

**BOARD OF DIRECTORS' REPORT
TO THE GENERAL MEETING CONVENED IN A SINGLE CALL
FOR APRIL 5, 2016**

3.3. Remuneration and incentive plans based on financial instruments

3.1 Approval pursuant to art. 114-bis of Legislative Decree no. 58/1998 and Bank of Italy Circular no. 285 of December 17, 2013 of the performance share plans concerning ordinary treasury shares of Banca Mediolanum S.p.A. reserved: (i) for the Directors and executives of Banca Mediolanum S.p.A. and/or its subsidiaries, even if not belonging to the Mediolanum Banking Group and (ii) for contract workers of Banca Mediolanum S.p.A. and/or its subsidiaries, even if not belonging to the Mediolanum Banking Group.

3.2 Authorization to the purchase and disposal of treasury shares pursuant to the combined provisions of articles 2357 and 2357-ter of the Civil Code, and art. 132 of Legislative Decree no. 58/1998 and related implementing provisions.

Board of Directors' Report

to the General Meeting convened in a single call for April 5, 2016

**pursuant to section 114-*bis* of Legislative Decree 58/1998, as subsequently amended and art. 73
of Consob Regulation no. 11971/1999 as subsequently amended**

Dear Shareholders,

You have been convened in the General Meeting to resolve, among other things, on the matter outlined below:

3. Remuneration and incentive plans based on financial instruments

3.1 Approval pursuant to art. 114-*bis* of Legislative Decree no. 58/1998 and Bank of Italy Circular no. 285 of December 17, 2013 of the performance share plans concerning ordinary treasury shares of Banca Mediolanum S.p.A. reserved: (i) for the Directors and executives of Banca Mediolanum S.p.A. and/or its subsidiaries, even if not belonging to the Mediolanum Banking Group and (ii) for contract workers of Banca Mediolanum S.p.A. and/or its subsidiaries, even if not belonging to the Mediolanum Banking Group.

3.2 Authorization to the purchase and disposal of treasury shares pursuant to the combined provisions of articles 2357 and 2357-*ter* of the Civil Code, and art. 132 of Legislative Decree no. 58/1998 and related implementing provisions.

It is recalled that on March 26, 2015, the General Meeting of Mediolanum S.p.A. – which as at said date was the parent company of the Mediolanum Banking Group – approved the “*Group Remuneration Policies*” for the year 2015 (the “**2015 Group Remuneration Policies**”) in

compliance with the “*Supervisory Provisions for Banks*”, Bank of Italy Circular no. 285 of December 17, 2013 (the “**Supervisory Provisions**”).

As a result of the statutory effectiveness of the merger of Mediolanum S.p.A. into the subsidiary Banca Mediolanum S.p.A. (the “**Bank**” or “**Banca Mediolanum Group**”) on December 30, 2015, the Bank became the parent company of the Mediolanum Banking Group, registered in Banking Groups Register with no. 3062 and took over the 2015 Group Remuneration Policies, approved by the aforementioned General Meeting of Mediolanum S.p.A.

The 2015 Group Remuneration Policies envisage, among other things, that a portion of the variable remuneration linked to the incentive system be recognized by assigning financial instruments of the Bank and application of the so-called “proportionality principle” referred to in the Supervisory Provisions.

In implementation of the 2015 Group Remuneration Policies and in accordance with art.114-*bis* of Legislative Decree no. 58/1998, as amended (the “**CFA**”) and the Supervisory Provisions, the following performance share plans (the “**Performance Share Plans**”) of Banca Mediolanum are hereby submitted for your approval, for a detailed description of which reference is made to Section A of this explanatory report (the “**Report**”):

- (i) a performance share plan referred to as “2015 Top Management Plan - Key Personnel” for directors and executives (the “**Top Management**”) (a) of Banca Mediolanum, and/or (b) of the subsidiaries within the scope of Mediolanum Banking Group pursuant to art. 23 of Legislative Decree no. 385/1993 as subsequently amended (the “**CBA**”), and/or (c) of the other companies controlled by the Bank pursuant to art. 2359, paragraph 1, Civil Code although not belonging to the Mediolanum Banking Group (the companies *sub* (b) and (c),

together with the Bank, hereinafter the **“Group”**), which qualify as “key personnel” within the meaning of the Supervisory Provisions and 2015 Group Remuneration Policies (the **“Key Personnel”**) and whose variable remuneration is above Euro 75,000 (the **“Top Management Plan - Key Personnel”**);

