



**STRATEGIC GUIDELINES
FY 2019-23**

**MEDIOBANCA
DISTINCTIVE AND SUSTAINABLE
SPECIALIZED FINANCIAL**

12 November 2019



MEDIOBANCA

AGENDA

Section 1. Group ambitions

Section 2. Divisional ambitions

2.1 Wealth Management

2.2 Consumer Banking

2.3 Corporate & Investment Banking

2.4 Principal Investing

2.5 Holding Functions

Section 3. Closing remarks

Annex

Macro scenario

Glossary



MEDIOBANCA

MEDIOBANCA

A STORY OF CONSISTENCY

Group ambitions

Section 1

Along with its reshaping trajectory

Mediobanca Group has become a diversified financial player
with a valuable and distinctive profile in the European financial sector
due to the effectiveness and sustainability of its accretive value cycle

Further material growth will be delivered in the next 4Y

in revenues, earnings, capital, profitability and stakeholders' remuneration
turning the current macro scenario into an opportunity

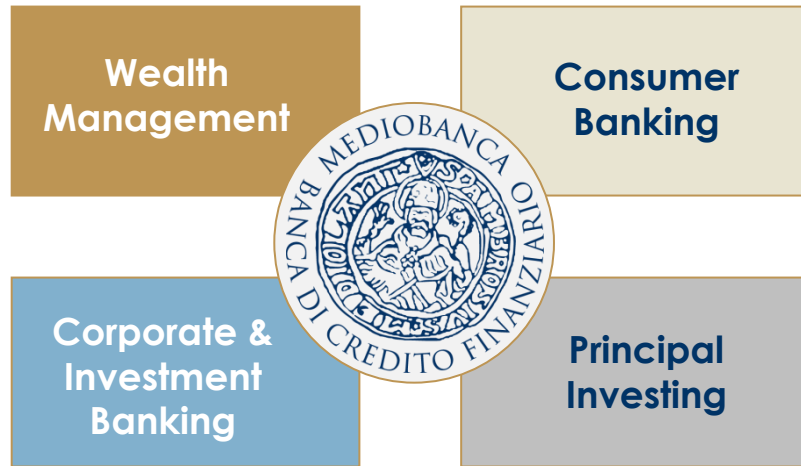
Distinctive and qualitative growth

should position Mediobanca further up on the Value Map of European Financials

MEDIOBANCA: A DIVERSIFIED FINANCIAL GROUP...

Group ambitions

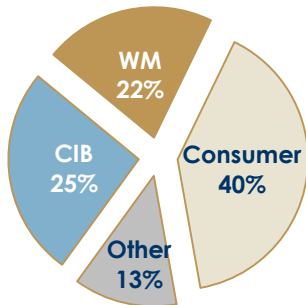
Section 1



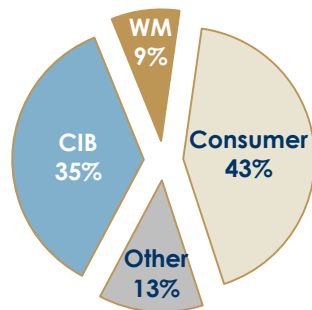
Key financial information¹

Revenues:	€2.5bn	TFA:	€61bn
Net profit:	€823m	Loan book:	€44bn
ROTE adj:	10%	Gross NPLs/Gross Ls	3.9%
C/I ratio:	46%	DPS:	€0.47
No. of staff:	4.8k	Stated payout:	50%
CET1 phase in:	14.1%	Loan/funding ratio:	86%
Total assets:	€78bn	Market cap: ²	€9.0bn

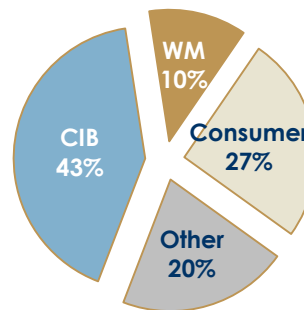
Revenues



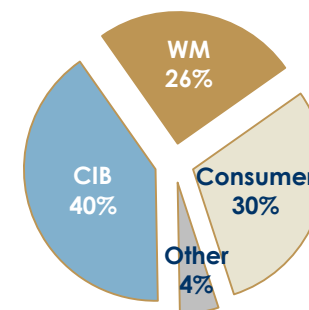
GOP



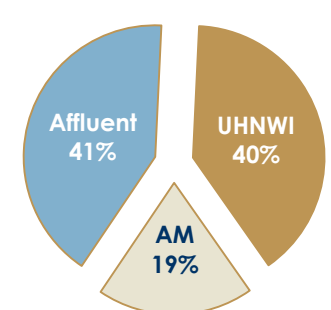
RWAs



Loans



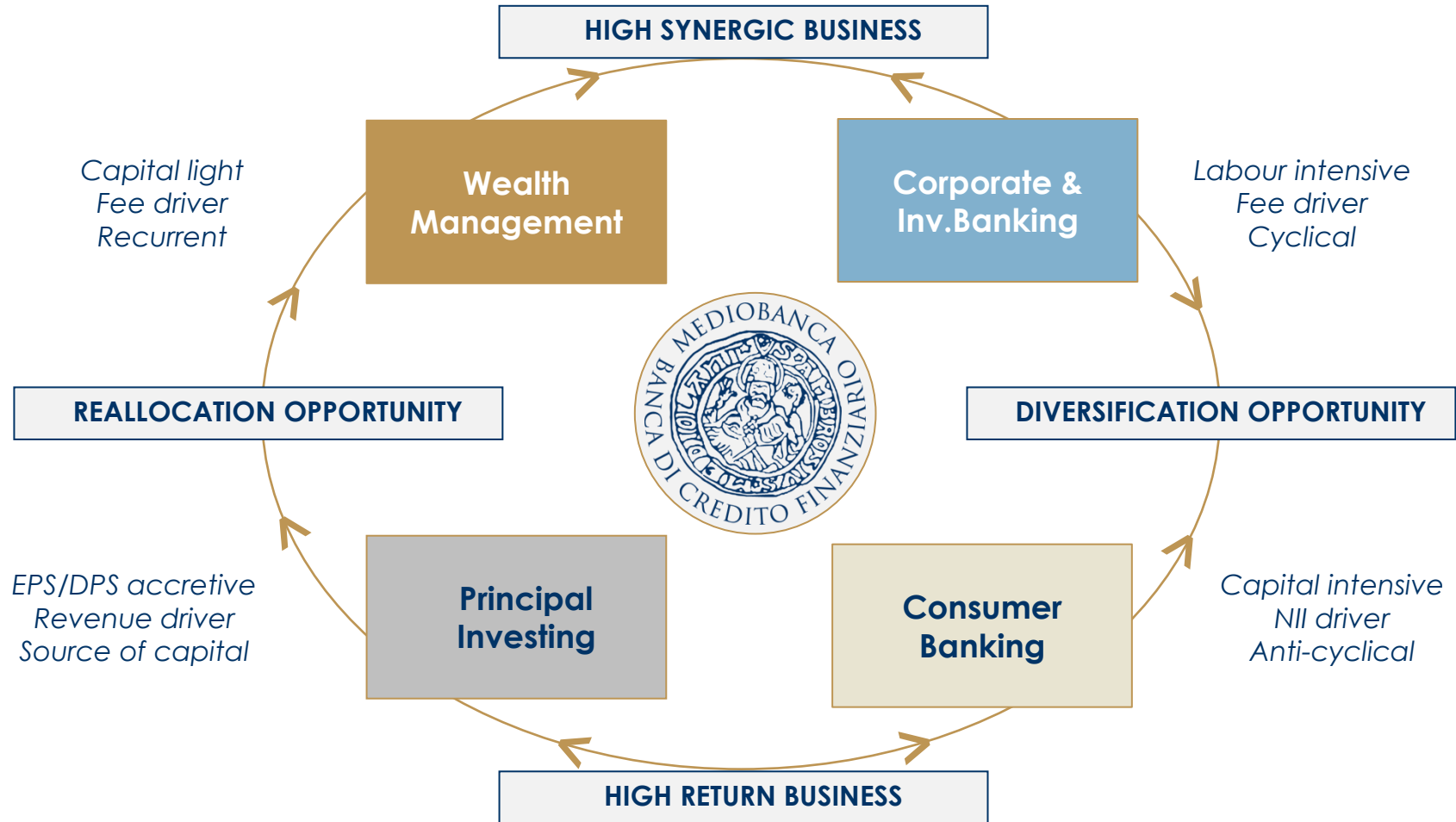
TFAs



...WITH AN INTEGRATED BUSINESS MODEL...

Group ambitions

Section 1



... ABLE TO GROW AND DELIVER ...

Group ambitions

Section 1

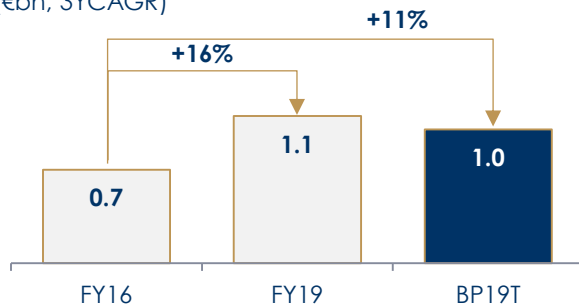
In last 3 years we have significantly enlarged and reshaped the Group ...

<p>Growth in revenue-generating assets: TFAs up 25%¹, AUM up 31%,¹ loans up 9%,¹ funding up 3%¹</p>	<p>Business positioning enhanced, investing in people (headcount up 6%¹) and distribution incl. through M&A</p>	<p>Growth in revenues (up 7%¹), profit (EPS adj. up 13%¹), and dividend (DPS up 20%¹)</p>
<p>Growth in profitability Banking² and Group ROTE @10% (up 3pp in 3Y)</p>	<p>Operational gearing & asset quality preserved distinctive cost/income ratio @46%, gross NPE/Ls <4%</p>	<p>Growth in capital generation €1.1bn dividend distributed doubled vs previous 3Y</p>

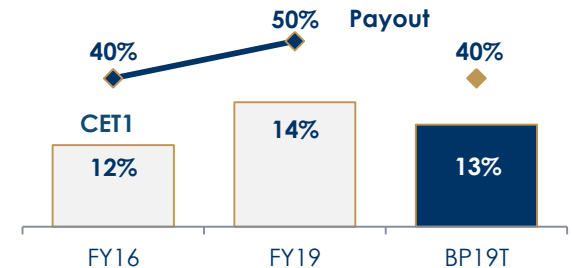
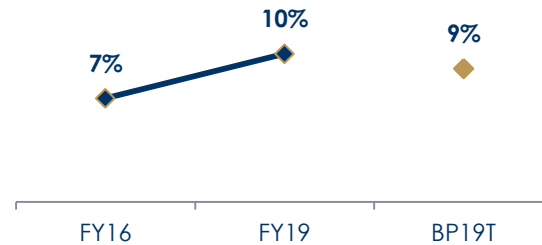
... delivering our 3YBP19 targets

<p>GOP growth beat target</p>	<p>Profitability above target</p>	<p>Capital creation and shareholders' remuneration higher than expected</p>
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(€bn, 3YCAGR)



ROTE (%)



1) 3Y CAGR 2016-19
2) Banking business defined as Group activities excluding Ass.Generali contribution



...OUTPERFORMING THE SECTOR BY FINANCIAL RESULTS AND MARKET PERFORMANCE...

