



Mediobanca

Delivering the transforming BP strategic vision



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Business Plan 14/2016. Goals and steps

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MB Group

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- ◆ Simpler, more valuable banking group
- ◆ Focused on 3 specialized banking businesses (CIB, Retail, WM)
- ◆ Generating growing, cost/risk efficient, diversified revenue pool
- ◆ Able to deliver sustainable profitability over the cycle

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- ◆ Reduce equity exposure and optimize use of capital
- ◆ Invest in fee-generating / K-light / diversified businesses
- ◆ Develop non-domestic CIB revenues
- ◆ Maintain strong focus on risks and asset quality

Year one: FY14 actions

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Reduction of equity exposure

- ◆ €840m stakes sold, €240m capital gain

Invest in fee-generating/
capital-light businesses

Increase contribution
of international CIB activities

- ◆ CIB: - International franchise empowered/ing
 - Revenues from international activities boosted (up to 48% of tot)
 - SMEs platform set up, factoring launched
 - PB: growth resumed in AUM (up 9%) and fees (up 11%)
- ◆ RCB: - CheBanca!: wealth management launched
 - Compass: distribution platform strengthened (MPS agreement)

Resume growth
Improve profitability

- ◆ Revenues up 12% (to €1.8bn), ordinary GOP up 17% (to € 1.0bn), due to business diversification
- ◆ Net profit up to €465m (€176m loss in FY13), ROE 6%

Confirm asset quality

- ◆ NPLs coverage ratios increased vs capital gains from equity disposals
- ◆ Coverage ratios: higher than the Italian system (67% Bad Ls, 50% NPLs)

Confirm capital strength

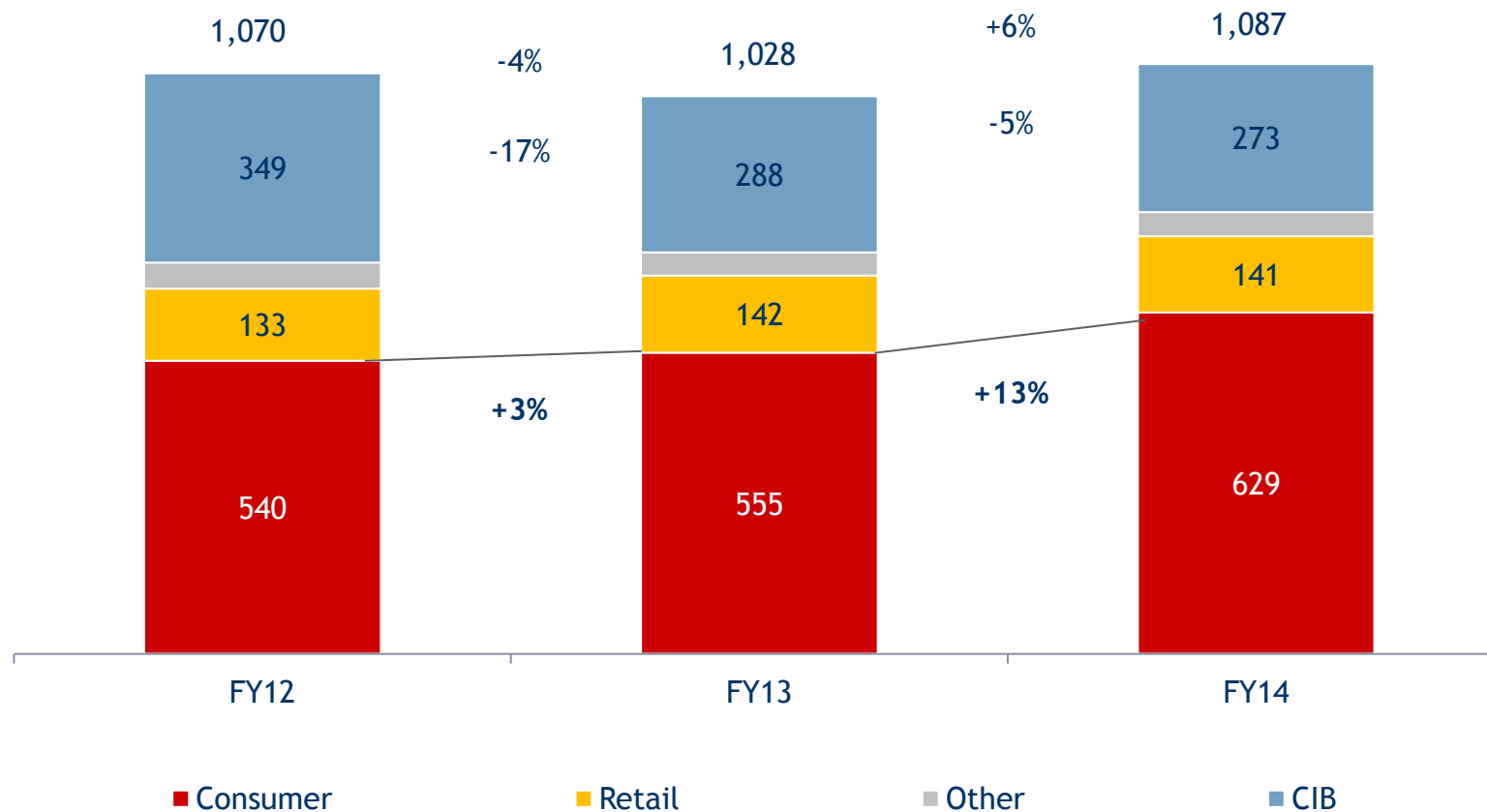
- ◆ June14 B3 CET1 phase-in = 11.1%; fully-phased = 12.5%