- (ii) a performance share plan referred to as “2015 Top Management Plan - Other Personnel” for the Top Management of Banca Mediolanum and/or other companies of the so-called “Executive” Group (the **“Other Personnel”**), which includes both some individuals that qualify as Key Personnel and whose variable remuneration is below Euro 75,000, and some individuals who do not qualify as Key Personnel (the **“Top Management Plan - Other Personnel”**);
- (iii) a performance share plan referred to as “2015 Contract Workers Plan - Key Personnel” for contract workers - intended as the sales network components - (the **“Contract Workers”** and in conjunction with Top Management, the **“Recipients”**) of Banca Mediolanum and/or other Group companies that qualify as Key Personnel (the **“Contract Workers Plan - Key Personnel”**);
- (iv) a performance share plan referred to as “2015 Contract Workers Plan - Other personnel” for Contract Workers of Banca Mediolanum and/or other Group companies that are not classified as Key Personnel (the **“Contract Workers Plan - Other Personnel”**).

The proposal is, as mentioned, in line with the 2015 Group Remuneration Policies and the Supervisory Provisions and instructions contained in Directive 2013/36/EU (*Capital Requirements Directive* or CRD IV).

It is noted that the guidelines of the Performance Share Plans were approved, respectively, on November 23, 2015 and December 9, 2015 by the Board of Directors of the then parent company Mediolanum S.p.A. and, as far as applicable, by the Bank's Board of Directors.

The Performance Share Plans are expected to be implemented through the free allocation of rights to receive, at no cost, ordinary shares held by the Bank. It is therefore proposed that the provision of Banca Mediolanum ordinary shares to be reserved for the service of the Performance Share Plans be ensured by means of treasury shares in the portfolio; to that end, we submit for your approval the proposal to authorize the purchase and disposal of ordinary shares of the Bank, pursuant to the combined provisions of articles 2357 and 2357-ter of the Civil Code, and art. 132 of the CFA and related implementing provisions, under the terms precisely described in Section B of this Report.

The 2015 Group Remuneration Policies are available on the website of the merged company Mediolanum S.p.A. www.mediolanum.com (Section "Corporate Governance / General Meeting").

The information document on the Performance Share Plans, prepared pursuant to art. 84-bis of Consob Regulation no. 11971/1999 as subsequently amended (the "**Issuers Regulation**") and in accordance with Annex 3A of the regulation, will be made available to the public in the manner and terms of law.

Section A:

Explanatory report relating to point 3.1 of the agenda

“Approval pursuant to art. 114-bis Legislative Decree no. 58/1998 and Bank of Italy Circular no. 285 of December 17, 2013 of the performance share plans concerning ordinary treasury shares of Banca Mediolanum S.p.A. reserved: (i) for the Directors and executives of Banca Mediolanum S.p.A. and/or its subsidiaries, even if not belonging to the Mediolanum Banking Group and (ii) for contract workers of Banca Mediolanum S.p.A. and/or its subsidiaries, even if not belonging to the Mediolanum Banking Group.”

1. Reasons justifying the adoption of the Performance Share Plans

The Performance Share Plans are a key instrument to attract new talent resources and retain key personnel of the Bank and the Group.

The Bank - also in its capacity as parent company - considers, therefore, in line with common and established practice also internationally, that the Performance Share Plans are an instrument capable of focusing the attention of the beneficiaries on factors of strategic interest by promoting loyalty and providing incentives to remain within the Bank and other Group companies. In particular, the Performance Share Plans aim to:

- (i)** attract to the Group, and provide incentives for staying, resources that can decisively contribute to the success of the Bank and the Group;
- (ii)** associate a significant portion of the variable remuneration of the Recipients to the achievement of certain performance objectives, both business, and individual (if any), so as to align the interests of the Recipients to the pursuit of priority objective of creating value for

shareholders over a short-term horizon by maximizing the creation of said value, and long-term, through careful management of business risks and the pursuit of long-term strategies; and

- (iii) encourage the loyalty of the Recipients, through personal satisfaction and motivation and developing their sense of belonging to the Bank and the Group.

It is noted that the adoption of the share-based remuneration plans is in line with both (as mentioned above) as outlined in the Supervisory Provisions, also with reference to the “*material risk takers*”, and the principles contained in the 2015 Group Remuneration Policies, and with the recommendations referred to in art. 6 of the Corporate Governance Code of Borsa Italiana S.p.A. (Italian Stock Exchange). In addition, the proposal for the adoption of the Performance Share Plans was formulated by the Board of Directors, upon proposal of the Remuneration Committee of the Bank (the “**Committee**”), which provides advice and proposals in relation to the implementation of the Plan, under the provisions and principles mentioned above.