Group ambitions

Section 1

Last 3Y performance	MEDIOBANCA	ITALIAN BANKS avg	EUROPEAN BANKS avg
Revenues (3Y CAGR ¹)	+7%	0%	-1%
Net interest income / fees (3Y CAGR ¹)	+5% / +11%	0% / +1%	-3% / +2%
PBT (3Y CAGR ¹)	+13%	+6%	+9%
Net loans (3Y CAGR ¹)	+9%	+3%	0%
Employees (3Y CAGR ¹)	+6%	-3%	-1%
ROTE ²	10%	7%	8%
Cost/income ratio ²	46%	62%	67%
Gross NPL ratio ²	3.9%	7.7%	3.0%



1) 3YCAGR: June16/19 Mediobanca, Dec16/18 peers

2) June19 for Mediobanca, Dec18 peers

Source for ITA and EU banks: ROTE from MB Securities, other figures from public annual report. Employees: Bank of Italy



...DUE TO DISTINCTIVE DNA, CULTURE, POSITIONING...

Group ambitions

Section 1

Stable Board and management in the last 15Y

Indepth knowledge of business environment
Long-term approach to business
Strong risk management as part of DNA

Responsible business approach

Strong brand value
Reputable, trusted, high-quality player
Talent-driven organization

Specialization and Innovation

Private-Investment Bank of choice for Italian entrepreneurs
Innovative, long-standing profitable consumer bank
Unique human-digital bank for affluent customers

Strong positioning in business whose growth is driven by long-term trends

Leading investment bank in Southern Europe
One of top 3 operators in Italian Consumer Banking
Distinctive player in WM

High capital generation, high asset quality content

CET1@14%
Last capital increase in 1998
Unrivalled asset quality
Low operational gearing

Limited exposure to ITA macro and adverse regulation

Low exposure to Italian spread and govies
Low NII sensitivity to interest rates and GDP
Solid loan book/TFAs growth over the whole cycle

Governance progressively evolving

Free float at 100%, institutional investors at 75%
Board quality steadily improved/improving in number, mix of competences, independence

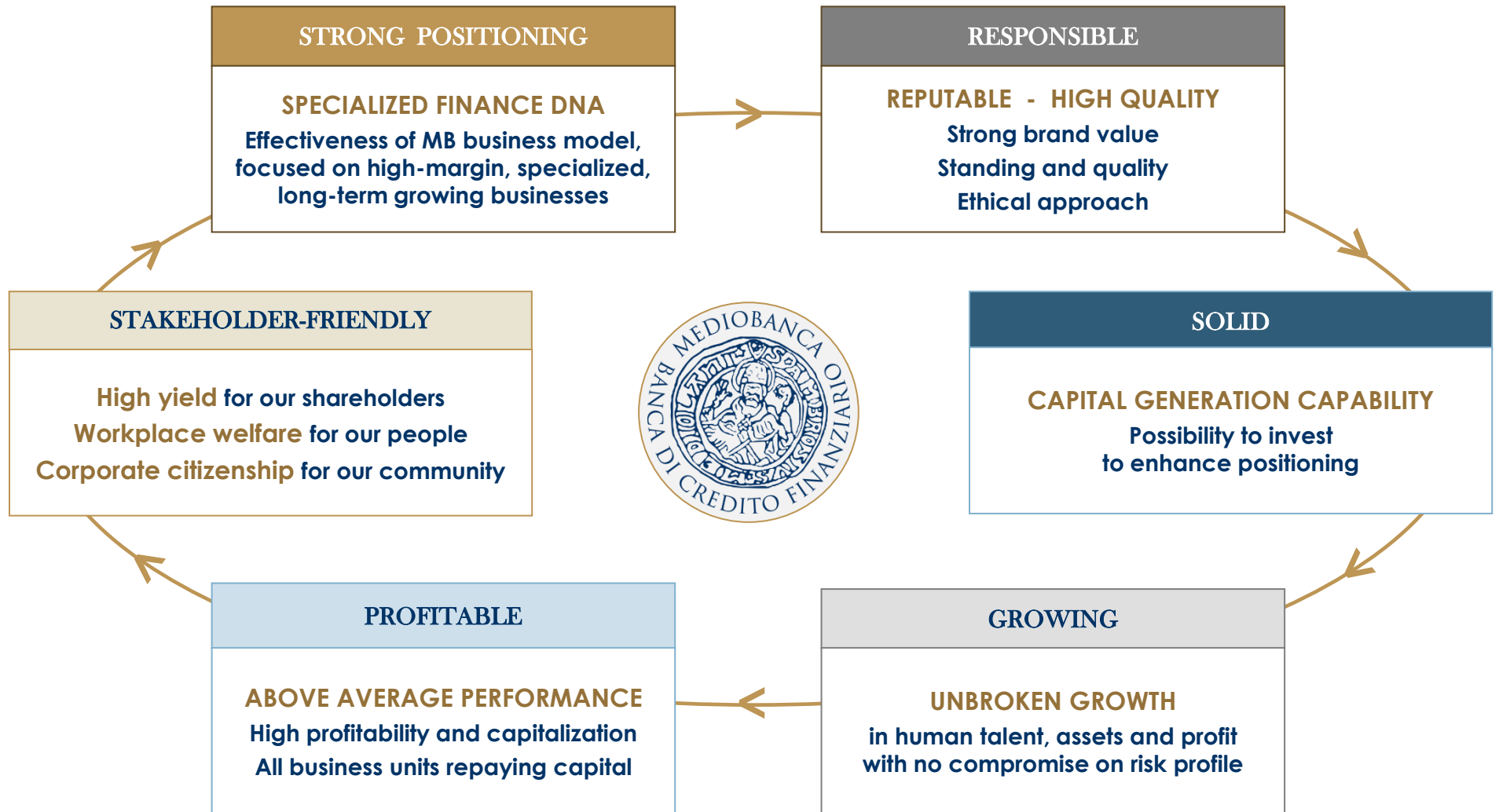
Comprehensive ESG approach

CSR involving the whole organization
Remuneration policy fully aligned with stakeholders' interests

...AND EFFECTIVENESS OF ITS ACCRETIVE VALUE CYCLE

Group ambitions

Section 1



KEY TRENDS AHEAD

ADVERSE MACRO, DISRUPTIVE TECHNOLOGY, STRICTER REGULATION, RISE OF ESG

Group ambitions

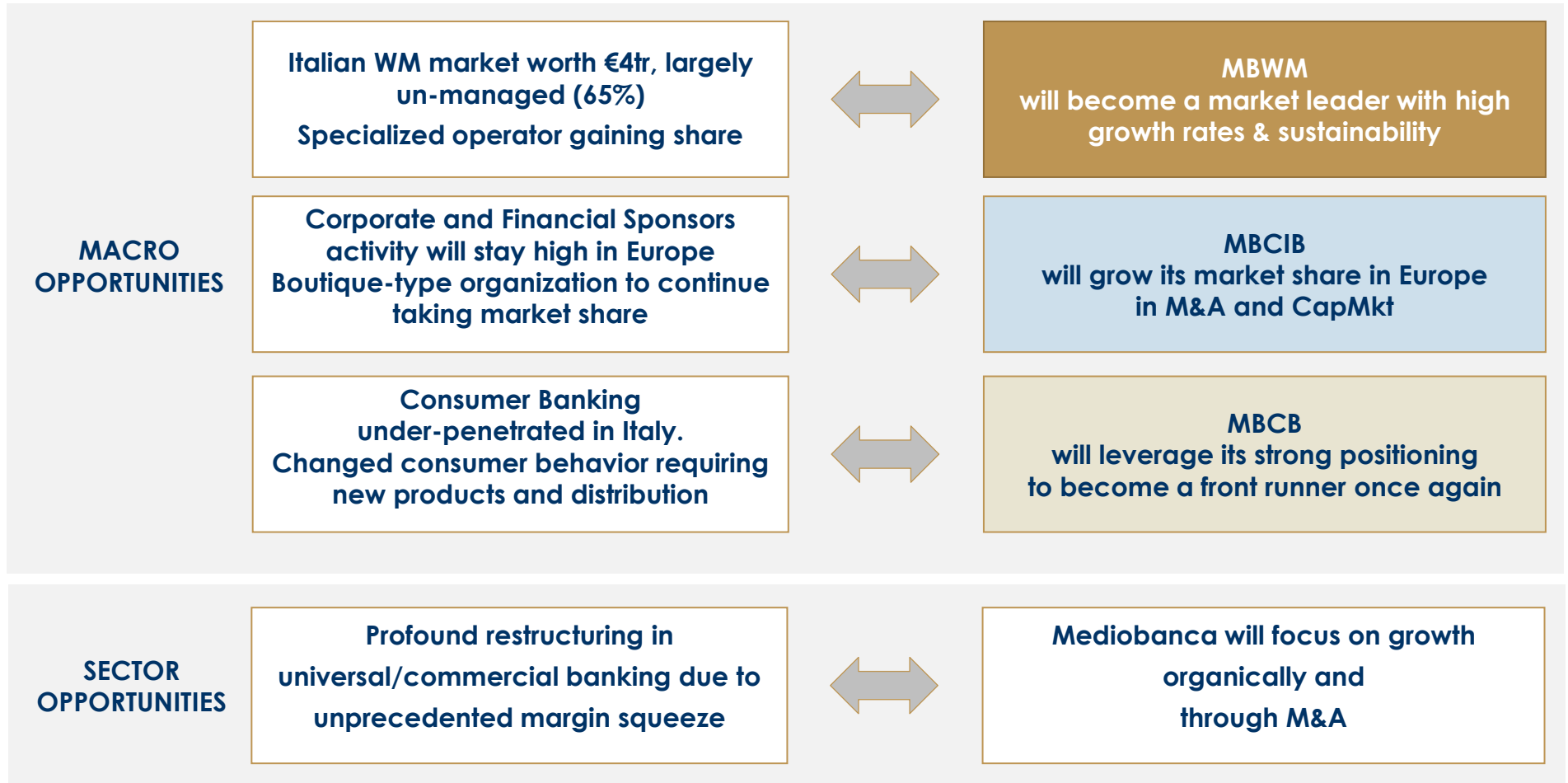
Section 1

SCENARIO DEVELOPMENTS	REQUIREMENTS TO BE SUCCESSFULLY COMPETITIVE
<p>ADVERSE MACRO</p> <ul style="list-style-type: none"> ◆ Negative interest rates for longer ◆ Low GDP growth 	<ul style="list-style-type: none"> ◆ Strong positioning in selected core businesses/countries ◆ High cost efficiency/strong risk selection capability
<p>DISRUPTIVE TECHNOLOGY IMPACT</p> <ul style="list-style-type: none"> ◆ Changing consumer behavior ◆ Fintech to gain market share 	<ul style="list-style-type: none"> ◆ Transform distribution: more digital, driven by specialized sales force in all segments, mobility key ◆ Large-scale use of Advance Data and Artificial Intelligence
<p>STRICTER REGULATION</p> <ul style="list-style-type: none"> ◆ Capital requirement to increase ◆ Consumer protection to grow 	<ul style="list-style-type: none"> ◆ High capital buffer/asset quality contents ◆ Fair and transparent product pricing/ Low conduct risk
<p>RISE OF ESG</p> <ul style="list-style-type: none"> ◆ SRI has grown/will grow significantly ◆ Talent retention ◆ Governance standard to be improved 	<ul style="list-style-type: none"> ◆ Sustainability as a new valuation metric for equities ◆ ESG driver for economic growth and new investment and product development ◆ Sustainable business model for all the stakeholders as a long-term value proposition

MEDIOBANCA: SET TO TURN A CHALLENGING SCENARIO INTO OPPORTUNITIES

Group ambitions

Section 1



NEXT 4Y MISSION: TO DEFINITELY ESTABLISH MEDIOBANCA AS A DISTINCTIVE GROWTH PLAYER

Group ambitions

Section 1

Our 2019-23 BP aims to further upgrade the effectiveness of our business model in order to definitively establish Mediobanca as a distinctive growth player in Europe which is consistently valued as a Specialized Financial Group

