



CHEBANCA!

Autonomous Asset Managers Rendez-Vous
Royal Institute of British Architects, London

27 November 2018



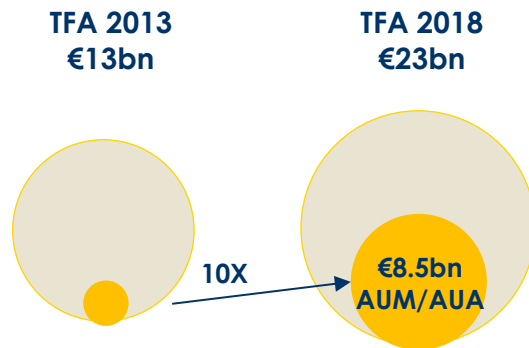
CheBanca!
Gruppo Mediobanca

CHEBANCA!: “THE HUMAN DIGITAL BANK”

CheBanca! is the Mediobanca Group wealth manager for the affluent generations

- ▶ Born digital, always at the cutting edge of innovation
- ▶ Genuinely omni-channel for customers (current affluent & next gen)
- ▶ Highly sustainable business model and right human-digital balance
- ▶ Well-positioned to capture long-term structural trend

Key financial information¹



| | |
|-------------|--------|
| Revenues: | €293m |
| Net profit: | €28m |
| ROAC: | 8% |
| C/I ratio: | 80% |
| Loan stock: | €8bn |
| New loans: | €1.6bn |
| Deposits: | €14bn |

| | |
|---------------------------|--------|
| TFA stock: | €23bn |
| TFA net inflows | €2,2bn |
| # customers: | >800K |
| # branches: | 111 |
| # wealth advisors: | 413 |
| # financial advisors: | 244 |
| Digital CRM, partnerships | |

THREE STRATEGIC PILLARS AT THE HEART OF BUSINESS MODEL ...

CheBanca!

Gruppo Mediobanca

1

INNOVATION

Digital excellence
(products/services) available
since inception
to CheBanca! clients
and distribution network

Ongoing innovation and fast
reaction to operating challenges

2

THROUGH CUSTOMERS' EYES

Easy, efficient, multichannel for
transactional services

Transparent, valuable, fair-priced
for investment services

Value- and quality-driven
financing services

3

SUSTAINABILITY

Broad and growing client base

Real omni-channel distribution
model, built to be scalable and
sustainable

Diversified and sustainable
revenues sources

CUSTOMER SATISFACTION: 79% and Net Promoter Score (NPS): 38%

MEDIOBANCA GROUP SUPPORT FOR ORGANIC GROWTH & M&A

... ENABLING CHEBANCA! TO CAPTURE LONG-TERM INDUSTRY TRENDS

ITALIAN SAVING MKT ONE OF THE MOST ATTRACTIVE IN EUROPE

- ◆ Italian **private wealth** totals €4tr, almost twice the value of public debt
- ◆ Still low penetration of asset management products: **need for advice** given mkt complexity
- ◆ **Financial advisors** network, one of most successful channels of distribution in the last 15 years, **resilient** through crises
- ◆ Digital literacy increasing, but when it comes to “investment advisory”, clients still ask for **relationship**

