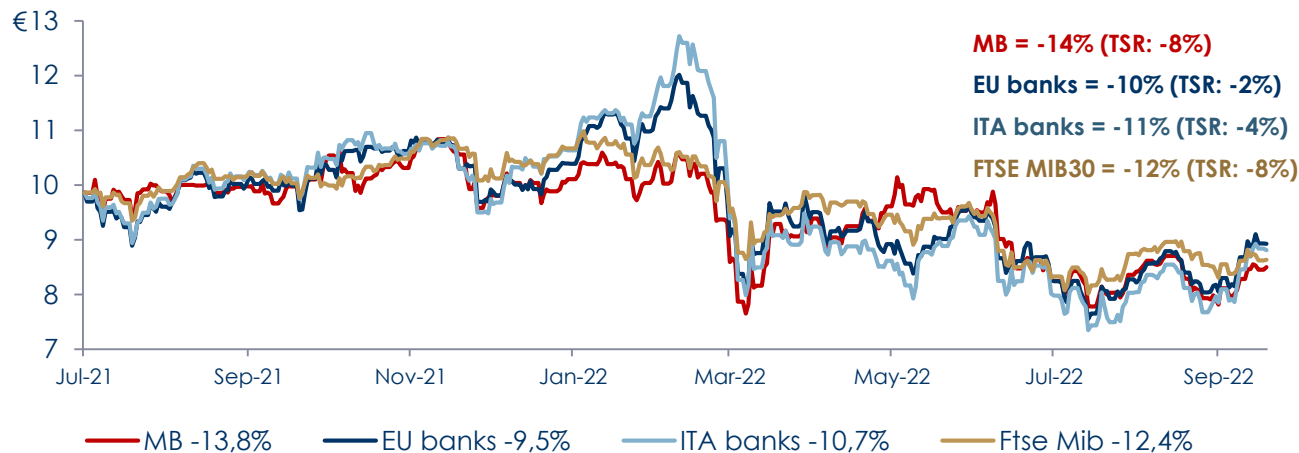


...DELIVERING STRONG SHARE PRICE PERFORMANCE

Mediobanca's last 4Y share price performance vs ITA and EU banks



Mediobanca's 1Y share price performance vs ITA and EU banks









- ◆ **MB 4Y performance (up 7%) higher than FTSE MIB and ITA/EU banks** (up 2%, down 22% and 17% respectively). MB total return: +26%, higher than FTSE MIB and ITA/EU banks (up 17%, down 5% and 7% respectively).
- ◆ **FY22: MB down 14% in line with EU banks** (down 10%) and ITA Banks (down 11%)

FY22: ALL GATEWAYS MET

Variable remuneration is subject to the achievement of gateway targets

Gateway targets represent preliminary and minimal conditions for any variable remuneration calculation.

Gateway targets are based on risk adjusted metrics with a view to ensuring long-term, sustainable results and to preserve an adequate capital stability, a robust liquidity profile and to mitigate the Group's future risks.

PARAMETER		PARAMETER		PARAMETER	
Operating profit at Group level 		Ce11 ratio 		Leverage Ratio 	
KPIs	FY22 RESULTS	KPIs	FY22 RESULTS	KPIs	FY22 RESULTS
>0	1,296	≥ 9,5%	15.7%	≥ 4%	8.6%
PARAMETER		PARAMETER		PARAMETER	
AFR/ECAP 		Liquidity Coverage ratio 		Net Stable Funding Ratio 	
KPIs	FY22 RESULTS	KPIs	FY22 RESULTS	KPIs	FY22 RESULTS
≥ 115%	159.6%	≥ 115%	159%	≥ 104,5%	115.5%

- ◆ Economic Profit and/or ROAC are used to ensure the overall financial sustainability of the global bonus pool for the Group's various business divisions
- ◆ Risk Appetite Framework is the basis for Mediobanca's gateway targets
- ◆ Performance conditions linked to the Group's RAF and risk adjusted product performance foreseen for release of deferred compensation

