



Report to shareholders at the annual general meeting to be held on 28 October 2015 to approve the performance share scheme for Group staff

Dear shareholders,

As in previous years, the staff remuneration policies submitted to your approval include performance shares among the incentivization instruments provided for. The previous scheme, approved at the annual general meeting held on 28 October 2010, expires today. Accordingly, we submit a new incentivization scheme to your approval, for selected Mediobanca Group staff, through the award of performance shares, in the form of ordinary Mediobanca shares (the “2015 Performance Share Scheme”) up to a maximum number of 20 million shares.

The characteristics of the scheme are in line with those envisaged under the applicable regulations on the issue of remuneration, in particular the Bank of Italy’s supervisory instructions issued on 18 November 2014 in respect of Remuneration and incentivization policies and practices. The characteristics are as described below.

1. Recipients

The recipients of the performance share scheme are staff who, under the regulations in force and the remunerations policies approved by you, receive a share of their variable remuneration in the form of equity instruments. These include employees who fall within the definition of the Mediobanca Group’s most relevant staff, identified on a regular basis by the appointed bodies based on the criteria set by the regulations in force at the time and formalized in the Remuneration policies. Additional staff members considered relevant in organizational terms to the achievement of the Group’s strategic objectives may also be recipients of the performance share scheme.

Recipients of the performance share scheme may include the following members of the Board of Directors: the Chairman, Renato Pagliaro;¹ the Chief Executive Officer of Mediobanca, Alberto Nagel; the General Manager,

¹ The Chairman only receives a fixed salary. However, provision is made in the Remuneration policies for the Board of Directors to consider the possibility, after consulting with the Remunerations Committee and up to the limits provided by the regulations in force, of paying the Chairman a variable component, to be awarded in accordance with the rules of the policies themselves, including in the form of performance shares.



Francesco Saverio Vinci; Gianluca Sichel, Chief Executive Officer of Compass and CheBanca!; and the Mediobanca Group Head of Human Resources, Alexandra Young.

The persons with management duties who have regular access to inside information and who may take management decisions which can impact on the performance and future prospects of the issuer of the shares referred to under Article 152-sexies, para. 1, letter c)-c.2, in addition to the directors who are members of the Group's senior management listed above, include the "Strategic management" identified by the Board of Directors in the resolution in force at the time. Under the current resolution there are five such strategic management 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.

There are no categories of staff for which different treatment is provided under the terms of the 2015 Performance Share Scheme, which is the same for all recipients.

2. Rationale for adopting the scheme

The scheme enables Mediobanca to:

- align itself with the regulatory requirements regarding the payment of a share of the variable remuneration in the form of equity instruments, over a long-term time horizon, subject to performance conditions, i.e. to the sustainability of positive results delivered over time;
- ensure that the interests of the Bank's management with those of its shareholders with reference to value creation in the medium/long term.

3. Governance

The Board of Directors approves the proposals of the Remunerations Committee and the Chief Executive Officer regarding:

- the total quantity of shares to be issued for each award cycle, in accordance with the criteria and methods established in the Remunerations policies in force at the time;
- the award of performance shares to directors who are members of the Group's senior management;
- the regulations of the scheme and its updates.

The Chief Executive Officer is responsible for operating the scheme, with the assistance of Human Resources, to establish the quantities to be awarded to the individual recipients.



4. Means of award

Under the terms of the scheme, Mediobanca shares are granted to the recipient as the equity share of the variable remuneration awarded to them at the outcome of the annual or long-term performance assessment process. The shares themselves are actually granted at the end of a vesting period of at least three years - two years for the upfront share - provided that the beneficiary is still employed by the Mediobanca Group and that certain performance conditions set at the time of the award have been met. The deferred performance shares, subject to the performance conditions for the relevant year being met, are subject to an additional holding period of at least one year prior to the actual award, and again provided that the beneficiary is still in the employ of Mediobanca. The performance conditions are identified in the Remunerations policies in force at the time, and currently stipulate that:

- the beneficiary must still be a Mediobanca Group employee and not serving notice for either resignation or dismissal;
- the performance conditions coinciding with the gateways must be met in each individual financial year;
- the business units to which the beneficiaries belong must have delivered a risk-adjusted profit net of extraordinary items and net of the effects of strategic decisions, as ratified by the Risk Management unit and Control and risks committee;
- the beneficiary must not have committed a significant compliance breach (i.e. must not have been subject to disciplinary proceedings on the basis *inter alia* of the provisions of the Mediobanca Group's Code of ethics, Organizational model, Business conduct policy and other internal regulations), and no losses have been incurred which are attributable to their actions.

Hence the staff members are required to conduct themselves, consistent with their role and business activity, in such a way that Mediobanca retains a solid capital basis, strong liquidity, management of all risks and profitable results, thus ensuring that the remuneration systems are sustainable over the long period.

The Board of Directors may identify additional performance indicators on the occasion of each award cycle. For Group company staff members the Chief Executive Officer may identify one or more specific economic indicators.



As provided by the remuneration policies, Mediobanca reserves the right to take measures to claw back variable remuneration already paid in the event of damage emerging to the integrity of its capital, profitability and earnings/financial or reputational situation which is attributable to the conduct of individual staff members, regardless of whether such behaviour constitutes instances of wilful misconduct or fraud. Such measures are also provided for cases which involve breach of the obligations set under Article 26 of the Italian Banking Act (Company representatives - professional and personal requirements and independence) or, when the person concerned is an interested party, Article 53, paras 4ff (Regulatory supervision), or the obligations in respect of remuneration and incentivization.