IN NEXT 4Y MEDIOBANCA WILL STAND OUT BECAUSE OF ITS

DISTINCTIVE BUSINESS MODEL

by

**CAPABILITY TO PROFIT FROM
A CHALLENGING MACRO SCENARIO**

GROWTH CAPABILITIES

by

**BRAND, REVENUES,
CAPITAL AND PROFIT**

VALUE CREATION

by

**DELIVERING INDUSTRY LEADING
STAKEHOLDER REMUNERATION**

DUE TO

**STRONG POSITIONING & BUSINESS
DIVERSIFICATION**

and

CULTURE & SUSTAINABILITY

SOUND MARKET OPPORTUNITIES

and

**MATERIAL INVESTMENTS
in people, innovation and distribution**

SELF-PERPETUATING

MB ACCRETIVE VALUE CYCLE

and

TALENT/CAPITAL MANAGEMENT

LEVERAGING INVESTMENTS IN TALENT & INNOVATION .. TO FOSTER BUSINESS GROWTH

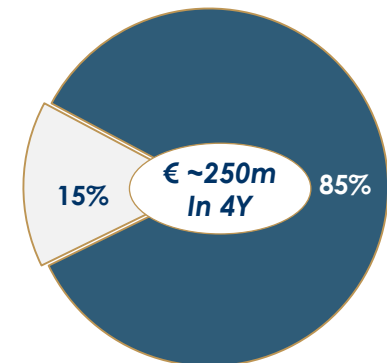
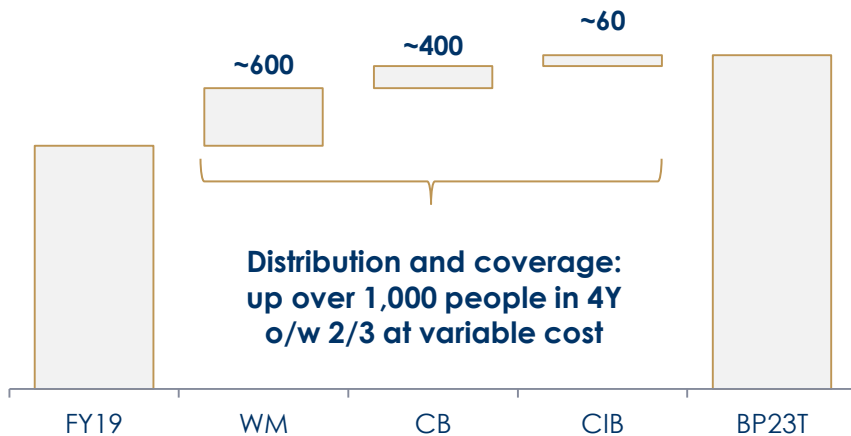
Group ambitions

Section 1

**With no restructuring/rationalization needs and keeping efficiency core in the organization (cost/income 46%)
Mediobanca in the next 4Y will invest in human talent and IT/digital upgrade
to keep the bank on the top of technological frontier
to enhance customer experience given their changing behaviour
to enlarge revenues also trough organizational efficiencies**

Over 1,000 additional sales people at work...

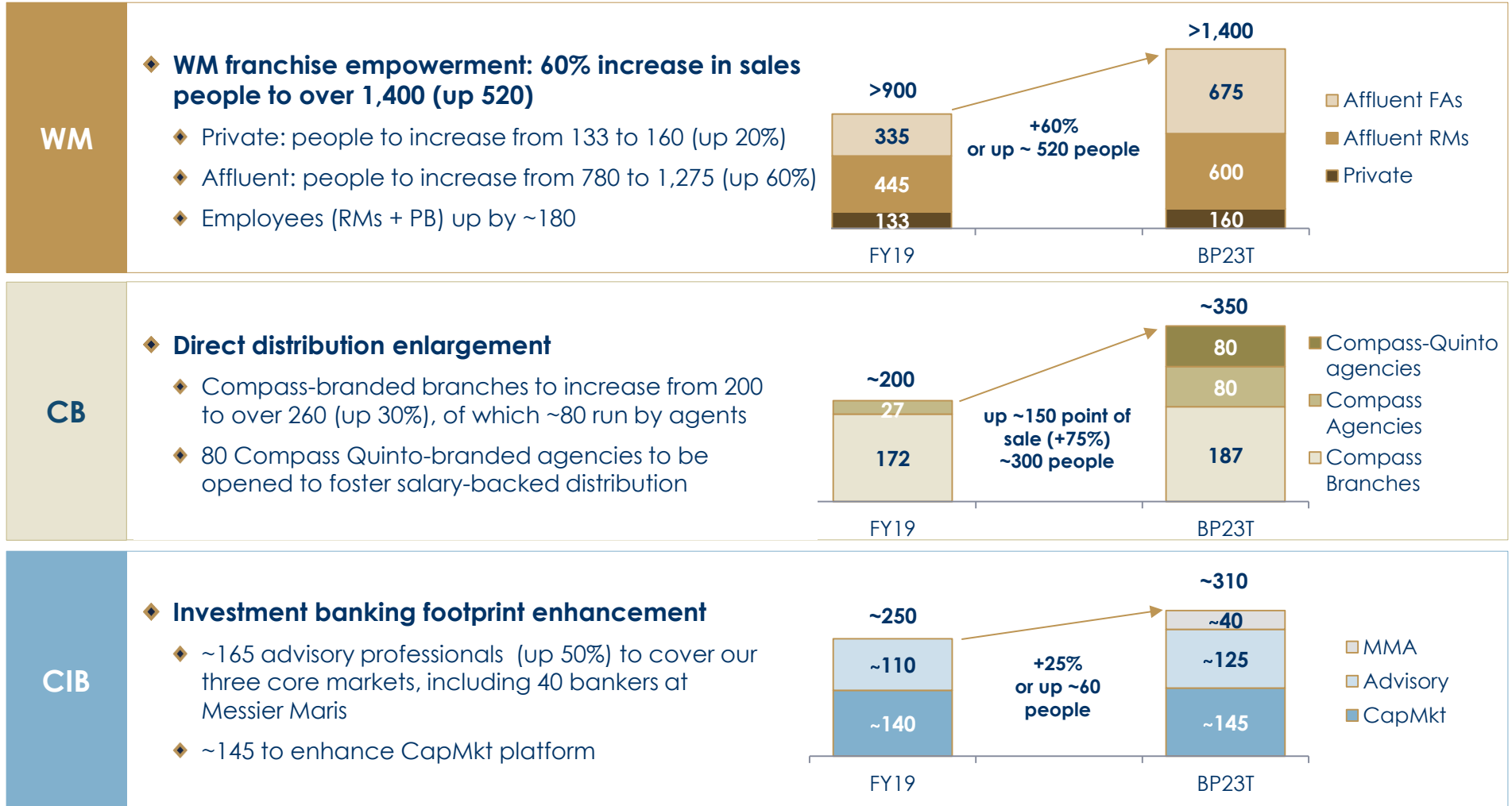
... coupled with €250m in IT investments



...AND WITH SIGNIFICANT INVESTMENTS IN DISTRIBUTION... GRASPING BENEFITS OF ECONOMIES OF SCALE AND INCREASING OVERALL EFFICIENCY

Group ambitions

Section 1



..WE'LL DELIVER GROWTH IN ASSETS AND REVENUES...

SCALING UP ESPECIALLY CAPITAL-LIGHT BUSINESS

Group ambitions

Section 1

**Growing TFAs
with improving mix**

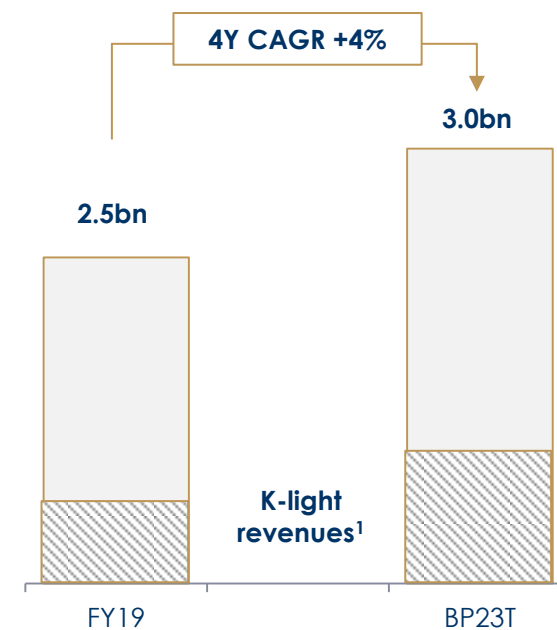
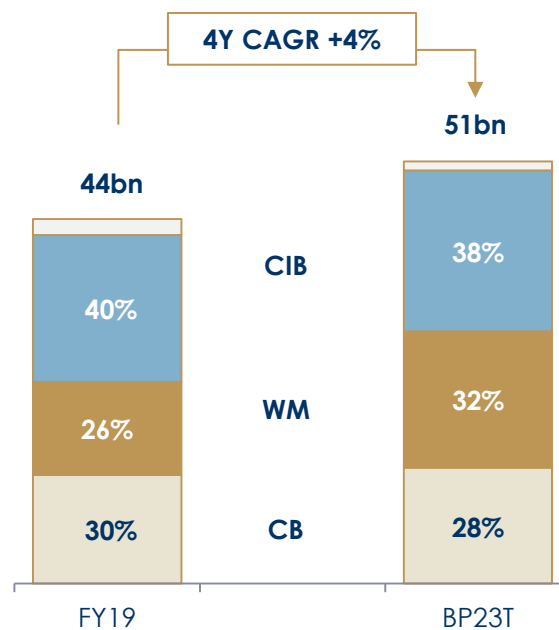
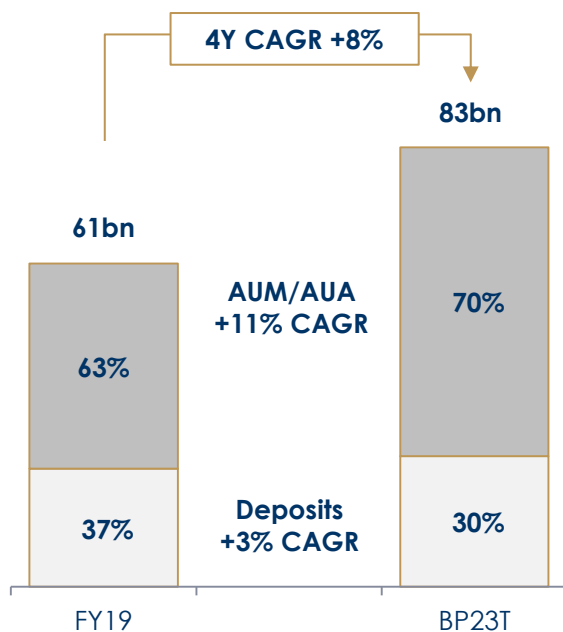
**Growing loan book
driven by WM**