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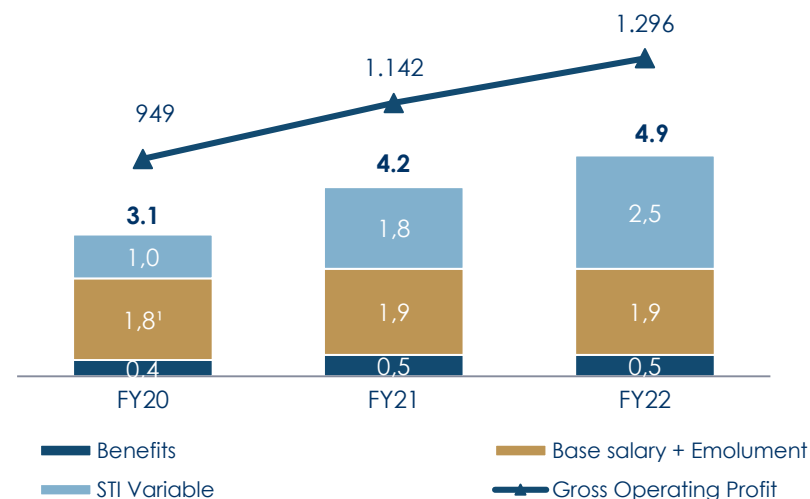
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FY22 CEO SCORECARD AND TOTAL REMUNERATION EVOLUTION REFLECTING A STRONG PAY-FOR-PERFORMANCE TREND

CEO - FY22 scorecard

PARAMETER	WEIGHT	KPI target/max	FY22	ASSESSMENT
Gross ROAC adj. Banking activities	30%	22.6% / 25%	25.6%	EXCEEDED
Cost of risk	20%	52bps / 45bps	48.5bps	> THAN MET
Net Interest Income	20%	1,431m / 1,445m	1,479m	EXCEEDED
Fee Income	20%	763m / 785m	850m	EXCEEDED
Quantitative ESG targets	10%			EXCEEDED
- CIB Loan book with ESG/Green features		1,900m / 2,300m	2,581m	
- WM/Consumer ESG new production		180m / 210m	295m	
- ESG funds in clients' portfolio		37% / 40%	61%	
CSR: People Strategy and Human Capital	non-financial	with BoD evaluation		MET
ESG: Planet and Environment	non-financial	with BoD evaluation		MET

CEO total compensation evolution (€m)



- ◆ **Scorecard Assessment** – Based on the results of the scorecard with the **overall wide overshoot of the targets assigned**, even in their maximum quantification **with record results** in terms of revenues, commissions, cost of risk and capitalization of the Group achieved despite the macroeconomic situation, **the BoD assigned a variable remuneration** of € 2.5 million to the CEO, **equal to 1,3x the fixed remuneration**. Considering the total remuneration for the financial year 2022, the growth of the remuneration package is +16% for the CEO
- ◆ **Stock ownership requirement:** CEO is required to reinvest in Mediobanca shares and retain for their entire mandate an equivalent amount of twice his fixed remuneration. As at June 2022, CEO retains 15,6x his fixed remuneration
- ◆ **CEO / STAFF PAY RATIO** - 2022 CEO's gross total compensation / average gross total compensation for Group staff members approx. 52x (vs 49x last year)

FY23 CEO SCORECARD - MB GROUP GROWTH AND ESG

CEO – FY23 STI Scorecard

PARAMETER	WEIGHT	KPI target = 50% fixed	Δ KPI max = 150% Fixed
Gross ROAC adj. Banking activities	30%	v.s. Budget	15% target
Cost of risk	20%	Vs. Budget	9% target
Net Interest Income	20%	v.s. Budget	3% target
Fee Income	20%	Vs. Budget	7% target
Quantitative ESG targets	10%	v.s. Budget	
- CIB Loan book with ESG/Green features			29% target
- WM/Consumer ESG new production			16% target
- ESG funds in WM Premier clients' portfolio			11% target
- ESG funds in WM Private Banking clients' portfolio			10% target
Diversity, Equity, Inclusion & Engagement		non-financial with BoD evaluation	
ESG: Planet, Environment & Climate Change		non-financial with BoD evaluation	

Non-financial targets with BoD evaluation

Diversity, Equity, Inclusion & Engagement - toDEI project, a further step in the strategic direction to sustainable growth with attention to ESG factors. Expected is

- i) women's representation in management positions increasing from 15.95% (as of 06/30/2022) to 20% projected at the end of FY 2026-2027
- ii) Gender Balance in recruitment increasing from 38% of the less represented gender in FY 2020-2021 to parity (50%) projected at the end of FY 2026-2027