Consumer lending: NII engine in a low rate environment

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Group net interest income trend (€m)



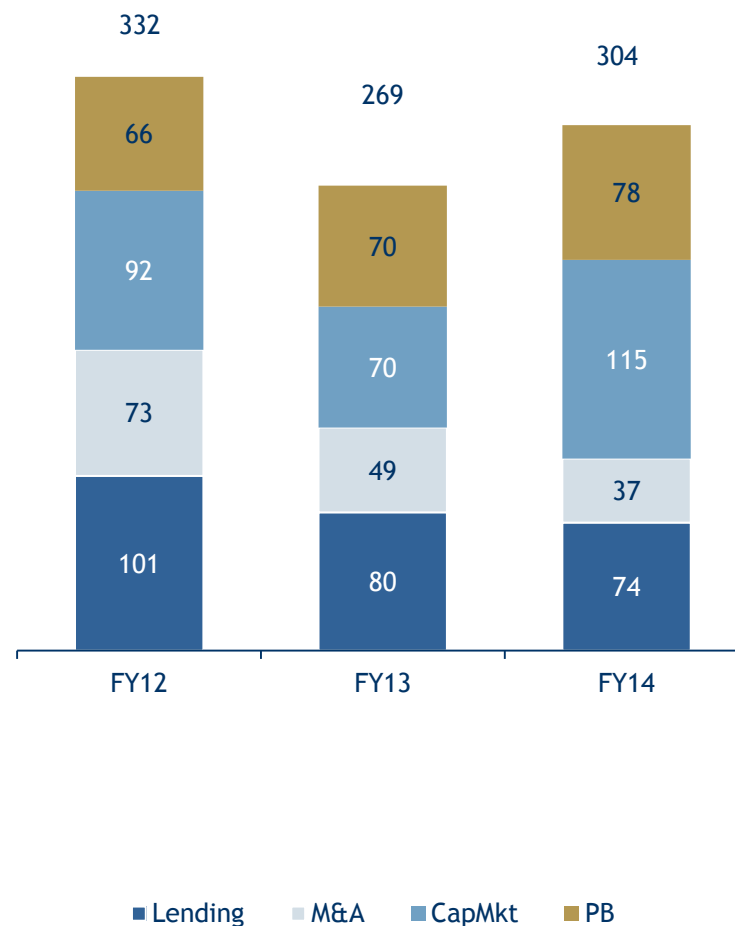
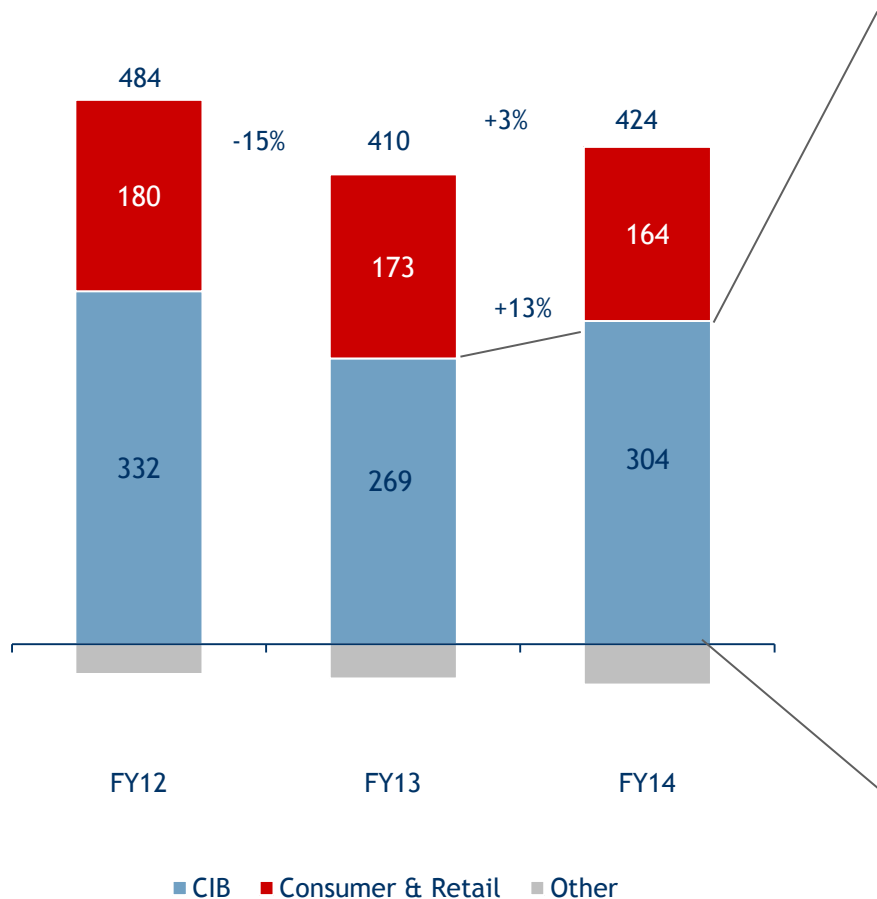
CIB: feeding Group fees on the rebound in IB business

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Group fee income trend (€m)

CIB fees breakdown and trend (€m)