**Growing revenues
with K-light revenues¹ up 40%**

€bn, %

€bn, %

€bn

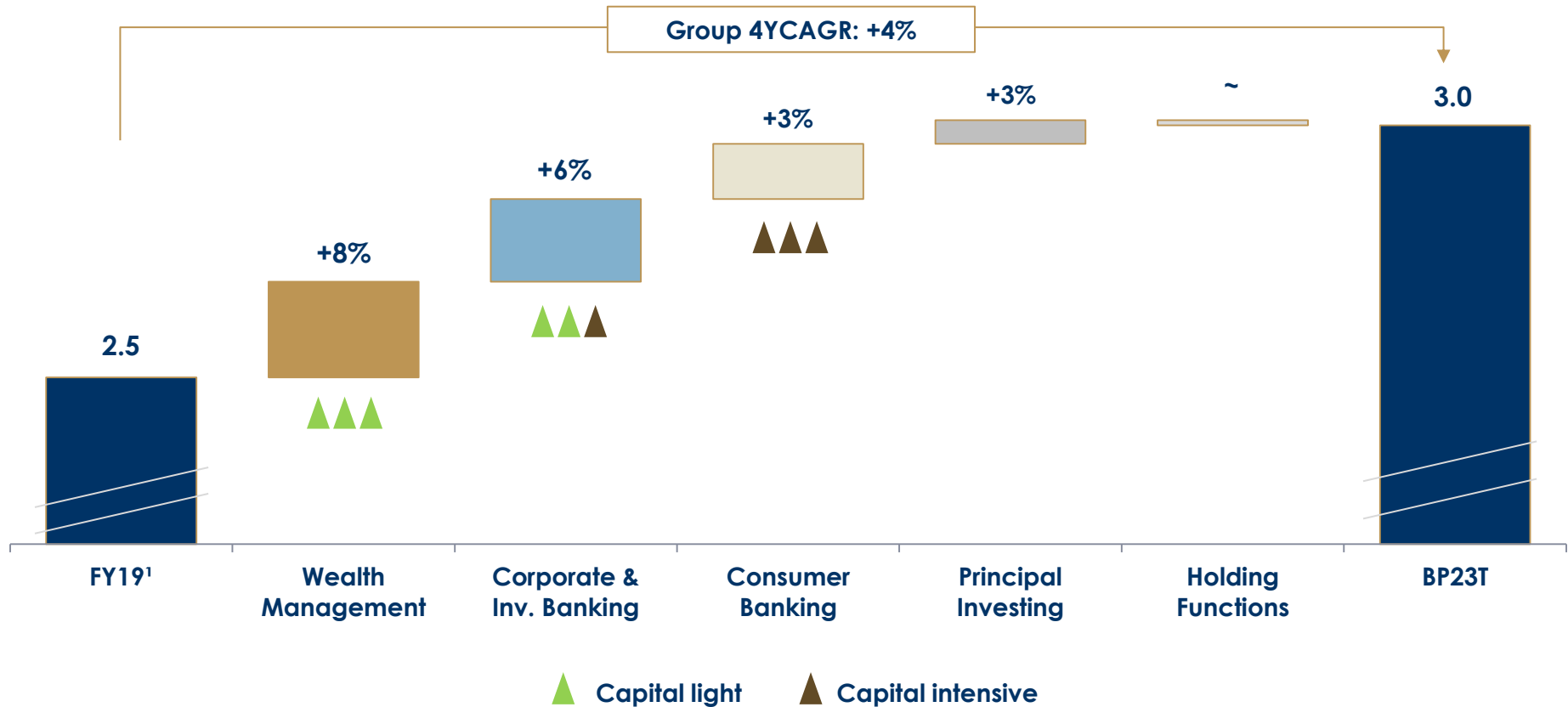


...WITH REVENUE GROWING IN ALL DIVISIONS ESPECIALLY CAPITAL LIGHT EXECUTION RISK LOWERED BY DIVERSIFICATION

Group ambitions

Section 1

Revenues trend (€bn, 4YCAGR %)



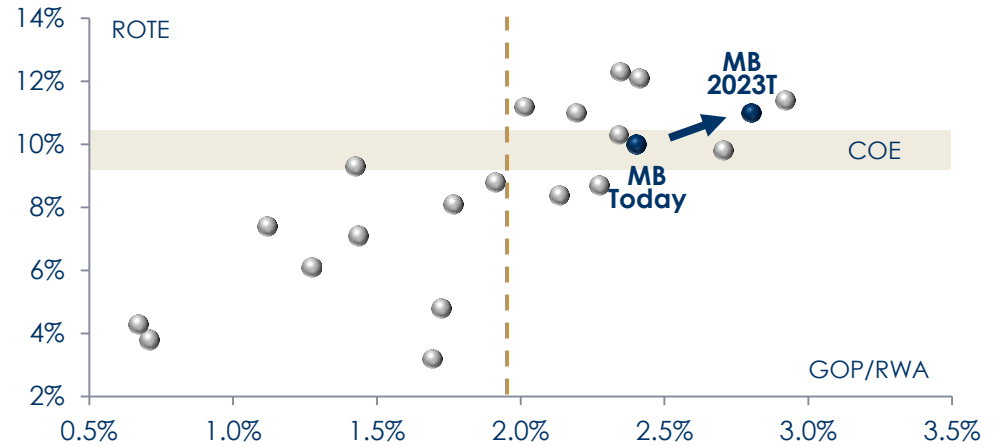
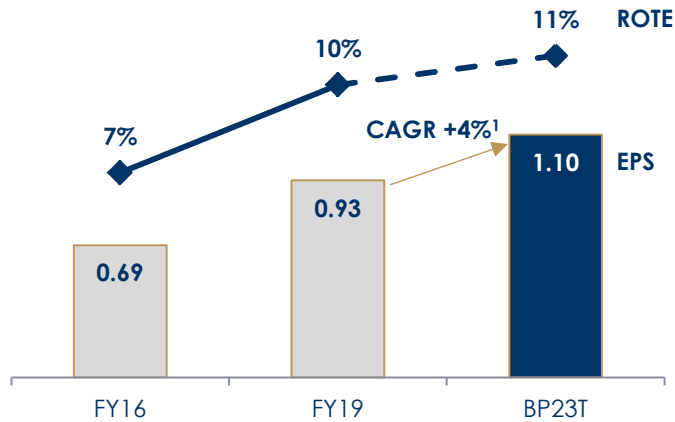
WE'LL DELIVER GROWTH IN EARNINGS AND PROFITABILITY...

ROTE 11%, EPS +4%¹

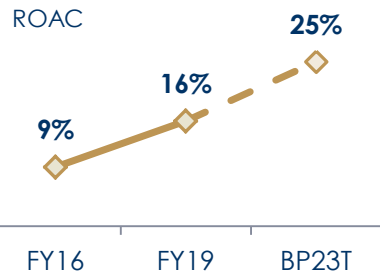
Group ambitions

Section 1

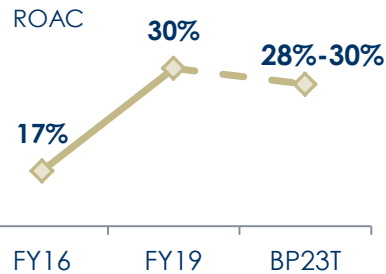
Group ROTE up enhancing MB value map positioning



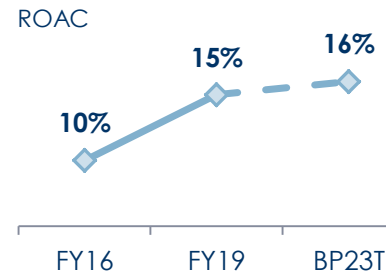
WEALTH MANAGEMENT



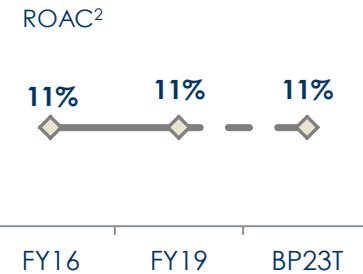
CONSUMER BANKING



CORP. & INVEST. BANKING



PRINCIPAL INVESTING



1) 4Y CAGR, including treasury shares cancellation
 2) ROAC fully loaded, excluding Danish Compromise (prolonged to December 2024)



...AND HIGH, CONSISTENT CAPITAL GENERATION

135bps PER YEAR

Group ambitions

Section 1

High capital generation: 135bps average CET1 build-up per year

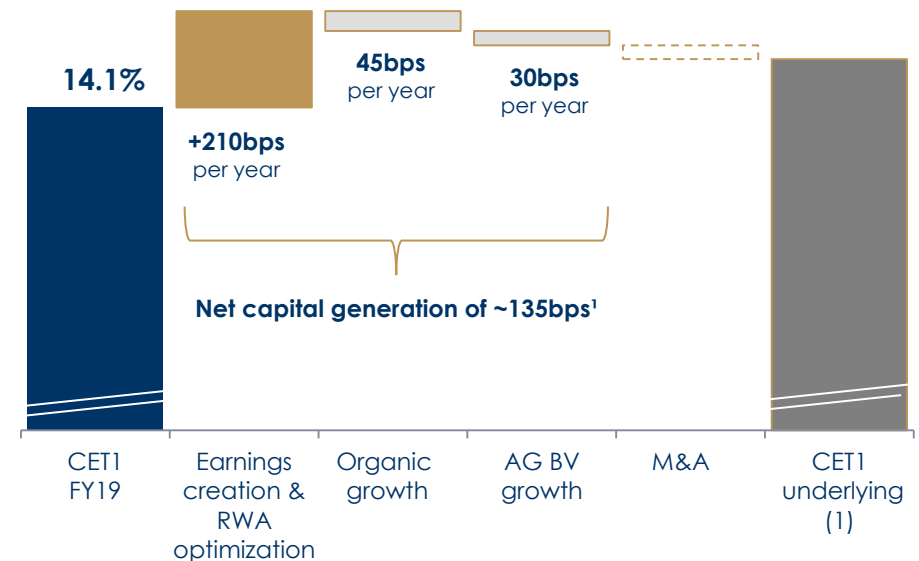
Sound earnings generation (ROTE@11%)
supported by high organic growth

RWAs optimization
operating rather than regulatory efficiency

Negligible regulatory impact ahead

CET1 ratio trend

(bps, average per year, phase-in)



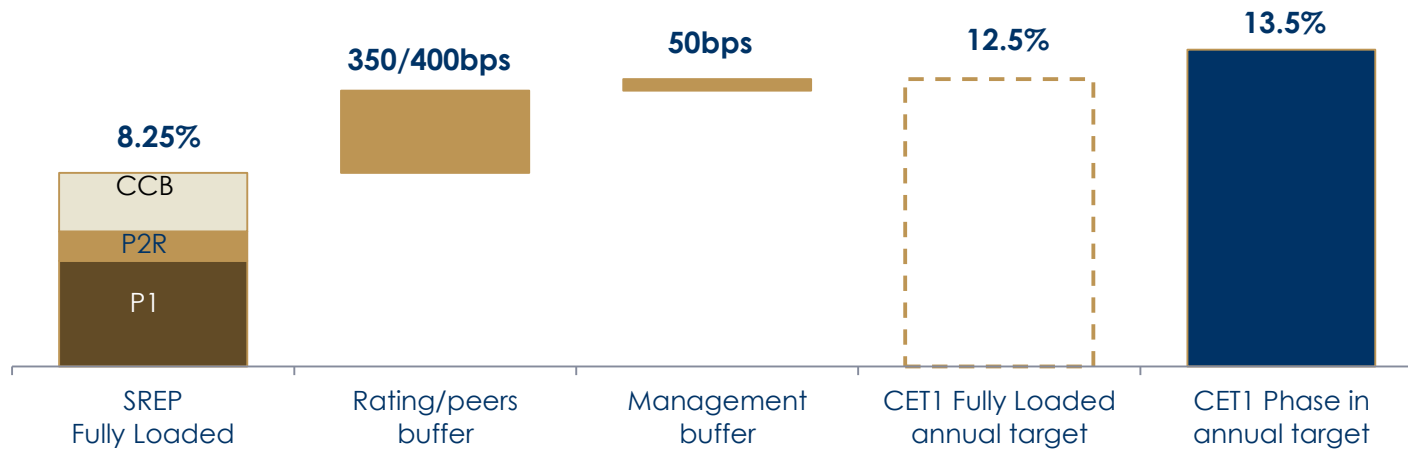
WITH A PARADIGM SHIFT IN CAPITAL MANAGEMENT STRATEGY...

OPTIMIZING CAPITAL AT 13.5% ANNUALLY

Group ambitions

Section 1

A structured approach to capital ratios



We set a CET1 phase-in annual target @13.5%, adequate to

Efficiently run businesses,
WM and CIB especially

Keep rating in comfort zone
bearing “zip code” in mind

Maintain valuation
of a well- capitalized EU player

...WE'LL INCREASE SHAREHOLDERS' REMUNERATION...