Planet, Environment & Climate Change - focus on the Group's ESG initiatives related to environmental sustainability

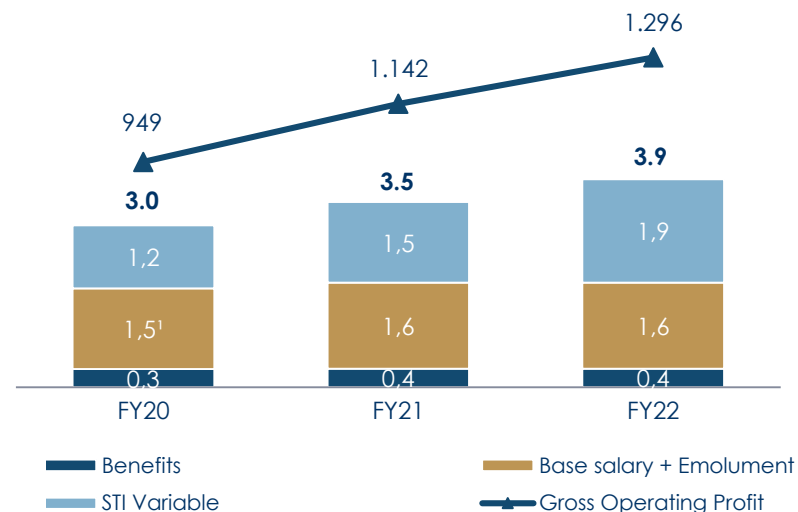
- i. Scope 1 + Scope 2 (Market based) emissions down 11% vs. 2019
- ii. planting of 2,000 trees
- iii. increase of electric/hybrid cars in corporate fleet to 72%
- iv. continuation of project strands of the multi-year ESG Project (among others strengthening PRB and TCFD reports)

FY22 GM SCORECARD AND TOTAL REMUNERATION EVOLUTION REFLECTING A STRONG PAY-FOR-PERFORMANCE TREND

GM - FY22 scorecard

PARAMETER	WEIGHT	KPI target/max	FY22	ASSESSMENT
Gross ROAC adj. Banking activities	30%	22.6% / 25%	25,6%	EXCEEDED
Cost of funding	17,5%	56bps / 52bps	53.9bps	> THAN MET
Banking activities cost/income ratio	17,5%	54.2% / 52.6%	52.6%	> THAN MET
AUM/AUA growth	25%	16.7% / 22%	16.7%	MET
Quantitative ESG targets	10%			EXCEEDED
- CIB Loan book with ESG/Green features		1,900m / 2,300m	2,581m	
- WM/Consumer ESG new production		180m / 210m	295m	
- ESG funds in clients' portfolio		37% / 40%	61%	
CSR: People Strategy and Human Capital	non-financial	with BoD evaluation		MET
Digital Strategy & Innovation	non-financial	with BoD evaluation		MET

GM total compensation evolution (€m)



- ◆ **Scorecard Assessment** – Based on the results of the scorecard with **the overall wide overshoot of the targets assigned**, even in their maximum quantification with **record results** in terms of revenues, commissions, cost of risk and capitalization of the Group achieved despite the macroeconomic situation, **the BoD assigned a variable remuneration** of € 1.925 million to the GM, **equal to 1,2x the fixed remuneration**. Considering the total remuneration for the financial year 2022, the growth of the remuneration package is +13% for the GM
- ◆ **Stock ownership requirement:** GM is required to reinvest in Mediobanca shares and retain for their entire mandate an equivalent amount of one his fixed remuneration. As at June 2022, GM retains 7,6x his fixed remuneration

FY23 GM SCORECARD - MB GROUP GROWTH AND ESG

GM – FY23 STI Scorecard

PARAMETER	WEIGHT	KPI target = 50% fixed	Δ KPI max = 150% Fixed
Gross ROAC adj. Banking activities	25%	v s. Budget	15% target
Cost of funding	15%	Vs. Budget	8% target
Cost of risk	15%	v s. Budget	9% target
Banking activities cost/income ratio	20%	Vs. Budget	4% target
Net New Money	15%	v s. Budget	16% target
Quantitative ESG targets	10%	Vs. Budget	
- CIB Loan book with ESG/Green features			29% target
- WM/Consumer ESG new production			16% target
- ESG funds in WM Premier clients' portfolio			11% target
- ESG funds in WM Private Banking clients' portfolio			10% target
Diversity, Equity, Inclusion & Engagement		non-financial with BoD evaluation	
Mediobanca Digitalization Journey		non-financial with BoD evaluation	

