

**REPORT OF THE BOARD OF DIRECTORS TO THE
ORDINARY GENERAL MEETING
OF MARCH 26, 2015:**

3. Group Remuneration Policies: Board of Directors Report



Mediolanum SpA

Group Remuneration Policies: Board of Directors Report

Board of Directors, 11 February 2015

Document drawn up as prescribed in Art. 123-ter of the Financial Services Code, Art. 84-quater of the Regulations for Issuers (RE) and Banca d'Italia Circular No. 285 of 17 December 2013

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1 INTRODUCTION

Remuneration policies for the entire Mediolanum Group (“the Group”) were specified during 2015, as current applicable laws and regulations require.

As it strengthens and consolidates the architecture of its remuneration strategy, the Group is conducting a review of the various systems so as to ensure that they are as fully as possible in line with laws, regulations and standards, with the Group’s business strategy and with investor expectations.

This report is moreover drafted so as to give an account of the novel features which have been or are being introduced, with a view to achieving the set-up adumbrated by recently-issued regulatory measures in the shortest possible time, not least because of the organizational changes which have been made within the Group and in the light of the transitional rules enshrined in the Supervisory Regulations for Banks.

Part 1 of this report constitutes Section 1 of the Remuneration Report for those Mediolanum Group companies subject to Arts. 114-*bis* and 123-*ter* of the Financial Services Code (Legislative Order No. 58/1998) and Art. 84-*quater* of the Regulations for Issuers; it is drawn up in accordance with the Banca d’Italia order entitled “Supervisory Regulations for Banks”, Circular No. 285 of 17 December 2013, 7th revision, 18 November 2014” (collectively, “the Relevant Provisions”)¹.

According to the Relevant Provisions, holding companies must prepare a report on their remuneration policies for the Group as a whole, allowing for the characteristics of each member company, ensuring overall consistency, providing the necessary guidance for implementing the policy; they must also check that it is being properly applied.

That report is accordingly drawn up by Mediolanum SpA (or “the holding company”) and is valid for the entire banking group².

Group companies are in all cases responsible for complying with the laws and regulations applying to them, and for properly implementing the guidance provided.

These policies have been specified in such a way as to take the Group’s structure into account, as well as the entire set of its values and the mission which informs its activities, and of the remuneration policies already in place last year.

The principal differences from previous versions may be summarized as follows:

- a new definition of “Key Staff” in accordance with the requirements of the Banca d’Italia and the European Banking Authority (the EBA, which uses the term “Identified Staff”);
- revision of the deferred payment arrangements and strengthening of criteria for retaining pay elements;
- the start of a general review of the remuneration systems applying to the salesforce;

¹ Under the regulations referred to above, the banking group is classified as an “intermediate-sized credit institution or investment firm”, having total assets of €26.6bn at the close of the year in question.

² The present report does not, therefore, cover the remuneration policies of the Group’s insurance undertakings, which remain subject to industry rules issued under ISVAP (now IVASS) Regulation No. 39/2011; their policies must nevertheless be in line with the general principles laid down by the holding company in its approved remuneration policies

- initiation of procedures for amending the Articles of Association in relation to the General Meeting's powers concerning severance bonuses and restrictions on variable remuneration.

The Appointments & Remuneration Committee, whose function is to ensure that the remuneration policies are properly implemented and managed (further details in Section 1.3) met three times in the course of 2014. Furthermore, the Group procured advice from various leading consultancies (EY and Mercer) to ensure the most reliable support, and also drew on pay surveys carried out in collaboration with industry associations.

2 PURPOSE AND STRUCTURE OF THE REPORT

The Report provides the General Meeting of Shareholders of Mediolanum SpA with the information required under Article 123-*ter* of the Financial Services Code concerning remuneration and incentive policies for 2015 and the implementation of such policies in the financial year 2014.

That information is arranged according to Layout 7-*bis* of Annex 3A of CONSOB Order 11971 (Regulations for Issuers), and is in two separate sections.

- **SECTION I:**

- sets out the Group's policy on the remuneration of those who serve on governing bodies, of General Managers and of senior managers with strategic responsibilities affecting at least the next financial year, and of all "Key Staff" as defined in Banca d'Italia regulations;
- sets out the procedures used in adopting and implementing that policy.

- **SECTION II:**

- provides a properly detailed picture of each of the items which contribute to remuneration, and explains in detail the remuneration paid in the year in question on any account and in any form whatsoever by the company, its subsidiaries or its associates, indicating which of those components, if any, are awarded in respect of work done in earlier years, and also detailing any remuneration to be paid in one or more later years in respect of work done during the year in question, with an estimate of any components which cannot be objectively quantified at the time of writing.

This information will also be made available on the company's website (www.mediolanum.com) under "Investor Relations/CorporateGovernance/GeneralMeeting".

SECTION I

1 Roles and responsibilities of bodies and individuals involved in the process of devising and implementing remuneration policies

Details are given below of the bodies and individuals involved in devising and approving remuneration policies (together with the specific role of each), and of the bodies or individuals responsible for the proper implementation of such policies.

1.1 General Meeting of Shareholders

As required under the current applicable laws and regulations, The General Meeting of Shareholders of Mediolanum SpA has the following duties with a view to its own fuller awareness of and ability to monitor the overall costs, benefits and risks of the company's chosen remuneration and incentive system:

- to pass a resolution approving or rejecting the draft remuneration policies devised by the Board of Directors. That resolution is binding, and the outcome of the vote is made public;
- to approve remuneration stock option schemes ("stock option schemes");
- to receive adequate information about the remuneration policies' implementation, with the aim of examining the way in which those policies, and especially their variable components, are applied in practice; and to assess how far that application follows the prescribed guidelines and targets.

Furthermore, the necessary procedures have been set in motion for amendments to the Articles of Association to accommodate the Regulator's demands. Specifically, the General Meeting will have authority to decide on any raising of the ratio of variable to fixed remuneration for Key Staff, and to determine the amount of severance bonus to be awarded in the event of an employee's early departure.

1.2 Board of Directors

The Board of Directors adopts the Group's remuneration policies and re-examines them at least once a year; it is responsible for their proper implementation.

It ensures that the remuneration policies are adequately documented and that they are:

- submitted to the General Meeting for that body's mandatory resolution on the matter;
- accessible throughout the structure of the Group.

With the aid of its Appointments & Remuneration Committee, and of the relevant company functions, the Board of Directors:

- approves and specifies the Group's remuneration policies, the remuneration and incentive systems for Key Staff ("Identified Staff") and for positions within the corporate functions/structures with control duties;
- it ensures that the relevant Group functions (in particular, Human Resources, Salesforce Administration, Commercial Staff Coordination, Planning & Control, Compliance and Risk Management) are involved in the process of specifying the remuneration policies in a manner which preserves the independence of judgement of those functions whose duties include the carrying out of controls, including retrospective controls;
- in the particular case of the control functions' remuneration, in making its assessments of matters not related to business performance it also consults the Board of Auditors on the functionality of the overall system of internal controls;
- it devises the rules for stock option incentive schemes;
- it sees to the implementation of stock option incentive schemes; this includes identifying the beneficiaries, determining the quantity of stock options to which each is entitled and the Collective Performance Targets, and the execution of any deeds, performance of any obligations and formalities and/or sending of any communications either necessary or useful for the purposes of managing and/or implementing such schemes;
- it decides the total amount to be awarded to individual beneficiaries of the stock option incentive schemes under criteria related to the following:
 - in the particular case of directors, the office held by the beneficiary and any remuneration as a director;
 - in the case of beneficiaries other than directors, their position within the organization, their responsibilities and their professional expertise;
 - the strategic value of individual beneficiaries, and their ability to enhance the value of the company's stock or that of other Group companies in future;
- it sees to amendments and additions to the stock option incentive schemes (and to the corresponding Scheme Rules) as it sees fit or finds necessary for the furtherance of the purposes of the scheme, always provided such changes do not prejudice any rights which the scheme's beneficiaries have already accrued;
- once the policies it has adopted are in operation:
 - it is kept informed about the attainment of the bonus targets set in terms of business performance for the executive directors, Managing Director, senior managers, employees and freelance contractors of the company, its subsidiaries and/or associates;

- it checks that the remuneration policies are consistent with sound and prudent management, and with the long-term strategies of the company and the Group as a whole;
- it evaluates and endorses any proposals which have been devised to amend the remuneration and bonus policies and the rules for their implementation, for subsequent submission to the General Meeting for approval;
- it approves the information provided to the General Meeting on the implementation of the remuneration policies, for all positions within the company.

1.3 Appointments & Remuneration Committee

The Appointments & Remuneration Committee of Mediolanum SpA is composed of three independent directors.

It has the power to make recommendations, give advice and research facts, all for the purpose of formulating proposals, recommendations and opinions to enable the Board of Directors to make more informed decisions.

It also has its own budget, approved beforehand by the Board of Directors, for performing its duties.

The Appointments & Remuneration Committee:

- helps the Board of Directors to check that the Group's remuneration policies approved by the General Meeting are consistent with sound and prudent management and with the Group's long-term strategies;
- it submits proposals to the Board of Directors concerning the remuneration of the Managing Director and other executive directors, and monitors the application of the Board's decisions;
- it formulates proposals to the Board of Directors concerning the pay of other Key Staff and their remuneration and bonus system more generally;
- it regularly assesses the criteria applied to the remuneration of senior managers with strategic responsibilities, watches over their application on the basis of the information provided by the Managing Director, and formulates general recommendations to the Board of Directors on the subject;
- it works out rules to govern every aspect of the incentive schemes, and submits them to the Board of Directors for approval;
- it manages all the measures that need to be taken to implement the incentive schemes; these include identifying the beneficiaries and working out the amounts due to them;
- it formulates proposals concerning any business and/or financial performance targets that will give access to the relevant incentive schemes;

- it gives advisory opinions on:
 - the process of identifying Key Staff, and the relevance criteria applied;
 - the policies' general consistency with the company's chosen degree of risk and with the stability of its financial results in practice;
 - the nature and impact of any modifications to current approved policies;
 - the process adopted for retrospective reporting to the General Meeting on the policies' implementation.

