



Banca Mediolanum S.p.A.

Report of the Board of Directors on the Group Remuneration Policies

Board of Directors of February 18, 2016

*Document drafted pursuant to art. 123-ter Legislative Decree no. 58/1998, of art. 84 quater Issuers'
Regulation and Circular no. 285 of December 17, 2013 of the Bank of Italy*

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LETTER OF THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholders,

The year 2015 was an important year for your Group, marked by a process of transformation of the corporate structure culminating at the end of year, in the “reverse” merger of Mediolanum S.p.A. into Banca Mediolanum S.p.A., now parent company of the Mediolanum Group.

During the year, the Board of Directors, with the support of the Remuneration Committee, continued its efforts to confirm and consolidate the architecture of the remuneration policy, in order to ensure a system in line with the Group’s strategy, with regulatory requirements and industry best practices.

In this context, in 2015, a new annual incentive plan was introduced with multi-annual deferral for the Top Management and Sales Network Personnel, which aims to strengthen the alignment of legitimate expectations of the Group’s employees and contract workers with those of the shareholder structure, rewarding the creation of value over a long-term horizon and promoting sound and prudent risk management. This orientation has been pursued through an analysis with investors and the market, on an issue that we believe extremely important.

The definition of the “2016 policies” takes into account the Group’s structure, the set of inspiring values and mission as well as the remuneration policies already adopted for the previous year.

In addition, also in order to meet your expectations and those of the market, it was considered appropriate this year to simplify the overall approach of the Report on Policies so as to provide readers with more direct usability of content. More precisely, the following major improvements have been introduced: separate description between the “2016 Remuneration Policy”, the information concerning the procedures for actual implementation of the “2015 Policy” and the remuneration tables prepared pursuant to the provisions of the Supervisory Authority; increase in the level of information on incentive plans and

remuneration practices adopted, however according to a concise and immediate approach.

In line with the indications of the Supervisory Authority, the parent company has drawn up these policies for the entire Group, with a view to:

- provide the necessary guidelines for their implementation;
- ensure its proper application;
- ensure, at the same time, the peculiarities of the individual entities that make it up and the overall consistency between them.

Group members are, however, responsible for compliance with applicable legislation and the correct implementation of the guidelines provided.

Compared to the past, the main changes introduced are summarized as follows:

- introduction of annual incentive plans (2015 Top Management and 2015 Contract Workers) for the Head Office structures and the Sales Network, with multi-annual deferral of each of the two components, cash and equity;
- amendment of the By-laws in relation to the powers of the General Meeting, with regard to severance payments and setting variable remuneration limits.

The continuous dialogue with stakeholders is a distinctive element for the Group, in the wake of a well-established orientation over time, which even in 2016, will help to enrich our capacity for vision and move towards increasingly sophisticated and effective remuneration systems, in support of business objectives and consistent with business values and principles.

Yours sincerely,

Angelo Renoldi
Chairman of the Remuneration Committee

INTRODUCTION

This document has been drafted by Banca Mediolanum S.p.A. (hereinafter also “parent company”) pursuant to articles 114-*bis* and 123-*ter* of Legislative Decree 58/1998 (CFA) and art. 84-*quater* of the Issuers’ Regulations and according to the Bank of Italy provision “Supervisory provisions for banks, circular no. 285 of December 17, 2013, 7th update of November 18, 2014” (hereinafter the “Provisions” or “Supervisory Provisions”) and is effective for the entire banking group¹ (hereinafter the “Group”).

The provisions contained in the supervisory provisions for banks distinguish, for aspects regarding remuneration policies, Italian banks into three categories, including:

- larger banks or with more operational complexity (banks with assets exceeding Euro 30 billion);
- intermediate banks (banks with assets between Euro 3.5 billion and Euro 30 billion);
- smaller banks or with less operational complexity (banks with assets equal to or less than Euro 3.5 billion).

Under said legislation, the Bank Group belongs to the category of “intermediate” intermediaries, with total assets of Euro 27.7 billion at the end of the reference year².

It is recalled that on December 30, 2015, the reverse merger of Mediolanum S.p.A. into the subsidiary Banca Mediolanum S.p.A. had statutory effect, with consequent take over by the merging company in the relations of the merged company.

Therefore, as of said date, Banca Mediolanum S.p.A. has been the parent company of the Mediolanum Banking Group and, by the same, the ordinary shares of Banca Mediolanum S.p.A. are traded on the MTA organized and managed by Borsa Italiana S.p.A., with consequent application of laws or regulations in force for listed companies.

In view of the above, Banca Mediolanum took over the Group Remuneration Policies relating to the year 2015, approved by the General Meeting of Mediolanum S.p.A. on March 26, 2015 and is required to approve, in its capacity as parent company, the Group Remuneration Policies for 2016.

PURPOSES AND STRUCTURE OF THE DOCUMENT

Pursuant to art. 123-*ter* of Legislative Decree February 24, 1998, no. 58 (CFA), the following information is provided for the Banca Mediolanum S.p.A. General Meeting regarding the 2016 policies and the implementation of the remuneration and incentive policies in 2015.

The information is prepared in accordance with scheme 7-*bis* of Annex 3A of Consob Issuers’ Regulation 11971 and has two distinct sections.

- **SECTION I:**

- illustrates the Group’s policy on the remuneration of members of boards of directors, general managers and key executives with reference at least to the following year, as well as key personnel (hereinafter also “MRT Personnel”) pursuant to the Bank of Italy provisions;
- illustrates the procedures used to adopt and implement said policy.

- **SECTION II:**

- represents in detail the information on the implementation of the policies of the previous year and the operating mechanisms of the incentive systems adopted;
- provides an adequate representation of each of the items that make up the remuneration and analytically illustrates the remuneration paid in the year of reference for any reason, and in any form, by the Company and by subsidiaries or associates, indicating any components of these fees that are

¹ This Report therefore does not relate to the remuneration policies of the Group’s insurance business, for which sector regulations remain as referred to in ISVAP Regulation (now IVASS) no. 39/2011, that the subsidiary insurance companies are required to apply, subject to the necessary alignment with the general principles defined by the parent company in the remuneration policies approved by the same.

² Total Assets determined for prudential purposes in accordance with Bank of Italy Circular no. 285 of December 17, 2013 (EU Regulation 575/2013).

related to activities carried out in years previous to the year in question, and also highlighting the fees to be paid in one or more subsequent years against activities carried out in the year in question, and indicating an estimated value for the components that are not objectively quantifiable in the year of reference.

The information will also be made available on the Company's website (www.bancamediolanum.it) under: "Corporate Governance/Governance".

SECTION I

1 Roles and responsibilities of the bodies and persons involved in the preparation and implementation of remuneration policies

The following is a detailed indication of the bodies or individuals involved in the preparation and approval of the remuneration policies, specifying the respective roles, and the bodies or individuals responsible for the proper implementation of said policy.

1.1 General Meeting

The Banca Mediolanum S.p.A. General Meeting, in application of the existing relevant legislation, in order to increase the level of awareness and monitor the overall costs, benefits and risks of the remuneration and incentive system chosen, in addition to as already regulated in the By-laws:

- resolves in favour or against the remuneration policies prepared by the Board of Directors. The resolution is binding and the outcome of the vote is made available to the public;
- approves the remuneration plans based on financial instruments;
- may raise the limit of the ratio between the variable component and the fixed component of the individual remuneration under the conditions and within the limits established by the primary and secondary legislation in force *pro tempore*³;
- approves the criteria for the determination of the remuneration to be granted in case of early termination of the employment contract or early termination of office, including the limits laid down for said remuneration, in compliance with legislation and regulations from time to time in force;
- in view of the above, receives information on developments in remuneration dynamics, even compared to industry trends;
- receives adequate information on the implementation of remuneration policies with the aim of examining the actual methods of application of said policies with particular regard to the variable components and evaluating consistency with the guidelines and objectives defined.

1.2 Board of Directors

The Board of Directors - in its strategic supervision function - develops and reviews, at least annually, with the support of the Remuneration Committee, the Group Remuneration Policies and is responsible for its proper implementation.

It ensures that the remuneration policies are appropriately documented and:

- submitted to the General Meeting for approval, including any plans based on financial instruments;
- accessible within the corporate structure.

Resolves, after consulting with the Board of Auditors, on the allocation or determination of remuneration for Directors with particular offices, depending on whether the General Meeting has included said remuneration in the overall amount for the remuneration of Directors (art. 24 of the By-laws).

Making use of the Remuneration Committee and the competent corporate functions:

³ Ref. art. 10 of the By-laws.

- approves the identification process of key personnel, the materiality criteria adopted and the list of roles consequently considered “relevant”;
- defines, approves, the Group Remuneration Policies, the remuneration and incentive systems of personnel identified as key, also taking into account the proposal powers attributed to the CEO, as well as the roles belonging to the corporate functions with control tasks, in particular the following persons:
 - directors with executive positions;
 - general managers;
 - managers of the first organizational line;
 - those who report directly to the Board of Directors, the CEO and the General Manager;
 - personnel belonging to the corporate functions with control tasks (Legal & Compliance, Risk Management and Internal Auditing);
- ensures that the competent corporate functions (in particular, Human Resources, Sales Network Administration, Commercial Staff Coordination, Planning and Control, Legal & Compliance, Risk Management and Internal Auditing) are involved in the process of defining the remuneration policies in a manner such as to preserve the autonomy of judgement of the functions required to perform controls, also *ex post*;
- with particular reference to the corporate functions with control tasks, for its assessments not linked to economic parameters, it also resorts to the opinion of the Board of Auditors on the functioning of the overall internal control system;
- if the General Meeting has not already done so, establishes the remuneration of the Chair of the Board, any Directors vested with special offices and the CEO;
- with reference to the Banking Group, identifies the remuneration to the members of the bodies with strategic supervision and management function of the Subsidiaries also in relation to the economic results achieved and the achievement of specific objectives. In this regard, receives indications also from the Vice Chairman of the Board of Directors with reference to the Company Bankhaus August Lenz & Co. AG;
- ensures the implementation and updating of incentive systems based on financial instruments including the identification of recipients, determination of the amount of financial instruments due to each of them, the identification of the Group’s performance indicators, as well as the performance of any act, fulfilment, formality and communication necessary or appropriate for the purposes of management and/or implementation of incentive systems based on financial instruments, including related implementing regulations;
- ensures implementation of the remuneration and incentive policies, making use of the CEO and the General Manager;
- is informed about the achievement of the objectives set for the recognition of the variable remuneration linked to economic parameters and to the operation of the correction mechanisms for risk and deferral adopted, with particular reference to the “key personnel”;
- verifies the consistency of the remuneration policies with respect to sound and prudent management and to the Company’s long-term strategies and the Group as a whole;
- evaluates and approves any proposal to modify the identification process of key personnel, the materiality criteria adopted and the list of corporate roles consequently considered “relevant” and the remuneration and incentive policies prepared to be submitted to the General Meeting for approval and consequent implementing regulations;
- approves the information prepared for the General Meeting on the implementation of remuneration policies for all corporate roles.

1.3 Remuneration Committee

The Remuneration Committee has the power to provide proposals, consultancy and instructions, expressed in the formulation of proposals, recommendations and opinions with the aim of allowing the Board of Directors to adopt its own decisions with greater knowledge of facts.

In addition, for the fulfilment of its duties, it has its own budget previously approved by the Board of Directors making use of internal and external consultants. In any case, the Remuneration Committee has access to corporate information relevant for this purpose and has the financial resources to ensure its operational independence.