Non-financial targets with BoD evaluation

Diversity, Equity, Inclusion & Engagement - toDEI project, a further step in the strategic direction to sustainable growth with attention to ESG factors. Expected is

- i) women's representation in management positions increasing from 15.95% (as of 06/30/2022) to 20% projected at the end of FY 2026-2027
- ii) Gender Balance in recruitment increasing from 38% of the less represented gender in FY 2020-2021 to parity (50%) projected at the end of FY 2026-2027

Digital Strategy & Innovation - focus on the technological and digital transformation taking place in the Group, as part of the planned interventions with the following project drivers

- i. digitalization of the Private Division
- ii. launch of innovation initiatives
- iii. definition and launch of the "Go to cloud" model

FOCUS ON ESG KPIs – TOP EXECUTIVES

Further improvement in Quantitative and qualitative ESG KPIs for Short Term Incentive plan

Long Term Incentive Qualitative Measurable KPI

- ◆ Average hours training up 25%
- ◆ AM: 100% of new investments selected using ESG and financial criteria
- ◆ €700m to be invested in outstanding Italian SMEs
- ◆ 30% increase in ESG products in clients' portfolios
- ◆ €4m per annum earmarked for projects with positive social/environmental impact
- ◆ Customer satisfaction: CheBanca! CSI in core segments @73, NPS @25 - Compass: CSI @85, NPS @55
- ◆ Energy: 92% from renewable resources, CO2 emissions to be cut by 15%; hybrid cars @90% of MB fleet
- ◆ CheBanca! green mortgages up 50%

Short Term Incentive Quantitative KPI

- Inclusion of financial quantitative ESG KPIs to be assessed within the FY performance timeframe (STI 21/22):
- ◆ CIB Client loan stock with ESG/GREEN features
 - ◆ ESG new production ESG to retail clients (Consumer – WM Affluent)
 - ◆ Share of ESG funds in WM Affluent clients' portfolio

- ◆ **Share of ESG funds in MB Private Banking clients' portfolio**

Short Term Incentive Qualitative KPI

Further sustainability KPI:

- ◆ Diversity, Equity, Inclusion & Engagement: focus to DEI project
- ◆ Planet, Environment & Climate change: focus on Carbon Neutrality KPIs, alignment with regulations and international green principles and standards

- ◆ **Objectives and quantitative KPIs introduced**



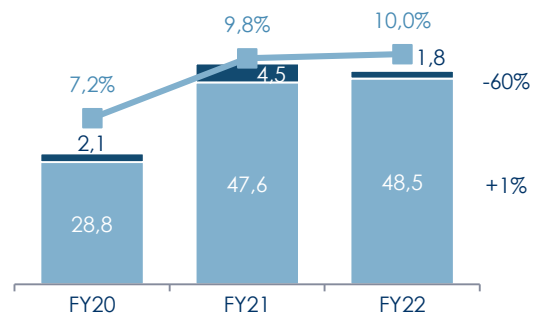
FY22 MAIN BONUS POOLS OVERALL INCREASE LINKED TO RESULTS

◆ All gateways have been met

◆ Consistency of pay for performance:

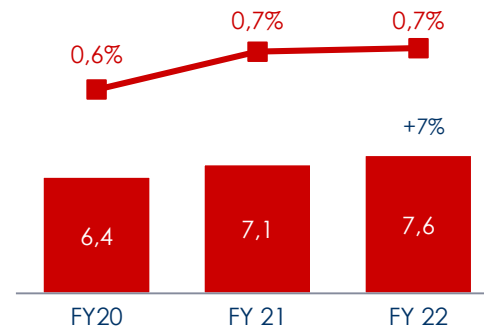
- ◆ Overall bonus pools of the Group's main entities (closing as of June 30, 2022) slightly increasing in absolute terms (from €103 mln to about €107) consistent with improved divisional performance, according to the specific type of pay mix
- ◆ Bonus pool/revenue indicators substantially in line with previous year against improved Group performance
- ◆ Pay for performance sustainable over the long term
- ◆ Variable FY 2022 component assigned to Group MRTs (approx. € 30 mln) affects CET1 by approx. 4 bps as already last year (€29.2/4 bps in 2021 mln vs. €21.3/3 bps in 2020)