1.4 Managing Director

The Managing Director's powers and duties³ include the following:

- he/she sees to the adjusting of the remuneration and bonus system on the basis of the remuneration policies approved by the Board of Directors (and by the General Meeting), and notifies the various Group companies' governing bodies of those policies;
- he/she has the power to make recommendations on Group remuneration policies;
- he/she receives appropriate reports on the following from the relevant organizational units:
 - the implementation status of the remuneration and bonus policies applying to the various positions within the company (including the implementation of any stock option remuneration schemes), with a summary of the remuneration decided on and of the policy beneficiaries' accrued rights;
 - the controls carried out on the way remuneration policies are implemented, and any proposed changes to those controls;
 - the results of any statistical surveys on pay trends or the company's positioning relative to its competitors.

The Managing Director also has the power to make recommendations concerning:

- the individuals within the company who should be classified as "Key Staff";
- the remuneration and bonus systems applying to Key Staff other than individuals belonging to internal functions or units with control duties or, more generally, individuals within the company whose duties raise potential conflicts of interest with the Managing Director's own.

³ See Art . 24 of the Articles of Association

1.5 Head of Accounts

The Head of Accounts sees to the devising of adequate procedures for the administration of the accounts with a view to drafting the Notes to the Accounts and in particular reporting on remuneration paid by the company or any of its controlled subsidiaries to members of governing and supervisory bodies and to any General Managers on any account and in any form whatsoever. He/she also checks that the procedures laid down for the administration of the accounts are applied in practice.

1.6 Functions outsourced to Banca Mediolanum SpA

To make the most of synergies and expertise available within the Group, Mediolanum SpA has made special service agreements with its subsidiary Banca Mediolanum SpA under which the latter carries out certain technical activities, including some which are relevant to its remuneration and bonus systems.

1.6.1 Human Resources

The Human Resources function works with the Boards and relevant functions of Mediolanum SpA (and of Banca Mediolanum SpA in the case of functions outsourced to that company) in drawing up remuneration policies; it establishes preliminary analyses of the relevant laws and regulations, researches market trends and practices in the matter, and examines the relevant industry-wide collective labour agreements (CCNL) and any supplementary agreements in force which the company has negotiated with the trade union organizations.

HR also (drawing on support from the relevant company functions as necessary):

- submits the structure of the variable component to the appropriate Board, officer or committee, with particular reference to the mechanisms used in the case of Key Staff; in this connection, it:
 - selects performance indicators and mechanisms of adjustment for risk (prospective and retrospective) to be used in determining the parameters of the variable component and adjusting its definitive amount;
 - it devises solutions for achieving a proper balance between remuneration based on stock options (or equivalent instruments) and remuneration paid in cash;
- it conducts statistical analyses of pay trends and the company's positioning relative to its competitors;
- it checks the implementation of remuneration policies;
- following internal guidelines, it sees to the technical aspects of formulating and applying stock option schemes;
- it submits changes in remuneration policy to the appropriate Board, officer or committee following organizational changes within the company

or in the statutory and regulatory context;

- it checks the impact of any change in remuneration policies on the existing remuneration system, pointing out any flaws in the application of the new policies;
- it proposes the rules underpinning the way in which the process of identifying Key Staff is organized and operates, in the case of employees and that of directors; for this, it assesses the importance of individual staff and submits the following to the Appointments & Remuneration Committee for consideration:
 - an account of the evaluation methodology used (the categories, grades and roles covered by the analysis, scope and criteria for investigation, rating scales and the overall evaluation rationale);
 - the list of Key Staff, based on the results of the evaluation of importance it has conducted.

1.6.2 Salesforce Administration

The salesforce Administration function works with the Boards and relevant functions of Mediolanum SpA and its Group in drawing up remuneration and incentive policies for the salesforce, first studying the relevant laws and regulations as well as market trends and practices in the matter.

Drawing on support from the relevant company functions as necessary (and in particular that of the Compliance Function so far as legal aspects are concerned), it also:

- submits the structure of the non-recurring component of pay to the appropriate Board, officer or committee, with particular reference to the mechanisms used in the case of Key Staff; in this connection, it:
 - selects performance indicators and the mechanisms of adjustment for risk (prospective and retrospective) to be used in determining the parameters of the non-recurring component and adjusting its definitive amount;
 - it devises solutions for achieving a proper balance between remuneration based on stock options (or equivalent instruments) and remuneration paid in cash;
 - taking the above points into account among others, it identifies the deferred payment systems which can be applied;
- it conducts analyses of pay trends and on the company's positioning relative to its competitors;
- it checks the implementation of pay and incentive policies;
- following internal guidelines, it sees to the technical aspects of formulating and applying the stock option schemes;
- it submits changes in remuneration policy to the appropriate Board, officer or committee following organizational changes within the company and/or in the statutory and regulatory context;

- it checks the impact of any revision of remuneration policies on the existing remuneration system, pointing out any flaws in the application of the new policies;
- it proposes the rules underpinning the way in which the process of identifying Key Staff is organized and operates, in the case of the salesforce; for this, it assesses the importance of individual members of the salesforce, and submits the following to the Appointments & Remuneration Committee for consideration:
 - the evaluation methodology used (the categories, grades and roles covered by the analysis, scope and criteria for investigation, rating scales and the overall evaluation rationale);
 - the list of Key Staff, based on the results of its evaluation of the importance of each role.

1.6.3 Planning & Control

This unit helps to specify remuneration policy by providing – at the request of the relevant company officers, Boards and functions – data and other information of use in setting the targets for each of those individuals within the company who are to have part of their variable pay depend on expected results; it also assists in checking the results they have actually achieved.

1.6.4 Risk Management

This organizational unit helps to specify pay and incentive policies by providing – at the request of the relevant company officers, Boards and functions – opinions on the appropriate indicators to use in measuring performance (those which can reflect the company's profitability over time and take account of present and prospective risks, the cost of the capital, and the cashflow needed to operate the business).

1.6.5 Compliance

This unit assesses whether the Group's remuneration policies and practices are adequate and comply with current laws and regulations, and checks that they are functioning properly.

Specifically, it carries out the following controls:

- it checks beforehand that those pay and incentive policies comply with the legal and regulatory framework; this also involves checking the company rules for their implementation as devised by the relevant company units;
- it checks beforehand that the information provided to the General Meeting and to the market meet the statutory requirements and the regulators' instructions;
- it checks the process of identifying Key Staff in advance;
- it verifies in retrospect that the application of the remuneration policies has complied with the rules; this includes sample checks on the proper implementation of the corresponding principles.

In general, checks that the corporate bonus system is consistent with the aim of compliance with laws and regulations, with the Articles of Association and with any relevant codes of ethics or other standards of conduct, so as to reduce compliance and reputational risks as far as possible, especially those involved in customer relations.

Its findings, including any irregularities, are brought to the notice of the Remuneration Committee, the Board of Directors and the Board of Auditors so that any remedial measures needed can be taken.

1.6.6 Internal Audit

The Internal Audit function periodically checks the way in which the Group's remuneration practices' compliance with the statutory and regulatory context is ensured within the company. Specifically, it checks at least once a year that remuneration practice matches the policies approved and the current laws and regulations, with particular reference to the following aspects:

- implementation of the process of compiling and updating the list of the Key Staff;
- compliance with the authorization sequence required for approval of draft remuneration policies;
- compliance with the relevant rules and procedures under remuneration policies approved by the General Meeting, with particular attention to Key Staff.

Its findings and any irregularities revealed are brought to the notice of the relevant officers, Boards and functions so that any improvements needed can be made, and also so that an appropriate report can be prepared for submission to the General Meeting, either following a review of individual positions' importance or whenever expressly required.

2 Process of identifying Key Staff

As part of the framework of prudential supervision established by the Capital Requirements Directive IV (CRD IV), the European Banking Authority has developed a set of "Regulatory Technical Standards" and submitted these to the European Commission; they have since been incorporated into Regulation No. 604 of 4 March 2014. Those (quantitative and non-quantitative) regulatory technical standards meet institutions' need for guidance in the process of identifying staff whose professional activities have a material impact on an institution's risk profile (referred to in the Directive as "Identified Staff", and widely known as "Key Staff").

In adjusting its policies to the latest legal and regulatory framework, Mediolanum SpA as the group's holding company has drawn up a new process for identifying Key Staff, involving a number of functions: Human Resources, Salesforce Administration, Compliance, Risk Management and Organization. The process covers all employees and directors within the Group, including those outside Italy, and also its salesforce.

The analyses carried out have led to the identification of more than the previously identified forty individuals, taking all the various categories together.

The process is repeated at regular intervals so as to keep the analysis up to date; its outcomes are formally recorded and duly archived.

3 Remuneration policies: rationale and aims

The remuneration policies drawn up by Mediolanum SpA aim to attract and retain people with the expertise and capabilities required to meet the enterprise's needs, as well as providing an incentive to strengthen their commitment to improving the performance of the business through personal satisfaction and motivation.

Application of this remuneration policy will allow the interests of the management of Mediolanum SpA and its Group to be more closely aligned with those of the shareholders by maximizing value creation for shareholders in the short term, and in the longer term through careful handling of risk and the pursuit of long-term strategies.

Remuneration and incentive criteria based on objective performance-linked parameters in line with the bank's medium- to long-term targets are the best means of stimulating commitment on the part of all staff and furthering Mediolanum SpA's interests as a consequence.

4 Benchmarks used

To maintain effective remuneration practices conducive to its group-wide business and resource management strategies, the Group continuously monitors general market trends to help it set pay levels which are competitive and ensure internal equity and transparency.