2. Scope and methods of implementation of the Performance Share Plans

The Performance Share Plans envisage that a portion of the variable component of the remuneration of the Recipients, or the non-recurring component for Contract Workers, (the “**Variable Remuneration in Financial Instruments**”) be recognized by the free allocation to each of the Recipients of rights (the “**Units**”) to receive, at no cost, Banca Mediolanum ordinary shares (the “**Shares**”) held by the same in the ratio of 1 ordinary share for every 1 Unit accrued. The Bank reserves the right, in case of inability to assign the Shares to the Recipients, to correspond to the Recipients a sum of money in lieu of the Shares calculated on the basis of the arithmetic average of the official prices of the shares of Banca Mediolanum recorded on the Electronic Stock Exchange

organized and managed by Borsa Italiana S.p.A. (the “MTA”) in the 30 days preceding the date of allotment of the Shares or, if the Banca Mediolanum shares are no longer listed on the MTA, on the basis of the normal value of the shares pursuant to art. 9 Presidential Decree December 22, 1986 no. 917.

Said incentive remuneration component: **(a)** is equal to 50% for both the Top Management that qualifies as Key Personnel and whose variable remuneration is above Euro 75,000, and for Contract Workers that qualify as Key Personnel; and **(b)** will be determined by the Bank’s Board of Directors or body and/or persons authorized to do so by it, after consulting the Committee, with reference to Other Personnel (both Top Management and Contract Workers).

The maximum number of Shares attributable to each recipient of the Performance Share Plans (corresponding to the maximum number of Units assignable) will be determined by dividing the Variable Remuneration in Financial Instruments by the average price, defined as the arithmetic average of the official prices of the Banca Mediolanum share, during the 30 stock exchange trading days preceding the Meeting for the financial statements, which will also be required to approve the Performance Share Plans.

It is proposed to determine the maximum total number of Shares available for the Performance Share Plans as 3,500,000 ordinary shares Banca Mediolanum (equal to approximately 0.474% of the Bank’s current share capital).

At the date of the Report, the subscribed and paid-up share capital of Banca Mediolanum amounts to Euro 600,000,090.00 and is divided into 738,402,757 ordinary shares without indication of the par value. At the same date, neither the Bank, nor its subsidiaries hold any shares of Banca Mediolanum.

The Performance Share Plan will not cause dilution effects on the share capital of Banca Mediolanum as they are based on the allocation of Shares in the Bank's portfolio.

The Bank will make available to the Recipient the Shares, resulting from the conversion of the accrued Units, within the terms and in the manner specified in the Performance Share Plans regulations. The Shares attributed to the Recipient will have the same rights as the ordinary shares of the Bank at the date of conversion and will therefore bear the coupons in effect at said date.

The Performance Share Plans will not receive any support from the special Fund to encourage worker participation in companies, as per art. 4, paragraph 112, of Law December 24, 2003, no. 350.

3. Recipients of the Performance Share Plans

As indicated in the introduction to the Report (to which reference is made):

- the Top Management Plan - Key Personnel is for Top Management that qualify as Key Personnel and whose remuneration is above Euro 75,000;
- the Top Management Plan - Other Personnel is for Top Management so-called "*Executive*" including some individuals that qualify as Key Personnel with variable remuneration below Euro 75,000, and that do not qualify as Key Personnel;
- the Contract Workers Plan - Key Personnel is for Contract Workers that qualify as Key Personnel; and
- the Contract Workers Plan - Other Personnel is for Contract Workers that qualify as Other Personnel.

The Recipients will be selected by the Bank's Board of Directors - or (where and to the extent applicable in the Performance Share Plans regulations) by the body and/or entities delegated by it - on the proposal of the Committee in compliance with as outlined in the Supervisory Provisions and in implementation of the 2015 Group Remuneration Policies. The same bodies/entities will have all other powers necessary or appropriate to implement the Performance Share Plans, provided that, with reference to the Performance Share Plans for Top Management, any decision related and/or concerning the allocation of a Unit to beneficiaries also including the Chairman, Vice Chairman (if appointed) and/or Banca Mediolanum director (as well as any decision related and/or pertaining to the management and/or implementation of the Performance Share Plans for them) will remain the exclusive responsibility of the Bank's Board of Directors.