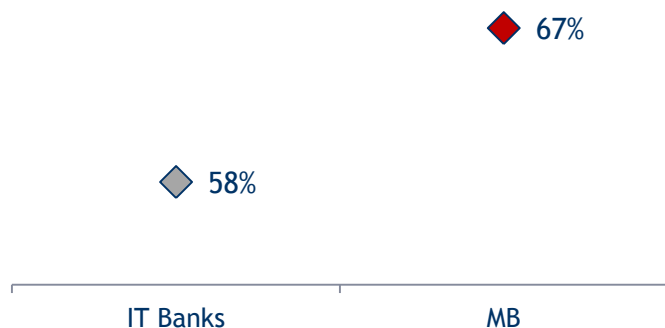


Strong asset quality ahead of AQR

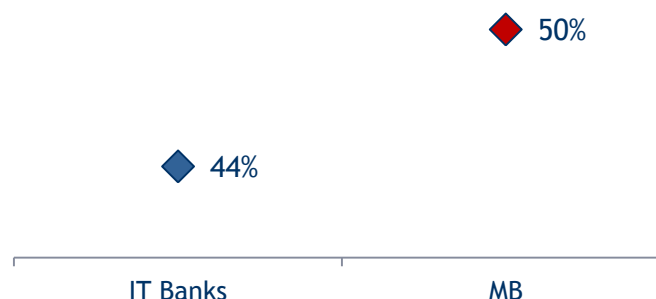
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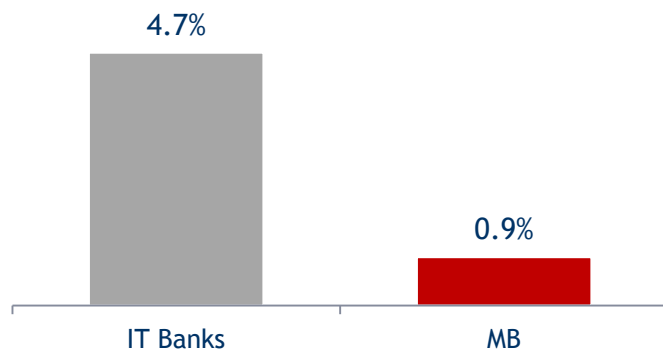
Bad Ls coverage ratio: MB and Italian peers



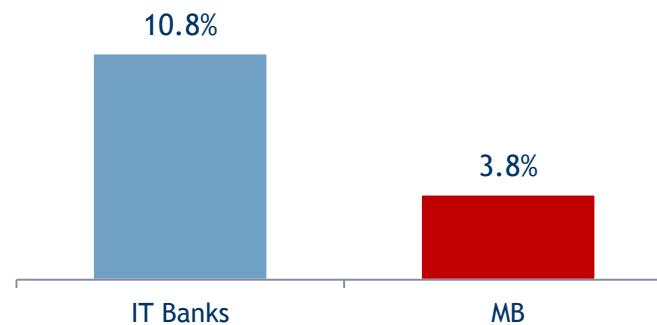
NPLs coverage ratio: MB and Italian peers



Bad Ls as % of loans: MB and Italian peers