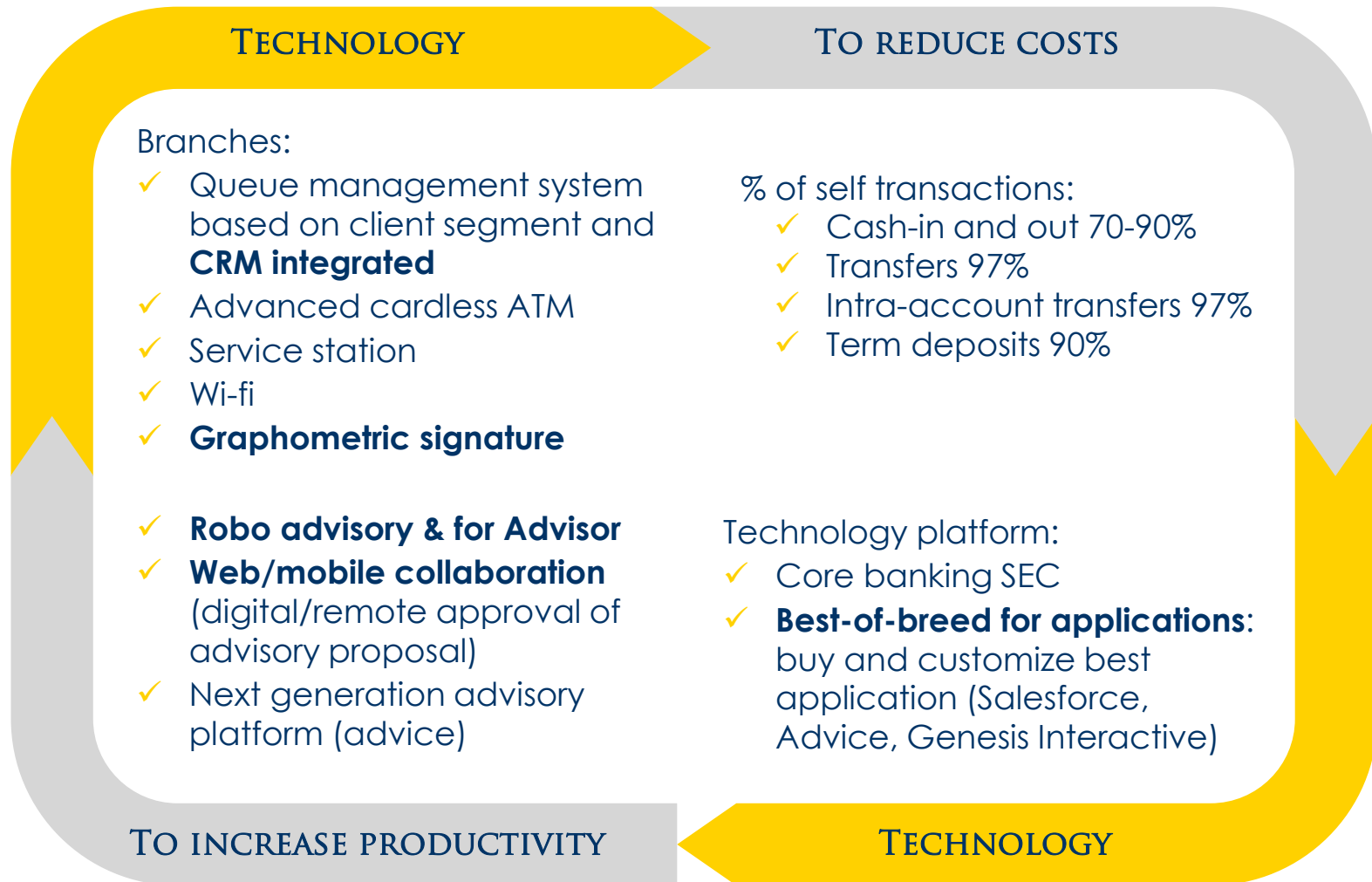
... BUT STRUCTURAL CHANGES AHEAD

- ◆ **Digitalization**: increasing use of remote channels, in particular mobile devices
- ◆ **Demography**: distribution of wealth among generations: important focus on next wealth generation and need for retirement and welfare planning
- ◆ **Regulation**: MIFID2 increasing focus on total expense ratio for customers
- ◆ **Legacy burden**: incumbent, over-branched divisional banks with heavy legacies and NPLs lack focus on innovation
- ◆ **Robot/technology**: RPA and robo-advisory to foster efficiency