The Remuneration Committee:

- has the task of proposing remuneration for personnel whose remuneration and incentive systems are determined by the Board of Directors, as well as establishing the performance objectives related to the variable component of said remuneration;
- has advisory tasks regarding determination of the criteria for the remuneration of all key personnel;
- submits proposals to the Board of Directors and monitors the application of the decisions adopted, regarding remuneration, and more generally for the remuneration and incentive system of the members of bodies with strategic supervision and management function of the foreign banking companies of the Group also in relation to the economic results achieved and the achievement of specific objectives. In this regard, receives indications also from the Vice Chairman of the Board of Directors (Edoardo Lombardi concerning the company Bankhaus August Lenz & CO. AG.);
- with reference to the above points, provides consulting on:
 - the process adopted for the elaboration of the remuneration policies;
 - identification of key personnel;
- submits the list of roles to be considered “relevant”; in this regard, assesses the inclusion in the list of certain corporate roles considered “potentially relevant”;
- supports the Board of Directors in the verification of the overall consistency, adequacy and actual application of the Group Remuneration Policies approved by the General Meeting with respect to sound and prudent management and long-term strategies of the Group; in this regard:
 - submits proposals to the Board of Directors on the matter;
 - monitors the application of the decisions adopted by the Board of Directors on the remuneration of the Chairman, Vice Chairmen, the CEO, the Directors holding special offices, the General Manager and, more generally of the “key personnel”; to that end, receives the appropriate information from the following competent corporate functions: Legal & Compliance, Risk Management and Internal Auditing;
 - in relation to the previous point, directly supervises the correct application of the rules on the remuneration of the internal control function managers, in close collaboration with the Board of Auditors;
- reports on the activities conducted, prepares communications and formulates reasoned proposals and opinions to the Board of Directors in due time for the preparation of the Board meetings convened to discuss the matter of remuneration;
- collaborates with other committees within the Board of Directors and in particular with the Risk Committee, which ensures the consistency of the incentives underlying the remuneration and incentive system with the RAF;
- ensures the involvement, in the process of preparing and monitoring remuneration and incentive policies and practices, of the following competent corporate functions: Human Resources, Commercial Staff Coordination, Planning and Management Control, Legal & Compliance Function, Risk Management and Internal Auditing Function;
- provides an opinion, making use of the information received by the competent company functions, on the achievement of performance objectives which are linked to the incentive plans and on the ascertainment of other conditions for the payment of remuneration;
- provides appropriate feedback on the activities carried out to the corporate bodies, including the General Meeting.

1.4 Chief Executive Officer

The CEO, within the powers attributed⁴:

- provides for the adjustment of the remuneration and incentive system on the basis of the remuneration policies approved by the Board of Directors (and the General Meeting) and communicates the policies to the Administrative Bodies of the Group Companies;
- has powers to submit proposals regarding the Group Remuneration Policies;
- as part of the preparation of the draft financial statements, receives from the Human Resources function and structures entrusted to oversee also the Chief Administrative Officer (in particular Administration and Financial Statements and Planning and Control) specific information regarding:
 - the state of application of the remuneration and incentive policies (including the implementation of any remuneration plans based on financial instruments) in favour of the various corporate roles, including the Sales network, summarizing the remuneration decided and the rights accrued in favour of recipients of these policies;
 - the results of surveys on the evolution of remuneration dynamics and the Company's positioning with respect to the reference market;
 - the controls carried out on the implementation of remuneration policies;
 - any proposals for changes in said policies.

With reference to the last point, ensures submission to the Board of Directors and the Remuneration Committee of a specific summary report.

The Chief Executive Officer also has authority to propose on:

- personnel who qualify as "key personnel";
- the remuneration and incentive systems for "key personnel" except personnel belonging to company functions with control tasks, as well as, more generally, for personnel whose duties may conflict with the powers of the Chief Executive Officer and General Manager.

1.5 Human Resources

The Human Resources function participates, within its competences, in the definition of the remuneration and incentive policies in support of the competent bodies and corporate functions.

The HR function collaborates with the competent corporate bodies and functions in the definition of the remuneration policies, preliminarily analysing the regulations of reference, related market trends and practices as well as applicable collective labour agreements and supplementary company-based agreements with the Unions.

In addition, also with the possible support of the competent company functions:

- submits to the competent bodies the variable remuneration structure, with particular reference to the mechanisms applied to the "key personnel";
- performs analyses of the evolution of remuneration dynamics and the company's positioning with respect to the reference market;
- verifies the status of application of the remuneration policies;
- handles, in compliance with the guidelines issued internally, the technical aspects related to the formulation and application of plans based on financial instruments;
- submits to the competent bodies changes to the remuneration policies as a result of any internal organizational changes and/or in the regulatory context of reference, verifying its impact, if any;
- proposes the rules underlying the organization and operation of identification process of "key personnel" with reference to Employees and Directors; in this respect, assesses the relevance of MRT Personnel,

⁴ Ref. art. 24 of the By-laws.

also in accordance with the Sales Network Administration function and submits to the Remuneration Committee the list of the roles identified as “key personnel”.

1.6 Sales Network Administration

The Sales Network Administration function collaborates with the competent corporate bodies and functions in the definition of remuneration and incentive policies for the Sales Network, preliminarily analysing the regulations of reference, the study of related market trends and practices.

In addition, even with the possible assistance of the competent corporate functions (and in particular with the Compliance function regarding regulatory aspects):

- submits to the competent bodies the structure of the non-recurring component, with particular reference to the mechanisms applied to the “key personnel”; in this regard:
 - identifies the non-recurring component of remuneration linked to performance indicators with risk-adjustment mechanisms applied both *ex ante* and *ex post*;
 - identifies the balances of shared-based or equivalent instruments and cash;
 - also taking into account the preceding points, identifies the deferred payment systems applicable;
- performs analyses of the evolution of remuneration dynamics and the Company’s positioning with respect to the reference market;
- verifies the status of application of the remuneration and incentive policies;
- handles, in compliance with the guidelines issued internally, the technical aspects related to the formulation and application of plans based on financial instruments;
- submits to the competent bodies changes to the policies following any organizational changes in the Sales Network Personnel and/or in the regulatory context of reference;
- verifies the impact of a possible updating of the remuneration and incentive policies on the remuneration system in place, highlighting any criticality in the application of the new policies;
- proposes the rules underlying the organization and operation of the identification process of “key personnel” for the sales network structures; in this respect, assesses the relevance of MRT Personnel also in agreement with the Human Resources function and submits the following to the Remuneration Committee for assessment:
 - the method of valuation used (categories and roles included in the analysis, areas of relevance, recognition criteria, rating scales and overall assessment logics);
 - the list for identification of “key personnel” on the basis of the materiality assessment results conducted on them.

1.7 Planning and Control

This division contributes to the definition of remuneration policies providing, upon request of the competent corporate bodies and functions, data and information for the determination of targets to be set for those staff whose variable component of remuneration is linked to expected performance, and for the verification of the performance attained by them.

1.8 Risk Management

This Function contributes to the definition of remuneration and incentive policies providing, upon request of the competent corporate bodies and functions, opinions on the adoption of adequate performance indicators that reflect the profitability of the Company over time, taking account of current and future risks, cost of capital and liquidity needed for the conduct of business.

In addition, participates, where necessary, in the identification of key personnel, in collaboration with the other competent corporate functions.

In this regard, the Risk Management function Manager takes part, upon request, in the meetings of the Remuneration Committee to ensure that the incentive systems are properly adjusted to take account of all

the risks assumed by the Bank, according to methods consistent with those that the Bank adopts for risk management for regulatory and internal purposes.

1.9 Legal & Compliance

The structure in question - which also includes the Anti-Money Laundering function - evaluates the adequacy and compliance with this legislation of the remuneration policies and practices adopted and their proper functioning.

It participates in the definition of incentive systems, on issues within its competence, in support of the other functions involved.

In particular, it performs the following control activities *ex ante*:

- verifies compliance of the remuneration and incentive policies with the internal and external regulatory framework;
- verifies that the contents of the information to the General Meeting and the public respect the supervisory regulatory requirements;
- verifies the correct regulatory definition of the identification criteria of key personnel, in collaboration with the other competent corporate functions.

Verifies *ex post*, the application of remuneration policies in accordance with the regulations, also carrying out random checks on the proper implementation of the related principles.

The evidence found and any anomalies are reported to the Remuneration Committee, the Board of Directors and the Board of Statutory Auditors for the adoption of any corrective measures.

1.10 Internal Auditing

The Internal Auditing function periodically verifies the procedure by which compliance of remuneration practices with the regulatory context is ensured within the Company. In particular, it verifies, at least annually, compliance of remuneration practices with approved policies and this regulation with particular reference to the following aspects:

- implementation of the process for identification and updating of the “key personnel”;
- respect of the authorization procedure for the approval of remuneration policies;
- compliance with the rules and procedures of the remuneration policies approved by the General Meeting with a focus on “key personnel”;
- respect of the pension and severance policy envisaged in the Group Remuneration Policy and with specific reference to the Sales Network of the Additional and Bonus Indemnity Regulation.

The evidence found, with an indication of any anomalies, are brought to the attention of the Bodies and competent corporate functions for the execution of any actions for improvement and, following an evaluation of relevance and where expressly provided, for the provision of sufficient information to be submitted to the European Central Bank or the Bank of Italy. The results of the verification conducted are annually reported to the General Meeting.

2 Identification of Key Personnel

As part of the prudential supervisory framework established by the CRD IV directive, the European Banking Authority has developed and submitted to the European Commission, the Regulatory Technical Standards implemented with Regulation no. 604 of March 4, 2014. These qualitative and quantitative regulatory technical standards meet the need to guide the entities in the identification process of personnel whose professional activities have a material impact on the entity’s risk profile.

Banca Mediolanum S.p.A., as the parent company, ensures the aforementioned analysis involving the Human Resources, Sales Network Administration, Legal & Compliance, Risk Management and Organization functions. The activity involves all Employees, Directors of the Group, including overseas offices and the Sales Network.

This activity is carried out periodically in order to keep the analysis updated and the results are properly stored and formalized.

3 Reasons and purposes pursued with the remuneration policies

The remuneration policies defined by Banca Mediolanum S.p.A. pursue the objective to attract and retain people with skills and talent that meet the needs of the Company and to provide incentives that motivate and reward them for their enhanced engagement in boosting business performance.

In addition, the application of the remuneration policies ensures improved alignment between the interest of recipients and the shareholders of Banca Mediolanum S.p.A. and the Group, both in the short term, through creation of maximum Shareholder value, and in the medium/long-term, through appropriate risk management and delivery on the medium/long-term strategy.

In this respect, the remuneration and incentive criteria based on objective parameters linked to performance and aligned with medium/long-term strategic targets are an effective way to stimulate greater engagement by all people and hence best serve the interest of the Group.

4 Use of Benchmarks for Directors and Employees

In order to adopt effective remuneration practices that can appropriately support the business strategies and resource management, at Group level, continuous monitoring of general market trends is applied for the correct definition of competitive remuneration levels, as well as to ensure internal equity and transparency.

Participation in remuneration benchmarks referred to specific panels of companies operating in one or more markets of reference and corresponding to figures with comparable roles and positions, allow identifying the remuneration positioning with respect to fixed, variable and total remuneration.

For these reasons, the responsible functions ensure participation in remuneration surveys and studies conducted by the major national and industry players.

5 Remuneration structure of Directors, Auditors and Employees

The remuneration structure adopted with regard to the personnel provides for a **fixed remuneration**, which remunerates the role and scope of responsibility, reflecting the experience and skills required for each position and the level of excellence demonstrated and the overall quality of the contribution to business results, and a possible **variable remuneration**, which aims to recognize the results achieved by establishing a direct link between remuneration and actual results, of the Company and the individual, in the short and medium term, in accordance with the defined risk profile.

5.1 Fixed Remuneration

The relevance of the weight of the **fixed remuneration** is provided within the overall package in order to reduce the possibility of excessive risk-oriented conduct, to discourage initiatives focused on short-term results that could jeopardize sustainability and value creation over the medium and long term.

The fixed remuneration is also structured to an extent to allow the variable part to decrease significantly or zero, in relation to the results adjusted for the risks actually achieved.

In this regard, the remuneration policies require that the remuneration attributed by the General Meeting to Directors upon appointment and to Auditors are commensurate with the responsibilities, tasks and the degree of participation of the individual in the meetings of the respective collegial body, with the assumption of all the consequent responsibilities. The use of these parameters allows providing adequate justification and transparency to the remuneration granted.