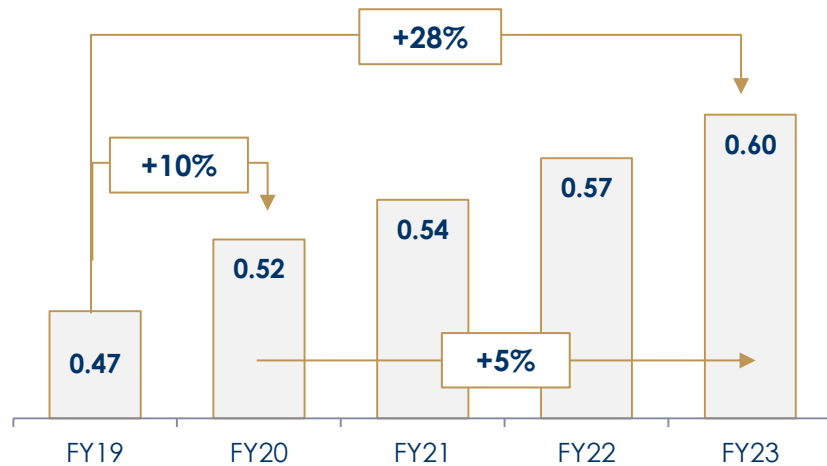
DPS UP 28% OVER 4Y - UP TO €2.5BN DISTRIBUTED OVER 4Y (+50%)

Group ambitions

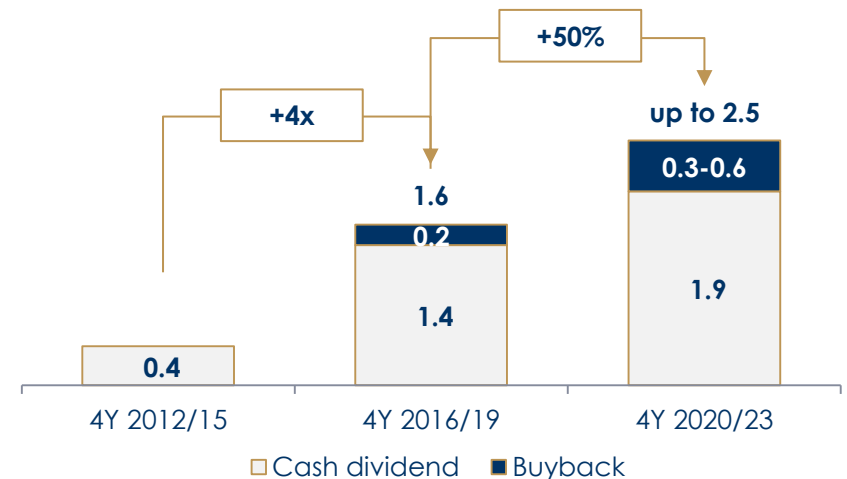
Section 1

Distribution policy¹

Dividend per share commitment



Total cumulative shareholders' remuneration (€bn)



€1.9bn DIVIDEND distributed in 4Y
DPS: up 10% (to €0.52) in 2020
then up 5% every year (to €0.6 in FY23)

Min €0.3bn/Max €0.6bn BUYBACK in 4Y with shares cancelled
CET1 phase-in annually optimized @13.5%
Annual amount of buyback depending on M&A delivery

1) New buyback scheme (all shares acquired will be cancelled) subject to annual regulator authorization and Mediobanca EGM (from October 2020). Distribution policy revised if CET1 phase-in <13%



...LEAVING ROOM FOR ADDITIONAL M&A TO FEED VALUE CHAIN AND ACCELERATE ORGANIC GROWTH

Group ambitions

Section 1

M&A

2015



Illiquid credit fund

First step by **MBAM**
into alternative space

2016



Selected scope of Barclays
Italian activities bought by
CheBanca! and merged
into it, causing it to double
in size

Definitive shift by
CheBanca! from deposit to
asset gatherer

In **Affluent segment**

2017



50% of Banca Esperia
bought out and
merged into MB
Mediobanca **Private
Banking** launched



2018



Systematic quant.
fund

MBAM enhancement
in alternative space

2019



Top player in France
in advisory and M&A

MBCIB footprint
empowered in EU
K-light business
significantly scaled
up

- ◆ **To accelerate growth in the three core businesses**
- ◆ **Target KPIs:** preference for K-light businesses which are an excellent fit for Mediobanca by culture, ethics and business approach
- ◆ **Mediobanca criteria for value creation always met**

CSR ENHANCEMENT FOR ALL STAKEHOLDERS' BENEFIT





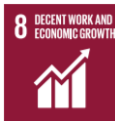

Group ambitions

Section 1

CSR AT BOARD LEVEL (competencies, strategies)

CSR IN THE PLAN WITH TARGET DISCLOSURE (Sustainable Development Goals framework)

CSR TARGETS INCLUDED IN TOP MANAGEMENT LONG-TERM INCENTIVE PLAN

 <p>4 QUALITY EDUCATION</p>	<p>Avg. training hours up 25%, to enhance employees' competences</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>€4m per year in projects with positive social/environmental impact</p> <p>MB Social Impact Fund: AUM increase at least by 20%</p>
 <p>5 GENDER EQUALITY</p>	<p>~50% of female profiles to be considered for external selections</p> <p>All suitable female profiles to be considered for internal promotions and/or vacancies</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Sustainable bond issue: €500m</p> <p>40% of procurement expenses assessed with CSR criteria</p> <p>Customer satisfaction: CheBanca! CSI¹ on core segment² @73, NPS¹ @25 Compass: CSI @85, NPS @55</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Asset Management: 100% of new investments screened also with ESG criteria</p> <p>€700m investments in Italian excellent SMEs</p> <p>ESG qualified products in clients' portfolio +30%</p>	 <p>13 CLIMATE ACTION</p>	<p>Energy: 92% from renewable sources, CO₂ emissions down 15%; hybrid cars @90% of MB fleet</p> <p>RAM: first issue of a carbon neutral fund</p> <p>CheBanca! Green mortgages up 50%</p>

SUMMARIZING: KEY BENEFIT FOR SHAREHOLDERS

Group ambitions

Section 1



Shift to capital-light fee business

Revenue growth in a challenging environment

Enhanced return to shareholders

Targeting Industry-leading performance

Revenues growth

+4% CAGR

Earnings growth

+4% EPS CAGR¹

Profitability growth

ROTE @11%

Shareholders remuneration

growth

up to €2.5bn



AGENDA

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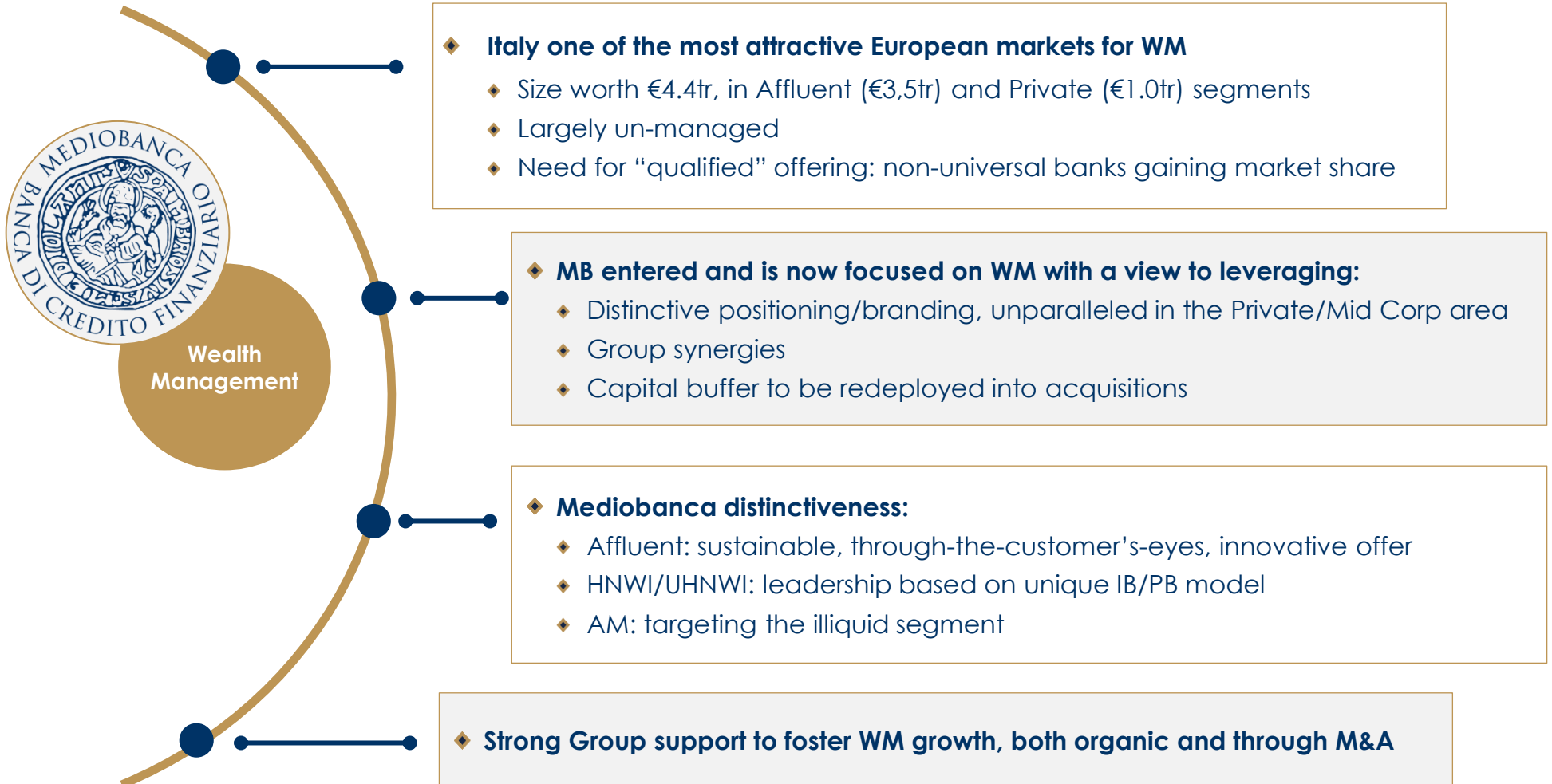


MEDIOBANCA

MB WEALTH MANAGEMENT RATIONALE AND OPPORTUNITIES

Divisional ambitions: Wealth Management

Section 2.1



IN AN ATTRACTIVE MARKET...