CIB: Wholesale Banking (€m)



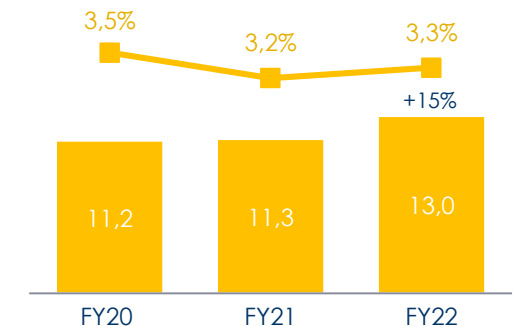
■ Bonus pool HFT ■ Bonus pool CIB client
 ■ Bp/revenues

Consumer (€m)



■ Bonus pool ■ Bonus pool/revenues

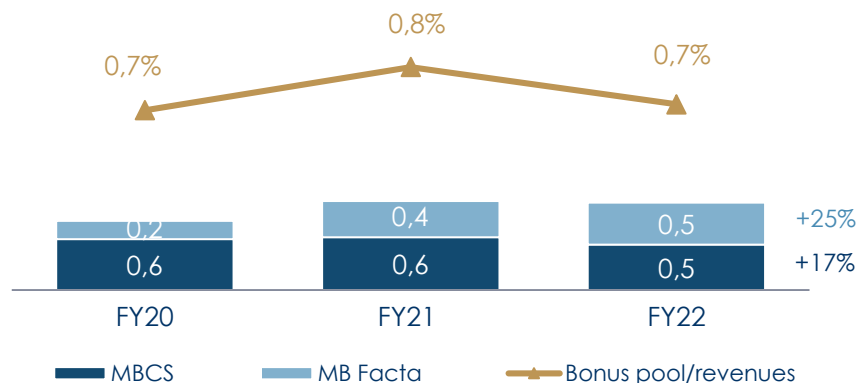
WM Première: CheBanca! (€m)



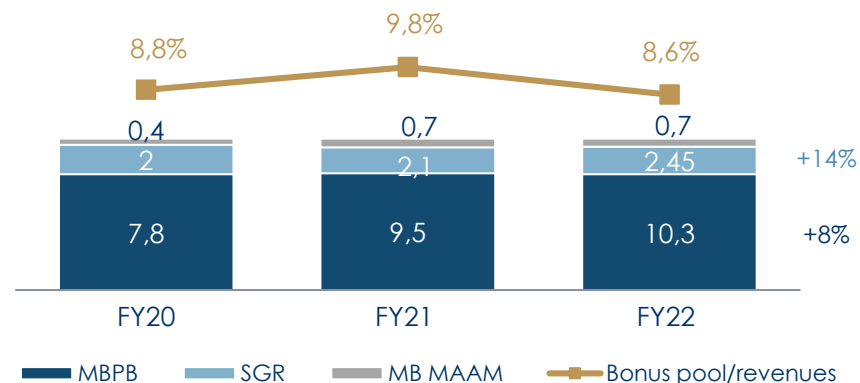
■ Bonus pool ■ Bonus pool/revenues

FY22 MAIN BONUS POOLS OVERALL INCREASE LINKED TO RESULTS (CONT'D)

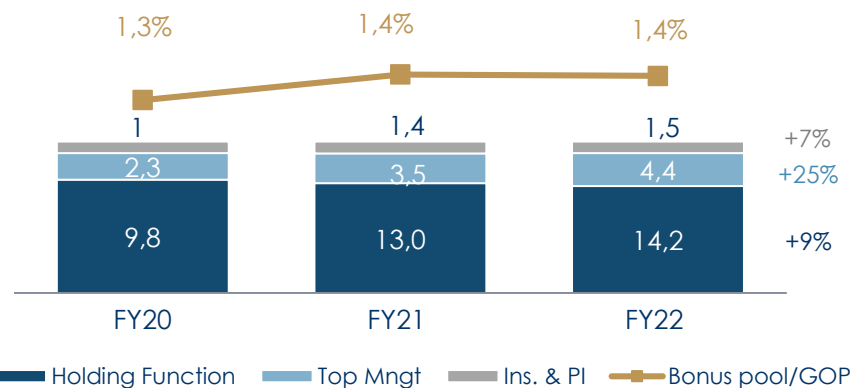
CIB: Specialty Finance (€m)



