MEDIOBANCA
Banca di Credito Finanziario S.p.A.

Report on staff remuneration policies to shareholders in Annual General Meeting on 28 October 2011

Dear Shareholders,

We have called you together in general meeting:

A) to report on the remuneration policies adopted for the twelve months ended 30 June 2011, and

B) to submit Mediobanca's new remuneration policies, approved by the Board of Directors on 21 September 2011 in compliance with the regulations in force, to your approval.

During the year under review, the Remunerations Committee and Board of Directors of Mediobanca exercised the power granted by yourselves in general meeting on 28 October 2010 to bring the Bank's remuneration system in line with the new regulatory requirements, which are:

- the Bank of Italy guidance sent to Mediobanca in a letter dated 18 October 2010, of which the Board and shareholders in general meeting were informed on 28 October 2010, regarding the need to alter the remuneration schemes through: i) use of performance metrics to take into account *inter alia* risks that cannot be measured and liquidity risks; ii) increase in the deferred part of the variable remuneration component; iii) deferral of no less than three years; iv) introduction of retention mechanisms in the award of financial instruments

- the "Instructions on remuneration and incentivization policies and practices in banks and banking groups" issued by Bank of Italy on 30 March 2011 (the "Instructions") enacting the European framework regulations, which constitute the new regulatory benchmark, incorporating internationally agreed principles and standards, which form part of the set of measures intended to guarantee the stability of the banking and financial system and ensure that it functions smoothly.

These new items led to the remuneration policies already approved being adapted in order for them to be approved before 30 June 2011 and new staff remuneration policies being drawn up to be submitted to your approval. In this activity Mediobanca has been assisted by leading international consultants.

The main updates to the remuneration policy have involved:

- identification of "most relevant staff";

- determination of upfront and deferred bonus shares, distinguished by category;

- improvement of the correlation between risks and performance, in terms of metrics already adopted (Economic profit not only for the Corporate and investment banking division, but also for each individual area) and also by introducing additional metrics (liquidity coverage ratio);

- introduction of performance-linked equity schemes (performance shares and performance stock options).

In complying with the new regulatory provisions, Mediobanca's remuneration policy maintains the objective of attracting and retaining high-quality professional staff, in particular for key positions and roles, who are able to manage the complexity and specialization of the corporate and investment banking business, in a rationale of prudent management and sustainable costs and results over time. The increasing international dimension of the Bank's operations also means that the individual geographical areas require constant monitoring to ensure that the appropriate professional standards are protected in a competitive market scenario.

A) Staff remuneration policies for FY 2010/2011

a. Identification of "most relevant staff"

The Bank of Italy has established the criteria (in terms of responsibility, role or pay level) and recommended principles with which to identify the "most relevant staff". On the basis of these criteria and principles, with particular reference to those profiles for which the annual variable compensation constitutes an important part of their overall remuneration (threshold of application), the "most relevant staff" in the Mediobanca Group have been mapped, and include, in addition to management figures in Italy and elsewhere (approx. 15), the risk-takers identified last year (approx. 15 staff employed in trading desks in the Financial markets area), staff who in any case receive variable compensation in excess of €500,000 (around 10) and other staff (approx. 70) who, as a result of their activity and seniority in their role, have an impact on the Bank's risk profile (in terms of market, reputational and operating risk). As required by the Instructions, work has begun on renegotiating certain contracts signed in 2007 with staff employed in the international offices in order to bring them progressively in line with the overall compensation system.

b. Criteria for calculation of bonus pool and allocation using risk-adjusted metrics based on sustainable results over time

As required by the Bank of Italy, the criteria for measuring the company's performance linked to the remuneration policies for Mediobanca staff have been adjusted to take account of capital and liquidity position indicators as well as risk-adjusted profitability indicators.