In particular:

- the remuneration of Directors upon appointment as well as that to be paid to members of the Board of Auditors is approved by the General Meeting (with the right to determine also the remuneration for any directors with special offices);
- for the Chairman, Vice-Chairmen and any Directors vested with special offices, the remuneration is determined by the Board of Directors (if said option is not exercised by the General Meeting), and also

the overall remuneration of the CEO;

- for Employees, the provisions applied are of the reference collective contracts and any supplementary company agreements, as well as the remuneration and incentive system, which considers the organizational weight of positions held by employees with reference to the situation of the reference market and the budget available for the period;
- for Contract Workers not bound to the Company by an employment relationship, the provisions applied, in compliance with the internal delegation system, are as indicated in the respective consulting, project work and coordinated and continuous collaboration contracts.

With reference to the last point, the remuneration that compensate said contracts is determined by comparison with the profit that the Company generates from the work of those who provide collaboration. If the contract relates to the provision of intellectual activity and organizational support, account must be taken of the remuneration levels offered by the reference market also in relation to the qualitative value of the provision in the contract, as well as the professionalism of the collaborator.

If instead the relationship refers to business promotion or sale of products, the remuneration is determined on the basis of special commission schemes, taking into account best practices adopted by the market and in accordance with regulations in force.

5.2 Ratio between fixed and variable remuneration

Article 10 of the By-laws of Banca Mediolanum authorizes the General Meeting to raise the limit of the ratio between the variable and the fixed component of individual remuneration.

The Mediolanum S.p.A. General Meeting of March 26, 2015 also resolved to approve the adoption of the 2: 1 ratio between the variable and the fixed component of individual remuneration for “key personnel” and in particular to set for “key personnel” other than the sales network, a maximum ratio between variable remuneration and fixed remuneration of up to 2:1 concerning, in particular, the business unit managers, general managers, sales managers and executive directors (i.e. Chief Executive Offices and Vice Chairmen) of the Mediolanum Group to be identified, from time to time, based on the specific responsibilities assigned, the strategic nature of the roles and measurability of performance which is linked to the variable component of remuneration (currently, a maximum total of eleven persons hold the positions indicated).

In compliance with the applicable regulatory provisions, for the “key personnel” mentioned above, the adoption of a maximum ratio is not changed between the fixed and the variable remuneration of up to 2:1.

For the remaining part of the key personnel, a ratio has been adopted between the fixed and the variable remuneration of up to 1:1, except for the corporate functions with control tasks, in accordance with the Supervisory Provisions, for which the variable remuneration may not exceed 33% of the fixed remuneration.

5.3 Purposes of variable remuneration

The Group, following the entry into force of the new rules introduced by the Bank of Italy, has reviewed the incentive systems, according to the principles contained in these remuneration policies, introducing two new incentive plans with a deferral mechanism (2015 Top Management and 2015 Contract Workers).

General objectives of the incentive plan are:

- align the objectives of recipients to the Company’s objectives of sustainable business growth, in compliance with the RAF defined;
- adopt a pay mix that, for overall level of remuneration and composition, is aligned with the best market practices, allows maintaining the high motivation of the recipients and is reasonably attractive;
- have an element of remuneration that allows correlating a cost component to the creation of value by the Group;
- disburse the variable remuneration of the recipients upon achievement:
 - of predefined corporate objectives;

- expected levels of individual performance;
- be compliant, with respect to the aforementioned regulatory discipline, with particular reference to “Material Risk Takers”.

According to supervisory regulations, in 2015, Banca Mediolanum S.p.A. applied the proportionality principle, in line with the recommendations by the Bank of Italy, i.e. considered among the intermediate banks provides for key personnel lower deferral and retention percentages and periods but close to those required for major banks.

The Company has also implemented for Managers (i.e. Executive Managers) and Officials of the Group in Italy, a short-term incentive plan referred to as “Variable Compensation Plan” (VCP), and defined in accordance with the principles and guidelines relating to remuneration and incentive systems, established and formalized in the Group Remuneration Policies, which aims to recognize, to plan participants, a bonus based on individual performance and the achievement of certain results of the Mediolanum Group.

The plan is short term, annual, and can be repeated, modified or possibly even cancelled from year to year.

5.4 Variable remuneration of members of bodies with strategic supervision and control function

For non-executive members of the Board of Directors and members of the Board of Auditors, the payment of any variable remuneration is not envisaged.

5.5 Variable remuneration of Key Personnel and other Employees

The incentive system provides that each year, following the final accounting of the previous year and the definition of corporate and function budgets, the indicators and related target values at Company and individual level shall be defined for the current year.

For control roles, exclusively assessments not related to economic-financial parameters are used. For these, as required by law, the same gates used for the remaining workforce are applied.

In accordance with supervisory regulations, the beneficiaries of incentive plans pledge not to use any hedging nor insurance on their remuneration or other aspects that may alter or impair the risk alignment effects inherent in their remuneration mechanisms, in particular in relation to incentive plans.

In 2015, the Group has implemented an incentive plan for key personnel referred to as the “2015 Top Management Plan” in order to ensure compliance of incentive systems with the relevant regulatory framework.

The objectives of the plan are:

- promotion of the engagement of Top Management with respect to the interests of shareholders of value creation,
- alignment to the reference market practices;
- compliance with provisions;
- retention of the recipient resources of the Plan.

The new variable remuneration plan is addressed to “Top Management - Key personnel”, Directors/Managers, which accrue during the year incentives higher than the materiality threshold of Euro 75,000.

Subject to certain disbursement differences for the categories of personnel recipients of the plan (ref. Section II), the new system provides for the allocation of a short-term incentive, of which partly up front and partly deferred, disbursed in cash and financial instruments.

In application of the proportionality criterion, referred to in Section I, paragraph 7, Bank of Italy provision “Supervisory provision for banks, Circular no. 285 of December 17, 2013, 7th update of November 18, 2014”, the percentages, as well as the deferral and retention periods, must be equal to at least half of those set by the aforementioned provision for larger banks also in consideration of the business of Mediolanum characterized by lower credit risk as it is a deposit and not a lending bank.

These indications were implemented in 2015 with the definition of the variable remuneration plan “Top Management” which, for key personnel whose incentive component exceeds the materiality threshold of Euro 75,000, provides the recognition of 50% in equity instruments and deferral for a portion of 40% of the total variable (as illustrated in more detail in Section II).

If the incentives actually accrued are equal to or below the materiality threshold of Euro 75,000, in line with the practice of the domestic market, these may be disbursed in full after the final recognition of economic results for the year, on condition of exceeding the access thresholds.

The new variable remuneration plan is also for personnel so-called “Executive” (whether they are relevant below threshold or non-key) according to specific forms illustrated below in Section II. The planned incentive system considers the disbursement of the annual variable remuneration through the achievement of objectives at Group level, according to a calculation scheme that considers:

- creation of value adjusted for risk;
- capitalization;
- liquidity.

In addition, the disbursement of the variable remuneration may also be subject to the achievement of individual performance objectives that are assessed on the basis of the management appraisal process, which is the instrument adopted by the Group for the management and improvement of performance at managerial level, allowing the assessment and development of managerial skills, sharing and monitoring of objectives and level of achievement thereof.

The defined plans allow:

- encouraging retention and commitment in the Group of resources that contribute significantly to the success of the Company and the Group;
- link a significant component of variable remuneration to the achievement of certain performance objectives both corporate and, when deemed necessary, individual, in order to align the interests of beneficiaries with the pursuit of the priority objective of creating value for shareholders over the medium-long period;
- and encouraging the loyalty of the recipients, developing their sense of belonging to the Company and the Group.

5.6 Performance objectives

The system adopted provides economic and non-economic parameters for the variable remuneration as described below.

5.6.1 Economic parameters

The parameters identified as objectives of the incentive plan must possess specific characteristics, or be easily identified, also with reference to procurement sources, and objectively measurable.

The access gates of incentive systems, as mentioned above, are developed in such a way as to take into account:

- creation of value adjusted for risk;
- liquidity;
- equity solidity.

The indicators identified and the related targets are defined in line with the Risk Appetite Framework (RAF) approved by the Risk Committee.

5.6.2 Non-economic parameters

With reference to non-economic parameters, the variable remuneration is closely linked to an objective assessment of the activities carried out by the individual in the specific role (e.g. activities planned in the year preceding the year of assessment, ordinary activities carried out by the structure) and qualitative assessment

of the effectiveness and efficiency of the activity itself.

In particular, also taking account of the “management appraisal” system adopted by the Company, the short-term and medium/long-term variable remuneration not linked to economic parameters due to company managers, corporate function managers with control tasks and in general, the rest of Employees, are connected, taking into account the role, to the acquisition of skills, resource management, customer satisfaction, as well as other qualitative components.

5.7 Provision in the event of early termination of employment for Directors and Employees

In general, the pension and severance policy must be in line with the corporate strategy, objectives, values and long-term interests of the Company.

In the event of resignation, dismissal or early termination of the relationship with Banca Mediolanum S.p.A. or the Group, special indemnity may be recognized in exceptional cases and carefully considered, in favour of personnel, with respect to the results achieved.

It is noted that to date, the Company has not provided specific agreements with regard to indemnity in the event of early termination of the relationship or social security or pension coverage, other than mandatory coverage and that, as stated above, the amendments to the By-laws relating to the powers of the General Meeting were made with regard to severance pay.

In any case, it is confirmed that the remuneration that may be granted discretionarily in the case of early termination of the relationship, may not exceed five annuities and however Euro 6 million. The actual amount must be determined for each individual case taking into account the duration of the office and the employment relationship, the strategic nature of the position held, the performance and risks assumed.

5.8 Non-monetary benefits for Directors and Employees

The fixed components of remuneration include a benefit package with homogeneous characteristics for members of certain business populations (ex. for managers), which contributes to the realization of an internal equity and competitiveness system with respect to the market.

In general, employees can also be applied special conditions in terms of access to banking and financial products offered by the companies belonging to the Group and be provided with supplementary systems to the institutional and social security plans, such as those to provide employees and their families guarantees for health.

Directors and Managers are also provided with an insurance policy for civil liability, in order to release them from liability for claims for non-fraudulent acts, with a specified maximum per incident and per year.

To date, the Group does not provide for the use of supplementary systems to pension plans. If introduced in the future, they would meet the specific requirements of the Regulator.

6 Remuneration structure of the Sales network

The remuneration of the Sales network consists of various commissions. The commissions recognized are influenced by the type of activity carried out, the range of products placed and distribution agreements with product companies. The remuneration system must meet the need to recognize to financial advisors remuneration commensurate to the revenues of the Company, while avoiding situations of potential conflict of interest.

The remuneration of financial advisors is predominantly variable and articulated in consideration of the distinction between:

- Financial Advisors and Aspiring Financial Advisors dedicated exclusively to sales (“banker”), for the latter limited to as expressly provided by the relevant contracts;
- Financial Advisors who in addition to sales also supervise, coordinate and coach other Financial Advisors (“Supervisors and Managers”).

The remuneration structure adopted includes a **recurring component** that rewards the role covered and breadth of responsibilities, according to the experience and skills required for each position as well as the

level of excellence shown and the overall quality of contribution to business performance and an eventual incentive **component** so-called **non-recurring**, which aims to recognize the results achieved by establishing a direct link between remuneration and actual results in the short and medium term, of the Company and the individual, in accordance with the risk profile defined.

6.1 Recurring component of the Sales Network

The relevance of the weight of the recurring component as provided by the respective agency agreements and supplementary agreements is such to reduce any excessive risk-oriented conduct, to discourage initiatives focused on short-term results that could jeopardize sustainability and value creation over the medium and long term.

With reference to “Key personnel” and in general participants in incentive systems, the recurring component of remuneration is fixed in such a way as to allow the non-recurring part to reduce also significantly to zero, in some cases.