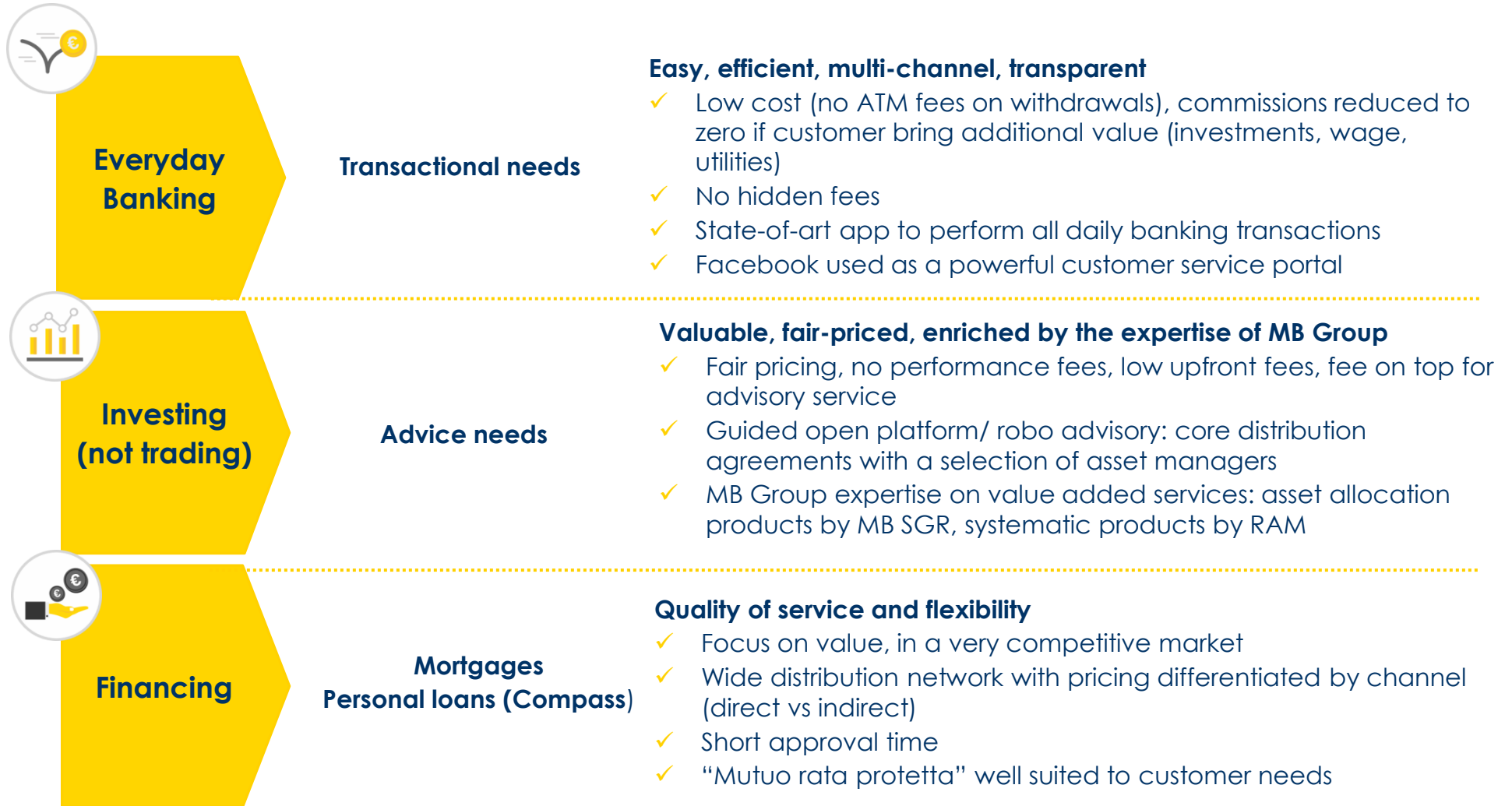
... POINTING TO FEW SELECTED WINNERS WITH A “CB! PROFILE”

- ◆ **Strong investments** required to sustain **innovation** and **client focus**
 - ◆ Tech/digital
 - ◆ Brand awareness
 - ◆ Training/re-qualifying employees
- ◆ **High specialization** to defend margins in a scenario of **shrinking profitability**
- ◆ Ability to build a **long-lasting franchise** requiring true **omni-channel distribution** and **transparency**
- ◆ Business **agility + fast execution**: **customer loyalty declining** (new generations open to try and to move quickly – “you must speak to them!”)