Accordingly, a further two indicators have been added to those set in the remunerations policies adopted on 28 October 2010 (i.e.: positive economic profit (EP) earned by the Corporate and investment banking division (CIB),[1] consolidated financial statements reflecting a profit, quantitative and qualitative aspects):

- Core tier 1 ratio above regulatory threshold;
- Compliance with adequate liquidity level.[2]

The performance of the CIB division (excluding items in respect of equity investments and leasing) in the twelve months ended 30 June 2011 show:

[1] Economic profit (EP) consists of the profit earned by the CIB division, not including the contribution from leasing operations or the equity investments attributable to the division (equity investments and AFS shares), adjusted for the cost of capital (regulatory) required to carry out such activity. The metric therefore measures the extra profit created after the return on capital, with the cost of capital being calculated on the basis of the medium-/long-term risk-free rate plus returns for general and specific risk. The EP metric was chosen in order to take into account, as required by the supervisory authorities, current and potential risks and sustainability of results over time.

[2] Coincides with the liquidity coverage ratio, a short-term liquidity indicator calculated from the ratio between the amount of highly liquid securities (or "counterbalance capacity", largely consisting of core European government bonds) and the balance of net outflows in the next 30 days, and using certain stress assumptions for the demand items. This indicator is considered to be adequate if above 100%, that is, the amount of the counterbalance capacity has to exceed the expected net outflows. Alternatively another indicator could be used which is more representative of the Group's liquidity situation.

- total income up slightly, especially on the trading side, despite the unfavourable scenario;
- costs reflecting additional strengthening outside Italy and in the Bank's control units, with the headcount rising from 577 to 652 staff;
- loan loss provisions declining;
- pre-tax profit down by around 20% due to €109m in writedowns to Greek bonds;
- increasing contribution from the branch offices in London and Madrid, virtually double that of last year in terms of revenues and gross profit;
- cost/income and compensation/income ratio levels comfortably below those of the Bank's competitors.

At the Group level the following results should be noted:

- revenues stable, despite last year's top line being boosted by approx. €100m in gains on disposal of investments (Fiat stake);
- healthy performance by the Compass group;
- loan loss provisions falling;
- pre-tax profit down slightly vs last year (5%) due to writedowns referred to above.

As for the other conditions precedent to distribution of the bonus pool, at 30 June 2011:

- the core tier 1 ratio was equal to 11.1%, compared with the regulatory minimum of 6%;
- the liquidity ratio was equal to approx. 120%, compared with the regulatory minimum of 100%.

Given that all the conditions precedent to distribution of the bonus pool had been met, applying all the criteria provided and taking into account the Remunerations Committee's and the Board of Directors' recommendations, the Chief Executive Officer decided to award a bonus pool amounting to €88m (€70m last year), with a payout ratio equal to approx. 37% of the economic profit (26% net of the provisions for other financial assets), linked proportionately to the increase in the results posted by the international branches, where the majority of the year-on-year increase in the bonus pool is concentrated. This amount includes the share paid in equity (performance shares) totalling around €16m (approx. 18%), to be booked in part over the next three financial years, in accordance with the international accounting standards.

c. Deferral of annual bonus over several years

A significant portion of the variable remuneration component is deferred over time and paid partly in the form of equity instruments, in order to link incentives to the objective of creating value over the long term, as follows:

- the deferral period has been set at 3 years;
- the shares deferred are differentiated (30%, 40% and 60%) according to the impact which the categories identified have on risks;

- 40% of the variable remuneration has been paid in the form of equity instruments (performance shares), apart from for junior risk taker roles (Financial markets area) where the deferral occurs entirely in cash.

Restrictions have also been introduced on the use of personal hedging or insurance strategies involving remuneration or other aspects which could alter or otherwise distort the fundamental alignment of the compensation mechanisms with the company's risk.

The 49 staff subject to deferral are divided as follows:

Senior management figures in Italy and elsewhere	7	equity/cash
Senior risk takers	17	equity/cash
Senior bankers (non risk-takers)	7	equity
Junior risk takers (Financial Markets area)	18	cash

At the Chief Executive Officer's proposal, the Board of Directors therefore approved the award of 2,521,697 performance shares to Group staff, worth a total value of approx. €16m based on the average stock market price of Mediobanca shares in the month prior to the award, i.e. €6.5 per share. A total of 650,000 performance stock options have also been awarded to meet obligations entered into upon the recruitment of new staff.

d. Malus conditions for deferred annual bonus

The staff remuneration policies also provide for the deferred bonus to be subject to further performance conditions which, in the three years' deferral, could result in its being cancelled. In this way remuneration takes account into account the performance of the risks assumed by the Bank, the divisional results and individual behaviour, over time. Deferred bonuses, in cash or equity, are thus conditional upon the staff member concerned still being in the Bank's employ at the time of their distribution, but also to the following performance conditions being met in the year of distribution:

