

REMUNERATION POLICIES

Indications provided by the Chairman of the Board of Directors to shareholders in Annual General Meeting

The Board of Directors' report contains the full remuneration policies adopted last year, as well as the new policies approved by the Board of Directors which are basically in line with the previous policies pending the introduction of the recent European directives on this issue (CRD IV). The amendments chiefly regard certain changes to the governance process for payment of the variable remuneration component for retention purposes, and the criteria for identifying staff belonging to the "most relevant staff" category.

In recent days we have received some guidance from the Bank of Italy on the proposals being submitted to your approval today, with which naturally the Bank intends to adhere:

- ◆ *ensure that the regulations on the variable remuneration of risk-takers (in particular, deferral and payment in financial instruments) are applied in full to the variable payments made to the category of "most relevant staff", with reference in particular to the level of the "minimum thresholds of application" which are admissible only if the levels themselves are very low;*
- ◆ *revise the time horizon for deferral, structuring it over 3/5 years based on the degree of seniority of the "most relevant staff" and the type of activity performed by them;*
- ◆ *with reference to the power to distribute bonuses even in cases when either the gate or malus conditions have not been met, preferable to make clear that this is a right which is reserved to the Board of Directors, to be exercised on the basis of "case by case" evaluations, which is exceptional and involves limited amounts, with the appropriate disclosure to be given to shareholders in Annual General Meeting;*
- ◆ *activate every discretionary power contemplated in the remuneration system, guaranteeing substantial compliance with the regulatory principles and without prejudice to the transparency of the process for determining and awarding bonuses and the credibility of the incentivization rules approved by the shareholders in annual general meeting, and ensuring close links between variable remuneration and risk-adjusted results and full observance of the principle of symmetry, whereby bonuses must be reduced, including to nil, in cases where the Bank's performance is not adequate.*
- ◆ *supplement the calculation of "economic profit", taking all the main risks considered for ICAAP purposes into consideration.*

Finally, with reference to the Staff remuneration policies for the 2012/2013 financial year, the supervisory body, having noted *"the decision to pay risk-takers the deferred shares of their remuneration which vested in previous years, despite the malus conditions occurring"* has asked to the Bank *"to ensure, in the future, that the remuneration and incentivization rules approved by the shareholders in general meeting are observed more carefully"*.

The Board of Directors, having received the favourable opinion of the Remunerations Committee, shared these indications and will proceed in due course to complete the amendments required to the Policies in exercise of the power to be granted to them under the resolution herewith submitted to your approval.

Such amendments have been identified as follows:

- ◆ *the rules for deferral of variable remuneration, including in the form of financial instruments, of staff included in clusters 2, 4 and 5 (heads of principal business lines, risk-takers and employees whose remuneration is equal to that of senior managers and other risk-takers) shall be applied in respect of any amount of variable remuneration, as is the case for staff in cluster 1 (executive directors);*

- ◆ the criterion for identifying staff whose remuneration is equal in terms of amount to that of senior management and the other risk-takers (cluster 5) will be set at an amount of total compensation equal to or higher than €750,000;
- ◆ for cluster 3 (staff belonging to control units), equity/cash deferral with a deferred share of 40% will be applied starting from variable remuneration equal to or higher than €80,000;
- ◆ risk desk traders (market and liquidity) with a variable component of equal to or higher than €100,000 will be included among those identified based on the principle of proportionality with deferral in cash;
- ◆ the deferral time horizon for executive directors (cluster 1) will be extended to four years;
- ◆ the power to pay bonuses even in cases where gate and malus conditions fail to be met will be assigned to the Board of Directors at the Chief Executive Officer's proposal with the Remunerations Committee voting in favour;
- ◆ the definition of Economic profit will be integrated with the other types of risk contemplated under the ICAAP, taking into consideration the fact that for staff members the Economic Profit refers only to Wholesale Banking and not the consolidated activity.

RESOLUTION ADOPTED BY SHAREHOLDERS IN ANNUAL GENERAL MEETING

“Dear Shareholders,

We invite you to adopt the following resolution:

“At an ordinary annual general meeting, having heard the Directors’ proposal and also the additional indications provided by the Chairman of the Board in the general meeting, the shareholders of Mediobanca

HEREBY RESOLVE

- ◆ *to approve the staff remuneration policies for the 2012/2013 as illustrated in the Board of Directors’ report;*
- ◆ *to approve the new staff remuneration policies as illustrated in the Board of Directors’ report;*
- ◆ *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 this resolution, including the indications provided during the annual general meeting.”*