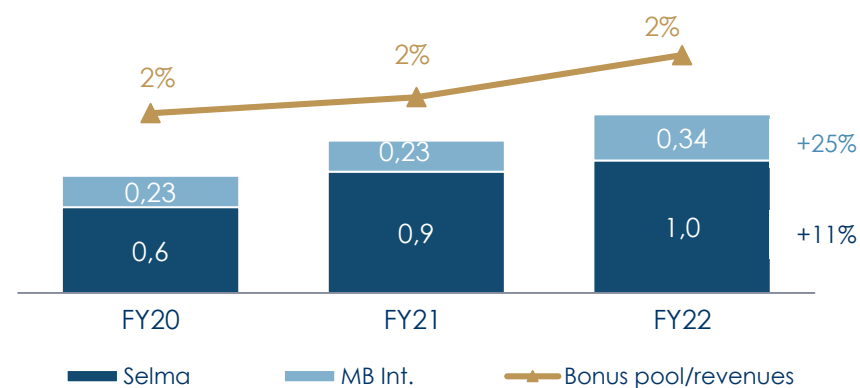
WM: MBPB - MB SGR – MB Coord. WM/MAAM (€m)



Holding Function MB, Top Mngt, PI (€m)



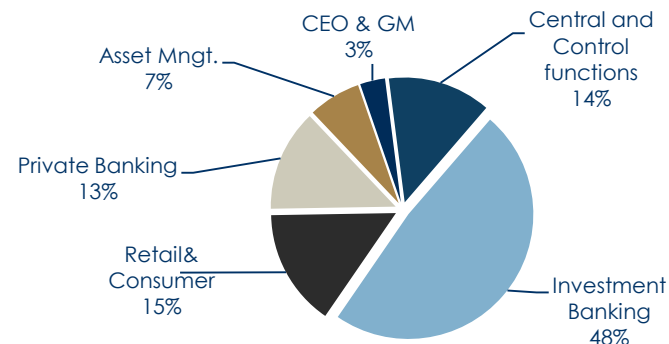
HF Altre: Selma MB Intl



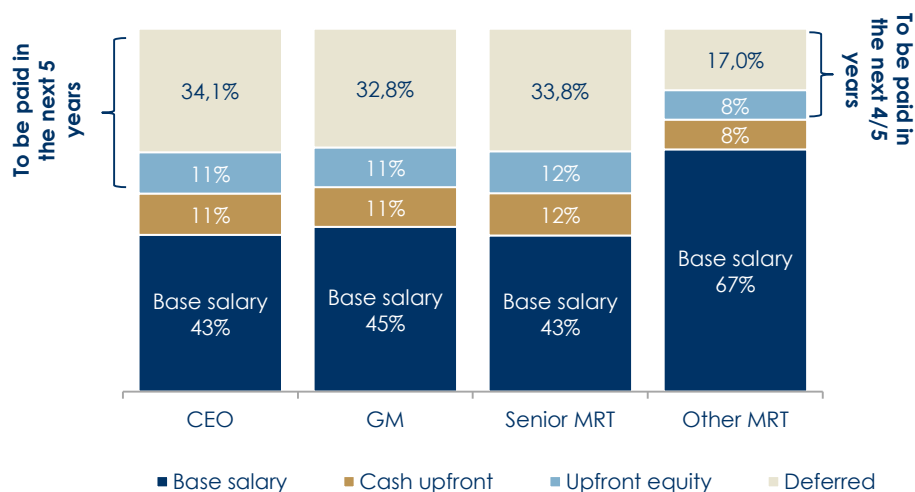
GROUP PAY MIX AND VARIABLE/FIXED REMUNERATION RATIO FY 22

- ◆ Group variable/fixed remuneration ratio 2022 vs. 2021: pay for performance and sustainable remuneration mechanism applied in main BUs
 - ◆ MB WB: avg. 90% vs. 100% (Group MRT WB: 121% vs. 129 %)
 - ◆ WM: MB PB: avg. 57% vs. 54% (Group MRT MB PB: 138% vs. 147%)
 - ◆ WM - Affluent/Premier: avg. 13% as 16% in 2021 (Group MRT CB! 93% vs. 160%)
 - ◆ Consumer: avg. 9% as 12% in 2021 (Group MRT Consumer 85% vs. 80%)
- ◆ CEO and GM FY22
 - ◆ average variable/fixed ratio 130% vs. 100% in 2021
 - ◆ 60 % of variable compensation deferred
 - ◆ pay-mix: ≈40% to be paid in 5 years