As one of a specific panel of firms operating in one or more relevant markets, the Group plays a part in pay benchmarking for corporate roles and positions similar to its own; this keeps it aware of its own positioning with regard to fixed, variable and total pay.

For these reasons the relevant functions are constantly taking part in pay research and remuneration surveys carried out by leading national and industry bodies: in particular, Italian and international remuneration trends are analysed and monitored by means of participation in the research promoted by Industry associations (eg the Italian Banking Association ABI), using the technical support of companies such as the Hay Group, Next Consulting and Towers Watson. Use is also made of research relating to particular segments and population groups (executives, the asset management industry) and of studies by leading specialist consultancies in the markets where the Group does business outside Italy.

5 Structure of staff remuneration

The remuneration structure used for all staff except the salesforce (dealt with separately in the next section) has a **fixed component** to reward staff for performing the duties and shouldering the responsibilities of the position (determined with regard to the experience and abilities it requires as well as the degree of excellence shown and the overall quality of the contribution made to the firm's results), and an **incentive component** (or **bonus**) intended to reward results and establish a direct link between pay and the real results achieved by the firm and the individual in the short, medium and long term, subject to the specified risk profile.

5.1 Fixed component

The proportion of the overall package accounted for by the **fixed component** is designed to reduce the risk of any excessively risk-oriented

behaviour, and to discourage initiatives focused on short-term results that could endanger sustainability and the creation of value over the medium or long term.

The fixed component of remuneration is moreover set at such a level as to allow the variable portion to be considerably reduced or even entirely wiped out depending on the results achieved, once they have been adjusted for the actual level of risk incurred.

The remuneration policies require that the remuneration assigned by the General Meeting of Shareholders to the Directors upon appointment, and to members of the Board of Auditors, be commensurate with the individual's responsibilities, tasks and assiduity of attendance at meetings of their respective bodies, and with the undertaking of all the consequent responsibilities: the adoption of these parameters ensures transparency and provides adequate support for the determination of pay.

Specifically:

- the General Meeting is the body which determines the remuneration payable to the Directors when appointing them (it may decide to pay particular amounts to any Director with particular duties), and that payable to the members of the Board of Auditors;
- the Board of Directors determines the remuneration payable to the President, Vice-Presidents, and any Director with particular duties (if the General Meeting has not done so), and the total remuneration of the Managing Director.

With particular reference to Mediolanum SpA, the table below sets out the current levels of remuneration for the company officers and members of company bodies⁴:

BODY	PRESIDENT	MEMBERS	
	Remuneration	Number	Remuneration
Board of Directors	€140,000	9	€315,000
Control & Risks Committee	€20,000	2	€30,000
Appointments & Remuneration Committee	€15,000	2	€20,000

- for employees, the provisions of the relevant National Collective Labour Agreement(s) and of any supplementary company-wide agreements are applied, as well the remuneration and incentive system which considers the organizational importance of the employee's positions, with reference to the relevant market situation and the available budget for the period;

⁴ The table only relates to the executive directors and their committees. For company officers and members of bodies with control functions – the Board of Auditors and non-executive directors – the remuneration package contains no variable component at all

- for freelance workers the provisions of their consultancy contracts (project work or long-term) are applied, in accordance with the company's own system of delegated powers.

In the latter case, the remuneration of these contracts is determined by the bank according to the benefits obtained from the work of the individual contractor. If the contract involves the providing of intellectual activities and/or organizational support, the remuneration levels offered in the relevant market must be taken into consideration, together with the quality of the work and the professional qualifications of the worker.

If, on the other hand, the work contracted for consists of business promotion or the sale of products, then remuneration is determined on the basis of appropriate commission schemes, in accordance with current applicable laws and regulations and taking best industry practice into account.

5.2 Incentive component

Following the regulatory changes introduced by the Banca d'Italia, the Group began a review of its incentive ("bonus") schemes, according to the principles contained in the present remuneration policies.

The Group's present systems are summarized below; they remain in effect, in particular so far as concerns their long-term component and elements based on existing contracts.

On the basis of the remuneration policies of years up to and including 2014, the bonus component consists of variable pay which has the following two elements, on the basis of the incentive instruments available to the Group:

- short-term, on an annual basis and consisting of cash bonuses;
- medium-/long-term, typically over three-year periods and consisting entirely of financial instruments (stock options).

These elements depend on the achieving of specified targets related to certain parameters, some of which are business results and others not. These include:

- company-wide targets: the incentive system here depends on the Mediolanum Group achieving the Target Consolidated Net Profit, a parameter which specifies the annual variable amount payable to each participant in a (short-term or medium-/long-term) incentive bonus scheme;
- personal targets, assessed in the following ways:
 - quantitative targets for the function;
 - non-quantitative targets for the function.

Under the Group's incentive system the indicators and the corresponding corporate and personal targets are worked out each year once the

definitive figures for the previous year are known and the company and function budgets for the current year have been drawn up.

Only assessments wholly unconnected with profitability and financial parameters are used for staff in control positions. As the regulations allow, however, the same access gates apply to these as to the rest of the staff.

In accordance with regulatory provisions, those taking part in bonus schemes must undertake not to have recourse to hedging or insurance strategies for their pay or any other aspect which could compromise, impair or vitiate the risk-alignment effects built into their remuneration mechanisms, with particular reference to bonus systems.

5.2.1 Deferred payment of the variable component

Those Key Staff who would be due to receive bonuses of more than €75,000 in a given year will be subject to a system of deferred payment of part of the amount in accordance with the supervisory regulations in force at the time, and in keeping with the principle of proportionality:

- a suitable percentages must be deferred for an appropriate period, in such a way that the remuneration paid can take account of the risks undertaken;
- a suitably balanced but substantial proportion must be paid in the form of equities, equity-linked instruments or, if appropriate, the new instruments provided for in the delegated EU Regulation;
- there must be a specific retention mechanism for both the up-front and deferred portions.

The exact percentages and periods of deferment or retention are prescribed in the Incentive Scheme Rules on the basis of the present policies and the statutory and regulatory provisions in force at the time.

Deferred amounts will be paid on condition that the access gate for the year before the year of payment has been successfully passed.

In accordance with Italian practice, if the incentive bonus to which the Key Staff member would be entitled is €75,000 or less it will be paid in full following definitive determination of the profit for the period, provided the access gate has been successfully passed.

The incentive mechanisms are at present being adjusted to accommodate the regulatory changes, in relation to the principle of proportionality and on the basis of the policies which have been approved.

In accordance with the new criterion of proportionality enshrined in Section I, paragraph 7 of the Banca d'Italia order entitled "Supervisory Regulations for Banks" (Circular No. 285 of 17 December 2013, 7th revision, 18 November 2014), deferment and retention percentages and periods must be at least half those laid down in that Order for big banks, not least because Mediolanum's business model exposes it to a lower degree of lending risk, since it is a deposit-taking rather than an investment bank.

The Group's incentive system involves the paying out of the annual variable amount in response to the achieving of certain Group-wide targets:

the calculation scheme takes the following into consideration:

- the right relationship between value creation and risk;
- capital adequacy;
- cashflow.

Furthermore, provision of the variable component can also be conditional on attaining personal performance targets set on the basis of the Management Appraisal process, an instrument set up by the Group for managing and enhancing managerial performance which allows managerial expertise to be evaluated and developed, targets to be agreed with the person concerned, and the extent to which those targets have been reached to be monitored.

The schemes which have been established make possible the following:

- encouraging those individuals who make a decisive contribution to the success of the company and the Group to remain with Mediolanum, and to enhance their commitment to it;
- linking a significant component of variable pay to the attaining of specified performance targets (both company-wide and, when considered necessary, personal), so that scheme beneficiaries' interests are aligned with the pursuit of the Group's primary goal, which is the creation of shareholder value in the medium and long term;
- to foster loyalty among scheme beneficiaries, and develop their sense of belonging to the company and the Group.

5.2.1 The ratio between fixed and incentive components of pay

The remuneration system adopted by Mediolanum SpA in the case of members of governing bodies and senior managers with strategic responsibilities resulted in a pay mix for the financial year 2014 in which the variable component of remuneration was a relatively modest proportion of the total. The object was to ensure sound and prudent management, avoiding excessive risk-taking in an over-enthusiastic drive for profit.

The structure of remuneration, moreover, is designed to ensure that the ratio of variable to total pay is carefully considered and that in no case does the personal variable component amount to more than 100% of the fixed component.

In relation to the Key Staff, the maximum ratio allowed between variable and fixed remuneration may be as high as 2:1 in the specific case of Group companies' heads of business units, General Managers, sales managers and executive directors (Managing Directors, Vice Presidents), as identified from time to time in terms of the specific responsibilities attributed to them, the strategic nature of their roles and the degree to which the performance determining the variable component of pay can be measured (at present a total of eleven individuals are involved). The amendments to the Articles of Association required by the Relevant Provisions are currently being considered by the Banca d'Italia with a view to final approval.

In the case of the corporate control functions, from 2016 onwards the variable component cannot exceed 33% of the fixed component, in accordance with the Relevant Provisions.

5.2.2 Performance targets

The system adopted uses business performance parameters and other targets for the incentive component as detailed below.

5.2.3.1 Business performance parameters

The parameters chosen as targets for the incentive scheme must have certain particular features: they must be readily identifiable (including in terms of sources), and objectively measurable.

As mentioned above, the access gates for the incentive schemes are designed in such a way as to take account of the following:

- the right relationship between value creation and risk;
- cashflow;
- sound capitalization.

Sound capitalization and the right relationship between value creation and risk are in fact factors already considered in the long-term incentive system (on this, see Section 5.2.1); cashflow is taken into consideration as part of the access gate for variable incentive schemes.

The indicators and their corresponding targets are specified so as to be consistent with the Risk Appetite Framework (RAF) approved by the Risk Committee.