PILLAR 1: INNOVATION

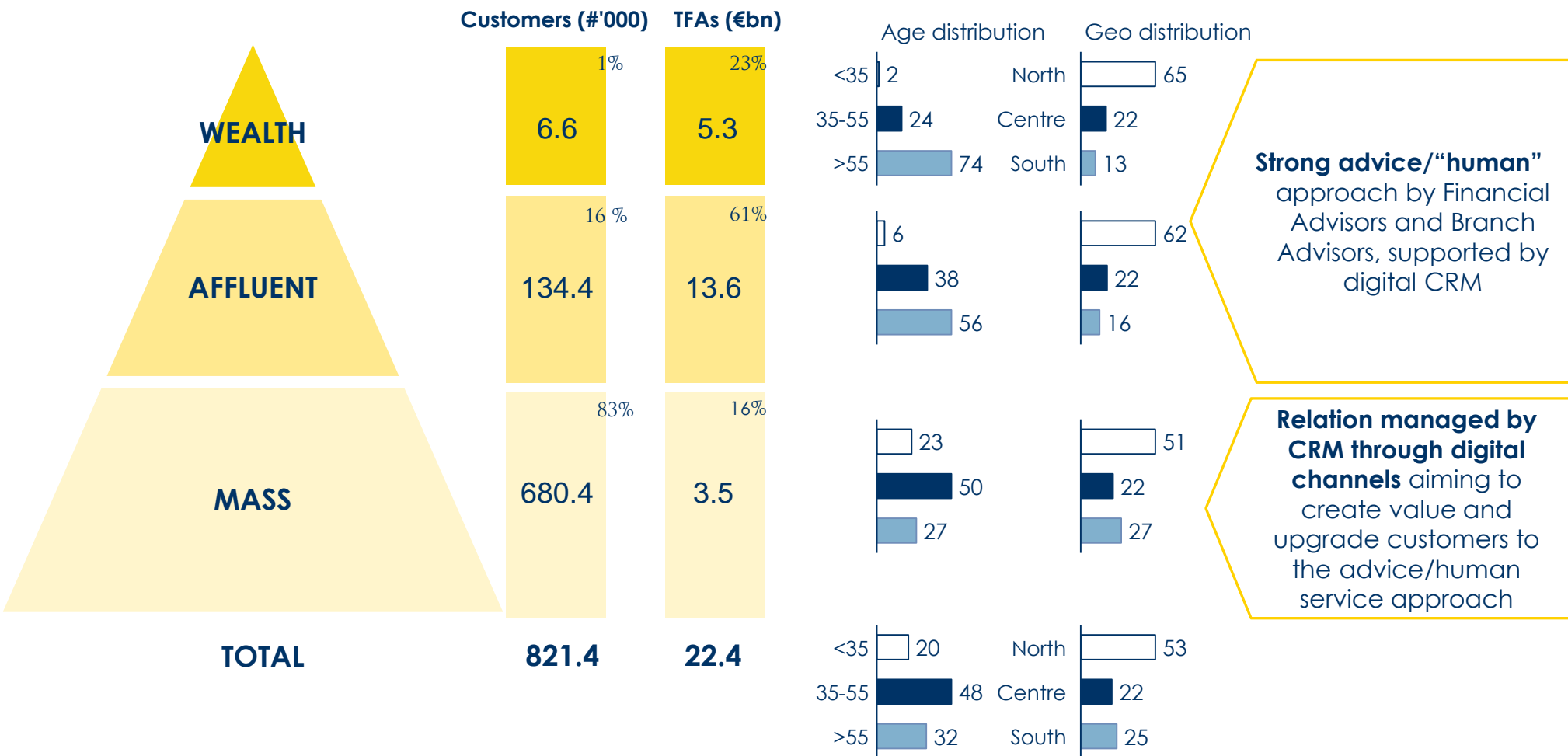


PILLAR 2: ON CUSTOMERS' BEHALF



PILLAR 3: SUSTAINABILITY ...HELPED BY BROAD CLIENT BASE...

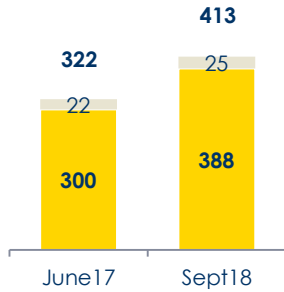
CHEBANCA CUSTOMER BASE (Oct. 18)



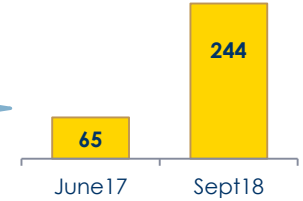
...TO A GENUINELY OMNI-CHANNEL, CONSISTENTLY ENHANCED, DISTRIBUTION...