For the category of Financial Advisors and Aspiring Financial Advisors (“bankers”), the ordinary remuneration is as follows:

- sales commission: the Bank recognizes the banker a portion of the commissions paid by the customer upon subscription of the products placed (subscription of funds/insurance policies, entry commissions on asset management, placement, ...). These commissions are paid on a monthly basis and differ based on the various product types and the amount subscribed. The percentages relegated to bankers vary instead in relation to the career level covered;
- management and maintenance commissions: the Bank recognizes to bankers a commission aimed at remunerating the assistance service that the banker provides to customers during the relationship and attributable to the maintenance commissions paid by the customer. These commissions are paid on a periodic basis, by applying to the portfolio of products held by the customer set rates in relation to the entity of the portfolio.

For the category of Financial Advisors (“Supervisors and Managers”), the ordinary remuneration is mainly as follows:

- commissions deriving from and sales personnel production (according to the scheme provided above);
- commissions determined based on the sales of resources supervised by the Sales Network: the Bank recognizes the Financial Advisor a portion of the commissions paid by the customer upon subscription of the products placed (subscription of funds/insurance policies, entry commissions on asset management, placement, ...). These commissions are paid on a monthly basis and differ based on the various product types and the amount subscribed. The percentages relegated to bankers vary instead in relation to the level reached in the supervision commission scale;
- management and maintenance commissions of the assets associated with non-supervised resources of the sales network: the Bank recognizes to Financial Advisors a commission aimed at remunerating the assistance service that the banker provides to customers during the relationship and attributable to the maintenance commissions paid by the customer. These commissions are paid on a periodic basis, by applying to the portfolio of products held by the customer set rates in relation to the level reached in the supervision commission scale.

6.2 Ratio between recurring and non-recurring component

With respect to the ratio between recurring and non-recurring component, given the nature of the remuneration system of the Sales Network Personnel, based on the payment of commissions according to business procured, these may give rise to incentive forms that are more relevant with respect to other Group personnel.

In compliance with the applicable regulatory provisions and in accordance with art. 10 of the By-laws and in accordance with the resolutions passed by the General Meeting of Mediolanum S.p.A. on March 26, 2015, for “key personnel” part of the Sales network, the adoption of a maximum ratio between the fixed remuneration and variable remuneration up to 2:1 is not modified.

6.3 Purposes of the non-recurring component

The Group, following the entry into force of the new rules introduced by the Bank of Italy, has reviewed the incentive systems, according to the principles contained in these remuneration policies, introducing two new short-term incentive plans with a deferral mechanism (2015 Top Management and 2015 Contract Workers).

General objectives of the incentive plan for the Sales Network personnel are:

- align the objectives of the Sales Network Personnel to the Company's objectives of sustainable business growth, in compliance with the RAF defined;
- adopt a pay mix that, for overall level of remuneration and composition allows maintaining high motivation of the Sales Network Personnel and is reasonably attractive;
- have an element of remuneration that allows correlating a cost component to the creation of value by the Group;
- disburse the non-recurring component of the Sales Network Personnel upon achievement:
 - of certain corporate objectives;
 - expected levels of individual performance;
- be compliant, with respect to the aforementioned regulatory discipline, with particular reference to the "Material Risk Takers" of the Sales Network Personnel.

According to supervisory regulations, in 2015, Banca Mediolanum S.p.A. applied the proportionality principle, in line with the recommendations by the Bank of Italy, i.e. considered among the intermediate banks provides for key personnel lower deferral and retention percentages and periods but close to those required for major banks.

6.4 Non-recurring component for the Sales Network

The non-recurring item for all financial advisors not identified as "key personnel" consists of a short-term variable remuneration, on an annual basis, mainly consisting of monetary bonuses.

For the category of Financial Advisors and Aspiring Financial Advisors ("bankers"), the non-recurring remuneration is as follows:

- commission incentives: related to specific contests which, upon the attainment of set targets, mostly sales targets, involve the payment of a commission in monetary terms. In particular, the Bank has a specific incentive methodology, which also covers the external offer of financial instruments and products falling within the scope of application of the discipline on the provision of investment activities and services, in compliance with guidelines aimed at safeguarding banker conduct consistent with the principles of acting in a fair, equitable, transparent and professional manner, to serve the best interests of customers. These types of incentive in MIFID are divided as follows:
 - forms of incentive relating to the achievement of certain objectives determined only through qualitative parameters;
 - forms of incentive relating to the achievement of certain objectives determined through qualitative and quantitative parameters;
 - forms of incentive relating to the achievement of certain objectives determined only through quantitative parameters;

For the category of Financial Advisors ("Supervisors and Managers"), the non-recurring remuneration is mainly as follows:

- commission incentives related to specific "contests" deriving from and sales personnel production (according to the scheme provided above);
- commission incentives linked to the achievement of objectives set mainly sales of the supervised structure, which provide for the recognition of a fee however valued in monetary terms. In particular, the Bank has a specific incentive methodology, which also covers the external offer of financial instruments

and products falling within the scope of application of the discipline on the provision of investment activities and services, in compliance with guidelines aimed at safeguarding Financial Advisor conduct consistent with the principles of acting in a fair, equitable, transparent and professional manner, to serve the best interests of customers. These types of incentive in MiFID are divided as follows:

- forms of incentive relating to the achievement of certain objectives determined only through qualitative parameters;
- forms of incentive relating to the achievement of certain objectives determined through qualitative and quantitative parameters;
- forms of incentive relating to the achievement of certain objectives determined only through quantitative parameters;

These forms of incentive provide for the recognition of fees that can be valued in equity instruments (2015 Contract Workers Plan).

The non-recurring component relating to financial advisors identified as “key personnel” and financial advisors with remuneration above a materiality threshold consists of a short-term variable remuneration (2015 Contract Workers Plan):

- of which a portion up front, on an annual basis and consisting of monetary bonuses and financial instruments; and
- a deferred portion (medium-term component), typically every two years and consisting of monetary bonuses and financial instruments.

The payment of the components above is conditional upon the achievement of certain commercial, individual and behavioural objectives related to economic and qualitative parameters.

In line with the business strategies and the general Group Remuneration Policy, the elements of the incentive system and parameters indicated may include different requirements, which take into account and reflect the specific specialized business needs or of the regulatory or market context of the individual foreign countries.

In accordance with supervisory regulations, the beneficiaries of incentive plans are required not to use any hedging nor insurance on their remuneration or other aspects that may alter or impair the risk alignment effects inherent in their remuneration mechanisms, in particular in relation to incentive plans.

Each incentive plan participant receives in specific notice all the information necessary for an understanding of the characteristics of the plan, the rules and criteria for the recognition of related bonuses.

6.4.1 Contract Workers Plan

In 2015, the Banca Mediolanum S.p.A. General Meeting resolved to approve the incentive plan granted to Sales Network Personnel in order to ensure compliance of incentive systems with the relevant regulatory framework.

The objectives of the plan are:

- promotion of the engagement of the Sales Network with respect to the interests of shareholders of value creation;
- alignment to the reference market practices;
- compliance with provisions;
- retention of the recipient resources of the Plan.

The new variable remuneration plan is aimed at “Contract Workers - Key personnel” and is also addressed to the Network managers “not key”, according to methods illustrated below in Section II.

With reference to key personnel of the Sales network (ref. Section II), the new system provides for the allocation of a short-term incentive, of which partly up front and partly deferred, disbursed in cash and financial instruments.

These indications were implemented in 2015 with the definition of the variable remuneration plan “Contract Workers” which, for key personnel whose incentive component exceeds the materiality threshold, provides the recognition of 50% in equity instruments and deferral for a portion of 40% of the total variable (as illustrated in more detail in Section II).

In application of the proportionality criterion, referred to in Section I, paragraph 7, Bank of Italy provision

“Supervisory provision for banks, Circular no. 285 of December 17, 2013, 7th update of November 18, 2014”, the percentages, as well as the deferral and retention periods, must be equal to at least half of those set by the aforementioned provision for larger banks also in consideration of the business of Mediolanum characterized by lower credit risk as it is a deposit and not a lending bank.

The planned incentive system considers the disbursement of the annual variable remuneration through the achievement of objectives at Group level, according to a calculation scheme that considers:

- capitalization;
- liquidity.

The defined plans allow:

- encouraging retention and commitment in the Group of resources that contribute significantly to the success of the Company and the Group;
- link a significant part of the non-recurring component to the achievement of certain performance objectives both corporate and, when deemed necessary, individual, in order to align the interests of beneficiaries with the pursuit of the priority objective of creating value for shareholders over the medium-long period;
- and encouraging the loyalty of the recipients, developing their sense of belonging to the Company and the Group.

6.4.1.1 Performance objectives

The system adopted provides for the non-recurring component the achievement of objectives both at company level and individually.

The indicators identified and the related targets are defined in line with the Risk Appetite Framework (RAF) approved by the Risk Committee.

Section II, on the basis of the applied remuneration structure, provides information with regard to:

- threshold values (access gate);
- individual quantitative objectives;
- individual qualitative objectives.

6.5 Provision in the event of early termination of the agency relation

Banca Mediolanum S.p.A., for its internal discipline, adopted Additional and Bonus Indemnity Regulation that provides for the recognition of:

- portfolio indemnities for those who hold a customer portfolio on the condition of the acquisition of the same by another financial advisor;
- structure indemnity for those who carry out supervision of a structure of financial advisors on the condition of acquisition of the same by another supervisor or manager;
- managers indemnity for those who primarily perform staff activities within the sales network on the condition of a minimum period of permanence in the network.

Moreover, in case of resignations, the Bank reserves the right to require the signing of “non-competition agreements” for a period of 2 years, extendable up to a maximum of an additional 4 years, through the recognition of a loyalty reward, and in any case up to a maximum of Euro 6 million.

6.6 Conditions applied to products and services offered by the Bank to the Sales Network

All financial advisors are subject to the same conditions on the products and services offered by the Bank that are normally applied to the best customers.

7 Malus and Claw Back Mechanisms for Directors, Employees and the Sales Network

The Group implemented *malus* mechanisms according to which the incentive remuneration will not be paid in consideration of the performance net of the risks actually taken or achieved, the financial position and liquidity of the Group or the individual entities.

With particular reference to the activities of financial advisors, the activities concerned with the non-recurring remuneration must respect the principles of fairness in relations with customers provided that said activity has as main objective the best satisfaction of customers' interests in compliance with regulations governing the distribution of investment products and services.

Claw back mechanisms (as legally enforceable) are also provided according to which the Group has the right to request the return of the variable remuneration paid in the following cases:

- conduct resulting in a significant loss for the Group;
- violations of the obligations imposed under article 26 (requirements of professionalism, integrity and independence of corporate officers) or, when the individual is a concerned party, article 53, paragraphs 4 *et seq.*, of the CBA (conditions and limits set by Bank of Italy for the assumption of risk activities with respect to related parties) or of obligations regarding remuneration and incentives;
- fraudulent conduct or gross negligence to the detriment of the Group.

The above cases apply, in addition, also as a condition of *malus* in addition to the cases already listed.

SECTION II

1 Implementation of the remuneration policies in 2015

This section aims to represent the choices and criteria used by the Company for the determination of the fixed and variable remuneration.

In particular, a first part outlines in detail information on the implementation of the policies of the previous year and the operating mechanisms of incentive systems adopted, and a second part provides an adequate representation in table form of each of the items comprising remuneration and illustrate in detail the remuneration paid during the reference year for any reason and in any form by the Company and by its subsidiaries or associated companies, pursuant to the Bank of Italy and Consob tables.

2 Governance

2.1 Meetings and composition of the Remuneration Committee

In order to ensure the proper implementation and management of remuneration policies, in 2015, the Appointments and Remuneration Committee established at the parent company Mediolanum S.p.A. (consisting of three Independent Directors) met four times.

2.2 External consultants

The Group also made use of several leading consulting firms (EY and Mercer) in order to ensure maximum reliability of the support provided, and remuneration surveys conducted by the leading specialized consulting companies, sometimes in collaboration with category associations.

2.3 Identification of Key Personnel

From the analyses conducted as part of the identification process of key personnel, with reference to the different categories of persons, a total number of Material Risk Takers equal to 71 was identified at the date of preparation of this document.

