

MEDIOBANCA

Crisis Management

Covid-19

Milan, 10 April 2020



MEDIOBANCA

COVID-19: CRISIS MANAGEMENT & BUSINESS CONTINUITY

In the course of March 2020, Italy was the first European nation of many to be impacted by the explosion of a healthcare crisis unprecedented in modern times.

The Covid-19 pandemic sent the entire country into a sudden and unexpected lockdown in an attempt to try and limit the effects of the contagion which nonetheless has had massive consequences in human, social and economic terms.

Even though no-one could have been ready to face such a crisis, the growing culture of risk management and technology that has been developing among banks and institutions meant that the response has been swift and decisive.

The Mediobanca Group, with our strong governance structure and solid, effective technology platform, has quickly adapted to the new means of working imposed by the circumstances.

Technology has allowed Group staff to work safely from home, and without interruptions to the service offered to our clients either in branch offices or via remote channels.

Through donations made by the Group companies plus a fund-raising campaign among staff, the Mediobanca Group has also donated more than €1m to support those affected by the pandemic and those on the front line in fighting it.

CRISIS MONITORING AND MANAGEMENT

New crisis unit

Mediobanca set up a Crisis Unit after the first hotspot was announced on 28 February 2020, to manage the emergency situation and to guarantee the safety of both staff and clients. The Crisis Unit is headed up by the Group General Manager Saverio Vinci, and comprises the heads of the Operations, Risk Management, Human Resources, Compliance and Communications areas.

New decrees incorporated promptly

As well as monitoring the decrees issued and adapting its operations to the guidelines contained in them, the Bank is also committed to ensuring its staff are fully updated at all times regarding developments in emergency, by sending out regular newsletters

Security measures in offices and branches

The Bank is in close contact with our workplace doctors and the healthcare facilities used by the Group, to ensure that all necessary measures are taken to guarantee the maximum safety at its premises and the various branch offices

Reporting and regular briefings

To enable the Crisis Unit to monitor and manage the emergency situation as effectively as possible, a reporting system has been implemented which includes daily reports on key indicators and regular briefing sessions on more general issues

MEDIOBANCA GROUP PROTECTING ITS STAFF

The main measures adopted to protect staff in this period fall into the following categories:

Safety and organization

- ◆ All health and safety protocols activated in order to protect staff and clients
- ◆ Large-scale incentivization to staff to work from home, meaning approx. 3,300 employees or some 70% of the total workforce
- ◆ Rollout of Group-wide professional collaboration platform to facilitate working from home
- ◆ All business travel and meetings in Italy and elsewhere cancelled, with priority given to online tools for holding meetings
- ◆ Reduction of working hours for CheBanca! branch offices to just mornings, with operations conducted via appointments at both CheBanca! and Compass, and online and technology-based channels enhanced

Welfare

- ◆ Additional, Covid-19-related healthcare coverage offered to Group staff and FAs, and existing welfare instruments extended
- ◆ Counselling and psychological service initiated, active 24/7 and available to all Group staff

Information and communication

- ◆ Dedicated section of Mediobanca and Group intranet updated consistently with useful information and documents on the emergency
- ◆ Legal newsletter: regular briefings on the legal and regulatory implications of the emergency

Training

- ◆ Webinars on issues relating to managing the emergency operationally and emotionally: mindfulness, resilience and communication in times of crisis
- ◆ Video tutoring for parents with children aged 0-6 and teenagers
- ◆ Webinars on how to manage meeting using online tools, posture and health and safety issues when working from home
- ◆ Course on cyber security

MEDIOBANCA GROUP SUPPORTING THE EMERGENCY SITUATION

A fund-raising campaign amongst staff, with a further, substantial donation made by parent company Mediobanca, has enabled the Group to contribute over €1m to tackling the crisis, as follows:

- ◆ €700,000 donated to the Region of Lombardy to help manage the sanitary crisis
- ◆ €300,000 donated to the mutual support fund launched by the municipality of Milan
- ◆ €100,000 donated to the Luigi Sacco University Hospital in Milan for use in the most exposed departments (Infectious Diseases – Emergency Resuscitation and Intensive Care – Microbiology and Virology)
- ◆ €100,000 plus PPE donated to healthcare workers in Monaco hospitals by Compagnie Monégasque de Banque

CheBanca! has also decided that for every tied deposit made at the promotional interest rates offered to clients, it will donate 0.1% of the assets deposited, to help with the Coronavirus emergency. The first €300,000 have already been donated to non-profit organization Hope, to buy seven portable ultrasound machines and six ventilators

MEDIOBANCA GROUP PROTECTING ITS CLIENTS

Technology and business continuity

The Mediobanca Group has for a long time seen technology as a distinguishing feature in business to meet changing client needs for flexibility. The strategic plan adopted in November 2020 made substantial provision for growth in the Group's distribution capacity, including **a substantial programme of capex to support increasing digitalization.**

Clients and staff, the principal beneficiaries of this strategic decision, have received assurance of business continuity in the face this emergency as a result of the work carried out to enhance the IT infrastructure. As of today something like 70% of the Group's staff are working regularly from home while guaranteeing clients the high service levels to which they have become accustomed to associate with the name Mediobanca.