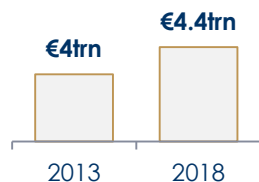
€4tr WORTH, LARGELY UN-MANAGED, SPECIALIZED PLAYER TAKING MARKET SHARE

Divisional ambitions: Wealth Management

Section 2.1

SECTOR AND MACRO TRENDS

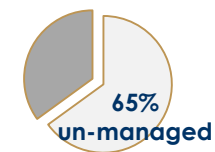
Italian wealth large and growing



Affluent the most interesting segment in the WM arena by size (€3.5tr) and margins

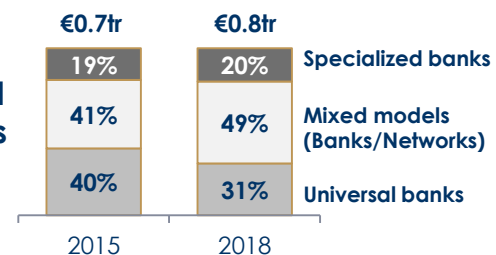


Italian wealth largely un-managed



Customers more technology-friends

Mixed model and specialized banks gaining share



Rates stably negative over the next 4y

Demand for protection, yield and illiquid products to stay high

Upcoming regulation/trends will reshape sector

MIFID2, consumer protection, IDD, digitalization

... OPPORTUNITIES ARISE FOR MEDIOBANCA WM DUE TO ITS DISTINCTIVE MODEL

Divisional ambitions: Wealth Management

Section 2.1

AFFLUENT	<p>SUSTAINABILITY</p> <p>Large customer base</p> <p>Real omni-channel distribution model, built to be scalable</p> <p>Recurrent and diversified income</p>	<p>INNOVATION</p> <p>Digital excellence since inception</p>	<p>THROUGH CUSTOMERS' EYES</p> <p>Easy, efficient, omni-channel for transactional services</p> <p>Transparent, valuable, fair-priced for investment services</p>
	<p>UNIQUE PRIVATE-INVESTMENT BANKING MODEL</p> <p>Double IB/PB coverage</p> <p>Specialized offer for entrepreneurs</p>	<p>BEST CUSTOMER BASE</p> <p>Strong concentration in HNWI/UHNWI target clients</p>	<p>INNOVATION</p> <p>Reference point in private markets by investment opportunities</p>
	<p>PRIVATE</p>		

WE ENTERED 3Y AGO AND ARE NOW A WELL-REPUTED PLAYER

Divisional ambitions: Wealth Management

Section 2.1

3Y BP16-19 actions

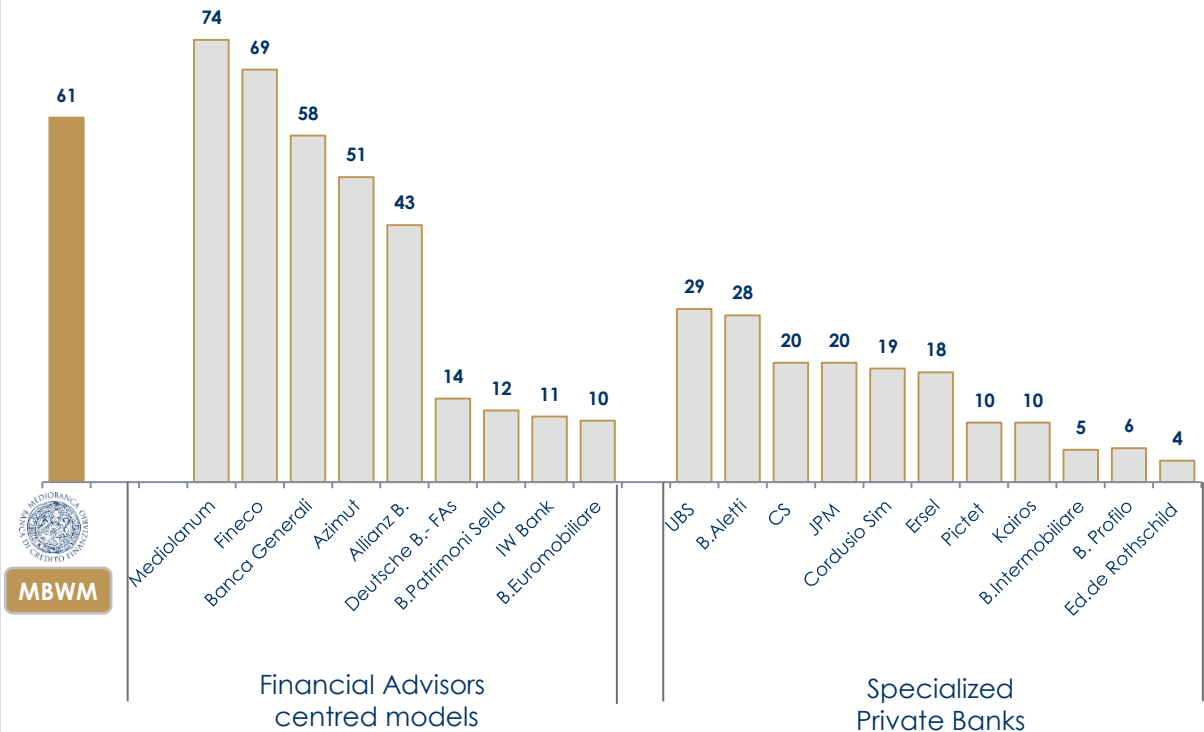
- ◆ **Foster business expansion organically and through M&A** (Banca Esperia merged, Barclays unit acquired, Cairn and RAM integrated)
- ◆ **Empower distribution** physically (FAs and proprietary network) and digitally, establish Private/IB dual coverage
- ◆ **Enhance product factories**
- ◆ **Improve MBWM group governance**

Achievements

- ◆ **Franchise empowered**
 - ◆ Customer base up 50% to over 880K, Affluent: 865K, Private 15K
 - ◆ Sales force: Affluent tripled to > 900 people
 - ◆ Bankers' reshuffle in PB with focus on UHNWI
 - ◆ AuM growth: up 21% YoY
- ◆ **Size materially scaled**
 - ◆ TFAs doubled to over €60bn
 - ◆ Annual NNM >€5bn per year
- ◆ **Profitability boosted**
 - ◆ ROAC from 9% to 16%

MBWM gaining positioning

Wealth management players ranking by TFA¹ (€bn, Dec 18 peers, MB as at June 19)



MB WM: MISSION IN THE NEXT 4Y TO BECOME A LEADING ITALIAN PLAYER WITH HIGH GROWTH RATES AND SUSTAINABILITY

Divisional ambitions: Wealth Management

Section 2.1

In the next few years Mediobanca Wealth Management aims to become:

- ▶ An established player in the Affluent segment, by quality and sustainability, with best in class mix of digital/human distribution capabilities
- A leader in HNWI and UHNWI with a unique Private and Investment Bank model, working together with CIB to offer integrated advisory and investment solutions in Private Assets/Markets

OBJECTIVES

BECOME THE FIRST SOURCES OF FEES AND THIRD PILLAR FOR NET PROFIT IN THE MB GROUP

**ENHANCE POSITIONING
GET SCALE**

**IMPROVE
PROFITABILITY**

ACTIONS

Upgrade distinctive offering to affluent/private clients
Raise brand positioning

Invest in distribution and innovation

Value management

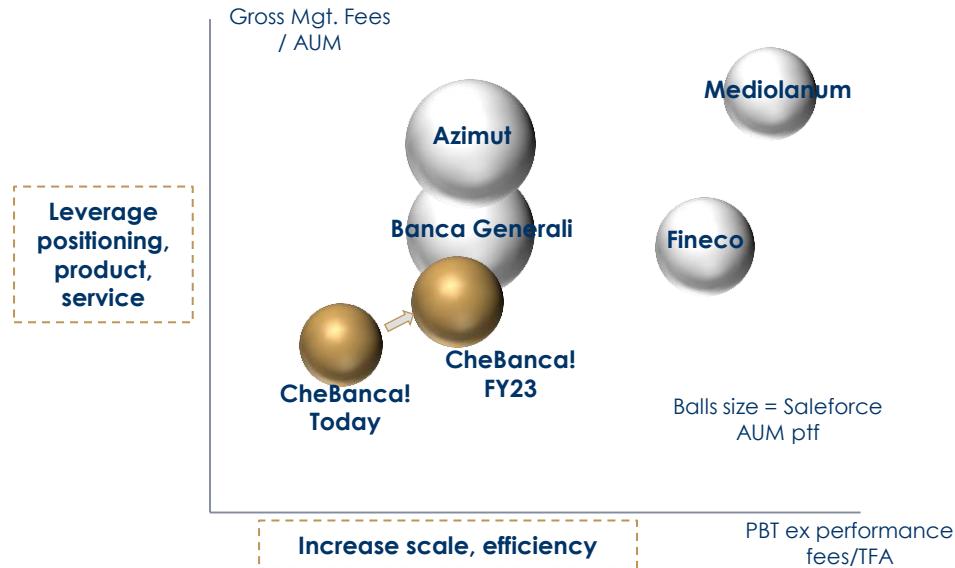
M&A SCOUTING

EXPLOITING OPPORTUNITIES IN AFFLUENT...

Divisional ambitions: Wealth Management

Section 2.1

POSITIONING OF CHEBANCA!¹



OPPORTUNITIES

- ◆ **Affluent: the most attractive segment in the WM arena.** Large (€3.5tr), profitable, with customers more technology-friendly (low cost to serve) and largely unmanaged
- ◆ **Digital transformation and Fintech** moving distribution paradigms
- ◆ **CheBanca!:** well positioned to leverage business model strengths (sustainability & innovation)
 - ◆ to increase market share
 - ◆ to close the profitability gap

ACTIONS

- ◆ **Brand repositioning:** marketing campaign for affluent_clients (current and next generation) to meet their investment needs, leverage on joint MB-CB! branded products
- ◆ **New service model:** more in-depth and comprehensive client segmentation to customize services/products according to potential value
- ◆ **Franchise empowerment:** commercial staff to increase from 780 to 1,275 (up 60%) focusing on quality and value
- ◆ **Enhancing digital platforms,** to supply advisory services via mobile app and remote channels
- ◆ **Enlarge product offer,** leveraging on group capabilities
- ◆ **Investments in training,** to upgrade sales force capability to deliver high-quality advisory services

STRENGTHS

SUSTAINABILITY

Transparent, valuable, fair-priced investment services

Recurrent and diversified income

INNOVATION

Easy, efficient, real omni-channel distribution model

Digital excellence since inception

...AND IN PRIVATE /HNWI SEGMENT...

Divisional ambitions: Wealth Management

Section 2.1



OPPORTUNITIES

- ◆ **Private banking: valuable and growing segment where MBPB and CMB could play a distinctive role** given their roots, brand, customers and **positioning as unique Private-Investment banks for private clients and entrepreneurs**
- ◆ **Franchise empowerment:** staff to increase to from 133 to 160 (up 20%)

ACTIONS

- ◆ **MBPB will work on:**
 - ◆ **Becoming leader in developing investment opportunities in Private Assets** through Club Deals, Private Equity, Italian and EU Multi-Asset Manager⁽¹⁾
 - ◆ **Strengthening the effective dual PB-IB coverage for MidCaps focusing on Key Strategic Clients (Entrepreneurs/UHNWI)**
- ◆ **CMB will:**
 - ◆ **Empower positioning on UHNWI also through rebranding**
 - ◆ **Enhance investment and advisory offering for UHNWI and Family Offices**, also with a deeper segmented approach
 - ◆ Relaunch a **credit proposition** (Lombard and real estate financing) in line with the UHNWI strategy
 - ◆ **Invest in Technology and Fintechs** to deliver efficiencies and superior client experience

STRENGTHS

UNIQUE PRIVATE-INVESTMENT BANKING MODEL	INNOVATION
<p>Dual IB/PB coverage</p> <p>Strong concentration in HNWI/UHNWI target clients</p>	<p>Benchmark in private markets by investment opportunities</p>



