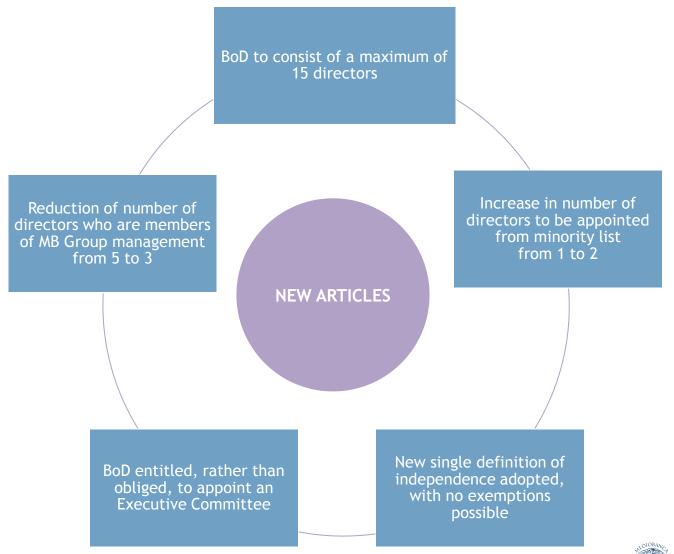




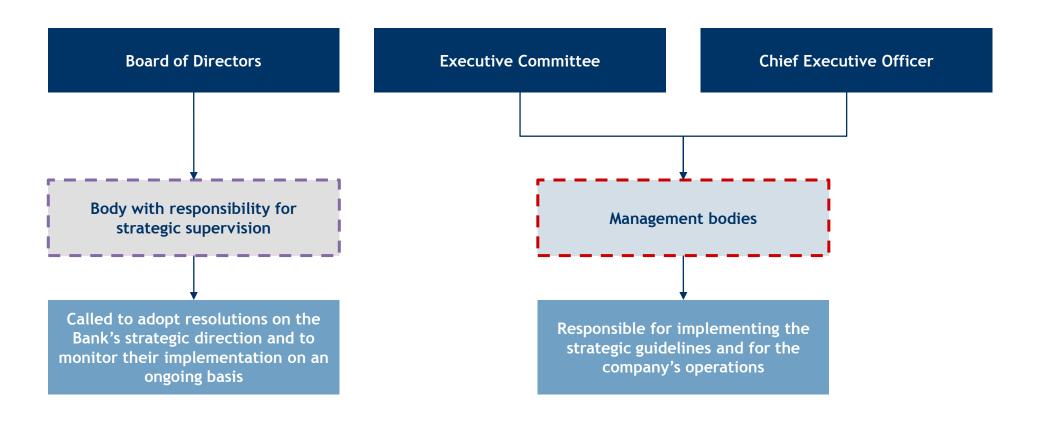
## **Amendments to Articles of Association: highlights**

The proposed amendments are intended to incorporate the contents of the new supervisory instructions contained in Bank of Italy Circular no. 285 issued on 17 December 2013