NPLs as % of loans: MB and Italian peers



- ◆ MB: Bad Loans (“sofferenze”) coverage higher (67% vs 58%) and lower % of loans (0.9% vs 4.7%) than IT banks
- ◆ MB: NPLs (“deteriorate”) coverage higher (50% vs 44%) and lower % of loans (3.8% vs 10.8%) than IT banks

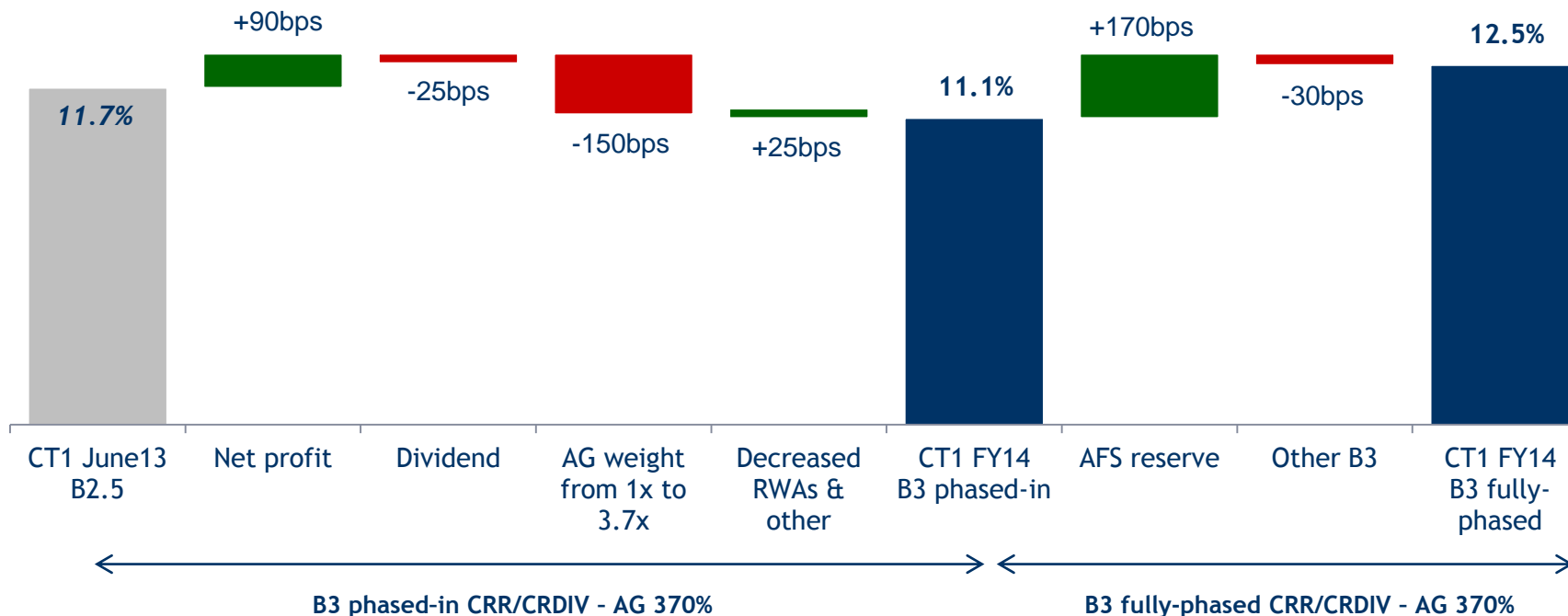
*Source: Company data, seven largest Italian banks