5.2.3.2 Parameters other than business performance

So far as non-profitability parameters are concerned bonuses are strictly linked to an evaluation which objectively considers the work done in the position in question (as planned in the year before the one under evaluation, the routine activities carried out by the staff, etc.) and a non-quantitative assessment of the effectiveness and efficiency of that work.

Specifically (taking company's Management Appraisal system into account among other things) the short- and medium-/long-term variable pay of senior managers, heads of control functions and other employees in general depends – other than on business performance parameters - on the individual's role, acquisition of expertise, management of subordinates, customer satisfaction and other non-quantitative factors.

5.2.3 Link between remuneration and changes in business results

In view of the business performance parameters chosen and the arrangements for adjustment afterwards (bonus cancellation and clawback), the incentive system aims to ensure an adequate link between changes in business results and changes in pay.

Specifically, the system provides for the variable component percentage payable, as well as the access gates specified, to be based on the percentage of the Group-wide target attained, that target being Consolidated Net Profit; if the results fail to reach the value set, the variable component is reduced to zero in consequence.

5.2.4 Stock option schemes: the Top Management 2010 scheme

As already mentioned in relation to the medium-/long-term variable component, the Group is currently revising its existing stock option incentive schemes to bring them into line with the recent changes in regulations, not least the changes made between 2011 and 2014 in the principle of proportionality.

The Top Management 2010 stock option scheme had its fifth assignment round in the financial year 2014.

That scheme continues to have the effects for which it was set up (eg complying with the regulator's requirements on the use of equity instruments and the balance between them and cash, aligning shareholders' and managers' interests in the medium/long term, the proper relationship between value creation and risk, etc.). Its vesting period still applies, and it remains subject to checks on the business performance conditions for the exercise of any options assigned.

That being so, and more particularly in order to be sure of applying the regulations correctly, the main features of the Top Management 2010 Scheme as approved by the AGM of Mediolanum SpA on 27 April 2010 are set out below.

- **Beneficiaries:** directors and senior managers of Mediolanum SpA and/or "subsidiaries under its control" as defined in Art. Civil Code 2359(1). The criteria for awarding stock options are based on the strategic nature of the individual's work, and the impact it may have on the company's results.
- **Subscription price:** this is determined on the day the options are assigned, as the weighted mean of the following: **(i)** the value of the Company's Shareholders' Equity per share, as derived from its most recently approved annual Financial Statements, which will be those for the preceding 31 December, (weighting of 90%) and **(ii)** the mean official market price of the company's stock on the MTA organized and managed by Borsa Italiana during the 180 days before that date (weighting of 10%).
- **Vesting period:** three years, starting on the day the options are assigned.
- **Reference indicators:**
 - **Business performance conditions** over the whole vesting period: (i) a set level of cumulative Consolidated Net Profit by Mediolanum SpA; (ii) maintenance by the Mediolanum financial conglomerate of a Return On Risk Adjusted Capital (RORAC) of 15% or better, provided that in the same three-year reference period its capital requirements have not risen by more than 3%, together with a surplus of capital above the requirements applicable at any given moment; and (iii) an unbroken relationship between the beneficiary and

Mediolanum SpA or one of its controlled subsidiaries.

- **Personal performance conditions:** the Appointments & Remuneration Committee also make the exercise of the options conditional on the achieving of particular performance targets set from time to time.
- The number of options which the Beneficiary will be able to exercise, as a proportion of the maximum number of options assigned to him/her on the assignment date, will be determined as a function of the cumulative Consolidated Net Profit actually achieved by the Group in the financial year in which the assignment date falls and the two subsequent years by comparison with the target Consolidated Net Profit, as set out in the table below:

Actual cumulative Consolidated Net Profit	Proportion of options which may be exercised
< 90% of target	0%
90% - 100% of target	40%
100% - 105% of target	80%
105% - 110% of target	90%
> 110% of target	100%

- **Exercise:** once it has been verified that the Business Performance Conditions and any Personal Performance Conditions have been satisfied, the options assigned may be exercised (all at once) during the following three years (the Exercise Period).
- **Expiry:** options which may be exercised expire the day after the end of the last Exercise Period (the “**Final Expiry**”). Any options not exercised before the Final Expiry: (i) automatically lapse, (ii) have no effect or validity and (iii) no longer confer any right on the beneficiary.
- **Lock- up:** 5% of the shares subscribed cannot be disposed of during the three years following vesting or the end of the beneficiary’s directorship (or employment with the Group, in the case of senior managers).

5.2 Bonus cancellation and clawback

Bonus cancellation mechanisms are in place, under which the Group will not pay bonuses to Key Staff disciplined for fraud or serious negligence,. These mechanisms also take account of Business Performance net of risks actually undertaken or incurred, as well as the Balance Sheet and cashflow position of the Group or the individual company.

There is also provision for clawback (so far as allowed by law), under which the Group is entitled to demand the restitution of bonuses paid in previous years, subject to legal restrictions.

That mechanism may operate in the following cases:

- behaviour causing the Group significant loss;
- failure to satisfy any of the requirements for company officers which are mandatory under Article 26 (professional expertise or qualification, good character, independence) or, in the case of a beneficiary who is an interested party, any breach of Article 53(4, sqq) of the Banking Code (Banca d'Italia conditions, limits and restrictions on the undertaking of activities entailing exposure to risk in respect of Related Parties) or of the obligations concerning remuneration and incentives;
- fraudulent behaviour or serious negligence resulting in loss to the Group.

5.3 Post-service benefits

In general, the company's pension, superannuation and termination of service policy must be in line with its corporate strategy, targets, values and long-term interests.

In exceptional, carefully considered cases special indemnities may be paid to staff in the event of their resignation, dismissal or early termination of service with Mediolanum SpA or another group company, in recognition of the results they have achieved.

It should be noted that the company has not so far made any particular agreements concerning indemnities, insurance cover or pension contributions in the event of early termination of service, apart from the mandatory ones; also, as mentioned above, the necessary procedures have been set in motion for amending the Articles of Association so as to accommodate the new requirements relating to the General Meeting's powers in relation to superannuation and severance payments.

Under no circumstances may the remuneration payable at the Board's discretion on early termination of service exceed €6m or five times annual pay, whichever is less. The actual amount will need to be determined for each individual case by taking into account the director's or employee's length of service, the strategic nature of their position, their performance and the risks undertaken.

5.4 Benefits in kind

The fixed component of remuneration includes a standard benefits package for each homogeneous group of company staff (eg senior managers); this helps create a system which is internally fair and externally competitive.

In general, special conditions for access to the banking and financial products of companies belonging to the Mediolanum financial conglomerate can be applied to employees, and they can also benefit from arrangements to supplement institutional pension and care schemes: there are, for instance, ways of covering the healthcare needs of employees and their families.

A civil liability insurance policy (for specific Sums Insured per claim per year) is also provided to protect directors and senior managers in the event

of compensation claims arising from their actions (criminal offences excepted).

The Group has not yet made any use of supplementary pension schemes; if such arrangements are introduced in future they will be subject to the regulator's specific requirements.

6 Salesforce pay structure

The remuneration of the salesforce consists of various types of commission, depending on the kind of work done, the range of products sold and the distribution agreements in place with the product factories. The remuneration system must satisfy the need to reward financial advisers with payments that are proportionate to the income they earn for the company, while still avoiding potential conflicts of interest.

Financial advisers' remuneration is mainly variable and structured so as to take into account, among other considerations, the distinction between:

- financial advisers and aspiring financial advisers engaged solely in selling ("bankers"); in the latter case only so far as expressly provided for in the relevant contracts;
- financial advisers who in addition to selling have duties of supervising, co-ordinating and training other financial advisers ("supervisors and managers").

The remuneration structure provides for a **recurring component** to reward the individual for his/her work and responsibilities, set according to the experience and capabilities required for each position and the individual's proven level of excellence and overall quality of contribution to the firm's results, and – usually – a non-recurring **incentive component** designed to reward the results achieved by establishing a direct link between remuneration and the company's and individual's real performance in the short, medium and long term, in accordance with the specified risk profile.

6.1 Recurring component

Under the relevant agency contracts and supplementary agreements the recurring component bulks large enough to discourage any excessively risk-prone behaviour or initiatives focused on short-term results which could endanger sustainability and the creation of value over the medium and long term.

In the case of Key Staff – and of incentive system participants in general – the recurring component of remuneration is set in such a way as to enable the non-recurring portion to be reduced or even eliminated in some particular cases..

The ordinary remuneration of financial advisers and aspiring financial advisers ("bankers") breaks down as follows:

- sales commission: the bank pays the financial adviser part of the charges and commissions paid by the customer on taking out the product sold (subscription of funds/insurance policies, up-front charges on asset management, placements, etc.). These charges and commissions are paid monthly, and vary according to product type and amount subscribed. The percentages assigned to financial advisers depend on their seniority and qualifications;
- management and maintenance fees: the bank pays the financial adviser a fee to remunerate the assistance provided by the adviser to the

customer, and also in recognition of the ongoing commission paid by the customer. Such fees are paid periodically, at a pre-set percentage of the customer's portfolio of products, that percentage varying with the size of the portfolio.

The ordinary remuneration of Supervisors and Managers is mainly determined as follows:

- fees and commissions from their own personal sales, if any (as above);
- fees and commissions determined on the basis of sales made by the sales force they manage: the bank pays the financial adviser part of the charges and commissions paid by the customer on taking out the product sold (subscription of funds/insurance policies, up-front charges on asset management, placements, etc.). These charges and commissions are paid monthly, and vary according to product type and amount subscribed. The percentage assigned to the supervisor/manager, on the other hand, varies according to the level reached in the Supervisors' Commission scale;
- management and maintenance fees on the total amount of business handled as a result of the sales made by the advisers they have supervised: the bank pays the financial adviser a fee to remunerate the assistance provided by the adviser to the customer, and also in recognition of the ongoing commission paid by the customer. These commissions are paid periodically at a pre-set percentage of the customer's portfolio of products, that percentage varying with the level reached by the supervisor/manager in the Supervisors' Commission scale.