- positive economic profit earned by the CIB division;
- consolidated financial statements reflecting a profit;
- core tier 1 ratio above regulatory threshold;
- compliance with adequate liquidity coverage ratio level;
- possible additional individual performance conditions;
- proper conduct by the individual (i.e. not having been subject to disciplinary measures) in view, *inter alia*, of the provisions of the Group audit regulations, Code of ethics, Organizational model and the other internal Mediobanca regulations.

e. Holding period for deferred bonus paid in equity form

Shares actually awarded by way of deferred bonuses are then subject to a holding period of one year before they become effectively available. Only at the end of this period does the beneficiary come into effective possession of the shares if they are still in the Bank's employ.

f. Remuneration structure for staff employed in control capacities

The head of Human resources has been included among the control units, as required by the new regulations. The remuneration package for the Head of company reporting, the heads of the internal control units (Internal audit, Compliance, Risk management and Human resources) and the most senior staff in the areas referred to above continues to be structured in such a way as to ensure that the majority of the compensation is fixed, with a small variable component (which it has been felt appropriate not to defer), to be revised on a year-to-year basis in view of quality and efficiency criteria, not linked to earnings objectives.

g. Assessment of individual quantitative/qualitative performance in awarding annual bonuses

The Chief Executive Officer has granted bonuses to individual beneficiaries based on assessment of their performances, with a view to retaining the best key staff. This includes 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), and also earnings results achieved.

h. Formalization of role of Risk management unit in remuneration process and involvement of Internal audit and Compliance units in validation

The Risk management unit has been involved in finalizing the metrics to be utilized (EP; Tier 1 Capital, liquidity ratio, quantitative and qualitative aspects) and in validating the results.

The Internal audit and Compliance units have issued reports on the controls carried out by them, which show that the remuneration and incentivization policy adopted by Mediobanca fundamentally complies with the Bank of Italy's guidance.

i. Executive directors' remuneration

For the financial year ended 30 June 2011, as for the previous year, the Group's executive directors did not receive any variable compensation.

Annex

The tables below shows the structure of the remuneration packages offered by Mediobanca, showing the fixed and variable components (cash and equity, deferred and not deferred), out of total compensation as at 30 June 2010 and 30 June 2011, by category of "most relevant staff".

	2009/2010					2010/2011				
	Total Remuneration[1]					Total Remuneration[1]				
		Variable Remuneration					Variable Remuneration			
	FIXED	Cash upfront	Cash deferred	Equity upfront	Equity deferred	FIXED	Cash upfront	Cash deferred	Equity upfront	Equity deferred
Directors	100%	0%	0%	0%	0%	100%	0%	0%	0%	0%
Executive directors	92%	0%	0%	0%	8%	100%	0%	0%	0%	0%
Heads of main business lines and international branches [2]	13%	56%	19%	0%	12%	13%	41%	11%	0%	35%
Senior Risk Takers Financial Markets area Italy and elsewhere	14%	40%	25%	0%	21%	11%	35%	18%	0%	36%
Senior Bankers non risk-takers (with relevant variable remuneration)	33%	54%	0%	0%	13%	24%	51%	0%	0%	25%
Other relevant staff (Junior Risk Takers Financial Markets area)	49%	36%	15%	0%	0%	26%	52%	22%	0%	0%
Heads of control units[3]	72%	20%	0%	0%	8%	77%	23%	0%	0%	0%
Other divisional staff	58%	42%	0%	0%	0%	45%	55%	0%	0%	0%
Other employees in staff units	65%	33%	0%	0%	3%	70%	30%	0%	0%	0%

Notes

1) *Percentage of total compensation. Stock options awarded on 2 August 2010 have been included for 2010. The equity component (performance shares 2011) have been measured and recognized in accordance with IAS/IFRS 2.*
2) *Does not include two staff employed at international branches on individual contracts prior to the introduction of the new regulations.*
3) *Head of company financial reporting, Heads of internal audit, Compliance and Risk management units; as from 2011 includes the head of Human resources.*

B) New staff remuneration policies

The new remuneration policies submitted to your approval are fully aligned with the new regulations.

a. Governance structures

The governance for the Mediobanca remuneration policy and decisions regarding the "most relevant staff" is structured across two levels:

I. corporate

II. organizational

I. Corporate governance

The corporate governance of the remuneration policies guarantees that the policies are based on clear and prudent guidelines which ensure the policies are consistent, avoiding situations of conflicts of interest arising, and transparent, through suitable reporting.