PROPRIETARY CHANNELS INDIRECT CHANNELS

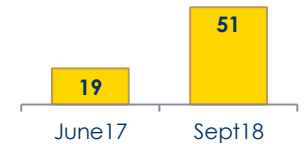
Relationship managers



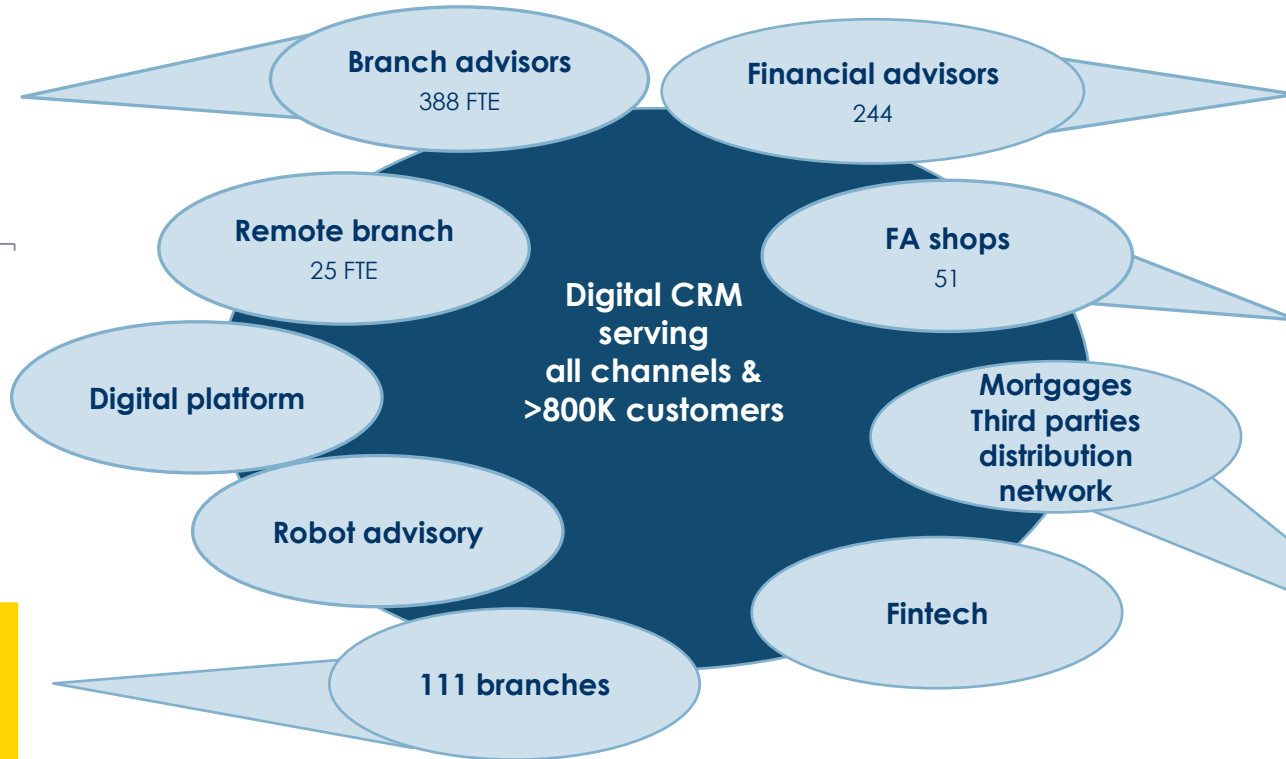
Financial advisors



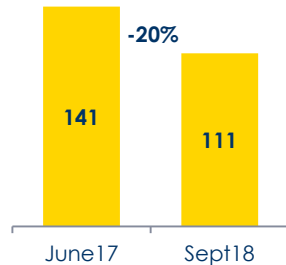
FA shops



30 mortgage brokers in Italy



Branches after Barclays integration



... BASED ON THREE PILLARS = “SERVICE MODELS”

Relationship Managers/Proprietary Branches/Remote Branch

- ◆ Digital platform and CRM continuously empowered for customer and distribution
- ◆ ~400 Wealth advisors in branches (up 20% in FY18)
- ◆ ~30 advisors in customer service with strong use of technology
 - ◆ Chat, video chat
 - ◆ Web collaboration
 - ◆ Co-browsing

Digital Sales & Service Platform (DSSP)

- ◆ Full responsive and state-of-art digital platforms (app and internet banking)
- ◆ Mobile app (>4 stars) designed to cover mainly transaction banking but also provide full information about customer’s assets
- ◆ Strong integration with CRM and marketing automation (SAS and Salesforce) to strengthen remote relationship also via co-browsing and chatting tools