6.2 Non-recurring component

For all financial advisers other than those identified as Key Staff the non-recurring component is one which varies in the short term (on an annual basis) and mainly consists of cash bonuses.

The ordinary remuneration of financial advisers and aspiring financial advisers ("bankers") is made up of the following:

- fee-based incentives, linked to particular "contests" in which a sum of money is paid for attaining pre-set targets, mainly sales-related. In greater detail: the bank uses its own set of methods to incentivize sales, including home sales of financial instruments and products which fall within the scope of the regulations on investment activities and services. Those methods comply with guidelines aimed at ensuring that financial advisers act in the customer's best interests in an honest, fair, transparent and professional manner. Under MiFID these forms of incentive are categorized as follows:
 - incentives based on the attainment of specific targets set in terms of non-quantitative parameters only;
 - incentives based on the attainment of specific targets set in terms of both non-quantitative and quantitative parameters;
 - incentives based on the attainment of specific targets set in terms of quantitative parameters only.

These forms of incentive involve cash payments and also, in some cases, stock options. The latter depends on participation in the incentive stock option scheme (Contractors Scheme 2010). That scheme works as follows:

- the number of stock options to be assigned to each individual participant in a given year is based on the verified attainment of personal targets

during the year before;

- exercise of the options is conditional on the Group achieving specific Two-Year Performance Targets at consolidated level in the two years after the options are assigned.

The ordinary remuneration of the “Supervisor and Manager” category of financial advisers is made up of the following:

- fee-based incentives linked to particular “contests” and arising from any sales made by them personally (as above);
- fee-based cash incentives connected with the attainment by the salesforce they supervise of pre-set targets, mainly sales-related. In greater detail: the bank uses its own set of methods to incentivize sales, including home sales of financial instruments and products which fall within the scope of the regulations on investment activities and services. Those methods comply with guidelines aimed at ensuring that financial advisers act in the customer’s best interests in an honest, fair, transparent and professional manner. Under MiFID these forms of incentive are categorized as follows:
 - incentives based on the attainment of specific targets set in terms of non-quantitative parameters only;
 - incentives based on the attainment of specific targets set in terms of both non-quantitative and quantitative parameters;
 - incentives based on the attainment of specific targets set in terms of quantitative parameters only.

These forms of incentive involve cash payments and stock options. The latter depend on participation in the incentive stock option scheme (the Contractors Scheme 2010). That scheme works as follows:

- the number of stock options to be assigned to each individual participant in a given year is based on the verified attainment of personal targets during the year before;
- exercise of the options is conditional on the Group achieving specific Two-Year Performance Targets at consolidated level in the two years after the options are assigned.

The non-recurring component for those financial advisers identified as Key Staff is a combination of:

- a variable element of remuneration which varies in the short term (on an annual basis) and consists of cash bonuses and financial instruments;
- a variable element of remuneration which varies in the medium/long-term (typically over three-year periods), and consists of cash bonuses and/or financial instruments.

These components are received on attaining specific personal sales and/or behavioural targets measured in terms of financial parameters and non-quantitative assessments.

While keeping in line with corporate strategy and general Mediolanum SpA and Group remuneration policies, the elements of the incentive system and the parameters used may provide for a range of conditions, taking into account and reflecting the specific requirements of specialist

businesses or the laws, regulations or industry/market circumstances of the particular country in which each company operates.

In accordance with regulatory provisions, those taking part in the incentive schemes must undertake not to have recourse to hedging or insurance strategies for their pay or any other aspect which could compromise, impair or vitiate the risk-alignment effects built into their remuneration mechanisms, with particular reference to incentive systems.

All those taking part in incentive schemes receive a special notice containing all the details needed to understand the scheme's features, its rules, and the criteria for paying the rewards involved.

So far as the medium/long-term incentive component is concerned, on 27 April 2010 the Annual General Meeting of Mediolanum SpA approved the general outlines of the "Contractors Scheme 2010" stock option scheme for contractors who belong to the salesforce of Mediolanum SpA or any of its subsidiaries.

That scheme provides for the assignment (over a number of annual cycles) of options to subscribe newly-issued ordinary shares in Mediolanum SpA.

Implementation of the scheme gives the Group an effective tool for generating incentives and fostering loyalty among the staff whose contribution is vital to the bank's success.

6.2.1 Deferred payment of the non-recurring component

Key Staff are subject to a system of deferred payment of part of their bonus, in accordance with the supervisory regulations in force at the time and in keeping with the principle of proportionality:

- a suitable percentage must be deferred for an appropriate period, in such a way that the remuneration paid can take account of the risks undertaken;
- a suitably balanced but substantial proportion must be paid in the form of equities, equity-linked instruments or, if appropriate, the new instruments provided for in the delegated EU Regulation;
- there must be a specific retention mechanism for both the up-front and deferred portions.

The exact percentages and periods of deferment or retention are prescribed in the Incentive Scheme Rules on the basis of the present policies and the statutory and regulatory provisions in force at the time.

In accordance with the new criterion of proportionality enshrined in Section I, paragraph 7 of the Banca d'Italia order entitled "Supervisory Regulations for Banks" (Circular No. 285 of 17 December 2013, 7th revision, 18 November 2014), deferment and retention percentages and periods must be at least half those laid down in that Order for big banks, not least because Mediolanum's business model exposes it to a lower degree of lending risk, since it is a deposit-taking rather than an investment bank.

Deferred amounts will be paid on condition that the access gate for the year before the year of payment has been successfully passed.

6.3 Ratio between recurring and non-recurring components

Salesforce remuneration has the peculiarity of being based on commission for generating business; and such commissions tend to generate stronger incentives than apply to the Group's other staff.

From 30 June 2016 onwards the maximum ratio permitted under the Relevant Provisions between variable and fixed remuneration in the case of Key Staff within the salesforce is 2:1: the Articles of Association are being amended to provide for this, as required by the Relevant Provisions, and the draft amendment is currently with the Banca d'Italia for definitive approval.

6.4 Performance targets

The system adopted provides for the incentive component to take the attainment of Group-wide, company-wide and/or personal targets into account.

The chosen indicators and the corresponding targets are specified so as to be consistent with the Risk Appetite Framework (RAF) approved by the Risk Committee.

Details of the following are given below, on the basis of the Group's remuneration structure:

- access gates;
- personal targets;
- business performance parameters linked with the incentive component;
- “non-quantitative” correction criteria linked with incentive components.

6.4.1 Access gates

Entitlement to incentive bonuses is dependent not only on actually attaining personal targets but also on the successful passing of a “access gate” on the part of the Mediolanum Group, thus establishing the soundness of the Balance Sheet of the group to which the individual's company belongs and, consequently, the bank's ability to pay incentive bonuses to its sales force (this is known as “sustainability”):

- RORAC – the Return On Risk Adjusted Capital (the ratio of operating profit to capital at risk, the latter figure being the amount of Net Equity the bank has to commit to cover a given amount of risk) – minimum threshold 15%;
- excess capital beyond the requirements for the Mediolanum financial conglomerate – the minimum threshold is zero.

Each of these indicators has its “on/off” threshold. Once the definitive profit figures for a given financial year have been determined, access to the individual bonus earned during that year is conditional on both of them being above the set minimum. Not only is receipt of the incentive bonuses for the year in question determined by the access gate, but so also is receipt of the deferred portions of bonuses earned in previous years.

6.4.2 Personal targets

The incentive system is based on identifying personal targets for the bankers and group targets for supervisors and managers.

Under the Group's evaluation systems personal targets are set in accordance with the following main guidelines:

- the results must be in areas subject to significant influence on the part of the individual to be motivated by the bonus;
- the performance indicators identified for those result areas must be closely correlated with the overall result or score achieved by the territorial or organizational unit for which the individual is responsible;
- the targets to be considered must be as readily measurable as possible, and must relate to sales or other financial figures linked to the budgets and visible to the Planning & Control function. It is also necessary to ensure that the performance indicator is one which the Sales Force Administration function will be able to determine in a definitive manner by the end of the measurement period;
- whenever possible, performance indicators should be used for which external benchmarks are available.

The financial advisers' incentive system is mainly oriented towards broad aggregates of sales activity. This approach makes it possible to avoid letting incentive policies disproportionately reward the sale of one particular product or another, which could give rise to a conflict of interests for the bank and/or the sales force.

Other parameters used are ones concerning organizational set-up, training and recruitment of the sales force, the progressive uptake of advanced IT tools that facilitate better customer service, and the personal growth and career development of those within the sales force.

6.4.3 Non-quantitative bonus adjustment criteria

A single combined performance indicator (the Combined Performance Rating or CPR) is used to meet the need for qualitative criteria to adjust the non-recurrent component of remuneration paid to the sales force to take account of aspects such as the proper conduct of customer relations, the minimizing of litigation and reputational risks, protection of the customer base and the promotion of customer loyalty, and compliance with the provisions of relevant laws, regulations and internal governance codes.

This indicator applies a set of non-quantitative parameters to the bankers' work; among other things these parameters represent best practice among the Group's main competitors.

Implementation of the Combined Performance Rating is governed by specific rules.

The CPR is supplemented by any warnings of disciplinary sanctions (suspension, termination) given during the relevant period.

6.5 Bonus payment terms

In general bonuses cannot be paid in circumstances where there has been unlawful behaviour or any formal disciplinary sanction. Payment is conditional on the absence of any lawsuit by the company against the financial adviser or staff member on grounds of irregular or improper conduct.

All bonuses are paid strictly on the condition that on the date scheduled for such payments the agent is in good standing with the company and all

conditions required for achieving the set performance targets have been satisfied.