Under the current Articles of Association:

- shareholders in general meeting determine the fixed annual remuneration payable to members of the Board of Directors, upon their appointment for the entire duration of their term of office, to be divided among the individual Board members according to the decisions of the Board of Directors itself (Article 12)

- shareholders in general meeting also approve remunerations policies and share-based compensation schemes for Directors and Group staff (Article 12)

- the Board of Directors determines the Chairman's, the Chief Executive Officer's and General Manager's remuneration (Article 17)

- the Remunerations Committee has powers of consultation and enquiry to determine the remuneration of Directors vested with particular duties and the General Manager. The Remunerations Committee also gives its opinion on the staff remuneration and retention policies operated by the Group and presented by the Chief Executive Officer (Article 18)

- the Chief Executive Officer presents the Group staff remuneration and retention policies to the governing bodies (Article 18), 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 (Article 24) and then distributes it.

II. Organizational governance

The process by which the Mediobanca remuneration policies are formulated, which involves the approval procedure described above, requires the involvement of various individuals and bodies. The Human resources department is responsible for overseeing and managing the process by which proposals are formulated. The internal control units are also involved in this process.

The Risk management unit is responsible for identifying potential events that could impact on the company's business, managing the risk within acceptable limits; it therefore helps in defining the metrics to be used to calculate the risk-adjusted company performance (i.e. economic profit or other indicators, plus other quantitative and qualitative aspects, if any) and in validating the results.

The Internal audit reports at least once a year on the controls it has carried out, including a statement to the effect 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.

The Compliance unit too carries out an annual assessment of the remuneration policies' compliance with the reference regulatory framework with a view to containing any legal or reputational risks. 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. The review carried out by the unit of the new remuneration policies showed that the policies are consistent with the regulatory instructions presently in force.

b. Identification of "most relevant staff"

The new regulations lay down the criteria (responsibility, role and level of compensation) and principles by which the "most relevant staff" are to be identified. Accordingly, based on these criteria and principles, and with particular attention to those profiles for which the annual variable component represents a significant proportion of their total remuneration (the application threshold), relevant staff have been identified and assigned to the following categories.

	Group	Mediobanca identification	No. of positions[1]
1)	Directors with executive responsibilities	Executive directors	5
2)	Heads of main business lines, geographical areas and other management figures	• Heads of Principal Investing and Mid Corporate divisions • CEO/General managers of main Group companies • Heads of international branches	9
3)	Most senior heads of internal control and staff units	• Human resources • Compliance • Risk management • Internal audit • Head of company reporting	11
4)	Risk-takers	Trading desks (market and liquidity risk) with variable pay ≥ €500,000	18
5)	Staff whose remuneration is equal in amount to that of the other risk-takers	Staff with variable remuneration ≥ €500,000 not included in the above categories	7
6)	Other relevant staff identified at the company's discretion based on the criterion of "proportionality"[2]	• Trading desks (market and liquidity risk) with variable pay between €200,000 and €500,000 • Indirect impact on reputational risk • Impact on operating risk • Relevance and support to strategic business	70
		Total	120

1) *No. of positions identified on 11 May 2011*
2) *Criterion identified by the supervisory authority to ensure that the regulations are applied gradually based on complexity/type of company.*

c. Pay mix

The structure of the 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 gearing 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 compared to its reference market, including with the assistance of outside advisors.

The typical components of remuneration in Mediobanca are as follows:

- fixed salary: this is generally determined on the basis of specialization, role carried out in the organization and related responsibilities. It reflects technical, professional and managerial capabilities. Mediobanca pays 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 bonus but at the same time being careful not to make the overall remuneration package unduly inflexible.