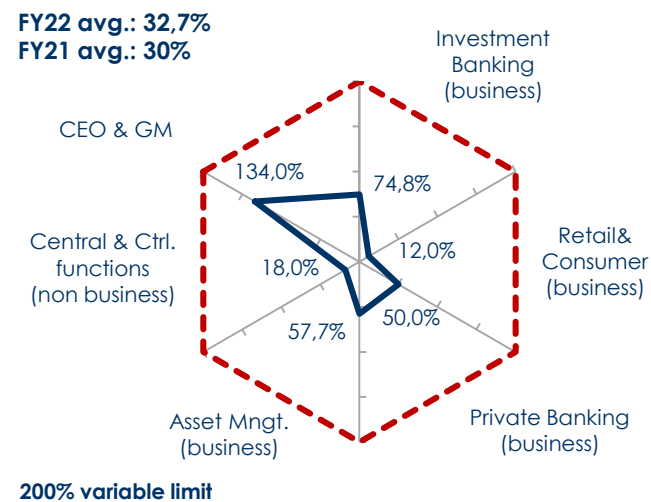
Variable remuneration distribution by MB Group activity (% on total bonus pool)



FY21/22 identified staff pay mix STI



Variable remuneration/fixed salary by activity¹ (%)



Section 1. Executive summary

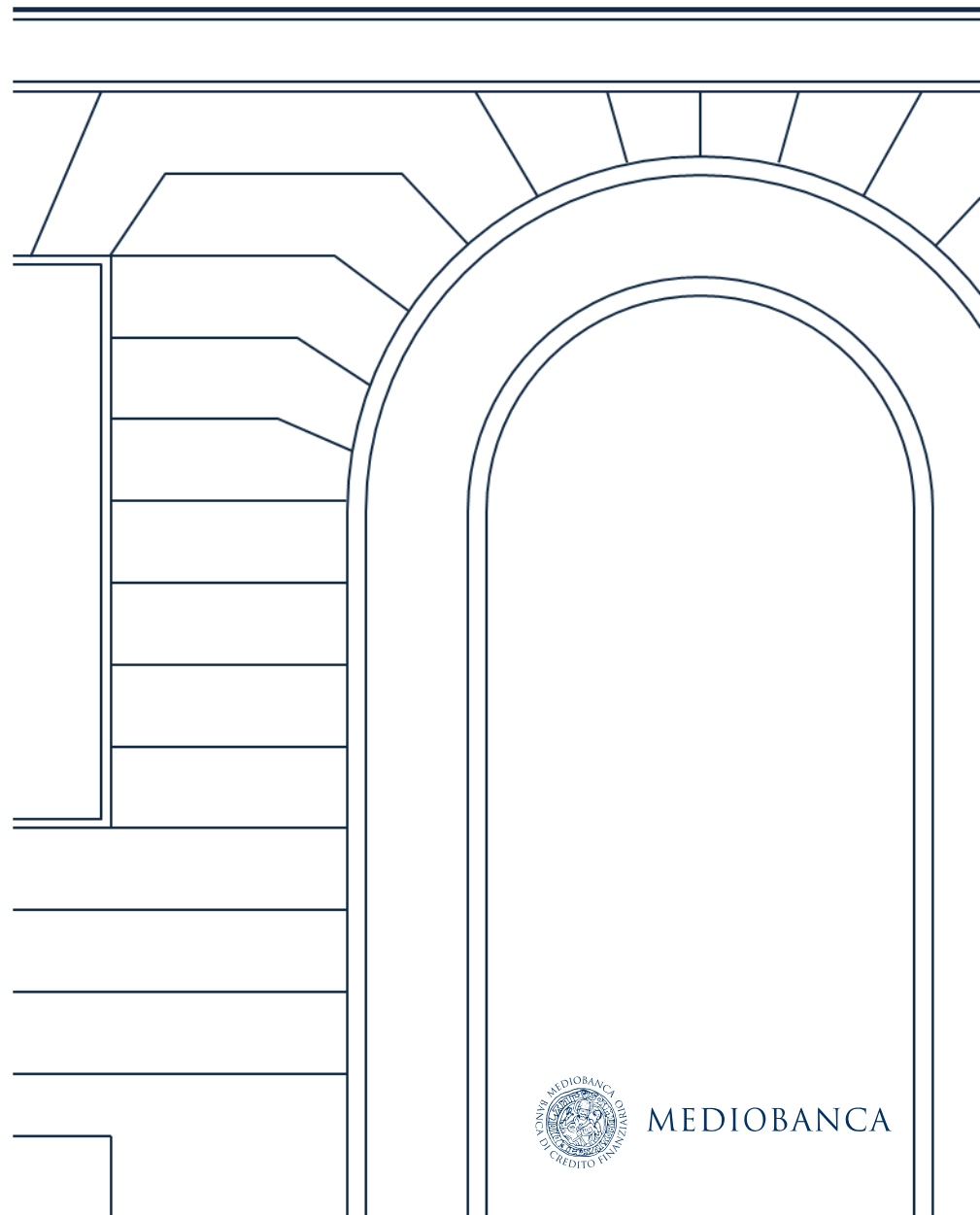
Section 2. Remuneration Governance

Section 3. Remuneration Policy and Structure

Section 4. Mediobanca Performance

Section 5. Short-term Incentive

Section 6. Long-term Incentive



MEDIOBANCA

LONG TERM INCENTIVE 2019 - 2023

Evaluation timeframe

4 FY from FY 2019-20 to FY 2022-23

Beneficiaries

CEO, Mediobanca
GM, Mediobanca
CEO CheBanca!/Compass

STI/LTI pay mix

On an annual basis, pay mix maximum 80% STI -20% LTI (maximum of 160% STI/40% LTI given the 2:1 cap)

Other features according to remuneration policy rules






Gateways
Payment (2023-2028)
Malus and Clawback

	KPI	Weighting	Target KPI Plan 2023	Assessment criteria	
				KPI threshold	% fixed annual salary – plan time horizon ¹
Growth	EPS Growth	33%	4%	> 5%	40%
				4-5%	30-40%
				4%	30%
				3-4%	20%
				< 3%	0
Profitability	Group ROTE	34%	11%	> 12.1%	40%
				11-12.1%	30-40%
				11%	30%
				10-11%	20%
				< 10%	0
Capitalization	CET 1 ²	33%	13.5%	>13.5%	40%
				13-13.5%	20-40%
				< 13%	0

LONG TERM INCENTIVE 2019 – 2023 (CONT'D)

