

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

- 2. Approval of the Report on Remuneration Policies, also pursuant to art. 123-ter Legislative Decree no. 58/1998;**
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Board of Directors' Report

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

pursuant to art.125-ter of Legislative Decree 58/1998, as subsequently amended

Dear Shareholders,

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

**2. Approval of the Report on Remuneration Policies, also pursuant to art. 123-ter
Legislative Decree no. 58/1998;**

This Report of the Board of Directors of Banca Mediolanum S.p.A. ("**Banca Mediolanum**" or the "**Bank**") is drafted pursuant to art. 125-ter, paragraph 1, of the CFA and illustrates the Report on the Mediolanum Group Remuneration Policies covered.

As provided by law, Banca Mediolanum S.p.A. submits to the General Meeting the Report on the Mediolanum Group Remuneration Policies to which reference is made for all details necessary. Said document, in accordance with the applicable regulatory provisions, will be made available to the public, by March 15, 2016 at the head office (Basiglio, Milano 3, Via F. Sforza, Palazzo Meucci) and at the Bit Market Services storage mechanism (at www.emarketstorage.com), and on the Company's website (www.bancamediolanum.it - section Corporate Governance, General Meeting) and on the website of Borsa Italiana S.p.A. (Italian Stock Exchange).

The Board of Directors, with the support of the Remuneration Committee, has in fact drafted and approved the "*Directors' Report on the Group's remuneration policies*" (the "**Report**"), prepared

in accordance with the “*Supervisory Provisions for Banks* , circular no. 285 of December 17, 2013, 7th update of November 18, 2014 “(the” **Supervisory Provisions**”), and pursuant to and for the purposes of articles 123-ter of the CFA and 84-quater of the Issuers’ Regulation.

Section I of the Report describes the Remuneration Policies for the year 2016 the adoption of which is proposed, relating to the entire Banking Group, prepared in accordance with the applicable industry regulations.

As for the variable remuneration component, it is noted, in particular, that also in consideration, among other things, of the maintenance for 2016, for Banca Mediolanum, of the *status* of “intermediary” within the meaning and for the effects of the Supervisory Provisions regarding Remuneration, the 2016 Remuneration Policy proposals have characteristics that largely coincide with those defined for the year 2015, as outlined in the 2015 Group Remuneration Policy (which we recall were approved on March 26, 2015 by the General Meeting of Mediolanum S.p.A., at that date, the parent company of the Mediolanum Banking Group). In particular, in accordance with applicable regulatory requirements, with respect to the resolution passed by the aforementioned General Meeting of Mediolanum S.p.A. on March 26, 2015, during approval of the Remuneration Policies for the year 2015, the following are not changed:

- the adoption for the “Key Personnel” of a maximum ratio between the variable and fixed remuneration component of up to 2:1;
- 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 amount in terms of the fixed remuneration and the maximum amount deriving from their

application.

In addition, it is reported that, in compliance with the Supervisory Provisions:

- the *Legal & Compliance Function* of Banca Mediolanum verified consistency of the bonus remuneration plan with the objectives of compliance with the regulatory framework, also regulatory and self-regulatory and the by-laws, so that they appropriately contain the legal and reputational risks inherent in particular in relations with customers, as well as overall compliance of the Group Remuneration Policies and remuneration practices with the relevant regulatory framework;
- the *Internal Audit Function* of Banca Mediolanum has expressed a substantially favourable opinion on the compliance of remuneration and incentive practices with the approved policies and relevant regulations.

Dear Shareholders,

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

“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 art. 123-ter, paragraph 6, of the Consolidated Finance Act and any other effect of law and regulation - the “Report of the Board of Directors on Group Remuneration Policies”.*

Milano 3, February 18, 2016

For the Board of Directors:

The Chairman

(Ennio Doris)