- variable remuneration (annual bonus): this recognizes and rewards the achievement of targets set and results achieved and is calculated based on indicators reflecting a risk-weighting system and correlation to results actually achieved over time (see point d. below). It is an important motivational factor. For some business figures, this may still form the majority of their annual pay, in line with market practice (Corporate and investment banking).

  As required by the new regulations for "most relevant staff", the variable component is paid, with reference to timescale, in part during the year concerned (upfront) and in part deferred over three years, subject to performance conditions being met; with reference to instruments, in part in cash and part in equity instruments. A further holding period is applied to the equity remuneration component after the rights have vested with a view to retention.

  For a restricted number of young staff with high potential, who occupy key positions and are on a fast-track career plan, 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.

- Benefits: in line with the market, the Mediobanca staff compensation package is completed by a series of fringe benefits which constitute an integral part thereof. These chiefly consist of pension, insurance and healthcare schemes, with company cars for the most senior figures. The benefit schemes may be distinguished by families of professionals, but do not make provision for individual discretionary systems.

The correlation between fixed and variable components, with the variable component pre-eminent in accordance with sector practice in corporate and investment banking, is balanced in Mediobanca by the presence of a cap on the variable part to be assigned to the business units which is correlated to the economic profit earned by each area. The remuneration cannot be paid in forms, instruments or other means with the intention of avoiding the regulatory instructions.

d. Correlation between remuneration, risks and performance

The correlation between remuneration, risks and performance is achieved by a system which:

1) benchmarks the variable remuneration to risk-adjusted performance indicators over several years; variable remuneration is determined on the basis of indicators recorded at Group, CIB division and individual business area level;

2) ensures that the award of variable compensation is subject to the conditions of capital solidity, liquidity and risk-adjusted profitability being met continuously;

3) makes payment of the deferred bonus subject to maintaining: the conditions of capital solidity, liquidity and risk-adjusted profitability at Group and possibly also business area level; adequate levels of individual performance; and appropriate individual behaviour (compliance breaches);

4) reflects a discretionary assessment of individual results (see point h. below).

In particular:

1) The bonus pool pays the variable component to be awarded annually to those staff, in Italy and elsewhere, who because of the size of their compensation, management of business activities, assumption of specific risks and/or organizational role, are strongly linked to the Bank's results – that is, those who qualify as the "most relevant staff". Distribution of the bonus pool, apart from in cases of pre-existing contractual obligations in respect of certain individuals, only takes place provided a series of conditions, or gates, are overcome, i.e. if the following indicators are met:

   - positive economic profit earned by the CIB division;
   - consolidated financial statements reflecting a profit;
   - core tier 1 ratio above regulatory threshold;
   - compliance with adequate liquidity coverage ratio level.

2) Variable remuneration (the bonus pool) is established annually by the Chief Executive Officer, by applying:

   a) the quantitative metric represented by the economic profit earned by the Corporate and investment banking division, plus

   b) other quantitative aspects:
      - comparison with budget objectives;
      - performance compared to historical precedents;

   c) qualitative considerations:
      - Group profit in comparison with the previous year;
      - possibility of distributing a dividend;
      - Mediobanca's positioning and market share;
      - appraisal of the Mediobanca share stock market performance, including relative to the market and the Bank's main competitors, Italian and international;
      - cost/income and compensation/income ratio readings, to take into account sustainability over time;

- developing product offering and new businesses;
- cross-selling activity;
- quality of relations with customers;
- staff professionalism and reliability, with reference in particular to reputational and compliance issues;
- securing loyalty of top performers and retaining key staff, plus the need to add new professional talents.

The Chief Executive Officer allocates the bonus pool to the individual business areas based on a model which uses the economic profit earned by each individual business area as the reference metric, while individual awards are made on the basis of an overall assessment of personal performance in quantitative and qualitative terms.

3) The satisfaction of performance conditions, and provision of subsequent correction mechanisms (malus conditions), are intended to ensure that the deferred bonuses in equity and cash forms are paid in time only if the results achieved prove to be sustainable, if the company continues to be solid and liquidity, and the individual concerned continues to behave appropriately. Accordingly, the following conditions must be satisfied at the time when the deferred component is to be paid, and provided that the beneficiary is still in the Group's employ:

- positive economic profit earned by the CIB division;
- consolidated financial statements reflecting a profit;
- core tier 1 ratio above regulatory threshold;
- compliance with adequate liquidity coverage ratio level;
- possible additional individual performance conditions;
- proper conduct by the individual (i.e. not having been subject to disciplinary measures) in view, *inter alia*, of the provisions of the Group audit regulations, Code of ethics, Organizational model and the other internal Mediobanca regulations.