3 Fixed remuneration and pay mix

The fixed remuneration of Directors and Employees was determined with reference to the benchmarks used, through continuous monitoring of general market trends, to define competitive remuneration levels with respect to the reference market and ensure internal equity. The analysis and monitoring of trends and remuneration levels was conducted at both Italian and international level, also making use of studies related to specific sectors and populations (Executive, Asset Management, etc.) and to foreign markets in which the Group operates.

In relation to Employees, the main reference for the Italian context is made up of the remuneration study promoted by the Italian Banking Association, which uses the company HayGroup as technical partner.

With particular reference to Directors, the reference peer was identified on the basis of comparability with Banca Mediolanum in terms of: capitalization, total assets, revenues, number of employees. Said criteria led to identify a peer of 13 Italian and European institutions, for which the placement was compared with the support of the company WillisTowersWatson.

With reference to foreign markets where the Group operates, use was made of studies promoted by the companies WillisTowersWatson, HayGroup, Kienbaum, PWC based on the specific size of the sample of companies in different countries.

With particular reference to Banca Mediolanum S.p.A., the following table reports the remuneration currently

defined for corporate bodies⁵:"

BODIES	CHAIRMAN	MEMBERS	
	Fee	Number	Fee
Board of Directors	€200,000	10	€938,750
Risk Committee	€18,333	2	€20,000
Remuneration Committee	€2,500	2	€3,750

With regard to benefits, for different categories of personnel, packages were offered with homogeneous characteristics for members of the same category.

Among the main benefits, the following were recognized in 2015:

- access to banking and financial products;
- supplementary systems for institutional and social security plans;
- insurance policy for civil liability.

In 2015, with reference to "key" Directors and employees only for two individuals (a member of the Board of Directors and a CEO of subsidiary company) a variable remuneration was provided such that, in case of Consolidated Net Profit higher than the Target, the ratio between the fixed component and the variable component can exceed the ratio of 1:1, however with a maximum equal to 135%.

⁵ The table refers only to non-executive members of the Board of Directors and related committees. For corporate bodies with control functions - the Board of Auditors and non-executive directors - the remuneration package does not include any variable remuneration.

4 Variable remuneration and non-recurring component (performance share plans)

	2015 Top Management – Key Personnel	2015 Top Management - Other Personnel	2015 Contract Workers – Key Personnel	2015 Contract Workers – Non-Key Personnel
Gate condition	RORAC, capitalization, liquidity .		Capitalization, liquidity .	
Correlation to Profit (bonus pool)	Use is made of a correlation scale between bonus pool and Consolidated Net Profit value (CNP), such that gate values of less than 90% of the Target do not generate the bonus pool to be distributed, and CNP values exceeding 110% of the Target generate a maximum bonus pool equal to 130% of that allocated.		Positive economic result not less than 20% of the budget forecast.	
Up-front and deferred portion	<ul style="list-style-type: none"> • 60% of the variable is up-front; and • the remaining 40% is deferred. 		<ul style="list-style-type: none"> • 60% of the variable is up-front; and • the remaining 40% is deferred. 	<ul style="list-style-type: none"> • 100% of the variable is deferred.
Portion in equity instruments	50% of both the up-front and deferred portion.	100% of the deferred portion is in equity instruments (shares).	50% for both the up-front and deferred part.	100% of the variable is in equity instruments (shares).
Performance Period	1 year.			
Retention period on the portion in equity instruments	1 year.	1 year	1 year.	-
Deferral period	2 years.	2 years.	2 years.	9 years
Vehicle type	Performance Shares.			
Minimum application threshold of up-front and deferred	€ 75,000 of variable remuneration accrued in the year.			N/A
Plan Beneficiaries	Key personnel above the threshold of Euro 75k of overall variable in the year.	Personnel considered “Executive” both key below the threshold of Euro 75k, and not key.	FA identified as “key personnel” and other FA with remuneration above 750k in 2014.	FA not identified as “key personnel”, by virtue of the payment of forms of variable remuneration through equity instruments.
CAP variable vs fixed remuneration	Maximum cap: 200% (for some specific roles).		Maximum cap: 200%.	
	Maximum cap for control functions: 33% as of 2016.			

4.1 2015 Top Management Incentive Plan

With reference to the 2015 incentive plan, the risk indicators identified and related threshold values are as follows:

- RORAC: > 15%
- LCR: > 100%
- Existence of a surplus of capital over capital requirements.

The values of these indicators are measured at Group level and verified at the end of the period, or as at

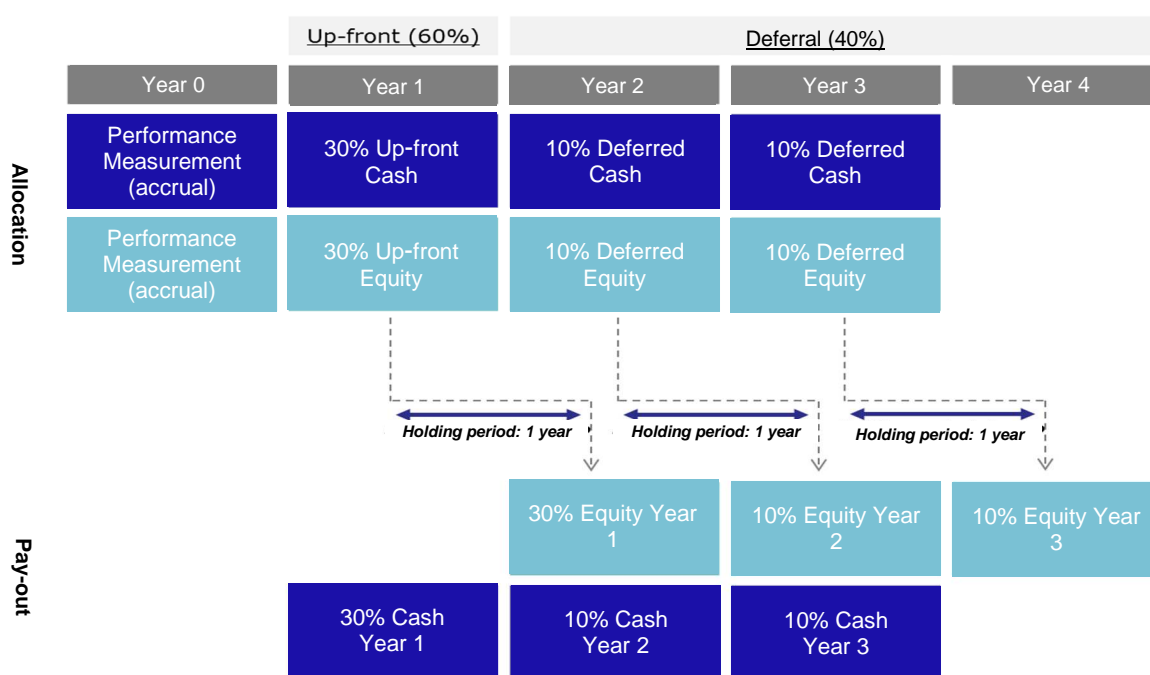
December 31 of the performance measurement year (accrual period) and at the end of each year preceding the year of disbursement in relation to any deferral portions.

The new plan of variable remuneration is addressed to “Top Management - Key personnel”, Directors/Managers (with accrued portion in the year in total above the materiality threshold of Euro 75,000/year).

In addition, the new variable remuneration plan is also for personnel so-called “Executive” (whether they are relevant below threshold or non-key) according to specific forms illustrated below.

With regard to persons identified as “key personnel” that accrue bonuses above Euro 75,000 during the year, a deferral system is applied for disbursement of a portion of the amount of variable remuneration in accordance with the Supervisory regulations in force and based on the application of the principle of proportionality, providing that:

- a substantial portion - equal to 50% of the up-front portion and the deferred portion - is provided through the allocation of Performance Shares;
- an adequate percentage - 40% of the variable remuneration - is subject to deferred payment systems for a period of 2 years and disbursed pro rata, so that the remuneration may take into account the risks assumed;
- a specified retention period - equivalent to a year - both for the short-term component (up-front) and for the deferred part.



The deferred payments will be made on the condition of exceeding minimum access thresholds (RORAC, LCR and capitalization) for the year preceding that of liquidation and on the basis of the Consolidated Net Profit as a performance indicator.

Moreover, the correlation between the Consolidated Net Profit and the determination of the bonus pool, is ensured by the following scale:

Actual Accumulated Consolidated Net Profit	Multiplier
< 90% of the Target	0%
= 90% < 100% of the Target	50%
= 100% < 105% of the Target	100%
= 105% ≤ 110% of the Target	115%
> 110% of the Target	130%

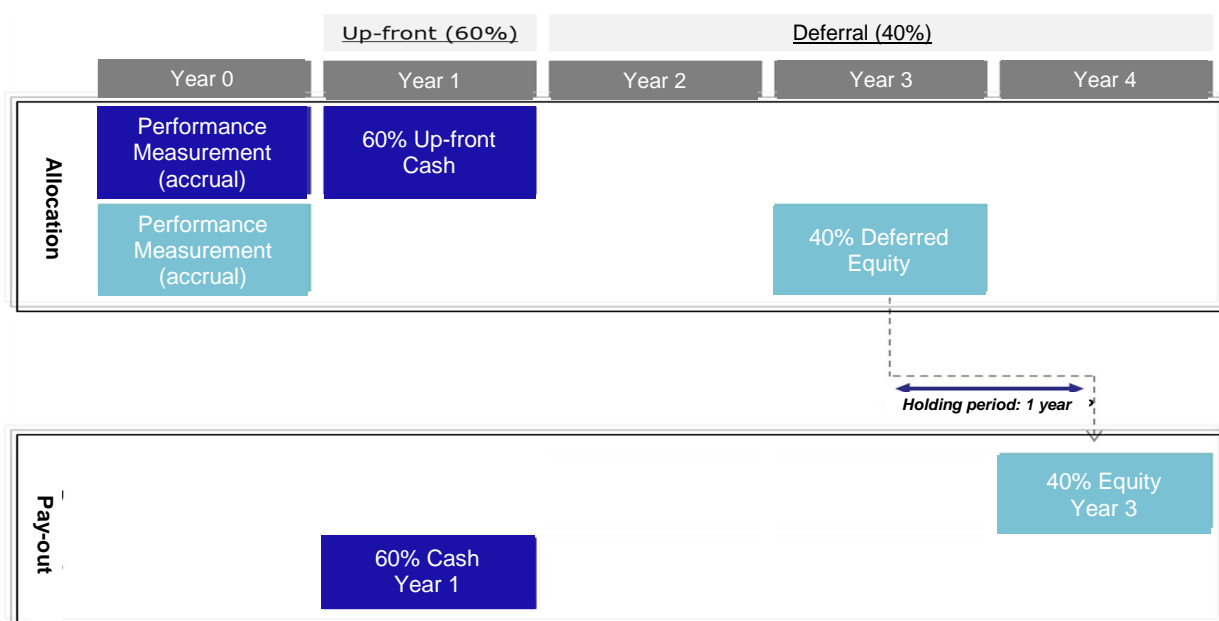
The number of Performance Shares attributable to each plan participant is determined by dividing 50% of the bonus accrued by the average share price of the last 30 days before (average of official prices of the Banca Mediolanum S.p.A. stock) the date of the ordinary General Meeting that approves the financial statements.

The deriving shares will actually be allocated and made available to each participant in the plan, only at the end of the deferral and retention period of individual tranches and after verification of the conditions of *malus*.

In addition, in order to encourage the permanence and commitment in the Group of other resources that contribute significantly to the success of the Company and the Group, to pay a remuneration component still in line with market practices and foster the loyalty of recipients, the Company decided to adopt, also with reference to other groups of managers, some of the main elements of the applicable regulatory framework, with less stringent rules for the provision of the variable with respect to the plan "Top management - key personnel".

