

BOARD OF DIRECTORS' REPORT

Measures required under Article 15 of the company's Articles of Association: appointment of two new Directors

Dear shareholders,

As you are aware, on 8 March and on 25 July 2018 respectively, César Alierta and Massimo Tononi, who had been appointed to the Board of Directors from the majority list submitted ahead of the annual general meeting held on 28 October 2017, resigned from their positions as Directors of Mediobanca.

At a Board meeting held on 20 September 2018, the Directors of Mediobanca, as permitted under Article 15 of the Bank's Articles of Association, to co-opt, pursuant to Article 2386 of the Italian Civil Code, at the Appointments Committee's proposal and with the approval of the Statutory Audit Committee, to appoint Maximo Ibarra and Vittorio Pignatti-Morano to replace César Alierta and Massimo Tononi respectively. The new Directors have profiles which are similar to those of the Directors who have left office, as the Board has set itself the objective *inter alia* of retaining the composition considered to be optimal in qualitative and quantitative terms.

Maximo Ibarra, 49 years of age, is currently Chief Executive Officer of Royal KPN, the leading telecommunications company in the Netherlands. Between 2004 and 2017 he took on roles of increasing responsibility in the Wind group, eventually becoming Chief Executive Officer.

Vittorio Pignatti-Morano, 61 years of age, has around thirty years' experience in the investment banking industry, working mostly for the Paribas and Lehman Brothers groups. Since 2008 he has been co-founder and Executive Chairman of Trilantic Europe, a leading private equity player.

The Board of Directors has checked that the co-opted Directors possess the requisite professional and personal qualifications, are fit and proper to hold such office and qualify also as independent (cf. below) under Italian and European regulations, and subsequently its own overall adequacy, *inter alia* with reference to the Report on the qualitative and quantitative composition of the Board of Directors approved last year. The Board continues to reflect an adequate combination of skills and professional expertise, having consolidated its international dimension and capabilities in the IT area.

By law, the co-opted Directors remain in office until the annual general meeting held subsequent to their having been co-opted. Accordingly, you are invited to restore the Board of Directors to its full complement, bearing in mind that at the annual general meeting held on 28 October 2017, the shareholders of Mediobanca established that the Board should consist of 15 (fifteen) Directors, and also that, pursuant to Article 15 of the Articles of Association, such appointment shall be made without application of the voting list mechanism, but rather on a relative majority basis for the proposals submitted.

The Board of Directors, having received a favourable opinion from the Appointments Committee, resolved accordingly to propose to the shareholders in general meeting that Maximo Ibarra and Vittorio Pignatti-Morano be confirmed in their positions as Directors of Mediobanca.

The documentation for the candidates includes the following:

- ◆ CV;
- ◆ ECB "Fit & Proper" questionnaire;
- ◆ Declaration stating that the candidates accept their respective posts, under their own responsibility, that no grounds exist that would render them ineligible or otherwise

incompatible to hold office, and that they are duly in possession of the requisites stipulated by the law and regulations in force and by the company's Articles of Association, as well as whether or not they qualify as independent according to the definitions provided in Article 148, para. 3, of Italian Legislative Decree 58/98 and Article 19 of the Articles of Association.

The above documentation is available for consultation on the Bank's website at www.mediobanca.com in the section entitled Corporate Governance/AGM 2018.