The Group's retail companies have a multi-channel product and service offering which allows access to clients without them having to leave the safety of their own homes. As part of the multi-channel approach offered to clients, **the regional branches are almost all open, often with reduced hours and access managed by appointment, and fitted out to ensure that the risk of infection among those present is reduced to a minimum.**

MEDIOBANCA GROUP PROTECTING ITS CLIENTS (2/4)

Specific initiatives

The COVID-19 emergency has created the need for extraordinary legislative measures to support the economy, such as the so-called “Heal Italy” decree or the agreement signed by the Italian Banking Association ABI. The Mediobanca Group is considering extending these measures to categories not specifically covered by the regulations themselves to support particular instances of need.

Governance processes: in order to intervene promptly and assist its clients, anti-crisis measures have been instituted with dedicated teams and simplified processing procedures implemented at the various companies to speed up the ordinary processes.

Affluent

Communications

- ◆ Overhaul of website to provide focus on multi-channel approach, digital security, branch access, and in general terms on specific issues related to the legislation introduced (e.g. applications to have mortgage payments suspended).
- ◆ Communications programme to provide information on:
 - ◆ Use of digital channels, online payments and IT security
 - ◆ New arrangements for branch offices and customer service hours
 - ◆ Market trends and managing investments

Products

- ◆ Promotion to encourage liquidity as a temporary asset management solution at a time of high volatility. The promotion itself is linked to a further initiative to support the emergency (“Mediobanca Supporting the Emergency”).

Process governance

- ◆ Revision of processes to allow operations that previously could only be managed in person to be managed electronically.

MEDIOBANCA GROUP PROTECTING ITS CLIENTS (3/4)

Private Banking

MB Private Banking, on the back of the solid relationship of trust it has built with its clients over the years, has provided help to those clients who wish to express their sense of social and local responsibility by making a tangible contribution to the current emergency situation. The Group's bankers have:

- ◆ Provided advice on structuring investment vehicles and companies to allow donations to be made to entities and initiatives to provide economic support and for charitable purposes;
- ◆ Facilitated the sourcing of sanitary tools and equipment through our exclusive relations with the manufacturers;
- ◆ Encouraged contact between clients and healthcare firms, charitable institutions and regional administrations to allow them to make their financial contributions or provide materials.

Consumer Banking

◆ Immediate action

- ◆ Specific communications with simplified instructions for payments from home and bar codes generated automatically via smart phones to allow payments to be made via supermarket checkouts as well

◆ Governance and processes

- ◆ **Pure digital channel enhanced** to allow loan applications to be submitted independently from home
- ◆ **New pathway for contacting branch office created on website www.compass.it (for use via PC/smart phone):** the client is contacted electronically within 24 hours, after which they can proceed to apply for credit (documents are signed on appointment at the branch office, or using advanced digital signature technologies with the documents sent via email)

Leasing

- ◆ Timely **information on available support** published in a dedication section on the Covid-19 emergency on the companies' website.

MEDIOBANCA GROUP PROTECTING ITS CLIENTS (4/4)

Corporate & Investment Banking

The Corporate & Investment Banking division provides ongoing support to its clients on all products offered by the respective areas:

Investment Banking

- ◆ Management of **impact and/or risks of Corporate Finance and Equity Capital Markets deals in progress**
- ◆ **New deals structured** to guarantee **financial flexibility** and **solid ownership structures** with long-term prospects
- ◆ **Identification of growth opportunities post-crisis** for acquisitions in Italy and elsewhere

Debt Division

- ◆ **Understanding the extraordinary measures launched by the government** to allow rapid access to instruments such as:
 - ◆ Obtaining suspensions to existing credit lines;
 - ◆ Access to new finance with or without state guarantees
- ◆ **Providing liquidity to support clients** to help meet their immediate needs and given them the necessary financial flexibility
- ◆ **Assistance in identifying alternative sources to bank finance**

Markets Division

- ◆ **Dedicated customer support service set up promptly** to assist clients at a time of high market stress
- ◆ **Definition and execution of interest rate, forex, credit and equity risk mitigation strategies**
- ◆ **Identification of investment opportunities in all asset classes**, both short-term and with a medium/long-term strategic rationale