4. Characteristics of the Performance Share Plans

The Performance Share Plans, in addition to encouraging loyalty among Recipients and align the interests of the same with respect to the pursuit of the priority objective of creating value for shareholders over a short and long-term horizon, also in line with the latest national and international regulatory requirements, in particular provide the following:

- (i) that access to the Variable Remuneration in Financial Instruments be subject to the achievement of certain Group *performance* objectives and, where established, individual, to be checked by the Company's Board of Directors, or body and/or the entities authorized to do so by it, after consulting with the Committee. In particular, the allocation of the Units to the Recipients will be subject to occurrence in the year 2015 of the so-called accrual period, identified in the previous year at the Allocation Date of the Units (corresponding to the date of the determination by the Board of Directors of the number of Units to assign i.e. the year 2015), of the following performance conditions (the "**Conditions**"):

- (a) excess capital compared with capital requirements for the Mediolanum financial conglomerate; and
- (b) a liquidity coverage ratio (LCR) greater than 100%; and
- (c) only with respect to the Top Management, a “Return on risk adjusted capital” (“**RORAC**”) greater than 15%.

The determination of the number of Units to be allocated will be parametrized the Consolidated Net Profit of the Mediolanum Group whose target value will be determined by the Board of Directors (or body and/or persons appointed by it for said purpose), after consulting with the Committee.

In addition, the number of Units assigned to each Recipient will be determined depending on the level of actual occurrence/achievement, in the accrual period, of the Conditions and, if established, the individual conditions, compared to the minimum level established for each of the aforementioned conditions;

- (ii) that accrual of the Unit for the Recipients be subject to the maintenance of the work relationship between the Recipient and the Bank or other Group companies from the Allocation Date until the date of conversion of the Units into Shares, unless otherwise determined by the Board of Directors, after consulting with the Committee;
- (iii) a mechanism so-called “Claw back” resulting in the Company’s right to require the return of all or part of the Variable Remuneration in Financial Instruments delivered, and as a result, of the allocated Shares, in the event that the Recipient engages in: **(1)** behaviour which results in a significant loss for the Bank, any of the Group companies or the Group as a whole; **(2)** breach of the obligations imposed pursuant to art. 26 of the Banking Act or when the Recipient is an

interested party, art. 53, paragraphs 4 *et seq.*, of the Banking Act, or obligations in respect of remuneration and incentives; (3) fraudulent conduct or gross negligence to the detriment of the Bank, any of the Group companies or the Group as a whole.

The following are the main additional characteristics and provisions of the Performance Share Plans for the Top Management (Paragraph 4.1) and Performance Share Plans for Contract Workers (Paragraph 4.2).

4.1. Performance Share plans in favour of Top Management

4.1.1. Top Management Plan - Key Personnel

In accordance with the provisions of the 2015 Group Remuneration Policies, the Top Management Plan - Key Personnel provides, *inter alia*, as follows:

- (i) that a portion of 60% of the Variable Remuneration in Financial Instruments be assigned “up-front” and the remainder, 40%, be subject to a period of deferral to be determined by the Board of Directors (or the body and/or persons authorized to do so by it), after consulting with the Committee (the “**Deferral Period**”). The first portion is the so-called “Up-front Portion”, in fact represented by the Units allocated up-front which, as such, are considered assigned definitively; the remaining portion of the Units is the so-called “Deferred Portion”, which will be subject to the maintenance of the Conditions during the Deferral Period and will be paid according to a pro-rata criteria annually;
- (ii) the provision of a so-called retention period, the duration of which will be determined by the Board of Directors (or body and/or persons appointed by it for said purpose), after consulting with the Committee (the “**Retention Period**”) during which the Units cannot accrue;

(iii) the provision of “Mechanisms of *Malus*” suitable, among other things, to reflect the levels of *performance* net of risks actually taken or achieved and equity, and to take account of individual behaviour. In particular, in order to ensure over time the stability of the Conditions, the actual allocation of the Deferred Portion Units will be subject to the maintenance, in the Deferral Period, of the Conditions and Units (related to both the Up-front Portion and to the Deferred Portion) will accrue subject to the absence of disciplinary measures against fraudulent behaviour or gross negligence implemented by the Recipient from the Allocation Date until the end of the Retention period.

4.1.2. Top Management Plan - Other Personnel

In accordance with the provisions of the 2015 Group Remuneration Policy, the Top Management Plan - Other Personnel includes, among other things, a “**Vesting Period**” after which the Units will accrue for the Recipients. The duration of said period is 2 years from the Allocation Date of the Units.