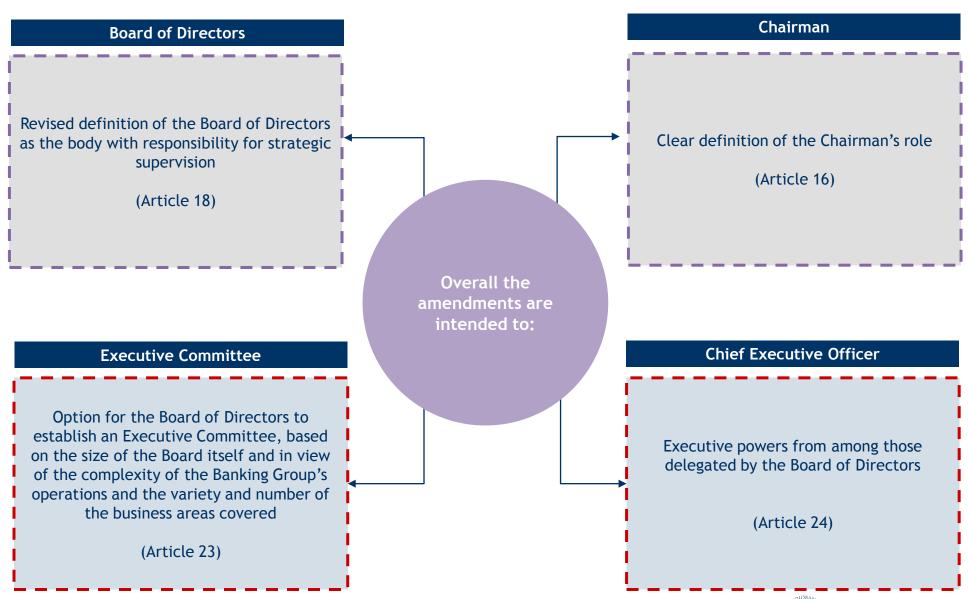
### **Governance model**

#### Clear distinction of roles and responsibilities between governing bodies





#### Governance model



## Board of Directors: Articles 15 and 18 of the Articles of Association

**Powers** 

#### The BoD defines and approves:

- Strategic guidelines and direction
- Business and financial plans and budgets
- Risk management and internal controls policies
- ◆ The Bank's overall governance and organizational structure, ensuring clear distinction of duties and roles and preventing conflicts of interest

#### Appoints and dismisses:

- Executive Committee
- Chief Executive Officer
- General Manager
- Head of Company Financial Reporting
- Heads of the Internal Audit, Compliance and Risk Management units

#### **Approves:**

- Quarterly and interim accounts and the draft statutory and consolidated financial statements
- ◆ Acquisition and disposal of equity investments involving: a) 10% of the share capital of the investee company; and b) an amount in excess of 5% of the Group's consolidated regulatory capital



## **Board of Directors: Articles 15 and 18 of the Articles of Association**



- Between 9 and 15 members
- ◆ Two directors to be appointed from a single minority list
- ◆ At least three members to be chosen from among the Group's senior management, to ensure that the Board has the requisite capabilities and indepth knowledge of the reference business as a result of their professional experience
- ◆ At least one-third to be made up of independent directors, higher than the limit set by the Supervisory Instructions (one-quarter) and in line with the stringent criteria set by the Code of conduct in respect of listed companies operated by Borsa Italiana
- Single definition of independent directors with no exceptions possible (Article 19), substantially in line with the definition contained in the Code of conduct

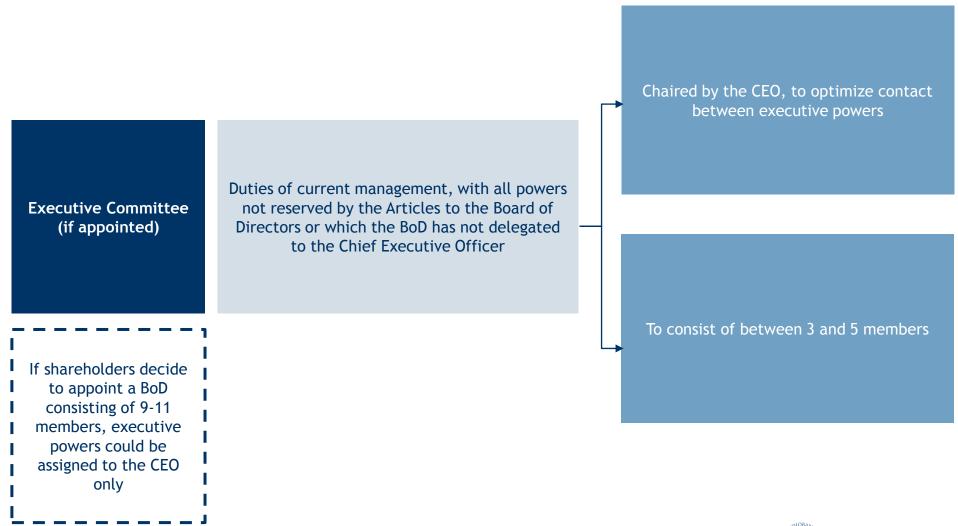


#### Chairman: Article 16 of the Articles of Association

Responsible for ensuring that the corporate governance system runs smoothly in practice, and for guaranteeing due balance between the powers of the Chief Executive Officer and the other executive directors Duty of care versus the Board as a whole while Non-executive role which excludes the Chairman of the Board at the same time forming the main point of possibility of taking on management duties or roles, in accordance with the of Directors contact with the executive directors, Statutory Audit Committee and the internal committees **Supervisory Instructions** Attends meetings of the Executive Committee, if appointed, as a guest



# **Executive Committee - Article 23 of the Articles of Association**



### Internal committees: Article 20 of the Articles of Association

Internal Committees

Composition and powers of the internal committees instituted by the BoD as provided by Bank of Italy Circular no. 285/13 in respect of appointments, risks and remunerations amended in line with the new regulations

