



## **Board of directors' report**

### **Appointment of members and Chairman of the Statutory Audit Committee; and determining the amount of their remuneration**

The term of the current Board of Statutory Auditors expires with this Assembly meeting: therefore, you are asked to appoint the new Board of Statutory Auditors at the terms and conditions set out in Article 29 of the Company's By-laws and in the applicable statutory and regulatory provisions.

According to the Company's By-laws, the Board of Statutory Auditors consists of three Standing Auditors and three Alternate Auditors, who are required to meet the conditions that are expressly laid down in the provisions in force, including regulatory provisions, and in the Company's By-laws, including the conditions on the limit on the number of other appointments that may be held; or else, they cannot be appointed. Reference is especially made to the condition of professionalism, integrity and independence.

As regards professionalism, the activities that are deemed strictly related to those of the Company are listed in Article 1 of Legislative Decree n. 385/1993 (Consolidated Banking Law), as well as the supply of investment or asset management services, both of which are defined in Legislative Decree n. 58/1998 (Consolidated Finance Law or TUF).

The appointment of the new Board of Statutory Auditors is subject to the gender balance principle set out in Article 148, paragraph 1-*bis*, TUF. In accordance with the provisional rules, the quota reserved to the least represented gender for the appointment of the new Board is one fifth (rounded up) of the standing members elected and thus at least one Standing Auditor. Therefore, the slates with a number of candidates that is equal to or higher than three, must include at least one fifth (rounded up) of candidates belonging to the least represented gender; in addition, the slates must ensure the election of at least one Alternate Auditor belonging to the least represented gender, so as to ensure that the gender quota is preserved also in case of auditor substitution.

The term of office is three years, thus until the date of the Assembly meeting called to approve the Financial Statements at 30 June 2017.

The Board of Statutory Auditors will be appointed according to the slate voting system.

More specifically, the Statutory Auditors are elected as follows: two Standing Auditors and two Alternate Auditors are elected from the slate with the highest number of votes, based on the progressive order with which they are listed in the sections of the slate; a Standing Auditor and an Alternate Auditor are elected, based on the progressive order with which they are listed in the sections of the slate, from the second slate with the highest number of Assembly votes and which, according to the rules in force, including regulatory ones, is not related, not even indirectly, to the members who have filed or voted for the slate with the highest number of votes. In the case of parity between slates, ballot voting is used; the candidates of the slate with the simple majority of votes are elected.

The candidate who comes in first place in the section of candidates running for the post of Standing Auditor on the slate with the second highest votes, is elected as Chairman of the Board of Statutory Auditors.

If a single slate is filed, the Assembly votes thereon; if the slate obtains the majority required by law for the ordinary assembly, the Standing Auditors elected are the three candidates indicated in the progressive order in the corresponding section, while the Alternate Auditors elected are the three candidates indicated in the progressive order in the corresponding section; the Chairman of the Board of Statutory Auditors is the candidate who comes in first place in the section of candidates running for the post of Standing Auditor on the slate.



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If there are no slates and if, with the slate voting system, the number of elected candidates is smaller than that required by these By-laws, the Board of Statutory Auditors is appointed or supplemented by the Assembly, respectively, with the majorities required by law.

The Assembly is also asked to set the remuneration of the Board of Statutory Auditors. It is recalled that, as for the Board of Statutory Auditors currently in office, the Assembly meeting of 28 October 2011 set the annual gross remuneration of € 120,000 for the Chairman and € 90,000 for each Standing Auditor.

As for the remuneration of Auditors, the Board of Directors has entrusted the Board of Statutory Auditors with the functions of the Surveillance Authority as under Article 6 Legislative Decree 231/2001 (pursuant to paragraph 4-*bis* of the same Article, as amended by Law 12 November 2011 n. 183) and in accordance with the Bank of Italy Provisions on internal auditing.

The process and deadlines for the filing of slates for the appointment of the Board of Statutory Auditors are illustrated in detail in the Assembly meeting notice.

Therefore, you are hereby asked by the Board of Directors to take the relevant resolutions for the appointment of the Board of Statutory Auditors.

Milan, 17 July 2014

THE BOARD OF DIRECTORS