In order to facilitate the proceedings at the annual general meeting and to ensure that the candidacies are adequately publicized, having regard in particular to market practice, shareholders are invited to file any alternative proposals they may have for appointments at the company's head offices in good time, i.e. around twenty days prior to the date set for the meeting itself. Candidacies must be accompanied by a declaration from the candidates themselves stating that they accept the position, and under their own responsibility, that no grounds exist that would render them ineligible or otherwise incompatible to hold office, and that they are duly in possession of the requisites stipulated by the law and regulations in force, and whether or not they qualify as independent according to the definitions provided in Article 148, para. 3, of Italian Legislative Decree 58/98 and Article 19 of the Articles of Association, in addition to a CV containing exhaustive information on the candidates' personal and professional qualifications, highlighting in particular the experience they have acquired in sectors of relevance to banking services, plus a list of the management and supervisory positions held by them in other companies. Candidates must also complete the ECB "Fit & Proper" questionnaire provided in Annex 2 of the "Report on the qualitative and quantitative composition of the Board of Directors". A facsimile of the declaration for candidates accepting their position and their CV, along with the ECB "Fit & Proper" questionnaire, are attached to the "Report on the qualitative and quantitative composition of the Board of Directors: recommendations to shareholders and the new Board of Directors", which is available for consultation on the Bank's website at www.mediobanca.com in the section entitled Corporate Governance/AGM 2018.

In this connection, shareholders are invited to consider the considerations illustrated in the "Report on the qualitative and quantitative composition of the Board of Directors: recommendations to shareholders and the new Board of Directors" published in June 2017 which among other things defines the qualitative and quantitative profile which the Directors are required to reflect collegiately and the requisites stipulated by the applicable regulatory provisions in force. The need for the candidates to qualify as independent under the definition provided in Article 19 of the Articles of Association in particular should be emphasized, in order to maintain the number of independent Directors stipulated in the Report referred to above. It should also be remembered that the Articles of Association establish that persons of more than seventy-five years of age may not be appointed as Board members.

Without prejudice to the need to read the entire document with due care and attention, we would draw attention to the following points in particular:

- i) Professional qualifications in terms of:
- ◆ Basic knowledge of the banking sector in the following areas: financial markets; regulatory framework and legal requirements; strategic planning, and an understanding of a credit institution's business strategy or business plan and implementation thereof; risk management and monitoring (identifying, assessing, monitoring, controlling and mitigating the main types of risk of a credit institution); accounting and auditing; assessing the effectiveness of a credit institution's arrangements, ensuring effective governance, oversight and controls; and Interpreting a credit institution's financial information, identifying key issues based on this information and appropriate controls and measures;
 - ◆ Knowledge and experience in at least one of the following areas of expertise: businesses in which the Mediobanca Group operates (Corporate Investment Banking, Wealth Management, Consumer Banking); financial accounting and reporting;

macroeconomics/international economics; risk management, compliance and internal audit; information technology and security; Legal and regulatory frameworks; and managerial capabilities and entrepreneurial experience;

ii) Need to ensure that the candidates have the appropriate amount of time available to be able to perform the duties required of them properly, taking into consideration the possibility of taking part in Board committees as well as the Board itself. In FY 2017-18, the following were held:

- ◆ Eleven meetings of the Board of Directors;
- ◆ Twelve meetings of the Executive Committee;
- ◆ Twelve meetings of the Risks Committee;
- ◆ Eight meetings of the Remunerations Committee;
- ◆ Nine meetings of the Appointments Committee;
- ◆ Twelve meetings of the Related Parties Committee;
- ◆ Fourteen induction/training sessions for Directors and Statutory Auditors, including those newly-appointed;

iii) The personal characteristics and qualifications, along with the Fit and Proper Assessment questionnaire, described in more detail in the Report on the qualitative and quantitative composition of the Board of Directors;

iv) Careful assessment of the potential conflicts of interest which could compromise the Directors' independence.

Proposals received will be published on the Bank's website at mediobanca.com, in the section entitled Corporate Governance/AGM2018.

In view of the foregoing, the Board of Directors invites shareholders to adopt the following resolution:

"The shareholders of Mediobanca, gathered in ordinary general meeting, having reviewed the report and proposal presented by the Board of Directors,

Hereby resolve to

appoint Maximo Ibarra and Vittorio Pignatti-Morano as Directors, to remain in office throughout the mandate of the current Board of Directors, whose term of office is due to expire with the annual general meeting to be held to approve the financial statements for the financial year ending 30 June 2020."

Milan, 20 September 2018

THE BOARD OF DIRECTORS