In terms of payment times, the short-term incentive is paid after the final results for the year are known, while any medium/long-term cash incentive is paid after approval of the Financial Statements for the last year of the reference period. These incentive components are charged to the Income Statement for the previous year.

Furthermore, with reference to the stock option schemes, the “Contractors Scheme 2010” provides for a vesting period for the options (which become effective upon satisfaction of all exercise conditions) of between a minimum of five and a maximum of ten years from the assignment date.

The options are assigned as a reward for attaining sales targets in the previous year.

Provision has been made for options to be assigned during 2015 for the targets reached in 2014.

Also during 2015 the General Meeting of Shareholders of Mediolanum SpA will be invited to approve new schemes with specific targets for the salesforce in 2015, and schemes for paying incentive bonuses to Key Staff in accordance with the regulators’ new provisions as they come into force.

6.5.1 Stock option schemes (Contractors Scheme 2010)

6.5.1.1 Performance targets for the assignment or exercise of stock options

The stock option schemes for the salesforce make entitlement to exercise any options assigned conditional on the Group achieving certain results, viz:

- achieving a target level of Consolidated Net Profit over the entire reference period (the period over which results are to be measured); or, alternatively, achieving a level of net placements with Banca Mediolanum SpA which is in the top 25% of the (industry association) Assoreti’s ranking of sales networks, in every one of the reference period’s financial years, and in addition a Consolidated Net Profit not lower than 70% of the target Consolidated Net Profit for the reference period;
- maintaining a set level of Return On Risk Adjusted Capital (RORAC) for the Mediolanum financial conglomerate as a whole, throughout the financial year in which the assignment date of the stock options falls and in all subsequent years of the reference period, together with a surplus of capital above the applicable requirements at all times.

6.5.1.2 Vesting period

The Board of Directors determines the vesting period for the stock option incentive system. In the case of the Contractors Scheme, that period is:

- nine years from the day the options are assigned, in the case of independent contractors (the scheme is made available to Banca Mediolanum SpA by Mediolanum SpA).

Only once the vesting period ends can the beneficiaries exercise their options and subscribe the corresponding shares; they then have three years (the Exercise Period) in which to do so. All an individual's maturing options must be exercised at once, and all the corresponding shares subscribed.

In the particular case of options assigned to beneficiaries in 2014, the exercise of those options is subject to all the following conditions:

- the Mediolanum Group must, in the financial year in which the assignment date falls and in the next financial year after that, have achieved the level of cumulative Consolidated Net Profit which has on each occasion been set by the Board of Directors and of which the beneficiaries were notified in the letter of assignment; or, alternatively, Banca Mediolanum SpA must have achieved a level of Net Placement which is in the top 25% of the industry association Assoreti's ranking of sales networks, in every one of the reference period's financial years, and in addition Group Consolidated Net Profit must not have been below 70% of its target level for the reference period;
- the Mediolanum financial conglomerate must have maintained:
 - the set Return On Risk Adjusted Capital (RORAC), or better;
 - a surplus of capital above the applicable requirements at all times;
- the relationship between the beneficiary and the company (or its subsidiary) must have been maintained unbroken from the assignment date until the end of the vesting period.

The specific level of RORAC which permits the exercise of the options is 15%, unless the RORAC has been depressed during the reference period mainly due to extraordinary impairments recognized on shareholdings and/or goodwill; capital requirements must not, however, have risen by more than 3% in the same period; the further condition – maintenance of a surplus of capital above the Mediolanum financial conglomerate's capital requirements, in every one of the financial years of the reference period – remains in force.

6.6 Bonus cancellation and clawback mechanisms

Activities earning incentive bonuses must comply with the principles of proper conduct of customer relations, as the main object of the financial adviser's work must be the utmost promotion of the customer's interests in accordance with the laws and regulations governing the distribution of investment products and services.

Bonus cancellation mechanisms are accordingly in place, under which the bank will not pay bonuses to financial advisers disciplined for fraud or serious negligence.

There is also provision for clawback under which the Group is entitled to demand the restitution of bonuses paid during the current year or the immediately preceding one in the event of fraud or serious negligence on the part of a financial adviser obliging the Group to pay compensation and/or any other payment.

In addition to the above situations, the following provisions have been introduced in relation to the application of the clawback clause, in view of the Banca d'Italia's new requirements:

- behaviour causing the Group significant loss;
- failure to satisfy any requirements for company officers which are mandatory under Article 26 (professional expertise or qualification, good character, independence) or, in the case of a beneficiary who is an interested party, any breach of Article 53(4, sqq) of the Banking Code (Banca d'Italia conditions, limits and restrictions on the undertaking of activities entailing exposure to risk in respect of Related Parties) or of the obligations concerning remuneration and incentives.

6.7 Post-service benefits

Banca Mediolanum has incorporated the Additional Indemnities and Bonuses Regulation into its own company rules; this provides for the payment of the following [to departing contractors]:

- A “portfolio indemnity” for those who have a portfolio of customers, provided that it has been acquired by another financial adviser;
- A staff indemnity for those who manage a team of financial advisers, provided that another supervisor or manager has taken it over;
- A manager's indemnity for those who mainly carry out staff management activities within the salesforce, subject to a minimum length of service within the salesforce.

Furthermore, the bank reserves the right, in the event of a contractor's resignation, to make a two-year agreement (which can be extended for a maximum of another four years) providing for non-competition in return for a “loyalty bonus” of not more than €6m.

As prescribed in the recent regulatory changes, the necessary procedures have been set in motion for amending the Articles of Association to accommodate the new requirements relating to the General Meeting's powers concerning superannuation and severance payments.

6.8 Terms and conditions on the bank's products and services

All financial advisers enjoy the same terms for the bank's products and services as are normally applied to the best customers.

SECTION II

1 Figures provided under Art. 123-ter of the financial Services Code (Legislative Order No. 58 of 24 February 1998 – the TUF); art. 84-quater of the Regulations for Issuers (CONSOB Regulation No. 11971).

TABLE 1: Remuneration paid to the members of governing and supervisory bodies, General Managers and other senior managers with strategic responsibilities.

First name, last name	Office, post or position	Length of service in office, post or position	Term of office ends*	Fixed remuneration	remuneration for attending committees	Non-equity variable remuneration		Benefits in kind	Other remuneration	Total	Fair Value of equity remuneration	Leaving indemnity
						Bonus and other incentive	Profit-sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Carlo Secchi	President & Chairman of the Board of Directors	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 126,667	€ -	€ -	€ -	€ -	€ -	€ 126,667	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 126,667	€ -	€ -	€ -	€ -	€ -	€ 126,667	€ -	€ -
<i>Notes</i>												
Alfredo Messina	Deputizing Vice President	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 200,000	€ -	€ -	€ -	€ -	€ -	€ 200,000	€ 251,200	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 200,000	€ -	€ -	€ -	€ -	€ -	€ 200,000	€ 251,200	€ -
<i>Notes</i>												
Massimo Antonio Doris	Vice President	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 300,000	€ -	€ -	€ -	€ -	€ -	€ 300,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies 1				€ 682,088	€ -	€ -	€ -	€ 6,105		€ 688,193	€ -	€ -

First name, last name	Office, post or position	Length of service in office, post or position	Term of office ends*	Fixed remuneration	remuneration for attending committees	Non-equity variable remuneration		Benefits in kind	Other remuneration	Total	Fair Value of equity remuneration	Leaving indemnity
						Bonus and other incentive	Profit-sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
(III) Total				€ 982,088	€ -	€ -	€ -	€ 6,105	€ -	€ 988,193	€ -	€ -
<p><i>Notes:</i> Remuneration from subsidiaries and associate companies: for the office of Managing Director in controlled subsidiaries €300,000, fixed salary as employee in controlled subsidiaries €382,088. Benefits in kind: €6,105; this is the total value of benefits provided, as reported for income tax.</p>												
Ennio Doris	Managing Director	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 600,000	€ -	€ -	€ -	€ -	€ -	€ 600,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ 200,000	€ -	€ -	€ -	€ -	€ -	€ 200,000	€ -	€ -
(III) Total				€ 800,000	€ -	€ -	€ -	€ -	€ -	€ 800,000	€ -	€ -
<p><i>Notes:</i> remuneration from subsidiaries and associate companies: for the office of President & Chairman of the Board of Directors in controlled subsidiaries €200,000.</p>												
Francesco Barbaro	Director	01/01/2014 - 29/04/2014	29/04/2014									
(I) remuneration in the reporting company				€ 8,333	€ 2,000	€ -	€ -	€ -	€ -	€ 10,333	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 8,333	€ 2,000	€ -	€ -	€ -	€ -	€ 10,333	€ -	€ -
<p><i>Notes:</i> Remuneration for attendance as a member of the Remuneration Committee €2,000.</p>												
Luigi Berlusconi	Director	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 31,667	€ -	€ -	€ -	€ -	€ -	€ 31,667	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 31,667	€ -	€ -	€ -	€ -	€ -	€ 31,667	€ -	€ -
<p><i>Notes:</i></p>												
Elena Biffi	Director	29/04/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 23,333	€ 6,667	€ -	€ -	€ -	€ -	€ 30,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 23,333	€ 6,667	€ -	€ -	€ -	€ -	€ 30,000	€ -	€ -