High capital ratios, K management actions

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CET1 ratio trend (% , bps)



- ◆ 200 bps of capital restored in last 12m through K management actions
- ◆ Solid and improving K position: CET1 phased-in = 11.1%, fully-phased = 12.5%
TC phased-in = 13.8%, fully-phased = 14.7%

* Authorization obtained in June 14

CIB: empowering fee-based, non-domestic, client businesses

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CIB

BP 14/16 Goals	Steps in FY14
<p>Growth in client-driven, non-domestic, k-light businesses</p>	<ul style="list-style-type: none"> ◆ Client business revenues up both domestically and internationally (EMEA FIG team set up) ◆ Increasing contribution to WB revenue pool of <ul style="list-style-type: none"> ◆ International activity: up to 48% (from 31%) ◆ K-light business: up to 60% (from 36%) ◆ Private banking: growth resumed in AUM (up 9%) and fees (up 11%)
<p>Reshaping revenue mix CIB fees > 50% tot. income</p>	<ul style="list-style-type: none"> ◆ Fee growth in FY14 (up 13%) driven by strong IB activity ◆ Revenue mix reshaping: fees/income ratio up to 50% (from 35%)
<p>Asset quality ratios above average</p>	<ul style="list-style-type: none"> ◆ NPLs (“<i>deteriorate</i>”) coverage ratio: 49% (up 10 pp) ◆ Bad loans (“<i>sofferenze</i>”) coverage ratio: 99%
<p>Efficiency Profitability</p>	<ul style="list-style-type: none"> ◆ Cost/income ratio: 56% ◆ Normalized ROAC at 6%

Principal investing: redeploy capital into banking business

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PI

BP 14/16 Goals	Steps in FY14
Reduce equity exposure	<ul style="list-style-type: none">◆ AFS: €840m equity stakes disposed, €240m capital gains◆ FY15: further AFS disposals expected◆ FY16: 3pp stake AG disposal confirmed
13.2% stake Ass. Generali*	<ul style="list-style-type: none">◆ AG stake confirms its function for MB Group as revenues/EPS stabilizer, K generator with €261m revenues◆ High double-digit return on investment also in Basel III environment<ul style="list-style-type: none">◆ RORWAs = 2.5%◆ ROAC ~ 30%◆ Return on book value = 9%

* At June-end 2014: BV AG = €2,726m, RWAs AG = €10.2bn

Consumer lending: playing a growth business

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Consumer lending

BP 14/16 Goals	Steps in FY14
Confirm leadership in Italian market	<ul style="list-style-type: none">◆ Compass growing steadily in a weak market◆ Leading player in Italy in 1H14, with a 11.8% market share
Enlarge distribution Increase customer base Diversify revenues	<ul style="list-style-type: none">◆ Distribution channel empowered with MPS agreement◆ Third-party branch network up from 5K to 7.5k: first indirect branch network◆ Customer base: 2.3m, ow personal loan customers up 12% to 850K
Focus on value not on volumes	<ul style="list-style-type: none">◆ NII up 13% YoY with loans up 5% YoY◆ Margins risk adj. resilient at 240 bps
Keep asset quality ratios above average	<ul style="list-style-type: none">◆ NPLs (“<i>deteriorate</i>”) coverage ratio^{**}: 64% (up 8 pp)◆ Bad loans (“<i>sofferenze</i>”) coverage ratio^{**}: 88% (up 1 pp)◆ Generic provisions (“<i>In bonis</i>” reserve): 0.8% of loans
Preserve high efficiency and profitability	<ul style="list-style-type: none">◆ Cost/income ratio: 36%◆ ROAC adj: 9%

