



Press release

Consolidated Financial Statements and Non-Financial Statement for FY 2019-20 approved Extraordinary and ordinary General Meeting called

At a Board meeting held today, the Directors of Mediobanca approved the Bank's individual and consolidated financial statements for the year ended 30 June 2020, which reflect the results published in the press release issued on 30 July 2020, namely a consolidated net profit of €600.4m (30/6/19: €823m), and a net profit earned by Mediobanca S.p.A. of €39.4m (€386.2m). As also disclosed in the same press release of 30 July 2020, in line with the European Central Bank's guidance, no dividend will be proposed to shareholders at the Annual General Meeting to be held on 28 October 2020.

The Board of Directors also approved the Consolidated Non-Financial Statement for the year ended 30 June 2020.

The Board thus resolved to call the shareholders together in extraordinary and ordinary general meeting on 28 October 2020, in a single session, to adopt resolutions in respect of the following:

- ◆ As extraordinary business: i) proposal to amend the company's Articles of Association; and ii) renewal of authorization to the Board of Directors to increase the company's share capital pursuant to Article 2443 of the Italian Civil Code;
- ◆ As ordinary business: i) approval of the financial statements for the year ended 30 June 2020; ii) appointment of the Board of Directors for the 2021-23 three-year period; iii) appointment of Statutory Audit Committee for the 2021-23 three-year period; iv) staff remuneration and incentivization policy for FY 2020-21; Report on compensation paid in FY 2019-20; policies in the event of the beneficiary leaving office or the employment arrangement being terminated; 2021-25 incentivization system for Group staff through use of financial instruments (performance share scheme); v) engagement of external auditor.

Proposal to amend Articles of Association

The proposed amendments, which have been authorized by the European Central Bank, are chiefly related to certain governance issues linked to changes in the ownership structure, and intended to achieve closer alignment with best practices in the banking industry, by providing greater flexibility in the process of selecting the Chief Executive Officer, and strengthening the independence criteria for non-executive Directors. The opportunity is also being taken to incorporate changes to the share capital in connection with the possibility of treasury shares owned by the Bank being cancelled, plus other minor changes; in particular it is proposed to:

- ◆ Remove the condition stipulating that the Chief Executive Officer and Group General Manager must be chosen from among Directors who are Group employees; and adapt the composition of the Executive Committee, the Committee instituted pursuant to Article 18, paragraph 4 of the Articles of Association, and the Board of Directors itself in the event of a new Chief Executive Officer and/or Group General Manager being appointed from outside while the present incumbents' term of office is still in progress (Articles 15, 18, 23, 24 and 25);
- ◆ Tailor the number of Directors who are members of the Group's senior management to the size of the Board itself: if the Board consists of thirteen or fewer than thirteen members, the number of executives will be reduced from three to two, in order to ensure the correct balance is maintained between the executive and strategic supervisory functions within the Board (Article 15);

- ◆ Introduce a restriction to ensure that independent Directors make up the majority of the Board, thus aligning the independence criteria with those of the Code of Conduct for Listed Companies as recently revised; and raise the definition of significant shareholders to 3% in line with the regulations on transparency now in force (Article 19);
- ◆ Introduce other changes to governance, in particular as follows: (i) authorize the Board to decide on the remuneration payable to Directors with particular duties as provided by Article 2389, paragraph 3, of the Italian Civil Code (Article 13), and (ii) change to the list-based voting mechanism for the Board to provide for the possibility of the required number of Directors not being appointed, or in order to meet the composition requisites set for the Board by the law or the Articles of Association (Article 15);
- ◆ Delete references to the nominal value of the price per share, in order to simplify possible treasury share cancellations (Article 4);
- ◆ Introduce other minor changes to align the Articles with changes to the regulations and/or other business needs, including numbering the paragraphs in each separate article.

Renewal of powers to increase share capital under Article 4 of the Articles of Association

The Board has decided to submit a proposal to shareholders gathered in extraordinary general meeting to renew the powers provided for in the Articles of Association and shortly to expire to increase the company's share capital in the same amount, in order to (i) reduce the amount of time necessary to implement a capital increase, to allow the Bank to take advantage of any market opportunities (powers to increase the share capital via rights issues), or alternatively (ii) implement the performance share schemes in force at the time (powers to increase the share capital via bonus issues). This proposal too has been authorized by the European Central Bank.

Appointment of governing bodies for 2021-23 three-year period

The terms of office of the current Board of Directors and Statutory Audit Committee expire with the Annual General Meeting to be held in October. Accordingly, shareholders in general meeting will be asked to reappoint the governing bodies for the 2021-23 three-year period. If the amendments to the Articles of Association are approved, the procedure will once again be based on the list voting mechanism. Shareholders are therefore invited to familiarize themselves with the contents of the Board of Directors' Report on the proposed amendments to the Articles of Association and the "Report on the Qualitative and Quantitative Composition of the Board of Directors", with the latter to be read in view of the changes introduced by the former regarding the minimum number of independent Directors, the independence criteria set, and the number of members comprising the Board of Directors itself. With reference to the Statutory Audit Committee's appointment, Shareholders are invited to familiarize themselves with the contents of the "Report on the Qualitative and Quantitative Composition of the Statutory Audit Committee" available on the Bank's website at www.mediobanca.com (Governance/General Meetings/General Meeting 2020).

Group Staff Remuneration and Incentivization

At the ordinary general meeting to take place on 28 October 2020, shareholders will be asked to cast a binding vote on the Mediobanca Group's new remuneration and incentivization policies (Section 1) – including the policies adopted in the event of beneficiaries leaving office or the employment arrangement being terminated – and a non-binding vote on the report on compensation paid in FY 2019-20 (Section 2).

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As in previous years and as required by applicable regulations, the Group's remuneration and incentivization policy includes the award of performance shares as part of the variable remuneration component. Shareholders will therefore also be asked, as part of the ordinary business on the agenda, to confirm the incentivization system for Group staff via performance shares for the next five-year period.

Engagement of auditor for period from 30 June 2022 – 30 June 2030 and establishment of remuneration

The engagement of PriceWaterhouseCoopers S.p.A. as external auditors of Mediobanca expires with approval of the financial statements for the year ended 30 June 2021. Under the regulations in force, this appointment is no longer renewable; hence a new mandate must be issued by shareholders gathered in ordinary general meeting based on a justified proposal made by the Statutory Audit Committee in its capacity as Internal Control and Audit Committee. According to best practice, to allow the timing requirements and restrictions necessary to ensure the audit firm's independence are managed efficiently, the engagement to audit the company's accounts is to be made in conjunction with approval of the financial statements for the year prior to the one in which the current audit firm's engagement expires. The Statutory Audit Committee has formulated a proposal to shareholders gathered in general meeting to engage Ernst & Young to audit the Mediobanca Group's accounts.

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The notice of meeting for the Annual General Meeting to take place on 28 October 2020 and the further documentation concerning the Annual General Meeting will be published in the coming days.

Milan, 16 September 2020

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