Financial Advisors/Financial Shops

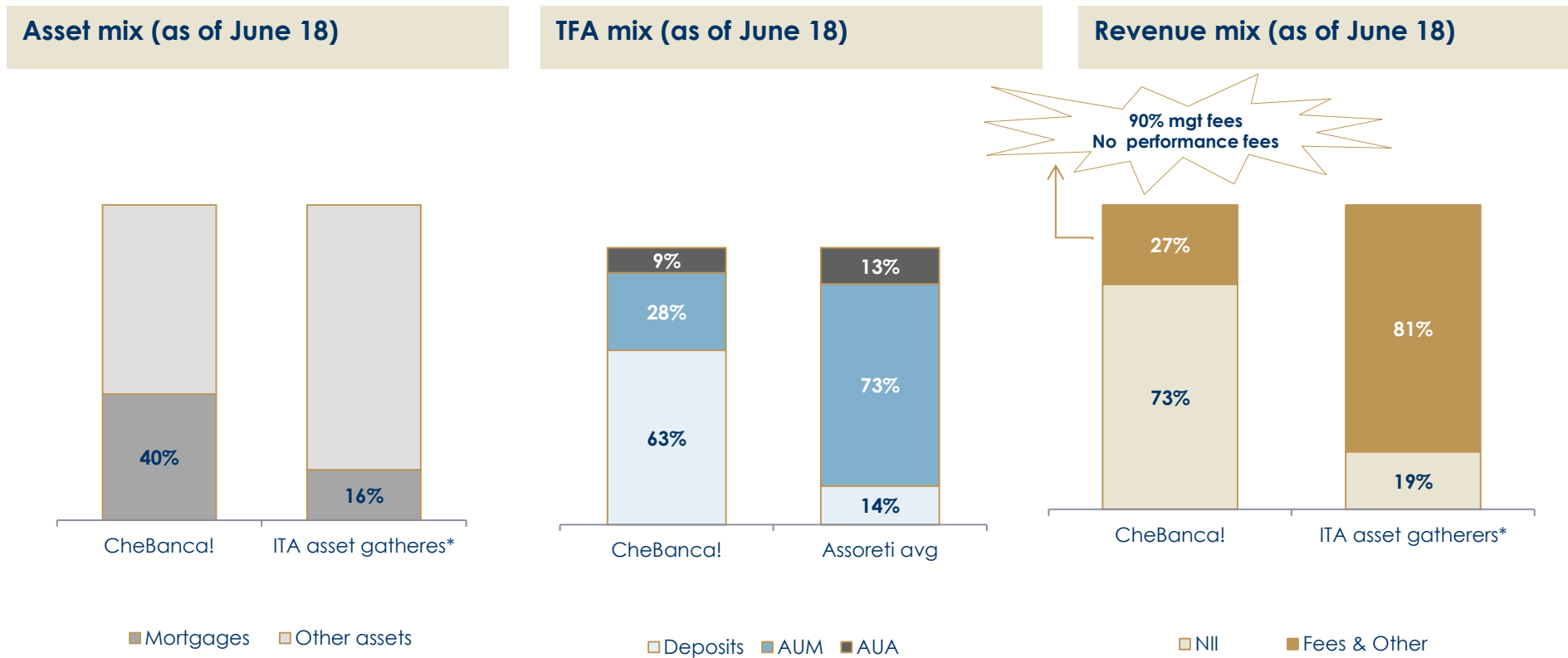
- ◆ Financial advisors set up in FY 2017-18
- ◆ FAs number more than tripled to 244, Target for FY19: 320 FAs
- ◆ # Clients per FA: ~115
- ◆ Avg portfolio per FA: ~€10m
- ◆ Entrepreneurial approach, not competition on prices
- ◆ **CheBanca! customers** (among those with only deposits and in areas not served by branches) **selectively given to FAs**

- ◆ NNM: €1.4bn in Jan-Sept.18, 55% of total CheBanca! NNM
- ◆ NNM composition: 15% AUM, 25% AUA, 60% deposits

- ◆ 6K new clients per month, 40% through digital channels
- ◆ >50% of current accounts and credit cards sales done through DSSP
- ◆ >97% of transfers done digitally

- ◆ NNM: €1.3bn in Jan-Sept.18, 45% of total CheBanca! NNM
- ◆ NNM composition: 50% AUM, 5% AUA, 45% deposits