In addition, the Board of Directors of the Bank, after consulting with the Committee, shall have the right to provide, with reference to individual Recipients or categories of Recipients, which part of the Units allocated to them, in analogy with the provisions in the Top Management Plan - Key Personnel, to be subject to a deferral period (during which the Conditions shall be maintained) and subjected to a subsequent so-called retention period (during which the Unit cannot accrue). The duration of the deferral and retention period - which will replace the Vesting Period - will be determined by the Board of Directors (or body and/or persons appointed by it for said purpose) after consulting with the Committee, the Board of which will also determine the portion of the Units subject to said periods and related provisions.

4.2. Performance Share plans in favour of Contract Workers

4.2.1. Contract Workers Plan - Key Personnel

In accordance with the provisions of the 2015 Group Remuneration Policies, the Contract Workers Plan - Key Personnel provides, *inter alia*, as follows:

- the up-front allocation of a portion of 60% of the Variable Remuneration in Financial Instruments (the Up-front Portion) and the subjugation of the remaining part, amounting to 40% (the Deferred Portion) to the Deferral Period; all in analogy with the provisions of the Top Management Plan - Key Personnel Plan (to which reference is made);
- that the Units be allocated under the above terms, at the Allocation Date **(i)** following verification of the achievement on the part of the Recipients of individual objectives set; and **(ii)** provided that, at said date, the Recipient is not/has not been subject to disciplinary sanctions (revocation or suspension of sanctions);
- the subjection of the Up-front Portion and the Deferred Portion to the Retention Period and Mechanisms of *Malus*.

4.2.2. Contract Workers Plan - Other Personnel

The Contract Workers Plan - Other Personnel provides that:

- after verification of the achievement on the part of the Recipients of individual objectives set, the Units be pre-allocated to the Recipients until actual allocation on the Allocation Date, and in any case, provided that on said date, the Recipient is not/has not been subject to disciplinary sanctions (revocation or suspension of sanctions) and

- the Units will accrue at the end of the Vesting Period, the duration of which is established in 9 years from the Allocation Date.

5. Duration of the Performance Share Plans

The Performance Share Plans provide for an indicative maximum allocation period of 1 year, provided that the total duration of each Performance Share Plan will depend on the duration of the deferral and retention periods and/or vesting periods (as respectively applicable according to the requirements of each Performance Share Plan) to be set by the Bank's Board of Directors (or body and/or persons appointed by it for said purpose) after consulting with the Committee.

6. Limits on the transfer of Units

The Units are personal, not transferable, nor available *inter vivos* and may not be pledged or given as collateral to the Bank, the other Group companies or third parties, nor - in general - be the subject of contracts of any kind, including derivative contracts.

The allocation of the Units over the validity of the Performance Share Plans will not give any right or expectation of the allocation of Units in the following years, nor the maintenance of the relationship between the Recipients and the Bank, or between them and the other companies of the Group, which will continue to be governed according to the rules applicable under the laws in force.

The Units may be converted into ordinary shares of the Bank only by the Recipients, except as provided in the event of death or permanent disability of the Recipient.

It is noted that there are no restrictions on the transfer of ordinary shares allocated to the Recipient as a result of the conversion of the accrued Units.

Section B:

Explanatory report relating to point 3.2 of the agenda

“Authorization to the purchase and disposal of treasury shares pursuant to the combined provisions of articles 2357 and 2357-ter of the Civil Code, and art. 132 of Legislative Decree no. 58/1998 and related implementing provisions.”

1. Reasons for which authorization is requested for the purchase and disposal of treasury shares

As indicated in Section A above of the Report, the authorization herewith to purchase and sell treasury shares is requested in order to give the Bank the provision of Shares required to execute the Performance Share Plans, provided that the Bank reserves the right to allocate the shares subject of this authorization that exceed those actually used for the aforementioned Performance Share plans, any future incentive plans and/or other purposes permitted by the laws in force in the interest of the Bank as specified in Paragraph 6 below.

2. Maximum number, type and par value of the shares to which the authorization refers

The authorization is requested for the purchase, also in several tranches, of ordinary shares of Banca Mediolanum, with no indication of par value.