The BoD may adjust the variable LTI component by **a percentage that ranges from -10% to +15%** (without prejudice to the annual 40% cap in relation to achievement of the financial objectives) **according to the achievement of the non-financial/qualitative objectives.**

The non-financial/qualitative objectives have equal weighting, to be assessed individually.

	KPI	Assessment criteria
Corporate Social Responsibility Targets (Global Goals SDG UN)	<ul style="list-style-type: none">  <ul style="list-style-type: none"> ◆ Average hours training up 25%  <ul style="list-style-type: none"> ◆ AM: 100% of new investments selected using ESG and financial criteria ◆ €700m to be invested in outstanding Italian SMEs ◆ 30% increase in ESG products in clients' portfolios  <ul style="list-style-type: none"> ◆ €4m per annum earmarked for projects with positive social/environmental impact  <ul style="list-style-type: none"> ◆ Customer satisfaction: CheBanca! CSI in core segments @73, NPS @25 - Compass: CSI @85, NPS @55  <ul style="list-style-type: none"> ◆ Energy: 92% from renewable resources, CO² emissions to be cut by 15%; hybrid cars @90% of MB fleet ◆ CheBanca! green mortgages up 50% 	<p>-5% / +7.5% quantitative financial results</p>
Relative Total Shareholder Return (TSR) performance	<p>MB relative stock performance vs Total Shareholder Return index (TSR: assumes dividends are reinvested) for 26 leading European banks (Euro Stoxx Banks – code SX7GT-STX), of which Mediobanca is part</p>	<p>-5% / +7.5% quantitative financial results</p>