CheBanca!: from deposit-gatherer to wealth management operator

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Retail banking

BP 14/16 Goals	Steps in FY14
<p>CheBanca! as first bank</p> <p>Increasing not-yield driven customers</p>	<ul style="list-style-type: none"> ◆ Increase in transactional/fee-based products, those geared to yield declining <ul style="list-style-type: none"> ◆ 170K product sold in FY14 (up 32%), half of which represented by current accounts (up 36%) and securities accounts (up 58%); asset management launched ◆ Indirect deposits doubled to €1.5bn, ow €0.4bn AUM placed in last 6m
<p>Growing digital omni-channel banking customers</p>	<ul style="list-style-type: none"> ◆ 70K customer acquired, 45% of which through remote channels (39% in FY13) ◆ New services launched for easing remote access and online services: remote electronic signature (>11k new products contracts sold), new digital AUM platform (25% of new AUM clients)
<p>Exploit group synergies</p>	<ul style="list-style-type: none"> ◆ Product: CB! distributing MB bonds, Compass personal loans ◆ Costs: marketing, administrative activities, IT and infrastructure
<p>Increase efficiency</p> <p>Breakeven by 2016</p>	<ul style="list-style-type: none"> ◆ Ongoing reduction of avg cost of funding: June-end at 1.7% (from 2.7%) ◆ Revenue mix moving towards higher net commissions (€23m, up 53% YoY) ◆ Cost/income ratio down 5 pp to 97% ◆ Net loss lowered to €20m* (€28m)

* One-offs excluded

2014 actions

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Closing remarks

Major actions

- ◆ Equity exposure substantially reduced
- ◆ Capital ratios preserved with internal growth and K management
- ◆ Franchise enlarged
 - ◆ CIB: European FIG team set up
 - ◆ Consumer: distribution agreement with MPS
 - ◆ Retail: on the road to becoming an asset management player
- ◆ Focus on risk and asset quality maintained

Best net result since 2008

- ◆ Revenues up 12% to €1.8bn
- ◆ Net profit at €465m
- ◆ DPS at €0.15ps

2015 actions to grow in a low rate environment

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Closing remarks

**CIB:
IB rebound
Volume recovery**

- ◆ Rebound in IB activity expected to continue
- ◆ Intensive new business in lending
- ◆ Funding and treasury optimization still ongoing

**Consumer lending:
NII engine**

- ◆ Growth business: new loans to increase, due to MPS agreement picking up
- ◆ Value management: asset return improving due to lower cost of risk and lower risk channel/product mix

**CheBanca!
Focus on savings**

- ◆ Focus on transactional/fee based products
- ◆ Technology-driven/proprietary advisory model: “Yellow advisory - Academy”

**PI
Redeploying K**

- ◆ Furthers AFS stakes to be disposed
- ◆ CET1 > 11.0%, shareholders’ remuneration



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Disclaimer

This presentation contains certain forward-looking statements, estimates and targets with respect to the operating results, financial condition and business of the Mediobanca Banking Group. Such statements and information, although based upon Mediobanca's best knowledge at present, are certainly subject to unforeseen risk and change. Future results or business performance could differ materially from those expressed or implied by such forward-looking statements and forecasts. The statements have been based upon a reference scenario drawing on economic forecasts and assumptions, including the regulatory environment.

Declaration by Head of Company Financial Reporting

As required by Article 154-bis, paragraph 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the stated accounting information contained in this report conforms to the documents, account ledgers and book entries of the company.

Head of Company Financial Reporting

Massimo Bertolini

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