Also in consideration of the maximum number of potentially attributable Shares under the Performance Share Plans (for which reference is made to Section A above, Paragraph 2, of this Report), authorization is required for the purchase of a maximum number of 3,500,000 ordinary shares of Banca Mediolanum and however, within the total maximum amount of Euro 26,250,000;

all, in any case, considering the ordinary shares of Banca Mediolanum S.p.A. from time to time held by the Bank and its subsidiaries within the maximum limit established by the legislation applicable *pro tempore*. In this regard, it is noted that the Bank of Italy, with communication prot. no. 0201044/16 of February 12, 2016, to and for the effects of the Supervisory Regulations and articles 77 and 78 of Regulation (EU) no. 575/2013, so-called CRR, authorized Banca Mediolanum to proceed with the buyback plan - for the maximum duration of law (equivalent to 18 months from the date of the relevant Meeting resolution) - of 3,500,000 shares, for a maximum of Euro 26.250.000.00.

It is therefore proposed to confer mandate to the Board of Directors to determine the amount of shares to be purchased in relation to the purposes mentioned in Paragraph 1 above, prior to the opening of each individual purchase program, subject to the maximum limit referred to above.

For information regarding Banca Mediolanum's share capital at the date of the Report, reference is made to Section A above, Paragraph 2.

3. Information relevant for a complete assessment of compliance with the provision of art. 2357, paragraph 3, of the Civil Code

As stated in Paragraph 2 above of this Section B, at any time the maximum number of treasury shares held by the Bank, also taking into account the ordinary shares of Banca Mediolanum possibly held by subsidiaries, must never exceed the maximum limit set by the regulations *pro tempore* applicable. In order to ensure compliance with the legal limits, suitable procedures will be prepared in any case to ensure timely and complete information regarding the shareholdings of companies controlled by Banca Mediolanum.

The purchase of treasury shares must be within the limits of the distributable profits and available reserves resulting from the last financial statements (even interim) approved at the time of the transaction and, during the purchase and disposal of treasury shares, the necessary accounting entries will be made in compliance with legal provisions and applicable accounting standards.

4. Duration for which the authorization is requested

The authorization to purchase treasury shares is requested for the period of 18 months from the date of resolution of the General Meeting. The Board of Directors may proceed with the authorized transactions in one or more occasions and at any time, within the extent and time frames freely determined, in accordance with the applicable rules, in a gradual manner deemed appropriate in the interest of the Bank. The authorization to dispose of treasury shares is requested without time limits.

5. Minimum and maximum amount of treasury shares to be purchased

The Board of Directors proposes that the treasury share buybacks be carried out in compliance with the operating conditions established for the “market practices” allowed by Consob pursuant to art. 180, paragraph 1, lett. c) of the CFA with resolution no. 16839 of 2009 (the “**Market Practices**”), as well as in compliance with EC Regulation no. 2273/2003 of December 22, 2003 (the “**Safe Harbour Regulation**”), as applicable, and the applicable provisions of the Civil Code, and thus at a price that does not exceed the higher of the price of the last independent trade and the highest current independent bid for trading where the purchase is made, provided that the unit price shall not be less than the minimum of 15% and higher by a maximum of 15% than the official price recorded by the Banca Mediolanum stock the trading day before each single purchase transaction.

In any case, as indicated in Paragraph 3 above, purchases of treasury shares under the authorization covered by this proposal must be made within the maximum amount of Euro 26,250,000.

6. Methods by means of which purchases and disposals will be carried out

The Board of Directors proposes that purchases be made in the manner provided for in art. 144-*bis*, paragraph 1, lett. b) of the Issuers' Regulation and the provisions however applicable, so as to allow the equal treatment of shareholders as required by art. 132 of the CFA, and thus on regulated markets according to operating procedures that do not allow direct association of purchase trading proposals with predetermined sale trading proposals, taking into account also the provisions of the Market Practices and the Safe Harbour Regulation, where applicable.

Considering the underlying purposes of this proposal to authorize the purchase and disposal of treasury shares (in the terms described in Paragraph 1), the Board of Directors also proposes to authorize the use in accordance with art. 2357-*ter* of the Civil Code, at any time, in whole or in part, on one or more occasions, of the treasury shares purchased under this proposal through: **(i)** free allocation of said treasury shares to the Recipients of the Performance Share Plans (i.e. to the Top Management and Contract Workers, both qualified as Key Personnel or Other Personnel), if the regulatory requirements and conditions apply as laid down by the 2015 Group Remuneration Policies for the payment of the variable remuneration related to the incentive system and, as to any treasury shares purchased under this authorization which may exceed those actually used for the aforementioned Performance Share Plans, **(ii)** allocation of the same for any future incentive plans and/or **(iii)** disposal of the same on or off the stock exchange, possibly also through the transfer of real and/or personal rights, with the terms, procedures and conditions of the disposal of treasury shares deemed most appropriate in the interest of the Company, in compliance with the provisions of law and regulations *pro tempore* in force.