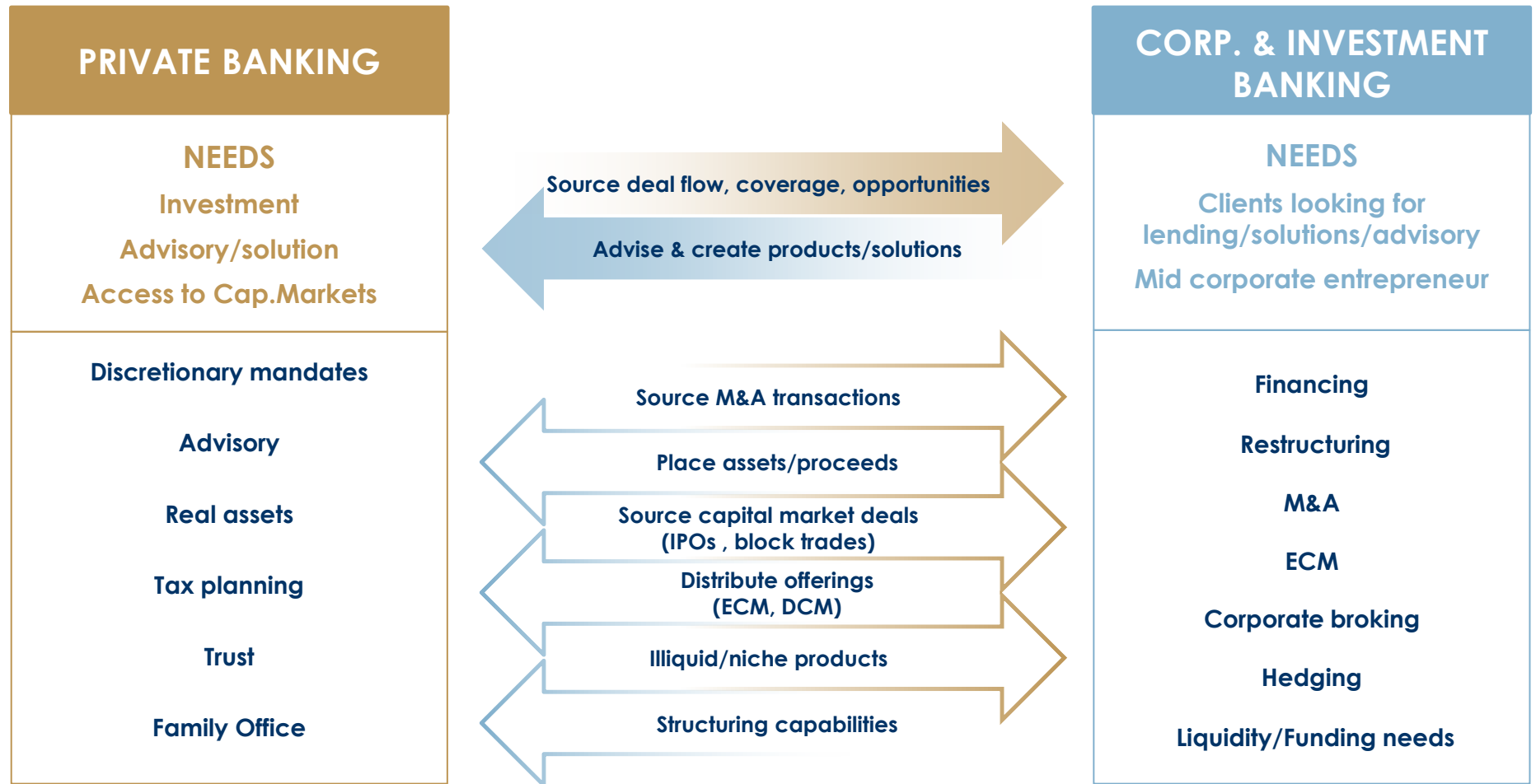
...WITH AN UNIQUE IB -PB OFFER

COMBINING CORPORATE FINANCE & PERSONAL WEALTH SOLUTIONS

DELIVERING SIZEABLE INTRAGROUP SYNERGIES

Divisional ambitions: Wealth Management

Section 2.1



...AND ENLARGING CAPABILITIES IN DISTRIBUTION...

SALES FORCE up 60% to >1,400

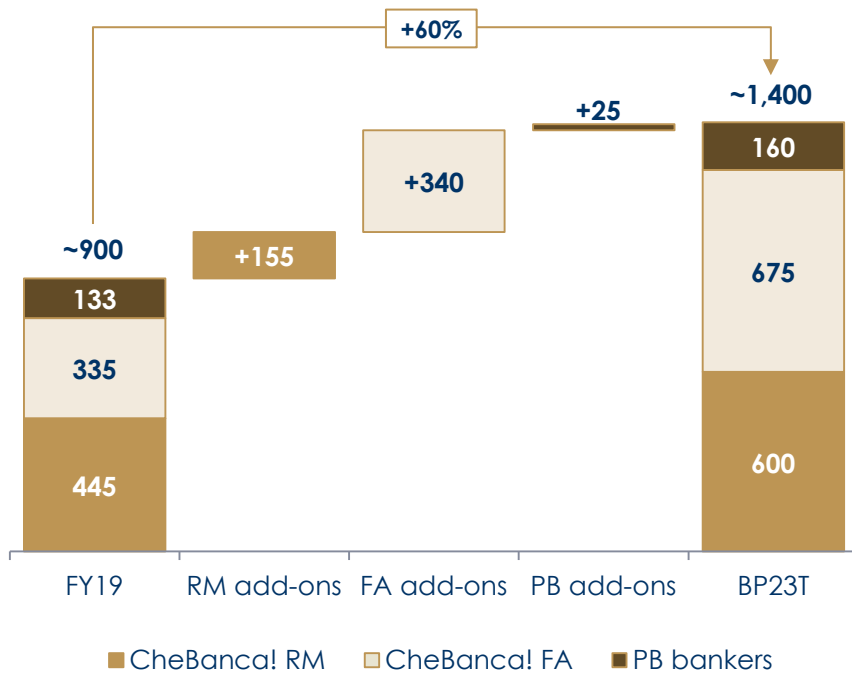
Divisional ambitions: Wealth Management

Section 2.1

WM distribution network up 60% to >1,400 sales people...

with increasing average portfolio size

...to serve a newly segmented affluent customer base...



- ◆ Private: staff to increase from 133 to 160 (up 20%)
- ◆ Affluent: staff to increase from 780 to 1,275 (up 60%)
- ◆ Employees (RMs + PB) up by ~180

◆ New client segmentation:

- ◆ For more indepth and comprehensive satisfaction of clients' needs
- ◆ To focus and customize services according to potential value
- ◆ **Front office:** team set-up aligned with differentiated proposition and specialization by new segments
- ◆ **Brand repositioning:** marketing campaigns, restyling of layout for physical and online offering

◆ ...and a refreshed private banking proposition

◆ Enhanced customer experience with:

- ◆ Tailor-made services for the newly-segmented high-end client segments (with consistent cost-to-serve)
- ◆ Exclusive opportunity generated by dual IB/PB coverage

...AND IN ASSET MANAGEMENT PRODUCTION...

Divisional ambitions: Wealth Management

Section 2.1

MAXIMIZING GROWTH AND MARGINS IN THE GROUP VALUE CHAIN REINFORCING RESEARCH & PRODUCT SYNERGIES AMONG TRADITIONAL AND ALTERNATIVE AM

MEDIOBANCA SGR

Pivotal role

in defining asset allocation strategies

Product innovation

with high value added strategies
Global Active Multiasset, Multimanager Solutions, "New Generation" Target Maturity fund

CAIRN CAPITAL

Leading illiquid credit manager

RAM

Leading pure systematic specialist in Europe with a strong research focus and frontrunner in AI

GOALS

- ◆ **Focus on active research-driven strategies** (AA, high conviction Equity...)
- ◆ **Increase captive networks penetration**
- ◆ Intermediation of third-party products via **guided open architecture**

- ◆ Expand alpha capabilities beyond CLOs
- ◆ Roll-out of distribution of recently launched UCITS (Strata)
- ◆ Strengthening co-operation with MB for launch of new credit funds

- ◆ Expand alpha capabilities and competitive edge through research and development
- ◆ ESG implementation

...WE'LL IMPROVE MARGINS & EFFICIENCY WHILE ENLARGING CUSTOMER ASSETS...

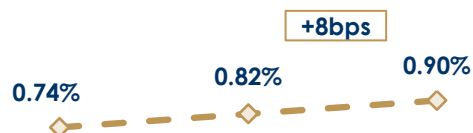
Divisional ambitions: Wealth Management

Section 2.1

Improving fee margin...

From 80 to 90bps

Gross Fees ex performance fee/(AUM+AUA)

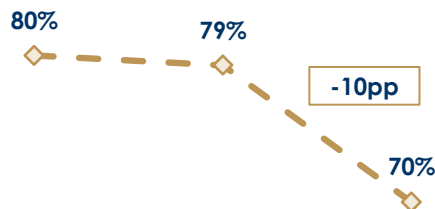


FY16 FY19 BP23T

...while leveraging cost scale...

Cost/income ratio down 10pp

C/I (%)



FY16 FY19 BP23T

...will boost operating margin

GOP/TFA up 10bps

GOP/TFA (%)

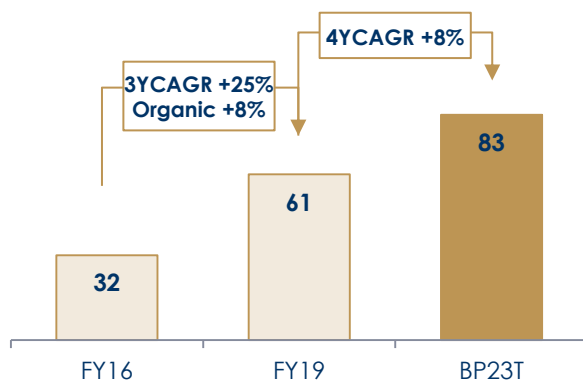


FY16 FY19 BP23T

Strong growth in TFAs...

+8% CAGR to €83bn

TFA (€bn)

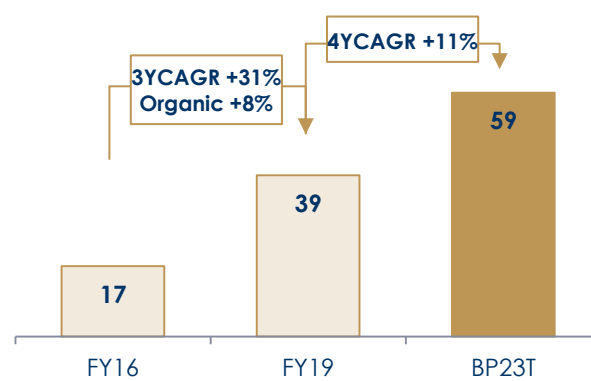


FY16 FY19 BP23T

...with notable increase in AUM/AUA

+11% CAGR, from 63% to 70% of TFAs

AUM/AUA (€bn)

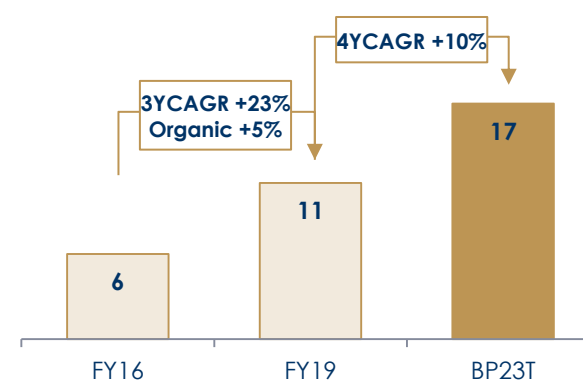


FY16 FY19 BP23T

Loan book up to €17bn

+10% CAGR

Loan book (€bn)



FY16 FY19 BP23T

...FOSTERING HIGH QUALITY REVENUE & PROFITABILITY GROWTH

Divisional ambitions: Wealth Management

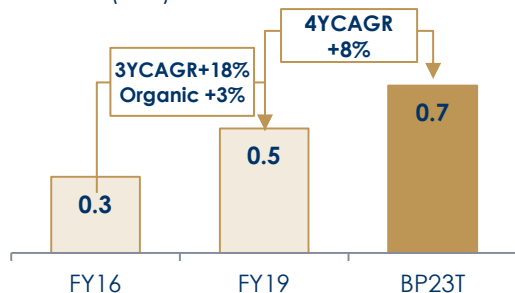
Section 2.1

Revenues up to €0.7bn with a more scaled platform...