In particular, a "sub-plan" was introduced for Executives (whether they are key below the threshold and non-key), according to which:

- a percentage - equal to 60% of the variable remuneration - is paid in cash and up-front;
- an adequate percentage - the remaining 40% of the variable remuneration - is paid in performance shares and subject to deferred payment systems for a period of 2 years and disbursed pro rata, so that the remuneration may take into account the risks assumed;
- a specific retention period - equal to a year - is envisaged for the deferred portion.



The payments of the bonuses will be made on the condition of exceeding the same access thresholds

(RORAC, LCR and capitalization) provided for “Top Management - key personnel” and based on the Consolidated Net Profit as a performance indicator. If even only one of the thresholds is not reached, the variable remuneration systems are zeroed for everyone.

The number of shares attributable to each plan participant is determined by dividing 40% of the bonus accrued by the average share price of the last 30 days before (average of official prices of the Banca Mediolanum S.p.A. stock) the date of the General Meeting that approves the financial statements.

The deriving shares will actually be allocated and made available to each participant in the plan, only at the end of the deferral and retention period of individual tranches and after verification of the conditions of *malus*.

4.2 2015 Contract Workers Incentive Plan

With reference to the 2015 incentive plan, the right to receive the incentives, in addition to the actual result achieved, is linked to the achievement of risk indicators.

The following indicators and related threshold values (access gates) have been identified:

- LCR: > 100%
- Existence of a surplus of capital over capital requirements.

The values of these indicators are measured at Group level and verified at the end of the period, or as at December 31 of the performance measurement year (accrual period) and at the end of each year preceding the year of disbursement in relation to any deferral portions.

The incentive system is based on the identification of individual targets of bankers and group targets for supervisors and managers, as illustrated in the following paragraphs.

The new variable remuneration plan is aimed at “Contract Workers - key personnel”, Network “Material risk takers”.

The new variable remuneration plan is also aimed at “non-key” Network Managers according to specific methods illustrated below.

With regard to Contract Workers and Network Personnel identified as “key personnel” and those that have accrue total remuneration above Euro 750,000, a deferral system is applied for disbursement of a part of the amount of the non-recurring component in accordance with the Supervisory regulations in force and based on the application of the principle of proportionality, providing that:

- an adequate percentage - 40% of the non-recurring component - is subject to deferred payment systems for a period of 2 years and disbursed pro rata, so that the remuneration may take into account the risks assumed;
- a substantial portion - equal to 50% of the up-front portion and the deferred portion - is provided through the allocation of Performance Shares with the purchase of treasury shares;
- a specified retention period - equivalent to a year - both for the non-recurring component disbursed up-front and for the deferred part.

The deferred payments will be made on the condition of exceeding minimum access thresholds (LCR and capitalization) for the year preceding that of liquidation.

If even only one of the thresholds is not reached, the variable remuneration systems are zeroed for everyone (in exceptional cases and carefully assessed and however in case of positive profit, the Board of Directors, after consulting with the Remuneration Committee, may decide to distribute a reduced portion of the bonus pool, also with reference to specific categories of personnel).

Moreover, the correlation between the Consolidated Net Profit and the determination of the bonus pool is ensured if the economic result amounts to not less than 20% of the budget forecast.

The number of shares attributable to each plan participant is determined by dividing 50% of the bonus accrued by the average share price of the last 30 days before (average of official prices of the Banca Mediolanum S.p.A. stock) the date of the General Meeting that approves the financial statements.

The deriving shares will actually be allocated and made available to each participant in the plan, only at the end of the deferral and retention period of individual tranches and after verification of the conditions of *malus*.

In addition, in order to encourage the permanence and commitment in the Group of other resources that contribute significantly to the success of the Company and the Group, to pay a remuneration component still in line with market practices and foster the loyalty of recipients, the Company, in addition to ensuring compliance with reference regulations, has decided to adopt, also with reference to other groups of managers, some of the main elements of the applicable regulatory framework, with less stringent rules for the provision of the variable with respect to the plan "Contract Workers - key personnel".

In particular, a "sub-plan" was introduced for Contract Workers not identified as "key personnel", according to which:

- a specific objective is paid in performance shares and subject to deferred payment systems for a period of 9 years, so that the remuneration may take into account the risks assumed;
- no specific retention period is envisaged for the deferred portion.

The payments of the bonuses will be made on the condition of exceeding the same access thresholds (LCR and capitalization) provided for "Contract Workers - key personnel" and based on the economic result as a performance indicator.

If even only one of the thresholds is not reached, the variable remuneration systems are zeroed for plan participants (in exceptional cases and carefully assessed and however in case of positive profit, the Board of Directors, after consulting with the Remuneration Committee, may decide to distribute a reduced portion of the bonus pool, with reference only to the Sales Network, because of the specific nature of this particular personnel and the market context that characterizes it).

The deriving shares will actually be allocated and made available to each participant in the plan, only at the end of the deferral and retention period and after verification of the conditions of *malus*.

4.3 Individual quantitative objectives

With reference to individual targets, in accordance with the assessment systems used in the Group, the same are defined in accordance with the following main guidelines:

- performance needs to be assessed in areas on which the beneficiary that benefits from the incentive has a significant influence;
- the performance indicators identified for said areas are to be closely correlated with the overall result/value generated by the territorial/organizational unit for which the individual has responsibilities;
- performance needs to be measurable as much as possible and relate to commercial/economic budget targets and be visible to the Planning and Control function. In this respect, the performance indicator needs to be quantified by the Sales Network Administration function at the end of the measurement period.

The incentive system of financial advisors is primarily addressed to funding activities attributable to macro aggregates. This approach allows avoiding that incentive policies may favour the distribution of specific products in potential conflict of interest for the Bank and for the Network.

Other parameters that are adopted concern the organizational structure of the network, training, recruitment, increasing adoption of advanced IT tools useful for better service to customers as well as growth and development of professionals within the Sales Network.

4.4 Individual qualitative objectives

The need to adopt qualitative correction criteria on the non-recurring component disbursed to the Network, inspired by criteria of fairness in relations with customers, containment of legal and reputational risks, customer protection and loyalty, compliance with applicable legal, regulatory and self-regulatory provisions, is realized through a Single Performance Rating (SPR) indicator.

This indicator involves the use of a series of qualitative parameters on banker operations, which also

represent the best practices commonly adopted by major competitors.

The Single Performance Rating is regulated within a specific implementing regulation document.

It also includes the Disciplinary Sanctions (suspensions and revocations) imposed during the reporting period.

4.5 Procedure for the provision of the non-recurring component

In general, no incentive bonuses are provided in circumstances of non-compliant conduct or formalized disciplinary actions.

All disbursements of incentives are made only on condition that, at the dates set for the disbursements, the agency relationship is correctly in place and all the conditions required for achievement of the performance targets set are verified.

With regard to the timing of disbursement, the short-term incentive is paid after the final balance of the results of the reference year, while any medium/long-term incentives, possibly in monetary form, are paid after the deferral period.

5 Incentive plans adopted by the Group relating to previous years and not yet closed

Below is a brief summary of the systems already adopted by the Group, which retain their efficacy in particular in their variable long-term remuneration and based on contracts currently in place.

Said systems require that incentive component to also be made up of medium/long-term variable remuneration, typically every three years and consisting entirely of financial instruments.

The payment of the component above is conditional upon the achievement of certain objectives related to economic and other parameters, in particular:

- business objectives, for which the incentive system involves considering the achievement of the Consolidated Net Profit Target referred to the Mediolanum Group as a parameter that defines the variable annual payable to each incentive plan participant (both short-term and medium/long-term);
- individual goals, where applicable, based on the following areas of assessment:
 - function quantitative objectives;
 - function qualitative objectives.

5.1 Plans based on capital instruments: 2010 Top Management Plan

The “2010 Top Management Plan”, saw the last allocation in 2014.

This plan continues to produce the effects for which it was created (ex.: adherence to the requests of the regulator in relation to the use of equity instruments and the relative balance thereof, alignment of interests between shareholders and managers in the medium/long-term, creation of risk-adjusted value, etc.) as it is still subject to the vesting period and verification of the performance conditions to which the exercise of the options granted is subject.

In view of the above, and more specifically for the purpose of correct application of regulatory provisions, the following are the main characteristics of the stock option plan approved by the General Meeting of the then parent company Mediolanum S.p.A. on April 27, 2010.

- **Recipients:** directors of Mediolanum S.p.A. and/or its subsidiaries pursuant to art. 2359, paragraph 1 of the Civil Code and managers of the Company and subsidiaries. The criteria for attribution of instruments are based on the strategic nature of resources and the impact this can have on company results.
- **Subscription price:** determined at the allocation date of the options is equal to the weighted average of:
 - (i) the net asset value per share of the Company, as reported in the financial statements as at December 31 of the year preceding the allocation date of the options, duly approved (weight 90%) and
 - (ii) the average official stock market price of the Company’s shares on the MTA, organized and managed by the Italian stock Exchange, in the six months preceding the allocation date of the options (weight 10%).

- **Vesting Period:** 3 years from the option allocation date.
- **Underlying Indicators:**
 - Exercise Conditions that remain during the vesting period: (i) achievement of a cumulative consolidated net profit of Mediolanum S.p.A., (ii) maintenance at Mediolanum Financial Conglomerate level of a “Return on risk adjusted capital” (RORAC) above 15%, provided that in the same three-year period of reference, the capital requirements have not increased by more than 3% and a surplus of capital with respect to the capital requirements applicable pro-tempore and finally (iii) continuation of the relationship between the recipient and Mediolanum S.p.A. or a subsidiary.
 - Individual Conditions: the Remuneration Committee may also subject the exercise of the options to the achievement of performance objectives from time to time identified.
- **Lock-up:** a non-transferability constraint is provided for a percentage equal to 5% of the shares subscribed for a period of 3 years, or until the expiry of the mandate (if director) or until termination of the employment relationship (if manager).

5.2 Plans based on capital instruments (2010 Contract Workers Plan)

The “2010 Contract Workers Plan”, saw the last allocation in 2015.

The plans based on equity instruments for the Sales Network provide for the right to the exercise of options granted on condition of achievement of the Group’s results and in particular:

- target value of the consolidated net profit for the entire period of measurement of results; alternatively, upon achievement each year in the reference period of a net inflow amount of Banca Mediolanum S.p.A. positioned in the first quartile of the ranking of sales networks published by Assoreti, however, subject to the achievement of a consolidated net profit of not less than 70%;
- maintenance of a certain level of “Return on risk adjusted capital” (RORAC) and of capital surplus according to the applicable capital requirements.

The Board of Directors is responsible for determining the “vesting period” through the allocation of options equal to 9 years from the allocation date.

The exercise of the options and the subsequent subscription to the shares by the beneficiaries are allowed only after expiration of the vesting period, starting from the exercise start date and for the following three years. The exercise of the options and the consequent subscription of shares shall take place in a single solution for the entire amount in the exercise period.

6 Quantitative information provided pursuant to art. 123-ter Legislative Decree February 1998 (CFA), no. 58; art. 84-quater of Consob Issuers' Regulation no. 11971

TABLE 1: Remuneration paid to members of administration and control bodies, general managers and other key executives.