Disposals of the treasury shares in the portfolio shall in any case be conducted in compliance with legislative and regulatory requirements in force regarding the trading of listed securities and may occur in one or more solutions, and with appropriate graduality in the interest of the Company.

It is noted that, pursuant to and for the effects of art. 44-*bis*, paragraph 4, of Consob Regulation, the treasury shares purchased by Banca Mediolanum under this authorization to fulfil the obligations deriving from the Performance Share Plans, are not excluded from the Bank's share capital used to calculate the relevant shareholding for the purposes of the discipline on compulsory tender offers and, specifically, for the purposes of art. 106, paragraphs 1, 1-*bis*, 1-*ter* and 3, letter b), of the CFA.

Section C:

Proposed Resolutions

Dear Shareholders,

in view of the above, we kindly request that you adopt the following resolutions:

1. Proposed resolution relating to point 3.1 of the agenda

“The General Meeting of Banca Mediolanum S.p.A., having acknowledged the Explanatory Report of the Board of Directors,

RESOLVED

(A) to approve, pursuant to and for the effects of art. 114-bis of Legislative Decree 58/1998, as subsequently amended, and Circular no. 285 of the Bank of Italy of December 17, 2013, and in implementation of the “Group Remuneration Policies” relating to the year 2015 approved, on March 26, 2015, in compliance with the “Supervisory Provisions for Banks”, Bank of Italy Circular no. 285 of December 17, 2013, by the General Meeting of Mediolanum S.p.A. (company merged into its subsidiary Banca Mediolanum S.p.A. with statutory effectiveness as of December 30, 2015):

(i) the establishment of a new performance share plan referred to as “2015 Top Management Plan - Key Personnel” and a new performance share plan referred to as “2015 Top Management Plan - Other Personnel”, both for the directors and executives of Banca Mediolanum S.p.A. and/or its subsidiaries within the scope of the Mediolanum Banking Group pursuant to art. 23 of Legislative Decree no. 385/1993 as subsequently amended (the “CBA”) and/or other companies controlled by Banca

Mediolanum S.p.A. pursuant to art. 2359, paragraph 1, Civil Code although not belonging to the Mediolanum Banking Group;

- (ii) the establishment of a new performance share plan referred to as “2015 Contract Workers Plan - Key Personnel” and a new performance share plan referred to as “2015 Contract Workers Plan - Other Personnel”, both for contract workers - considered to be components of the sales network of Banca Mediolanum S.p.A. and/or its subsidiaries within the scope of the Mediolanum Banking Group pursuant to art. 23 of the Banking Act, and/or companies controlled by Banca Mediolanum S.p.A. pursuant to art. 2359, paragraph 1, Civil Code, although not belonging to the Mediolanum Banking Group,*

having the characteristics (including conditions and implementation assumptions) respectively indicated in the Directors’ Report, (together the plans referred to in this point under A (i) and A (ii), the “Performance Share Plans”);

- (B) to confer to the Board of Directors and the Chairman, Chief Executive Officer and Vice Chairman, severally, all powers necessary or appropriate for the execution and implementation of the Performance Share Plans, including, merely by way of example and not limited to, the power to handle the management of regulations and all powers to identify the beneficiaries and determine the number of Units to be allocated to each of them, proceed with the allocation to the beneficiaries, perform any other act, fulfilment, communication necessary or appropriate for the management and/or implementation of said plans, including the related regulations, and comply with all formalities required for the resolutions adopted obtain the approvals of law with the right to introduce any variations or additions that necessary and/or appropriate for said purpose, all with the power to delegate*

its powers, duties and responsibilities regarding the execution and application of said plans to the understanding that any decision related and/or concerning the allocation of the Units to the beneficiaries of the Performance Share Plans also including the Chairman, Vice Chairman (if appointed) and/or Banca Mediolanum S.p.A. director (like any other decision concerning and/or relating to the management and/or implementation of the plan for them) will remain the exclusive responsibility of the Board of Directors.

