



MEDIOBANCA

PRESS RELEASE

LONG-TERM INCENTIVE PLAN APPROVED AND PERFORMANCE SHARES AWARDED

At a Board meeting held today, the Directors of Mediobanca approved a long-term incentive plan linked to achievement of the objectives set in the 2019-23 strategic plan approved on 12 November 2019. The beneficiaries of the plan are the Chief Executive Officer of Mediobanca, the General Manager of Mediobanca, and the CEO of Compass/CheBanca!.

As provided by the Group Remuneration Policies in force, the amount of the award made will be comprised within a range of 20-40% of the value of the beneficiary's individual gross annual compensation for each year of the plan. The award will become payable upon the quantitative and qualitative/non-financial objectives set in the recipients' individual scorecards being achieved, without prejudice to the annual cap on variable remuneration which is set at 200% of fixed remuneration. The amount will be established when the plan has been completed.

The main characteristics of the plan are as illustrated in the attached slides.

As required by Article 84-bis of Consob resolution no. 11971/99 (Regulations for Issuers), notice is hereby given that a maximum number of 338,841 Mediobanca shares (performance shares) have been reserved for the recipients of the long-term incentive plan, to be awarded in the course of the five-year period subsequent to the LTI plan's completion, from the scheme approved by the Bank's shareholders at the Annual General Meeting held on 28 October 2019.

The characteristics of the instruments assigned are described on the Bank's website at www.mediobanca.com.

19 December 2019



LONG-TERM INCENTIVE PLAN: MAIN CHARACTERISTICS

Aspects	Comments
Performance evaluation timeframe	The four financial years from FY 2019-20 to FY 2022-23, in tandem with the strategic plan
Beneficiaries	<ul style="list-style-type: none"> ◆ CEO, Mediobanca ◆ General Manager, Mediobanca ◆ CEO CheBanca!/Compass
STI/LTI pay mix	<ul style="list-style-type: none"> ◆ On an annual basis, pay mix maximum 80% STI -20% LTI ◆ Given the 2:1 cap approved by shareholders in AGM, on an annual basis, maximum of 160% STI/40% LTI
Gateways	<p>The same as provided in the Remunerations Policies, to be assessed over the course of the strategic plan as follows:</p> <ul style="list-style-type: none"> ◆ Review at closing date of each financial year for capital and liquidity adequacy indicators contained in the RAF; ◆ Assessment on an aggregated basis at the end of the plan for earnings indicators.
KPIs	<p>The financial/quantitative KPIs have been selected from among the plan's objectives and are linked to the objective of creating value.</p> <p>Non-financial/qualitative objectives have also been set.</p>
Means of payment	<p>In accordance with the deferral mechanisms provided in the Remunerations Policies in force (i.e. 60% deferred over a five-year time horizon, 47% cash/ 53% equity).</p> <p>The value of the MB shares has been established based on the average price in the 30 days prior to the LTI plan's approval by the BoD.</p>
Malus and clawback	Malus and clawback as per Remuneration Policies

FINANCIAL/QUANTITATIVE INDICATORS, LTI 2019-23

	KPI	Weighting	Target KPI Plan 2023	Assessment criteria	
				KPI threshold	% fixed annual salary – plan time horizon ¹
Growth	EPS Growth	33%	4%	> 5%	40%
				4-5%	30-40%
				4%	30%
				3-4%	20%
				< 3%	0
Profitability	Group ROTE	34%	11%	> 12.1%	40%
				11-12.1%	30-40%
				11%	30%
				10-11%	20%
				< 10%	0
Capitalization	CET 1 ²	33%	13.5%	>13.5%	40%
				13-13.5%	20-40%
				< 13%	0

1) Where an range is stated, the figure is quantified by linear interpolation
2) Conditional upon shareholder remuneration of up to €2.5bn over four years (€1.9bn cash dividends and €0.3-0.6bn share buyback with cancellation) and assuming no change in regulatory requisites



NON-FINANCIAL/QUALITATIVE INDICATORS, LTI FY 2019-23

	KPI	Assessment criteria
Corporate Social Responsibility Targets (Global Goals SDG UN)	<ul style="list-style-type: none"> 4 QUALITY EDUCATION: Average hours training up 25% 8 DECENT WORK AND ECONOMIC GROWTH: AM: 100% of new investments selected using ESG and financial criteria; €700m to be invested in outstanding Italian SMEs; 30% increase in ESG products in clients' portfolios 11 AFFORDABLE AND CLEAN ENERGY: €4m per annum earmarked for projects with positive social/environmental impact 12 RESPONSIBLE CONSUMPTION AND PRODUCTION: Customer satisfaction: CheBanca! CSI in core segments @73, NPS @25 - Compass: CSI @85, NPS @55 13 CLIMATE ACTION: Energy: 92% from renewable resources, CO² emissions to be cut by 15%; hybrid cars @90% of MB fleet; CheBanca! green mortgages up 50% 	<p>- 5% / +7.5% quantitative financial results</p>
Relative performance Total shareholder return	<p>MB stock relative performance vs Total Shareholder Return index (TSR: assumes dividends are reinvested) for 26 leading European banks (Euro Stoxx Banks – code SX7GT-STX), of which Mediobanca is part</p>	<p>- 5% /+7.5% quantitative financial results</p>

MEANS OF PAYMENT AND DEFERRAL STRUCTURE FOR LTI PLAN

Instrument	Long-term incentive plan							Total
	Performance evaluation FY 2019-20 - FY 2022-23	Payment						
		2023	2024	2025	2026	2027	2028	
Cash		20%		13%			14%	47%
Equity			20%		11%	11%	11%	53%

4 years (Cash) | 5 years (Equity) | 9 years (Total)

Legend: ■ Upfront, ■ Deferred