First name, last name	Office, post or position	Length of service in office, post or position	Term of office ends*	Fixed remuneration	remuneration for attending committees	Non-equity variable remuneration		Benefits in kind	Other remuneration	Total	Fair Value of equity remuneration	Leaving indemnity
						Bonus and other incentive	Profit-sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
<i>Notes</i> Remuneration for attendance as a member of the Remuneration Committee €6,667.												
Pasquale Cannatelli	Director	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 31,667	€ -	€ -	€ -	€ -	€ -	€ 31,667	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 31,667	€ -	€ -	€ -	€ -	€ -	€ 31,667	€ -	€ -
<i>Notes</i> remuneration in the reporting company: amount refunded to the employing company.												
Maurizio Carfagna	Director	01/01/2014 - 24/10/2014	24/10/2014									
(I) remuneration in the reporting company				€ 25,833	€ -	€ -	€ -	€ -	€ -	€ 25,833	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ 90,833	€ 30,000	€ -	€ -	€ -	€ -	€ 120,833	€ -	€ -
(III) Total				€ 116,666	€ 30,000	€ -	€ -	€ -	€ -	€ 146,666	€ -	€ -
<i>Notes:</i> Remuneration from subsidiaries and associate companies: for directorships in controlled subsidiaries €20,833; for directorships and chairmanship of associate companies €70,000; €30,000 in total for attendance as a member of the Remuneration Committee and the Internal Control Committee of associate companies.												
Edoardo Lombardi	Director	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 31,666	€ -	€ -	€ -	€ -	€ -	€ 31,666	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ 870,000	€ 20,000	€ -	€ -	€ -	€ 180,597	€ 1,070,597	€ 854,080	€ -
(III) Total				€ 901,666	€ 20,000	€ -	€ -	€ -	€ 180,597	€ 1,102,263	€ 854,080	€ -
<i>Notes:</i> Remuneration from subsidiaries and associate companies: as Deputizing Vice President and Managing Director in controlled subsidiaries €670,000; as President & Chairman of the Board of Directors of associate companies €200,000; in total for attendance as a member of the Remuneration Committee and the Internal Control Committee of associate companies €20,000; €180,597 for professional services provided by his companies; €854,080 for participation in subsidiaries' long-term incentive systems.												
Roberto Maviglia	Director	29/04/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 23,333	€ -	€ -	€ -	€ -	€ -	€ 23,333	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

First name, last name	Office, post or position	Length of service in office, post or position	Term of office ends*	Fixed remuneration	remuneration for attending committees	Non-equity variable remuneration		Benefits in kind	Other remuneration	Total	Fair Value of equity remuneration	Leaving indemnity
						Bonus and other incentive	Profit-sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
(III) Total				€ 23,333	€ -	€ -	€ -	€ -	€ -	€ 23,333	€ -	€ -
<i>Notes</i>												
Mario Molteni	Director	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 31,667	€ 23,667	€ -	€ -	€ -	€ -	€ 55,334	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 31,667	€ 23,667	€ -	€ -	€ -	€ -	€ 55,334	€ -	€ -
<i>Notes</i> Remuneration for attendance as a member of the Control & Risks Committee €15,000; as a member of the Remuneration Committee €8,667.												
Danilo Pellegrino	Director	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 31,667	€ -	€ -	€ -	€ -	€ -	€ 31,667	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ 27,000	€ -	€ -	€ -	€ -	€ -	€ 27,000	€ -	€ -
(III) Total				€ 58,667	€ -	€ -	€ -	€ -	€ -	€ 58,667	€ -	€ -
<i>Notes:</i> Remuneration refunded to the employing company. Remuneration from subsidiaries and associate companies: as President & Chairman of the Board of Directors in controlled subsidiaries €24,000; for directorships in controlled subsidiaries €3,000.												
Angelo Renoldi	Director	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 31,667	€ 55,333	€ -	€ -	€ -	€ -	€ 87,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ 65,000	€ 7,500	€ -	€ -	€ -	€ -	€ 72,500	€ -	€ -
(III) Total				€ 96,667	€ 62,833	€ -	€ -	€ -	€ -	€ 159,500	€ -	€ -
<i>Notes:</i> Remuneration for committee attendance: as Chair of the Corporate Malpractices Panel €25,000; as Chair of the Control & Risks Committee €18,333; as Chair of the Remuneration Committee €12,000. Remuneration from subsidiaries and associate companies: for directorships of controlled subsidiaries €35,000; as Chair of Corporate Malpractices Panels €30,000 in total; as a member of the Remuneration Committee €7,500.												
Anna Scarfone	Director	29/04/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 23,333	€ 10,000	€ -	€ -	€ -	€ -	€ 33,333	€ -	€ -

First name, last name	Office, post or position	Length of service in office, post or position	Term of office ends*	Fixed remuneration	remuneration for attending committees	Non-equity variable remuneration		Benefits in kind	Other remuneration	Total	Fair Value of equity remuneration	Leaving indemnity
						Bonus and other incentive	Profit-sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 23,333	€ 10,000	€ -	€ -	€ -	€ -	€ 33,333	€ -	€ -
<i>Notes</i> Remuneration for attendance as a member of the Control & Risks Committee €10,000.												
Paolo Sciumè	Director	01/01/2014 - 26/03/2014	26/03/2014									
(I) remuneration in the reporting company				€ 6,250	€ 3,750	€ -	€ -	€ -	€ -	€ 10,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ 2,083	€ 1,250	€ -	€ -	€ -	€ 457,272	€ 460,605	€ -	€ -
(III) Total				€ 8,333	€ 5,000	€ -	€ -	€ -	€ 457,272	€ 470,605	€ -	€ -
<i>Notes</i> Remuneration for attendance as a member of the Control & Risks Committee €3,750. Remuneration from subsidiaries and associate companies: for directorships of controlled subsidiaries €2,083; as a member of the Internal Control Committee €1,250; €457,272 as remuneration to a law practice (as an Associate).												
Maria Alessandra Zunino De Pigner	Director	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 31,666	€ -	€ -	€ -	€ -	€ -	€ 31,666	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ 10,000	€ -	€ -	€ -	€ -	€ -	€ 10,000	€ -	€ -
(III) Total				€ 41,666	€ -	€ -	€ -	€ -	€ -	€ 41,666	€ -	€ -
<i>Notes:</i> remuneration from subsidiaries and associate companies: as a member of an associate company's Board of Auditors €10,000.												
Ezio Simonelli	Chairman of the Board of Auditors	01/01/2014 - 18/02/2014	18/02/2014									
(I) remuneration in the reporting company				€ 15,000	€ -	€ -	€ -	€ -	€ -	€ 15,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 15,000	€ -	€ -	€ -	€ -	€ -	€ 15,000	€ -	€ -
<i>Notes</i>												
Francesco Vittadini	Chairman of the Board of Auditors	18/02/2014 - 29/04/2014	29/04/2014									
(I) remuneration in the reporting company				€ 25,000	€ -	€ -	€ -	€ -	€ -	€ 25,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ 45,000	€ -	€ -	€ -	€ -	€ -	€ 45,000	€ -	€ -
(III) Total				€ 70,000	€ -	€ -	€ -	€ -	€ -	€ 70,000	€ -	€ -

Version approved by the Board of Directors, 11 February 2015

First name, last name	Office, post or position	Length of service in office, post or position	Term of office ends*	Fixed remuneration	remuneration for attending committees	Non-equity variable remuneration		Benefits in kind	Other remuneration	Total	Fair Value of equity remuneration	Leaving indemnity
						Bonus and other incentive	Profit-sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
<p><i>Notes</i> Remuneration in the Reporting company: as Chairman of the Board of Auditors €15,000; €10,000 as titular member of the Board of Auditors. Remuneration from subsidiaries and associate companies: as Chairman of subsidiary's Board of Auditors €45,000.</p>												
Stefano Fiorini	Chairman of the Board of Auditors	29/04/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 60,000	€ -	€ -	€ -	€ -	€ -	€ 60,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 60,000	€ -	€ -	€ -	€ -	€ -	€ 60,000	€ -	€ -
<i>Notes</i>												
Riccardo Perotta	Titular Member of the Board of Auditors	01/01/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 60,000	€ -	€ -	€ -	€ -	€ -	€ 60,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 60,000	€ -	€ -	€ -	€ -	€ -	€ 60,000	€ -	€ -
<i>Notes</i>												
Antonio Marchesi	Titular Member of the Board of Auditors	18/02/2014 - 29/04/2014	29/04/2014									
(I) remuneration in the reporting company				€ 10,000	€ -	€ -	€ -	€ -	€ -	€ 10,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ 5,000	€ -	€ -	€ -	€ -	€ -	€ 5,000	€ -	€ -
(III) Total				€ 15,000	€ -	€ -	€ -	€ -	€ -	€ 15,000	€ -	€ -
<p><i>Notes</i> remuneration from subsidiaries and associate companies: as titular member of subsidiary's Board of Auditors €5.000.</p>												
Francesca Novati	Titular Member of the Board of Auditors	29/04/2014 - 31/12/2014	31/12/2014									
(I) remuneration in the reporting company				€ 40,000	€ -	€ -	€ -	€ -	€ -	€ 40,000	€ -	€ -
(II) remuneration from subsidiaries and associate companies				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 40,000	€ -	€ -	€ -	€ -	€ -	€ 40,000	€ -	€ -
<i>Notes</i>												
Strategic Managers		01/01/2014 - 31/12/2014	31/12/2014									

First name, last name	Office, post or position	Length of service in office, post or position	Term of office ends*	Fixed remuneration	remuneration for attending committees	Non-equity variable remuneration		Benefits in kind	Other remuneration	Total	Fair Value of equity remuneration	Leaving indemnity
						Bonus and other incentive	Profit-sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
(III) Total				€ 793,000	€ -	€ -	€ -	€ 5,511	€ -	€ 798,511	€ -	€ -
<p><i>Notes</i> Figures for managers with strategic responsibilities are given in aggregate form. Benefits in kind: €5,511; this is the total value of benefits provided, as reported for income tax.</p>												

TABLE 2: Stock options assigned to members of the governing body, General Managers and other senior managers with strategic responsibilities

First name, last name	Office, post or position	Scheme	Options held at the start of the year			Options assigned in the course of the year						Options exercised in the course of the year			Options lapsing during the year	Options held at the end of the year	Options as of ye
			Number of options	Exercise price	Exercise window (from/to)	Number of options	Exercise price	Exercise window (from/to)	Fair value on date of assignment	Date of assignment	Market price of underlying shares on assignment date	Number of options	Exercise price	Market price of underlying shares on date of exercise			

(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Alfredo Messina	Deputizing Vice President																
(I) Remuneration in the reporting company	"Top Management 2010" Resolution of 27/04/2010	382,000	€ 433,020	13/05/2014 - 09/05/2019	80,000	€138,192	15/05/2017 - 14/05/2020	€ 251,200	14/05/2014	€ 502,000	111,200	€119,651	€ 624,599	27,800	323,000	€ 2	
(II) Remuneration from subsidiaries and associate companies	Scheme name (date of Resolution)																
(III) Total																	
Notes "Lapsed" options include those which cannot be exercised as cancellation conditions met																	
Edoardo Lombardi	Director																
(I) Remuneration in the reporting company	Scheme name (date of Resolution)																
(II) Remuneration from subsidiaries and associate companies	"Top Management 2010" Resolution of 27/04/2010	1,296,600	€1,469,870	13/05/2014 - 09/05/2019	272,000	€469,853	15/05/2017 - 14/05/2020	€ 854,080	14/05/2014	€1,706,800	377,200	€405,867	€2,020,887	94,300	1,097,100	€ 7	
(III) Total																	
Notes "Lapsed" options include those which cannot be exercised as cancellation conditions met																	

SHAREHOLDINGS

The table below lists the shareholdings of members of governing and supervisory bodies, General Managers and senior managers with strategic responsibilities within the company and its controlled subsidiaries.