	Name and surname	Office	Period for which the office was covered	Expiration date of office*	Fixed remuneration	Remuneration for participation in Committees	Non-equity variable remuneration		Non-monetary benefits	Others Remuneration	Total	Fair Value of equity remuneration	Indemnity for end of term or termination of employment
							Bonuses and other incentives	Participation in the profits					
	(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
1	Ennio Doris	Chairman of the Board of Directors	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 200,000	€ -	€ -	€ -	€ -	€ -	€ 200,000	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ 600,000	€ -	€ -	€ -	€ -	€ -	€ 600,000	€ -	€ -
	(III) Total				€ 800,000	€ -	€ -	€ -	€ -	€ -	€ 800,000	€ -	€ -
	Notes: Remuneration from subsidiaries and associates: for the office of Chief Executive Officer in merged Company Mediolanum S.p.A. € 600,000.												
2	Lombardi Edoardo	Vice Chairman Vicarious	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 150,000	€ -	€ -	€ -	€ -	€ 122,000	€ 272,000	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ 755,000	€ -	€ 286,650	€ -	€ -	€ 29,298	€1,070,948	NA	€ -
	(III) Total				€ 905,000	€ -	€ 286,650	€ -	€ -	€ 151,298	€1,342,948		€ -
	Notes: Remuneration from subsidiaries and associates: for the office of Chief Executive Officer in subsidiary €520,000 for the office of Director in merged Company Mediolanum S.p.A. €35,000, for the office of Chairman of the Board of Directors in Associate €200,000 for professional services provided by companies controlled by the same €151,298 and for participation in incentive systems in subsidiary €957,902 (refer to tables 3a and 3b for detail on up front and deferred in cash and instruments). The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore for the variable component, estimated and valued at the maximum realizable result.												
3	Pirovano Giovanni	Vice Chairman	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 369,310	€ -	€ 70,200	€ -	€ 5,400	€ -	€ 444,910	NA	€ -
	(II) Remuneration from subsidiaries and associates				€ 6,000	€ -	€ -	€ -	€ -	€ -	€ 6,000	€ -	€ -
	(III) Total				€ 375,310	€ -	€ 70,200	€ -	€ 5,400	€ -	€ 450,910		€ -
	Notes: Remuneration from subsidiaries and associates: for the office of Chairman of the Board of Directors in Subsidiaries € 6,000. Non-monetary benefits: €5,400 the overall amount related to the benefits disbursed, determined according to as detected fiscally. The variable component of the remuneration (refer to tables 3a and 3b for details on up-front and deferred in cash and instruments) will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore for the variable component, estimated and valued at the maximum realizable result.												
4	Massimo Antonio Doris	Chief Executive Officer	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 683,132	€ -	€ -	€ -	€ 7,474	€ -	€ 690,606	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ 300,000	€ -	€ -	€ -	€ -	€ -	€ 300,000	€ -	€ -
	(III) Total				€ 983,132	€ -	€ -	€ -	€ 7,474	€ -	€ 990,606	€ -	€ -
	Notes: Remuneration from subsidiaries and associates: for the office of Vice Chairman of the Board of Directors in merged company Mediolanum S.p.A. €300,000. Non-monetary benefits: €7,474 the overall amount related to the benefits disbursed, determined according to as detected fiscally.												

	Name and surname	Office	Period for which the office was covered	Expiration date of office*	Fixed remuneration	Remuneration for participation in Committees	Non-equity variable remuneration		Non-monetary benefits	Others Remuneration	Total	Fair Value of equity remuneration	Indemnity for end of term or termination of employment
							Bonuses and other incentives	Participation in the profits					
	(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
5	Paolo Gualtieri	Director	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 35,000	€ 17,500	€ -	€ -	€ -	€ -	€ 52,500	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
	(III) Total				€ 35,000	€ 17,500	€ -	€ -	€ -	€ -	€ 52,500	€ -	€ -
Notes Remuneration for participation in committees: for the office of member and Chairman of the Remuneration Committee €2,500 and member of the Control and Risk Committee €15,000.													
6	Doris Annalisa Sara	Director	March 19, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 18,750	€ -	€ -	€ -	€ -	€ -	€ 18,750	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ 26,250	€ -	€ -	€ -	€ -	€ -	€ 26,250	€ -	€ -
	(III) Total				€ 45,000	€ -	€ -	€ -	€ -	€ -	€ 45,000	€ -	€ -
Notes Remuneration from subsidiaries and associates: for the office of Director merged Company Mediolanum S.p.A. €26,250.													
7	Bianchi Bruno	Director	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 35,000	€ 21,874	€ -	€ -	€ -	€ -	€ 56,874	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
	(III) Total				€ 35,000	€ 21,874	€ -	€ -	€ -	€ -	€ 56,874	€ -	€ -
Notes Remuneration for participation in committees: for the office of Chairman and member of the Control and Risk Committee €19,999 and member of the Remuneration Committee €1,875.													
8	Del Fabbro Luigi	Director	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 190,000	€ -	€ -	€ -	€ 5,508	€ -	€ 195,508	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ 627,630	€ -	€ -	€ -	€ -	€ -	€ 627,630	€ -	€ -
	(III) Total				€ 817,630	€ -	€ -	€ -	€ 5,508	€ -	€ 823,138	€ -	€ -
Notes Remuneration from subsidiaries and associates: for the office of Chief Executive Officer subsidiaries €430,000 for office merged Company Mediolanum S.p.A. €180,000 and for the office of Director in associate €17,630. Non-monetary benefits: €5,508 the overall amount related to the benefits disbursed, determined according to as detected fiscally.													
9	Angelo Renoldi	Director	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 35,000	€ 16,875	€ -	€ -	€ -	€ -	€ 51,875	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ 35,000	€ 75,000	€ -	€ -	€ -	€ -	€ 110,000	€ -	€ -
	(III) Total				€ 70,000	€ 91,875	€ -	€ -	€ -	€ -	€ 161,875	€ -	€ -
Notes Remuneration for participation in committees in the company drafting the financial statements: for the office of Chairman of the Supervisory Body €15,000 and member of the Remuneration Committee €1,875. Remuneration for participation in committees in subsidiaries and associated companies: for the office of Chairman of the Control and Risk Committee in the merged company Mediolanum S.p.A. €20,000, Chairman of the Remuneration Committee € 15,000, Chairman of the Supervisory Body in different subsidiaries €40,000.													

	Name and surname	Office	Period for which the office was covered	Expiration date of office*	Fixed remuneration	Remuneration for participation in Committees	Non-equity variable remuneration		Non-monetary benefits	Others Remuneration	Total	Fair Value of equity remuneration	Indemnity for end of term or termination of employment
							Bonuses and other incentives	Participation in the profits					
	(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
10	Penna Antonio Maria	Director	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 25,000	€ 5,000	€ -	€ -	€ -	€ -	€ 30,000	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ 3,389	€ -	€ -	€ -	€ -	€ 365,838	€ 369,227	€ -	€ -
	(III) Total				€ 28,389	€ 5,000	€ -	€ -	€ -	€ 365,838	€ 399,227	€ -	€ -
<i>Notes</i> Remuneration for participation in committees in the company preparing the financial statements: for the office of member of the Control and Risk Committee €5,000. Remuneration from subsidiaries and associates: for office in Subsidiary €365,838 and for the office of Vice Chairman in associated company €3,389.													
11	Tusquets Trias De Bes Carlos Javier	Director	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 25,000	€ -	€ -	€ -	€ -	€ -	€ 25,000	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ 94,574	€ -	€ -	€ -	€ -	€ -	€ 94,574	€ -	€ -
	(III) Total				€ 119,574	€ -	€ -	€ -	€ -	€ -	€ 119,574	€ -	€ -
<i>Notes</i> Remuneration from subsidiaries and associates: for the office of Chairman of the Board of Directors in subsidiary €94,574.													
12	Mauri Arnaldo	Chairman of the Board of Statutory Auditors	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 75,000	€ -	€ -	€ -	€ -	€ -	€ 75,000	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
	(III) Total				€ 75,000	€ -	€ -	€ -	€ -	€ -	€ 75,000	€ -	€ -
<i>Notes</i> Remuneration from subsidiaries and associates: for the office of Chairman of the Board of Auditors in subsidiary €6,000.													
13	Angeli Adriano Alberto	Regular Auditor	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 50,000	€ -	€ -	€ -	€ -	€ -	€ 50,000	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ 6,000	€ -	€ -	€ -	€ -	€ -	€ 6,000	€ -	€ -
	(III) Total				€ 56,000	€ -	€ -	€ -	€ -	€ -	€ 56,000	€ -	€ -
<i>Notes</i> Remuneration from subsidiaries and associates: for the office of Chairman of the Board of Auditors in subsidiary €6,000.													
14	Giuliani Marco	Regular Auditor	Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
	(I) Remuneration in the company drafting the financial statements				€ 50,000	€ -	€ -	€ -	€ -	€ -	€ 50,000	€ -	€ -
	(II) Remuneration from subsidiaries and associates				€ 79,000	€ -	€ -	€ -	€ -	€ -	€ 79,000	€ -	€ -
	(III) Total				€ 129,000	€ -	€ -	€ -	€ -	€ -	€ 129,000	€ -	€ -
<i>Notes</i> Remuneration from subsidiaries and associates: for the office of Auditor in Subsidiaries €24,000, for the office of Chairman and member of the Board of Auditors in associated companies €55,000.													

Name and surname	Office	Period for which the office was covered	Expiration date of office*	Fixed remuneration	Remuneration for participation in Committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnity for end of term or termination of employment
						Bonuses and other incentives	Participation in the profits					
Key Managers		Jan. 01, 2015 – Dec. 31, 2015	Dec. 31, 2017									
(III) Total				€ 423,039	€ -	€ 109,200	€ -	€ 5,853	€ -	€ 538,091	NA	€ -
Notes												
The data relating to Key Executives refers to the General Manager, Gianluca Bosisio, in the company drafting the financial statements. Non-monetary benefits: €7,474 the overall amount related to the benefits disbursed, determined according to as detected fiscally. The variable component of the remuneration (refer to tables 3a and 3b for details on up-front and deferred in cash and instruments) will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore for the variable component, estimated and valued at the maximum realizable result.												

(*) The expiry date refers to the General Meeting that will approve the financial statements for the year indicated.

TABLE 2: Stock options assigned to members of the administration body, general managers and other key executives

Name and surname	Office	Plan	Options held at the beginning of the year			Options allocated during the year						Options exercised during the year			Options expired in the year	Options held at the end of the year	Options pertaining to the year
			Number of options	Exercise price	Possible exercise period (from - to)	Number of options	Exercise price	Possible exercise period (from - to)	Fair value at allocation date	Allocation date	Market price of underlying shares upon allocation of the options	Number of options	Exercise price	Market price of the underlying shares at the exercise date	Number of options	Number of options	Fair value
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Lombardi Edoardo	Vice Chairman Vicarious																
(I) Remuneration in the company drafting the financial statements																	
(II) Remuneration from subsidiaries and associates			1,097,100	€ 1,432,389	May 11, 2015 - May 09, 2020							471,500	€ 520,536	€3,549,263		625,600	€ 692,648
(III) Total			1,097,100									471,500				625,600	€ 692,648
Notes																	
The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore estimated.																	

Name and surname	Office	Plan	Options held at the beginning of the year			Options allocated during the year						Options exercised during the year			Options expired in the year	Options held at the end of the year	Options pertaining to the year
			Number of options	Exercise price	Possible exercise period (from - to)	Number of options	Exercise price	Possible exercise period (from - to)	Fair value at allocation date	Allocation date	Market price of underlying shares upon allocation of the options	Number of options	Exercise price	Market price of the underlying shares at the exercise date	Number of options	Number of options	Fair value
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
2 Pirovano Giovanni	Vice Chairman																
	(I) Remuneration in the company drafting the financial statements	"Top Management 2010" resolution of 27/04/2010	115,850	€ 146,541	May 11, 2015 - May 09, 2020							58,300	€ 64,363	€ 444,269		57,550	€ 65,602
	(II) Remuneration from subsidiaries and associates																
	(III) Total		115,850									58,300				57,550	€ 65,602
<i>Notes</i> The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore estimated.																	
3 Bosisio Gianluca	General Manager																
	(I) Remuneration in the company drafting the financial statements	"Top Management 2010" resolution of 27/04/2010	137,450	€ 178,083	May 11, 2015 - May 09, 2020							64,300	€ 70,987	€ 499,990		73,150	€ 82,434
	(II) Remuneration from subsidiaries and associates																
	(III) Total		137,450									64,300				73,150	€ 82,434
<i>Notes</i> The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore estimated.																	