The Board of Directors may also identify additional performance indicators upon the occasion of each individual award cycle. For any employees of Group companies who may be included in the scheme, the Chief Executive Officer will identify one or more specific economic indicators to replace those set forth above.

e. Structure of variable component

The Instructions require that a significant part of the variable remuneration be deferred and distributed *inter alia* in the form of equity instruments, to ensure that the incentives are linked to the objective of value creation in the long term and ongoing, sustainable company results. They also specify, for each category, the minimum share of the remuneration to be deferred and the share of the remuneration to be paid conditional upon the achievement of annual results.

For the key figures among the "most relevant staff" (i.e. groups 1, 2 and 4 in the table shown under point b.), the deferred component of the bonus amounts to 60%, and falls to 40% or 30% for the other groups impacting less significantly on company risks. The time horizon for the deferral is three years for everyone, with annual payments made pro rata.

The share awarded in the form of equity instruments is equal to 50% of the variable remuneration, for both the upfront component (i.e. distributed in the year in which it is awarded) and the deferred component; the balance is paid in cash.

The equity component of the remuneration is subject, once the rights have vested, to restrictions in terms of retaining and continuing to hold the shares for retention purposes, for a further period of time (the holding period). This has been set at two years for the upfront component and one year for the deferred component.

For the group of staff identified internally based on the proportionality criterion (group 6, with a deferred share of 30%), the distribution is made entirely in the form of cash.

As required by the Instructions, certain contracts executed in 2007 with staff employed at the international offices are in the process of being renegotiated, in order to bring them gradually in line with the compensation system.

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

Annual bonuses are awarded to the individual units by the Chief Executive Officer via an annual performance assessment process which emphasizes professional merit and quality, with a view to retaining key staff members.

For the business units the following are considered:

- strictly 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, valuation criteria linked to reputational and compliance issues (in view, *inter alia*, of the provisions of the Group audit regulations, Code of ethics, Organizational model and the other internal Mediobanca regulations), 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 control of costs, efficient management of areas and compliance with regulations. The following in particular are assessed:

a) for professionals employed in the accounts areas:

  - that the earnings and financial results and information are accurately represented in the Group's and the Bank's financial statements;

  - that all obligatory, supervisory and reporting requirements are complied with;

- that all the accounting processes and related electronic procedures are managed efficiently and accurately;

- that company strategies are correctly aligned to the policies regarding their representation in the accounts, and compliance with tax and legal requirements;

- reliability of the budget and pre-closing data;

b) for professionals employed in the internal control units (Internal 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 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, business and non-business;

- correct development of models, methodologies and metrics with which to measure market, credit and operating risks, producing adequate reporting for monitoring processes and accurate analysis of new products and their risk profiles.

Within the system of assessment described above, the management's discretionary evaluation remains a central part of the awards made to individuals.

g. Performance share scheme

In connection with the equity instruments to be used as components of staff remuneration, Mediobanca has adopted a performance share scheme, which was approved by shareholders at a general meeting held on 28 October 2010 and revised by the Board of Directors on 24 June 2011, in exercise of the powers granted to it, to bring it in line with the Instructions.

The scheme is an incentivization system involving the award of shares to employees. The shares will be awarded at the end of a three-year vesting period (save as provided below for the upfront component) provided that the beneficiary is still employed by the Group and further provided that certain conditions are met at the time of the award. The performance conditions are identified in the Remunerations policies in force at the time. The performance shares are allocated as a deferred equity component, subsequent to the performance conditions for the relevant year being met, are subject to a further holding period (the beneficiary continuing to be an employee of Mediobanca) of at least one year prior to their actual assignation. The performance shares allocated as an upfront equity component are subject to a two-year holding period prior to their actual assignation. The competent governing bodies award quantities of performance shares on a regular basis, generally once a year, from the upper limit approved by shareholders in the general meeting held on 28 October 2010 or alternatively from the treasury shares owned by the Bank. The maximum number of shares that may be awarded under the terms of this scheme is 20 million (a total of 17,478,303 are outstanding) pursuant to the resolution approved on 28 October 2010, plus up to 17,010,000 treasury shares owned by the Bank, provided that the use of the latter remains uncertain because the resolution adopted by shareholders in the general meeting held on 27 October 2007 in respect of them specified other uses (consideration to acquire investments, possible assignment to shareholders).