#### Chief Executive Officer and General Manager: Articles 24-25 of the Articles of Association

**Chief Executive Officer** 

The Board of Directors defines the powers and duties attributed to the Chief Executive Officer consistent with those of the Executive Committee if appointed. The CEO has executive powers and is responsible for implementing the resolutions adopted by the Board of Directors and Executive Committee if appointed

**General Manager** 

The General Manager is the head of the internal organization, and as such takes part in the Bank's management, performing the duties and exercising the powers assigned to him at the Chief Executive Officer's proposal by the Board of Directors, to ensure consistency of management under all circumstances

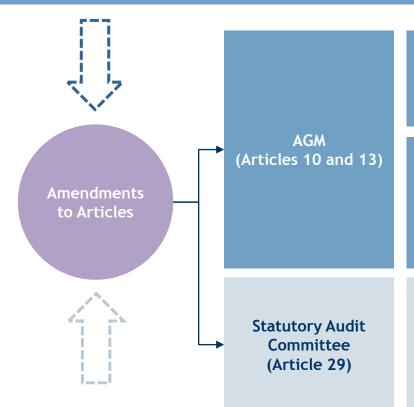


# Other changes

**Bank of Italy Circular no. 285/13** in respect of remuneration and incentivization policies for banks and banking groups



EU Directive 2013/36 and international guidance on remuneration



Shareholders in ordinary annual general meeting approve the criteria for determining compensation to be agreed in the event of early termination of the employment relationship or term of office

Shareholders in general meeting have powers to establish a ratio between the variable and fixed components of individual staff remuneration which is higher than 1:1 (but in any case no higher than 2:1) and also to determine the quorum for approving such proposals

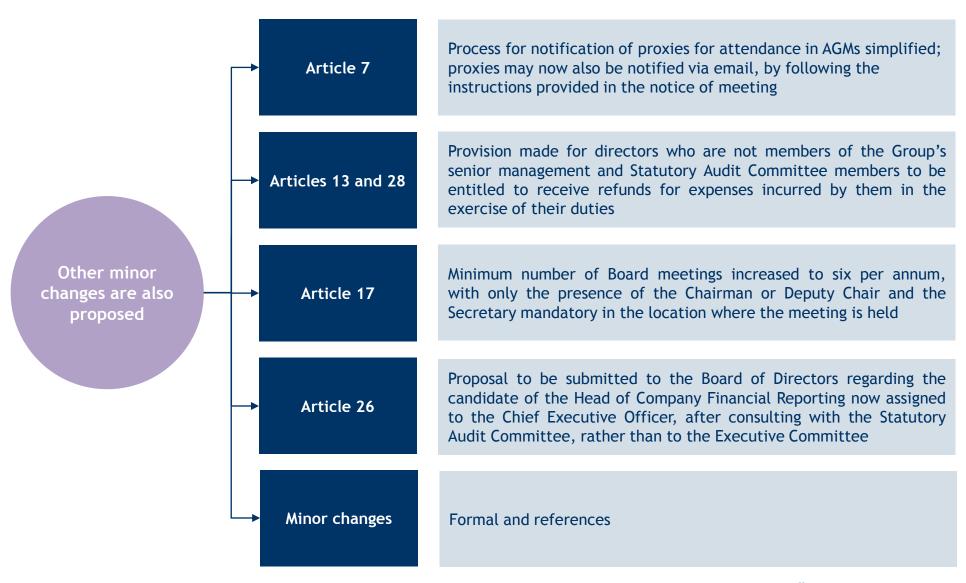
The Statutory Audit Committee's duties are also revised in line with Bank of Italy Circular no. 285/13.

Its duties in particular include monitoring the thoroughness, adequacy, functioning and reliability of the internal controls system and the RAF and the business continuity plan

Bank of Italy Circular no. 285/13 on internal controls



## Other changes



## **Temporary provisions**

The changes will come into force as and when the resolution approved by shareholders in general meeting is filed in the companies' register. In accordance with the temporary provisions and to ensure the appropriate business continuity, the following provisions will become effective starting from the next time the governing bodies are reappointed

**Article 15** 

Reduction in number of Board members to between 9 and 15 **Article 15** 

Reduction of number of directors who have been members of the MB Group senior management for at least three years from 5 to 3

**Article 23** 

Reduction in number of members of Executive Committee, if appointed, to between 3 and 5

**Article 19** 

Application of new definition of independence