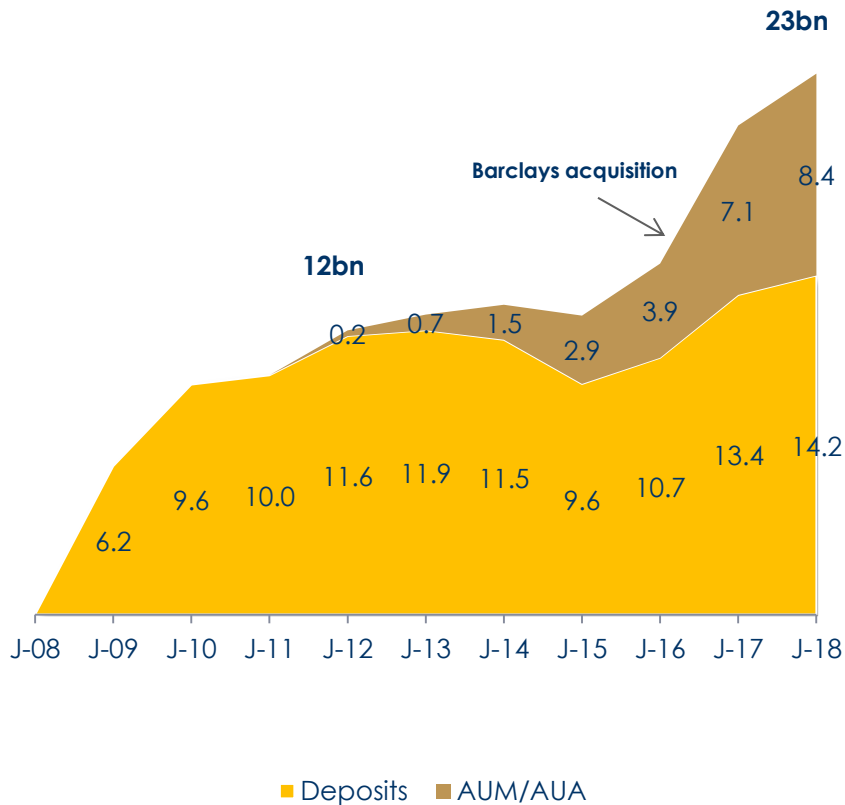
BUSINESS MODEL SUSTAINABILITY PAVING THE WAY FOR FUTURE GROWTH



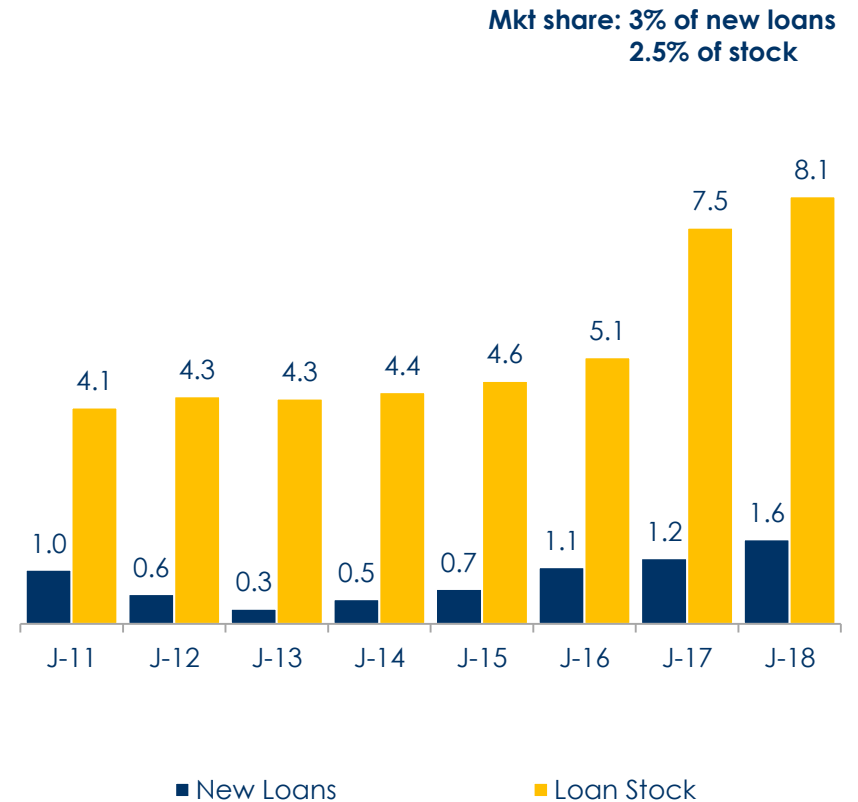
CheBanca asset & revenue mix is well balanced between NII and fees, the former supported by mortgage lending, the latter by wealth management highly-recurring revenues

RELYING ON ALREADY STRONG TRACK RECORD IN TFAS AND MORTGAGES

CheBanca! TFA trend (€bn)

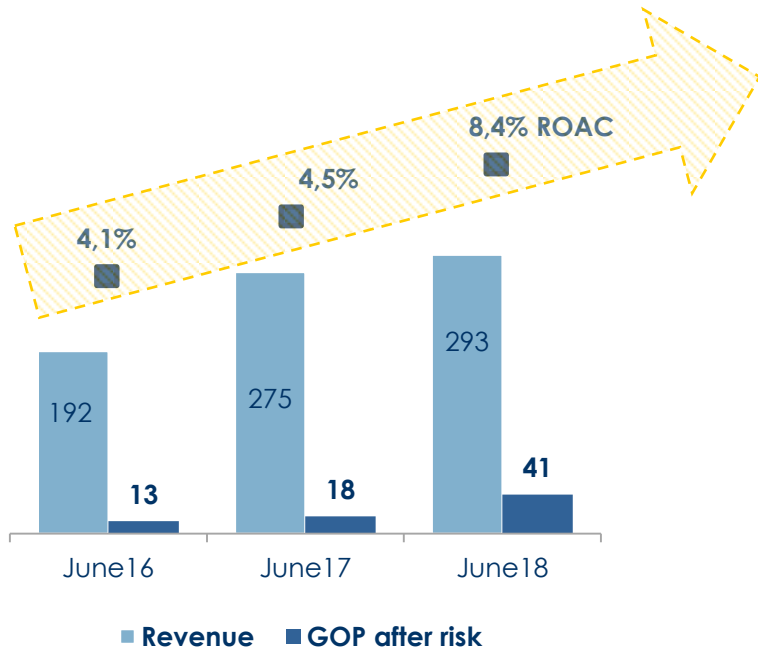


CheBanca! mortgages trend (€bn)