The Chief Executive Officer may also use performance shares in defining remuneration packages in connection with the recruitment of key staff, including outside of the annual award cycle. The governing bodies may also award shares in relation to compensation agreements entered into in connection with early termination of the working relationship, to ensure these are correlated to the performance achieved and the risks taken by the individual concerned and the Bank, in accordance with the regulatory requirements and the aims set by the Remuneration policies in force at the time.

The entitlement to receive shares is retained if the beneficiary retires or in the event of permanent disability and/or illness making them unable to continue working for Mediobanca. Such entitlement is lost, however, cases where the person concerned retires or is dismissed. The governing bodies are responsible for handling any exceptions, under the powers attributed respectively to the Board of Directors, the Remunerations Committee and the Chief Executive Officer, particular in cases where the person concerned leaves by mutual consent as defined by the remuneration policies in force at the time. The foregoing is without prejudice to decisions taken, if any, by a third party authorized to do so (such as the judicial and/or arbitration and/or conciliation authorities) and regulations, if any, providing more favourable treatment issued by the applicable local legislations.

5. Features of instruments awarded

Ordinary shares in Mediobanca are awarded under the scheme. The shares are awarded personally, without prejudice to succession rights. The shares, once received, subject to the performance conditions and after the holding period has ended, may be traded immediately up to the limits set by the law, regulations (on market abuse, internal dealing etc.) and Group policies. The shares are delivered after the dividend has been paid or the interim or annual financial statements approved. The performance share scheme makes no provision for



restrictions on voting rights or property rights over Mediobanca shares awarded subject to the performance conditions being met.

6. Funding

The maximum number of shares that may be awarded under the terms of this scheme is 20 million, from the capital increase reserved for the award of shares reserved to Mediobanca Group staff members by or before 28 October 2020, pursuant to Article 2349 of the Italian Civil Code submitted to your approval at the extraordinary general meeting being held today. Alternatively, the 15,736.786 treasury shares held by the Bank freely available if not used for other purposes may also be used to this end.

The shares to be used in connection with the performance share scheme deriving from the capital increase represent 2.25% of the Bank's share capital fully diluted.² The impact on the stock market value and possible dilutive effects on the Bank's share capital are deemed to be negligible, in view of the fact that the awards will be made over several years.

7. Changes and amendments to the scheme

No particular procedures have been set in place to revise the Mediobanca performance share scheme, other than those relating to the powers vested in the governing bodies.

If extraordinary events with significant impact on the Group's earnings/financial performance take place, the performance share scheme may be revised and/or abolished at Board of Directors' discretion after consulting with the Remunerations Committee. In the event of extraordinary transactions being executed in respect of the Bank's share capital, the allocation of performance shares not yet available will be amended accordingly.

8. Accounting and tax issues

Under the accounting policies adopted, the performance shares awarded are booked to the profit and loss account based on a notional cost split over several financial years in view of the benefit received and the vesting

²Of the share capital (867.4 million shares) in issue at the time of the resolution excluding shares reserved in connection with the stock option schemes.



period. The notional cost is equal to the value of the shares at the time of the award, adjusted to reflect the probabilistic elements connected with the scheme (e.g. possibility of beneficiaries resigning, actuarial parameters, etc.). The total expense for Mediobanca in the event of all 20 million shares being awarded may reach €158m, to be split across the entire vesting period. It is not possible to indicate the actual total cost, as the number of shares to be awarded is up to the governing bodies based on the regular award cycles. The performance shares shall be subject to taxation and social security contributions in line with the regulations in force in the country of residence for tax purposes of each individual beneficiary.

9. Other information

The performance share scheme:

- does not provide for the award of other financial instruments, only ordinary Mediobanca shares traded on regulated markets;
- is not influenced by tax or accounting issues. It will take into account the taxation and social security regime in force at the time in the country of residence of the individual beneficiaries.

No provision is made under the terms of the performance share scheme for shares awarded to be bought back.

No provision is made for support from the Special Fund to incentivize investment by employees in the companies for which they work instituted under Article 4, para. 112, of Italian law 350/03.

It should be noted that none of the Mediobanca Group companies accounts for more than fifty percent of Mediobanca's capital and no individual persons control Mediobanca.

The Board of Directors, having received the favourable opinion of the Remunerations Committee on 15 September 2015, on 22 September 2015 approved the resolution to be submitted to shareholders in annual general meeting. The market price of the ordinary Mediobanca shares on the two dates referred to above was €8.865 and €8.691 respectively. The awards for the performance share scheme will be notified to the market pursuant to and within the meaning of the regulatory provisions currently in force.



Dear shareholders,

You are invited to approve the proposal included on the agenda and, accordingly, to adopt the following resolution:

“The shareholders of Mediobanca, gathered in ordinary general meeting, having heard the Board of Directors’ proposal,

HEREBY RESOLVE

- ◆ to adopt an incentivization scheme, in line with the regulations in force, involving the award of performance shares to selected Mediobanca staff on the terms and by the methods illustrated above;
- ◆ to confer on the Board of Directors, the Chairman and the Chief Executive Officer, jointly and severally, all suitable powers to:
 - a) enact this resolution and adopt any other measures that should become necessary to implement the resolution approved;
 - b) to make such amendments and/or additions (that do not alter the substance of the resolution) to this resolution and the documents which constitute an integral part hereof, that should become necessary in order to bring it into line with any legal or regulatory provisions or guidance issued by the regulatory and/or supervisory authorities in the meantime.

Milan, 22 September 2015

The Board of Directors