



BOARD OF DIRECTORS' REPORT

Appointment of Statutory Audit Committee for 2018-20 three-year period:

- a. Appointment of Committee members and Chairman**
- b. Establishment of their remuneration**

The mandate of the Statutory Audit Committee currently in office expires with the imminent Annual General Meeting: accordingly, you are invited to appoint the new Statutory Audit Committee in accordance with the provisions of Article 28 of the company's Articles of Association and the applicable regulations.

The Articles of Association provide that the Statutory Audit Committee shall consist of three standing and three alternate auditors, who must be in possession of the requisite qualifications for holding such office expressly stipulated by the regulations in force and the statutory provisions, including those relating to the number of posts held, failing which they shall become ineligible. Of particular importance in this respect are the requisites in terms of professional qualifications, assessment as fit and proper person to hold such office, and independence.¹

The duration of the term of office is three years and said term will therefore expire on the date of the Annual General Meeting held to approve the Group's financial statements for the twelve months ending 30 June 2020.

Appointments to the Statutory Audit Committee are made on the basis of lists.

Lists containing a number of candidates equal to or above three must ensure that the balance between male and female candidates complies with at least the minimum requirement stipulated by the regulations in force, which at present is one-third (one standing auditor). It is also recommended that the lists' composition include at least one alternate auditor from the less-represented gender, to ensure the balance required by the regulations is maintained even in cases where a standing auditor has to be replaced.

The following procedure is adopted for the appointment of statutory auditors: two statutory auditors and two alternate auditors are chosen based on the consecutive order in which they are numbered from the list obtaining the highest number of votes; one standing auditor and one alternate auditor are chosen based on the consecutive order in which they are numbered in the respective list sections, from the list ranking second in terms of number of votes in general meeting and which under regulations in force is not linked even indirectly with the shareholders who submitted or voted for the list which ranked first. In the event of the same number of votes being cast for more than one list, a new vote is held in the form of a ballot between the lists, with the candidates from the list which obtains a simple majority in this case being elected.

¹ Pursuant to Article 26 of Italian legislative decree 385/93 (the "Italian Banking Act"), as replaced by Article 1, paragraph 13 of Italian legislative decree 72/215. The regulatory provision stipulates that a decree should be issued by the Italian ministry for the economy and finance, following consultation with the Bank of Italy, laying down the rules to be implemented inter alia in respect of the qualifications of company representatives. In the absence of such a decree, reference is made to Annex 2 of the Report on the qualitative and quantitative composition of the Board of Directors, available on the Bank's website at www.medioBANCA.com, in the section entitled Corporate Governance/General meeting 2017. As far as regards professional qualifications, activities closely related to those of the company are defined as those listed in Article 1 of Italian legislative decree 385/93 (the "Italian Banking Act"), along with the provision of investment and asset management services, both of which as defined by Italian legislative decree 58/98 (the "Italian Finance Act").



MEDIOBANCA

The candidate ranking first in the section for election of standing auditors in the list ranking second in terms of the number of votes cast is appointed Chairman of the Statutory Audit Committee.

In the event of only one list being submitted, shareholders in general meeting vote on it; if the list obtains the majority required by law for the ordinary general meeting, the three candidates numbered consecutively in the relevant section are appointed standing auditors, and the three candidates numbered consecutively in the relevant section are appointed alternate auditors; the candidate listed first in the section for candidates to the post of standing auditor in the list submitted is appointed as Chairman of the Statutory Audit Committee.

In the event of no lists being submitted, or if the voting mechanism by lists provides a lower number of candidates appointed than the number established in these Articles, the Statutory Audit Committee is appointed or completed by shareholders in general meeting with the majorities provided by law.

The shareholders in general meeting are also called to determine the remuneration payable to the Statutory Audit Committee. Based on the indications provided by the outgoing Committee, it should be noted that a total of 29 Committee meetings were held during FY 2016-17, twelve of which in conjunction with the Risks Committee, and had an average duration of some three hours. The Statutory Auditors also took part in meetings of the Board of Directors, the Executive Committee and the Remunerations Committee. The Statutory Audit Committee has also been assigned by the Board of Directors with the duties of the supervisory body instituted pursuant to Article 6 of Italian legislative decree 231/01 (pursuant to paragraph 4-bis of the same Article, as amended by Italian law 183/11), in line with the Bank of Italy's instructions in respect of internal controls.

In this connection, it should be noted that for the Statutory Audit Committee currently in office, at the Annual General Meeting held on 28 October 2014 the shareholders of Mediobanca set the gross annual compensation payable to the Committee Chairman at €140,000 and to each Standing Auditor at €105,000. In view of the commitment required of the Committee members, we recommend that shareholders give due consideration to the possibility of increasing these amounts.

The means by which lists for appointment to the Statutory Audit Committee should be submitted are illustrated in detail in the Notice of Meeting.

Accordingly, the Board of Directors invites you to take the relevant decisions regarding the appointment of the new Statutory Audit Committee.

Milan, 3 August 2017

THE BOARD OF DIRECTORS