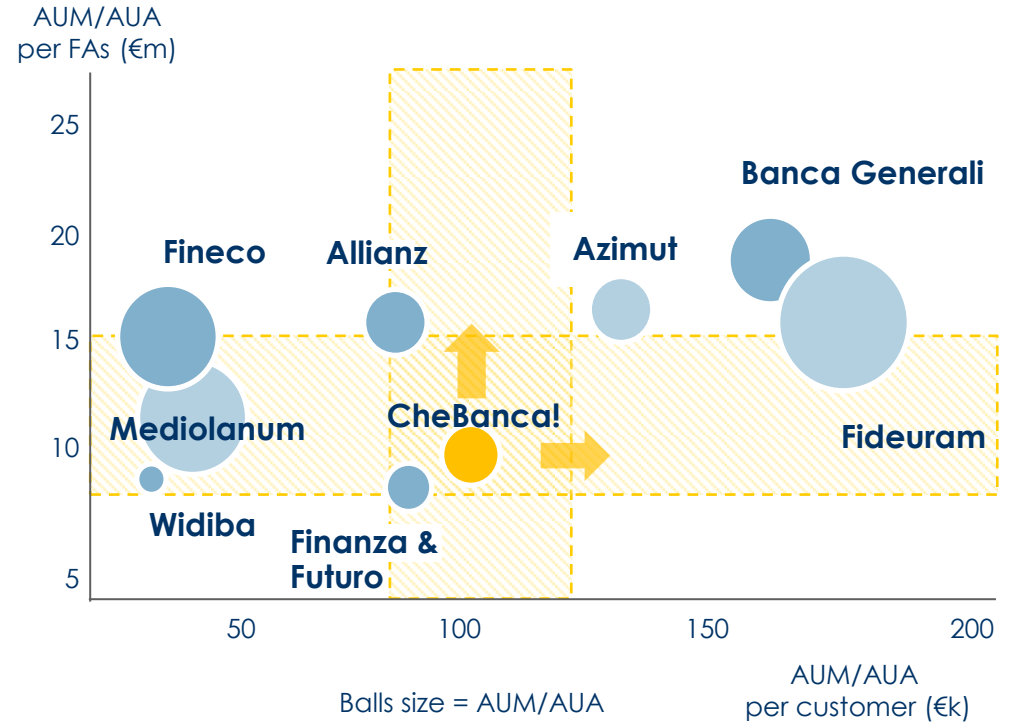


GROWTH POTENTIAL (ORGANIC AND THROUGH M&A) SUPPORTED BY MB GROUP

Revenue, GOP, ROAC trend



CheBanca! positioning and development path



The development of the Wealth Management division is one of the MB Group's priorities, through organic capital reallocation and/or M&A



ANNEX



CheBanca!
Gruppo Mediobanca

KEY FINANCIALS (JUNE 18)

| P&L (€m) | 12M 30/06/17 | 12M 30/06/18 |
|--------------------------------------|-----------------|-----------------|
| Net interest income | 205.3 | 212.0 |
| Net treasury income | 0.4 | 0.8 |
| Net fee, commission and other income | 68.9 | 79.7 |
| Total income | 274.6 | 292.5 |
| Labour costs | (101.5) | (102.6) |
| Administrative expenses | (135.5) | (132.7) |
| Operating costs | (237.0) | (235.3) |
| Loan loss provisions/writebacks | (19.4) | (16.5) |
| GOP | 18.2 | 40.7 |
| Non recurring items | 15.2 | 0.0 |
| Profit before tax | 33.4 | 40.7 |
| Income tax | (6.5) | (13.0) |
| Net profit | 26.9 | 27.7 |
| Statutory net profit | 16.4 | 19.0 |

| TFA stock (€m, 30/06/18) | TOTAL | o.w. FAs |
|-----------------------------------|---------------|--------------|
| Assets under Management (AUM) | 6,319 | 942 |
| Assets under Administration (AUA) | 2,116 | 149 |
| Deposits | 14,163 | 644 |
| Total TFAs | 22,598 | 1,735 |

| Net new Money (€m, 12M to 30/6/18) | TOTAL | o.w. FAs |
|------------------------------------|--------------|--------------|
| Assets under Management (AUM) | 1,036 | 715 |
| Assets under Administration (AUA) | 389 | 108 |
| Deposits | 810 | 549 |
| Total TFAs | 2,235 | 1,372 |

| Loans | 30/6/17 | 30/6/18 |
|--------------------------------|--------------|--------------|
| Customer mortgages – new loans | 1,241 | 1,594 |
| Customer loans – stock | 7,513 | 8,107 |
| RWAs | 3,522 | 3,715 |

INVESTOR CONTACTS

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