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of members of the Administration Body, General Managers and other Key Executives

Name and surname	Office	Plan	Financial instruments allocated in the previous years and not vested during the year		Financial instruments allocated during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
			Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at allocation date	Vesting period	Allocation date	Market price upon allocation	Number and type of financial instruments	Number and type of financial instruments	Value at the allocation date	Fair Value
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Lombardi Edoardo	Vice Chairman Vicarious												
1	(I) Remuneration in the company drafting the financial statements												
	(II) Remuneration from subsidiaries and associates	Top Management 2015 - Key Personnel			65,356 Performance Share	NA	1 year of retention and 2 years of	NA	€ 477,750				NA
	(III) Total					NA							NA
<p><i>Notes</i> The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore for the variable component, estimated and valued at the maximum realizable result. Number and type of financial instruments: units of shares assuming the value on the basis of the stock market price were reported as at December 30, 2015, equal to €7.31. Fair Value at the allocation date and Allocation Date: the Fair Value at the allocation date and the allocation date of the individual portion of financial instruments for the year will be determined in the current year.</p>													
Pirovano Giovanni	Vice Chairman												
2	(I) Remuneration in the company drafting the financial statements	Top Management 2015 - Key Personnel			16,005 Performance Share	NA	1 year of retention and 2 years of	NA	€ 117,000				NA
	(II) Remuneration from subsidiaries and associates												
	(III) Total					NA							NA
<p><i>Notes</i> The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore for the variable component, estimated and valued at the maximum realizable result. Number and type of financial instruments: units of shares assuming the value on the basis of the stock market price were reported as at December 30, 2015, equal to €7.31. Fair Value at the allocation date and Allocation Date: the Fair Value at the allocation date and the allocation date of the individual portion of financial instruments for the year will be determined in the current year.</p>													

Name and surname	Office	Plan	Financial instruments allocated in the previous years and not vested during the year		Financial instruments allocated during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
			Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at allocation date	Vesting period	Allocation date	Market price upon allocation	Number and type of financial instruments	Number and type of financial instruments	Value at the allocation date	Fair Value
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Bosisio Gianluca	General Manager												
(I) Remuneration in the company drafting the financial statements		Top Management 2015 - Key Personnel			24,897 Performance Share	NA	1 year of retention and 2 years of deferral	NA	€ 182,000				NA
(II) Remuneration from subsidiaries and associates													
(III) Total						NA							NA
<p>Notes</p> <p>The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore for the variable component, estimated and valued at the maximum realizable result.</p> <p>Number and type of financial instruments: units of shares assuming the value on the basis of the stock market price were reported as at December 30, 2015, equal to €7.31.</p> <p>Fair Value at the allocation date and Allocation Date: the Fair Value at the allocation date and the allocation date of the individual portion of financial instruments for the year will be determined in the current year.</p>													

TABLE 3B: Monetary incentive plans in favour of members of the Administration Body, General Managers and other Key Executives

	A Name and surname	B Office	(1) Plan	(2) Bonuses in the year			(3) Bonuses in previous years			(4) Other bonuses
				(A)	(B)	(C)	(A)	(B)	(C)	
				Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
1	Lombardi Edoardo	Vice Chairman Vicarious								
	(I) Remuneration in the company drafting the financial statements									
	(II) Remuneration from subsidiaries and associates	2015 Top Management - Key	€ 286,650	€ 191,100	2					
	(III) Total		€ 286,650	€ 191,100						
<p>Notes</p> <p>The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore for the variable component, estimated and valued at the maximum realizable result.</p>										
2	Pirovano Giovanni	Vice Chairman								
	(I) Remuneration in the company drafting the financial statements	2015 Top Management - Key Personnel	€ 70,200	€ 46,800	2					
	(II) Remuneration from subsidiaries and associates									
	(III) Total		€ 70,200	€ 46,800						
<p>Notes</p> <p>The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore for the variable component, estimated and valued at the maximum realizable result.</p>										

A		B	(1)			(2)			(3)			(4)
Name and surname		Office	Plan			Bonuses in the year			Bonuses in previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)				
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred				
Bosisio Gianluca		General Manager										
3	(I) Remuneration in the company drafting the financial statements		2015 Top Management - Key Personnel	€ 109,200	€ 72,800	2						
	(II) Remuneration from subsidiaries and associates											
	(III) Total			€ 109,200	€ 72,800							
<p><i>Notes</i></p> <p>The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore for the variable component, estimated and valued at the maximum realizable result.</p>												

6.1 Shareholdings

The following table provides information on the shareholdings of the members of the administration and control bodies, general managers and key executives in the Company and its subsidiaries.

In particular, it indicates, by the name of the members of the administration and control bodies and general managers and cumulatively other key executives, with regard to each subsidiary, the number of shares, divided by category:

- held at the end of the previous year;
- purchased in the year of reference;
- sold in the year of reference;
- held at the end of the year of reference.

In this regard, it also specifies the ownership title and procedures thereof. It includes all persons who, during the reference period, have held the positions of member of the administration and control bodies, general manager or key executive, even for a fraction of a year.

TABLE 1: Shareholdings of members of the Management and Control Bodies and General Managers

Surname and Name	Office	Investee company	Number of shares held at the end of the previous year		Number of shares purchased		Number of shares sold		Number of shares held at the end of the current year	
Ennio Doris	Chairman of the Board of Directors	Banca Mediolanum S.p.A.	23,563,070	(pd)	-	-	-	-	23,563,070	-
			149,029,557	(pi)	-	-	-	-	149,029,557	-
			46,260,000	(u) (1)	-	-	-	-	46,260,000	-
			49,702,296	(c)	-	-	-	-	49,702,296	-
Lombardi Edoardo	Vice Chairman	Banca Mediolanum S.p.A.	300,000	(pd) (so)	496,500	(2)	220,000	-	576,500	(3)
Pirovano Giovanni	Vice Chairman	Banca Mediolanum S.p.A.	175,300	(pd)	58,315	(4)	18,800	-	214,815	-
Massimo Antonio Doris	Chief Executive Officer	Banca Mediolanum S.p.A.	14,507,180	(pi)	-	-	-	-	14,507,180	-
			7,000	(c)	-	-	-	-	7,000	-
Del Fabbro Luigi	Director	Banca Mediolanum S.p.A.	305,300	(pd)	-	-	-	-	305,300	-
Doris Annalisa Sara	Director	Banca Mediolanum S.p.A.	14,494,160	(pd)	-	-	-	-	14,494,160	-
Mauri Arnaldo	Chairman of the Board of Statutory Auditors	Banca Mediolanum S.p.A.	200	(pd)	150	-	-	-	350	-
Notes: (so) stock option exercise (pd) direct participation (pi) indirect participation (u) usufruct (c) spouse (1) usufruct jointly with spouse Tombolato Lina (2) 471,500 from stock options (3) of which 300,000 transferred to party under art. 152, <i>sexies</i> , paragraph 1, lett. d. 5) of the Issuers' Regulation (4) 58,300 from stock options										

TABLE 2: Shareholdings of other Key Executives

Number of key executives	Investee company	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
1	Banca Mediolanum S.p.A.	4,900	64,300 (so)	61,100	8,100

(so) stock option exercise

7 Quantitative information pursuant to Circular no. 285 Part I, Title IV, Ch. 2 and art. 450, paragraph 1, lett. a-f, i of the CRR⁶

TABLE A pursuant to art 450, paragraph 1, lett. g: aggregate quantitative information on remuneration by line of activity⁷

Lines of Activity	Number of beneficiaries	Total remuneration Dec. 31, 2015
Members of the strategic supervision body	42	€ 6,133,074
Members of the management body	8	€ 14,301,173
Investment banking	5,778	€ 520,638,015
Retail banking	1,153	€ 37,666,130
Asset Management	82	€ 5,764,414
Corporate functions	810	€ 47,020,580
Corporate control functions	227	€ 12,014,802
Others	52	€ 4,482,317

TABLE B pursuant to art 450, paragraph 1, lett. h I-II: aggregate quantitative information on remuneration, by top management and personnel whose shares have a significant impact on the entity's risk profile

Categories	Number of Beneficiaries	Fixed Remuneration	Variable Remuneration	Forms of the variable component broken down by			
				Cash	Paid 3	Instruments linked to shares	Other instruments
Executive Directors	11	€ 6,355,120	€ 2,738,908	€ 1,389,725	€ 1,349,184		
Non-Executive Directors	14	€ 1,231,661	-				
Top Management	2	€ 624,791	€ 533,000	€ 266,500	€ 266,500		
Other Material Risk Takers	39	€ 25,468,208	€ 13,106,679	€ 6,587,939	€ 6,518,739		
Control Functions	12	€ 1,507,160	€ 322,000	€ 224,500	€ 97,500		

TABLE C⁸ pursuant to art 450, paragraph 1, lett. h III-IV: aggregate quantitative information on remuneration, by top management and personnel whose shares have a significant impact on the entity's risk profile

Categories	Total Deferred Remuneration	Of which		Rem. Deferred recognized during the year	
		Portion attributed	Portion not attributed	Target	Paid and reduced by means of performance
Executive Directors	€ 6,737,312	€ 89,004	€ 6,648,308	€ 1,805,117	€ 978,508
Non-Executive Directors	€ -	€ -	-	€ -	€ -
Top Management	€ 563,091	€ -	€ 563,091	€ 143,906	€ 143,906
Other Material Risk Takers	€ 12,912,371	€ 2,772,530	€ 10,139,841	€ 2,016,168	€ 1,697,773
Control Functions	€ 88,400	€ -	-	€ -	€ -

⁶ The variable component of the remuneration will be determined following the completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statements; the information below is therefore for the variable component, estimated and valued at the maximum realizable result.

⁷ The lines of activity, identified for the determination of the information on aggregated remuneration, are the same ones adopted for benchmarking purposes according to the EBA signage schemes.

⁸ In relation to the long-term incentive plan, part of the variable remuneration component, referred to the Performance Share plans, will be determined following completion of the authorization process concerning the incentive plans and disbursed upon consolidation of the financial statement figures; for the variable component in instruments linked to shares, referred to previous plans, it refers to the fair value of stock options granted during the reference year. The information reported is thus estimated and valued at the maximum realizable result.

TABLE D pursuant to art 450, paragraph 1, lett. h V-VI: aggregate quantitative information on remuneration, by top management and personnel whose shares have a significant impact on the entity's risk profile

Categories	Start of relationship indemnities		End of relationship indemnities				
	Number of Beneficiaries	Amount of new payments made during the year	New payments made during the year		Payment made during the year		
			Number of Beneficiaries	Amount	Number of Beneficiaries	Amount	Highest amount paid to a single person
Executive Directors			1	€ 3,997,914	1	€ 4,080,565	€ 4,080,565
Non-Executive Directors							
Top Management							
Other Material Risk Takers							
Control Functions							

TABLE E pursuant to art 450, paragraph 1, lett. i: number of people paid with a set amount

Number of Beneficiaries	Total remuneration
17	>= 1 mln EUR per year;
Between 1 and 5 mln EUR distributed in payment bands of 500 mln EUR;	
10	>= 1 mln EUR <= 1.5 per year;
2	>= 1.5 mln EUR <= 2 per year;
-	>= 2 mln EUR <= 2.5 per year;
1	>= 2.5 mln EUR <= 3 per year;
1	>= 3 mln EUR <= 3.5 per year;
1	>= 3.5 mln EUR <= 4 per year;
-	>= 4 mln EUR <= 4.5 per year;
1	>= 4.5 mln EUR <= 5 per year;
1	>= 5 mln EUR distributed in payment bands of 1 mln EUR.
-	>= 6 mln EUR distributed in payment bands of 1 mln EUR.

TABLE F pursuant to art 450, paragraph 1, lett. j: information on total remuneration⁹

Categories	No.	Total remuneration		
		Fixed component	Variable component	Total
Chair of the Body with strategic supervision function	1	€ 200,000	€ -	€ 200,000
Each member of the Body with management function:				
Chief Executive Officer	1	€ 300,000	€ -	€ 300,000
General Manager	1	€ 423,039	€ 364,000	€ 787,039
Co-General Managers	-			
Vice General Managers	-			

⁹ The information refers to the corporate offices of Banca Mediolanum S.p.A..