The Chief Executive Officer may also use this instrument to define remuneration packages upon the occasion of recruiting new key staff, including outside the annual award cycle.

h. 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 (to be awarded by June 2014), for use as part of a stock option scheme; now that 17,171,000 shares have been awarded, a total of 22,829,000. 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, making provision for performance conditions to exercise in addition to those of a purely temporal nature, thereby effectively transforming into a performance stock option scheme.

The essential characteristics of the scheme, which is for staff with key roles 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; 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 any tax issues, for certain participants in the scheme who perform significant roles. Stock options awarded can be exercised based on the performance conditions for each of the three years of the vesting period being met. 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. The performance conditions are identified in the remuneration policies in force at the time.

i. Remuneration structure for staff employed in control and support capacities

The remuneration package for the Head of company financial reporting, the heads of the internal control units (Internal audit, Compliance and Risk management), the head of Human Resources and the most senior staff in the areas referred to above is structured so as to ensure that the majority of the compensation is fixed, with a small variable component to be revised on a year-to-year basis in view of quality and efficiency criteria. The remuneration of the heads of these offices (with the fixed component comprised in a range from between 75% and 85% of their total compensation), which may be reviewed annually, is approved by the Board of Directors subject to the Remunerations Committee's favourable opinion.

In general the remuneration of individuals employed in staff and support areas is determined based on positioning relative to the reference market (gradated according to the value of the staff, their role and the retention strategies in place). The variable component for such staff, which is normally of modest proportions, tends to increase on the basis of the quality of individual performance rather than in relation to the Group's earnings.

j. Remuneration structure for non-executive directors and directors who are members of the Group's management

The remuneration of non-executive directors is established by the shareholders in general meeting and does not include predefined incentives linked to the Bank's performance.

The remuneration of directors who are members of the Group's management is established by the Board of Directors, and any variable component is determined on the basis of performance, again linked to economic profit referred to the scope of their role. For the Chief Executive Officer and General manager it is the Group performance, while for the heads of division it is the divisional and business area performance, plus again qualitative considerations.

A substantial proportion of the variable component is to be paid in deferred form and distributed also using equity instruments.

k. Remunerations policies at Group companies

Mediobanca has set the guidelines for 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 and importance to the business, have an impact on their companies' performance and value creation. The beneficiaries are therefore senior and key management staff.

Beneficiaries, identified by the Chief Executive Officer of Mediobanca, having sought the opinion of the General Manager at the proposal of the Chief Executive Officer of the company concerned, are included in the incentive scheme subject to approval from the management of the Retail and private banking and the head of Human resources of Mediobanca. Each beneficiary is included 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 the economic profit earned by the business area in which they operate). 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 quantitative objectives. 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. Mediobanca S.p.A. 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 wrongful provisions, contingent liabilities or other items which might prejudice the integrity of the accounts and the significance of the results achieved.

l. Other information

Caps on variable remuneration: for some staff in some business segments where there is a closer correlation to results, a cap has been provided as a precaution.

Guaranteed bonuses: these may be considered for 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.

Staff are not allowed to use personal hedging or insurance strategies involving remuneration or other aspects which could alter or otherwise distort the fundamental alignment of the compensation mechanisms with the company's risk.

Dear Shareholders,

We invite you to adopt the following resolution:

"At an ordinary general meeting, having heard the Board of Directors' proposal, the shareholders of Mediobanca,

HEREBY RESOLVE

- to approve the staff remuneration policies for the 2010/2011 financial year, 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, the Chairman and the Chief Executive Officer, jointly and severally, the broadest powers to execute all deeds and perform all measures and formalities necessary in order to implement this resolution.

Milan, 21 September 2011

The Board of Directors