For each company, details of the number of shares, broken down as follows, are given of the individually named members of governing and supervisory bodies and each of the General Managers; cumulative totals are given for other senior managers with strategic responsibilities:

- number of shares held at the end of the previous year;
- number of shares purchased in the course of the year in question;
- number of shares sold in the course of the year in question;
- number of shares held at the end of the year in question.

The type and mode of ownership are also shown. The table includes all individuals who for all or any part of the year in question have been members of the governing or supervisory body or held the position of General Manager or senior manager with strategic responsibilities.

TABLE 1: Shareholdings of members of governing and supervisory bodies and General Managers

LAST FIRST NAME, LAST NAME	OFFICE, POST OR POSITION	STOCK	NUMBER OF SHARES HELD AT THE END OF PREVIOUS YEAR		NUMBER OF SHARES PURCHASED		NUMBER OF SHARES SOLD		NUMBER OF SHARES HELD AT THE END OF CURRENT YEAR	
MESSINA ALFREDO	Deputizing Vice President	Mediolanum S.p.A.	329,200	(pd) (so)	111,200	(so)	58,200	(so)	382,200	
DORIS MASSIMO ANTONIO	Vice President	Mediolanum S.p.A.	14,507,180	(pi)	-	-	-	-	14,507,180	
			7,000	(c)	-	-	-	-	7,000	
DORIS ENNIO	Managing Director	Mediolanum S.p.A.	23,563,070	(pd)	-	-	-	-	23,563,070	
			149,009,557	(pi)	20,000	-	-	-	149,029,557	
			46,260,000	(u) (*)	-	-	-	-	46,260,000	
			49,702,296	(c)	-	-	-	-	49,702,296	
CANNATELLI PASQUALE	Director	Mediolanum S.p.A.	-	(pd) (**)	120,000	(so)	120,000	(so)	-	

LAST FIRST NAME, LAST NAME	OFFICE, POST OR POSITION	STOCK	NUMBER OF SHARES HELD AT THE END OF PREVIOUS YEAR		NUMBER OF SHARES PURCHASED		NUMBER OF SHARES SOLD		NUMBER OF SHARES HELD AT THE END OF CURRENT YEAR	
CARFAGNA MAURIZIO	Director	Mediolanum S.p.A.	-	(pd)	-	-	-	-	-	
			125,000	(pi)	-	-	-	-	125,000	
			2,000	(c)	-	-	-	-	2,000	
LOMBARDI EDOARDO	Director	Mediolanum S.p.A.	394,826	(pd) (so)	377,200	(so)	172,026	(so)	600,000	(***)
PELLEGRINO DANILO	Director	Mediolanum S.p.A.	-	(pd) (**)	100,000	(so)	100,000	(so)		

(so) exercise of stock option

(pd) direct shareholding

(pi) indirect shareholding

(u) life interest

(c) spouse

(*) life interest together with spouse, Lina Tombolato

(**) stock options assigned by another company

(***) of which 300,000 disposed of to a person qualifying under Art. 152-sexies (1)(d)(5) of the Issuers' Regulations.

TABLE 2: Shareholdings of other senior managers with strategic responsibilities

NUMBER OF MANAGERS WITH STRATEGIC RESPONSIBILITIES	STOCK	NUMBER OF SHARES HELD AT THE END OF PREVIOUS YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF CURRENT YEAR
1	Mediolanum S.p.a.	€ 305,300			€ 305,300

2 Figures required under Circular No. 285, Part I, Title IV, Sect. 2 and Art. 450(1)(a – f) of the CRR

TABLE A⁵ as prescribed in Art. 450(1)(g): aggregate figures on remuneration broken down by Business Line⁶

Business Line	Number of beneficiaries	Total remuneration, 31/12/2014
Members of the body with strategic oversight	47	€ 5,481,018
Members of the executive body	8	€ 6,387,179
Investment banking	5807	€ 475,954,646
Retail banking	1087	€ 33,337,887
Asset management	101	€ 6,368,179
Corporate functions	882	€ 44,445,717
Corporate control functions	197	€ 10,460,455
Other	41	€ 3,112,043

⁵ A portion of variable pay will be determined and provided only after consolidation of the Financial Statement figures; the figures given for variable pay are therefore estimates.

⁶ The Business Lines used for stating aggregate remuneration figures are the same as those used for benchmarking purposes according to the EBA reporting layouts.

TABLE B⁷ as prescribed in Art. 450(1)(h)(I-II): aggregate figures on remuneration, broken down into senior managers and other members of staff whose actions have a significant impact on the institution's risk profile

Category	Number of beneficiaries	Fixed	Variable	Variable component broken down into			
				Cash	Shares	Equity-based instruments	Other
Executive directors	11	€ 6,155,536	€ 3,523,819	€ 978,600	-	€ 2,545,219	-
Non-executive directors	2	€ 160,545	-	-	-	-	-
Senior managers	2	€ 576,307	€ 270,875	€ 150,000	-	€ 120,875	-
Other material risk-takers	9	€ 2,839,890	€ 1,601,371	€ 1,202,807	-	€ 398,564	-
Control functions	16	€ 2,284,609	€ 378,000	€ 378,000	-	-	-

TABLE C⁸ as prescribed in Art. 450(1)(h)(III-IV): aggregate figures on remuneration, broken down into senior managers and other members of staff whose actions have a significant impact on the institution's risk profile

Category	Total deferred	Of which		Deferred remuneration accounted for this year	
		Quota assigned	Quota not assigned	Target	Paid/reduced due to performance conditions

⁷ A portion of variable pay will be determined and provided only after consolidation of the Financial Statement figures, the figures given for variable pay are therefore estimates; for the variable component paid in stock options the figure given is the fair value of the options assigned during the relevant year under the long-term incentive scheme.

⁸ For the long-term incentive scheme the table shows the following fair value figures for stock options: - "Total Deferred" value of all available options, broken down into "Quota Assigned", the portion assigned in previous years which may be exercised in the relevant year, and "Quota Not Assigned", the difference between Available and Assigned. "Deferred Remuneration paid during the year" is broken down into "Targets", or options assigned in previous years which may be exercised on vesting subject to specific business performance conditions, and "Paid or reduced due to business performance conditions", or those actually exercised in the relevant year.

Executive directors	€ 7,949,039	€ 574,960	€ 7,374,079	€ 2,148,000	€ 574,960
Non-executive directors					
Senior managers	€ 578,597	€ 84,800	€ 493,797	€ 106,000	€ 84,800
Other Material risk-	€ 1,365,941	€ 105,000	€ 1,260,941	€ 105,000	€ 105,000
Control functions	-	-	-	-	-

TABLE D as prescribed in Art. 450(1)(h)(V-VI): aggregate figures on remuneration, broken down into senior managers and other members of staff whose actions have a significant impact on the institution's risk profile

Category	Starting indemnity		Leaving indemnity				
	Number of beneficiaries	Amount of new payments made during the	New payments made during the year		Payments awarded during the year		
			Number of beneficiaries	Amount	Number of beneficiaries	Amount	Highest amount awarded to one individual
Executive directors	-	-	-	-	-	-	-
Non-executive directors	-	-	-	-	-	-	-
Senior managers	-	-	-	-	-	-	-
Other Material risk-takers	-	-	-	-	-	-	-
Control functions	1	€ 10,000	-	-	-	-	-

TABLE E as prescribed in Art. 450(1)(i): numbers of individuals in each remuneration bracket

Number of beneficiaries	Total remuneration
14	>= €1m per year;
Between €1m and €5m in tranches of €0.5m	
9	>= €1m <= €1.5m per year;
1	>= €1.5m <= €2m per year;
2	>= €2m <= €2.5m per year;
1	>= €2.5m <= €3m per year;
1	>= €3m <= €3.5m per year;
-	>= €3.5m <= €4m per year;
-	>= €4m <= €4.5m per year;
-	>= €4.5m <= €5m per year;
-	>= €5m in €1m tranches.

TABLE F⁹ as prescribed in Art. 450(1)(j): total remuneration figures

Category	N°	Total remuneration		
		Fixed Component	Variable component	Total
Chair of Body with strategic oversight	1	€ 126,667	€ -	€ 126,667
Each member of the executive body:				
Managing Director	1	€ 800,000.00	€ -	€ 800,000.00
General Manager	-			
Joint General Managers	-			
Deputy General Managers	-			

⁹ The figures refer to Mediolanum SpA office-holders