2. Proposed resolution relating to point 3.2 of the agenda

“The General Meeting of Banca Mediolanum S.p.A.:

- having acknowledged the Explanatory Report of the Board of Directors,*
- taking into account the resolution of the General Meeting that today approved - pursuant to art. 114-bis of Legislative Decree 58/1998, as subsequently amended, and Circular no. 285 of the Bank of Italy of December 17, 2013, and in implementation of the “Group Remuneration Policies” approved, on March 26, 2015, in compliance with the “Supervisory Provisions for Banks”, Bank of Italy Circular no. 285 of December 17, 2013, by the General Meeting of Mediolanum S.p.A. (company merged into its subsidiary Banca Mediolanum S.p.A. with statutory effectiveness as of December 30, 2015) - the establishment of performance share plans referred to as “2015 Top Management Plan - Key Personnel”, “2015 Top Management Plan - Other Personnel”, “2015 Contract Workers Plan - Key Personnel” and “2015 Contract Workers Plan - Other Personnel” (collectively, the “Performance Share Plans”),*

RESOLVED

- (A) to authorize transactions for the purchase and disposal of ordinary treasury shares for the purposes indicated in the Directors’ Report and thus:*
 - (i) to authorize, pursuant to and for the effects of art. 2357 Civil Code, the purchase, on one or more occasions for the period of eighteen months from the date of this resolution, the ordinary shares of the Bank, up to a maximum of 3,500,000 ordinary shares of Banca Mediolanum S.p.A., and, in any case, considering the ordinary shares*

of Banca Mediolanum S.p.A. from time to time held in the portfolio by the Bank and its subsidiaries, within the maximum limit established by the applicable regulations in force, conferring mandate to the Board of Directors to identify the amount of shares to be purchased prior to the opening of each individual purchase program at a price that does not exceed the higher of the price of the last independent trade and the current highest independent bid for trading where the purchase is made, provided that the unit price shall not be less than the minimum of 15% and higher by a maximum of 15% than the official price recorded by the Banca Mediolanum S.p.A. stock the trading day before each single purchase transaction and that, in any case, the maximum total amount of purchases made under this resolution may not exceed Euro 26,250,000;

- (ii) to confer mandate to the Board of Directors, and the Chairman, Chief Executive Officer and Vice Chairmen, severally, to purchase shares under the conditions and for the purposes referred to above, attributing the broadest powers for the execution of the purchases under this resolution and any other formalities relating to the same, including the possible allocation of assignments to intermediaries qualified in accordance with law and with the power to appoint special proxies; purchases will be made with unsuitable methods to ensure equal treatment of shareholders, with graduality deemed appropriate in the interest of Banca Mediolanum S.p.A., and as permitted by law, with the provisions of art. 144-bis, paragraph 1, lett. b) of Consob Regulation 11971/1999, as subsequently amended, and taking into account market practices allowed by Consob pursuant to art. 180, paragraph 1, lett. c) of the CFA with resolution no. 16839 of March 19, 2009 and EC Regulation no. 2273/2003 of December 22, 2003 where applicable;*

- (iii) *to authorize the Board of Directors, and its Chairman, Chief Executive Officer and Vice Chairmen, severally, so that, pursuant to and for the effects of art. 2357-ter Civil Code, they may dispose of at any time, in whole or in part, on one or more occasions, the treasury shares purchased pursuant to this resolution, or in any case in the Banca Mediolanum S.p.A. portfolio, through the free allocation of these treasury shares in favour of the recipients of the Performance Share Plans, if the regulatory requirements and conditions apply as laid down by the Group Remuneration Policies for the payment of the variable remuneration related to the incentive system, attributing to the same, also severally, the broadest powers for the execution of disposals contained in this resolution, as well as any other formalities relating to the same, including the possible conferment of assignments to intermediaries qualified in accordance with law and with the power to appoint special proxies. It is specified that any treasury shares of Banca Mediolanum S.p.A. purchased under this authorization which may exceed those actually used for the aforementioned Performance Share Plans can be used for (a) the allocation of the same for any future incentive plans and/or (b) the provision of the same on or off the stock exchange, possibly also through the transfer of real and/or personal rights, with the terms, procedures and conditions of the disposal of treasury shares deemed most appropriate in the interests of Banca Mediolanum S.p.A., in compliance with the provisions of law and regulations currently in force. The authorization referred to in this point under (iii) is granted without time limits;*
- (B) *to provide, by law, that purchases under this authorization be within the limits of the distributable profits and available reserves resulting from the last financial statements (even interim) approved at the time of the transaction and that, during the purchase and disposal*

of treasury shares, the necessary accounting entries will be made in compliance with legal provisions and applicable accounting standards.

Milano 3, February 18, 2016

For the Board of Directors

The Chairman

(Ennio Doris)