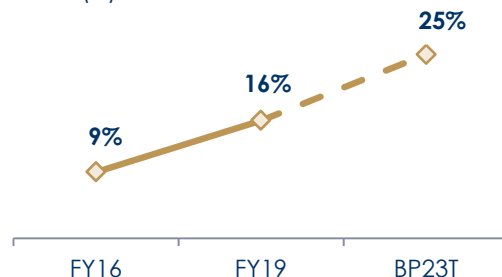
...raise up ROAC to 25%

...with unmatched quality

Revenues (€bn)



ROAC (%)



- ◆ Pricing in line with the best practices in all areas
- ◆ High recurrent contribution of fees (no performance fees included, 5% upfront on total)
- ◆ No carried interest from Private Banking initiatives upside from those investments to come on top
- ◆ Cost/income at 70% in all operating entities
- ◆ No fiscal optimization assumed

Upgrade distinctive offering

Investing in distribution and innovation

- ◆ Empower distribution network by 60% up to over 1,400 sales staff (from over 900)
- ◆ Strengthening the effective dual coverage PB-IB MidCaps
- ◆ Brand repositioning, new service model in the Affluent segment, matching customer investment needs
- ◆ Promote a distinctive MB Asset Management offer with an integrated Group approach
- ◆ Keep digital tools at the cutting edge of innovation, with strong investments in technology

Value management

- ◆ Gross margins improvement through TFA mix optimization, FA margin optimization, customer segmentation
- ◆ Cost efficiency improvement

AGENDA

Section 1. Group ambitions

Section 2. Divisional ambitions

2.1 Wealth Management

2.2 Consumer Banking

2.3 Corporate & Investment Banking

2.4 Principal Investing

2.5 Holding Functions

Section 3. Closing remarks

Annex

Macro scenario

Glossary

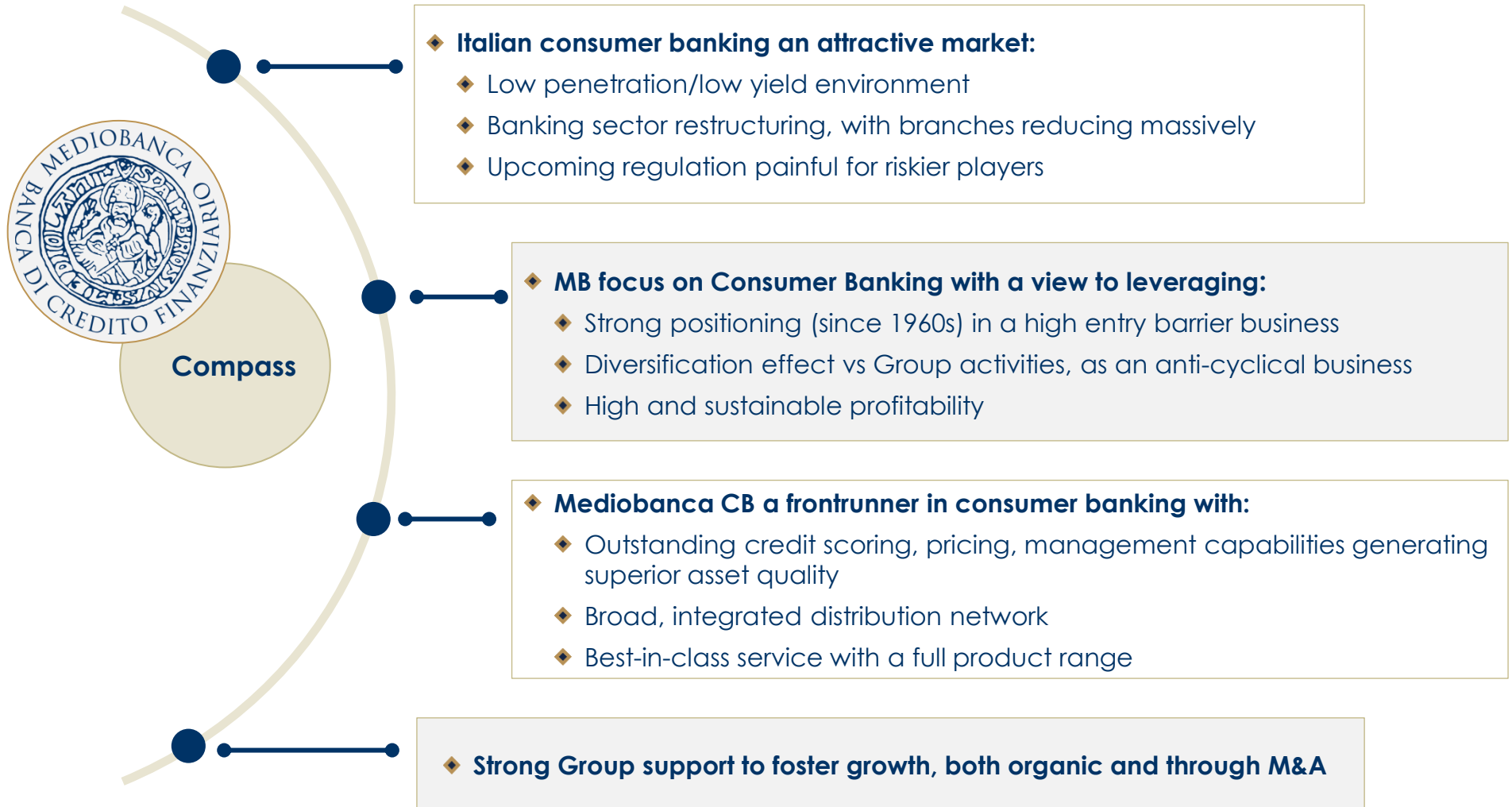


MEDIOBANCA

MB CONSUMER BANKING RATIONALE AND OPPORTUNITIES

Divisional ambitions: Consumer Banking

Section 2.2



IN AN ATTRACTIVE MARKET...

GROWING, WITH LOW PENETRATION AND WITH BANKS CLOSING BRANCHES

Divisional ambitions: Consumer Banking

Section 2.2

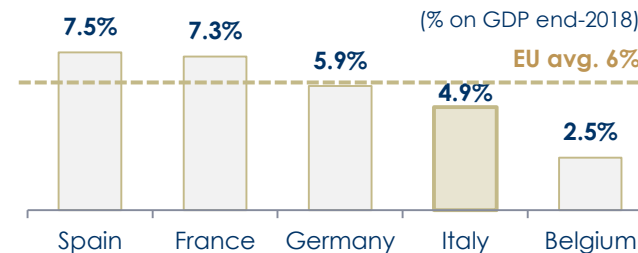
SECTOR AND MACRO TRENDS

Change in customer behaviour

(digital shift, goods rental, demographic changes)

Italian market less mature than EU countries

(Italy below EU¹ avg)

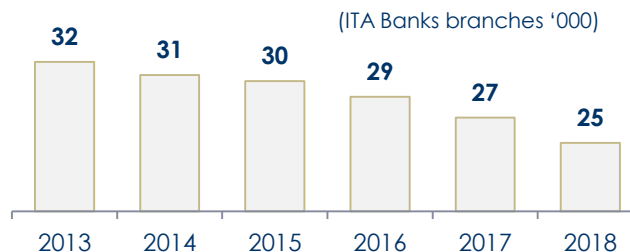


Specialized consumer banks will continue to outperform by growth and returns

Credit cycle shift and risk prevention regulation won't be gentle with non specialized players

Italian banks branches reduction

7k branches closed since 2013² and more are expected



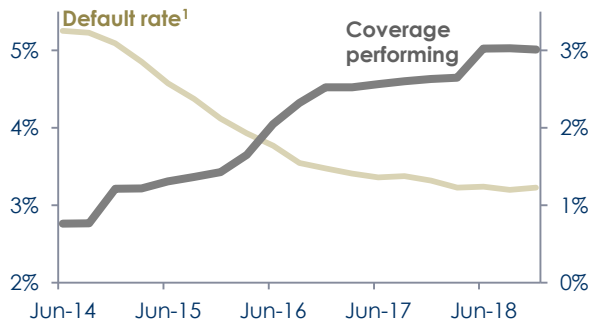
Italian banks aggregation process reducing the number for potential distribution partners

...LEVERAGING ON OUR DISTINCTIVE STRENGTHS...

Divisional ambitions: Consumer Banking

Section 2.2

OUTSTANDING SCORING AND PRICING CAPABILITIES



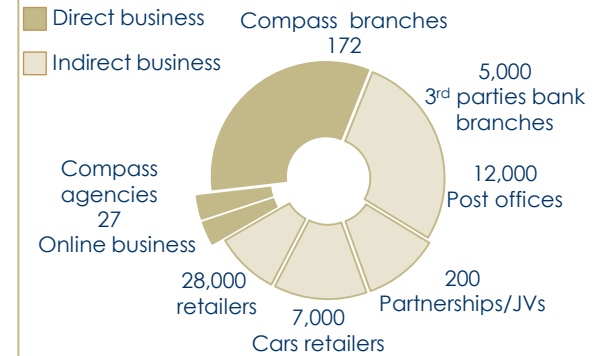
EXCELLENT ASSET QUALITY AND INDUSTRIALIZED COLLECTION

Net NPLs/Loans: 1.4%
Net bad loans /loans: 0.1%
NPLs fully covered in 12m

Strong collection process relying on internal platform and third parties network

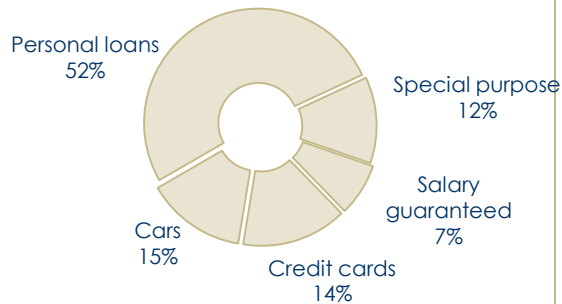
Regular NPLs disposals

BROAD & INTEGRATED DISTRIBUTION NETWORK



BROAD PRODUCT CAPABILITIES BEST-IN-CLASS SERVICE

€7bn new loans, 80% repeat business



EFFICIENT PLATFORM

Very low and stable cost/income (~30%)

Direct distribution platform growing at variable cost

VALUE-DRIVEN APPROACH TO BUSINESS

New production driven solely by risk-adjusted returns

Margin resiliency and profitability preserved

...WE'LL CONFIRM OUR STRONG POSITIONING...

Divisional ambitions: Consumer Banking

Section 2.2

3Y BP16-19 actions

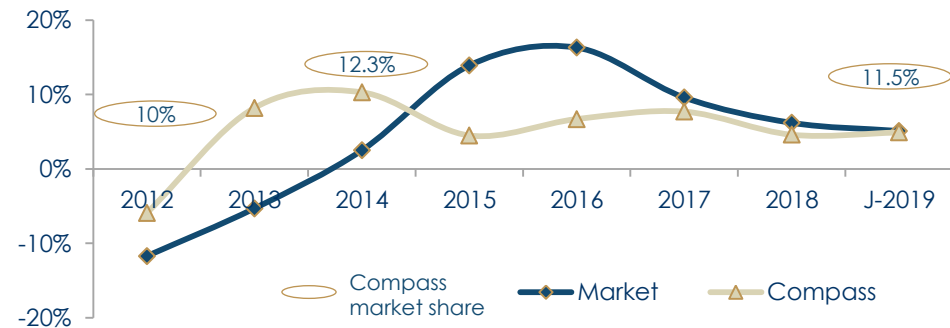
- ◆ **Leadership in Italy confirmed**
- ◆ **Distribution:** proprietary enlarged, indirect confirmed, digital started
- ◆ **Value-mgt approach:** margin resilience, CoR at lowest-ever levels

KPIs

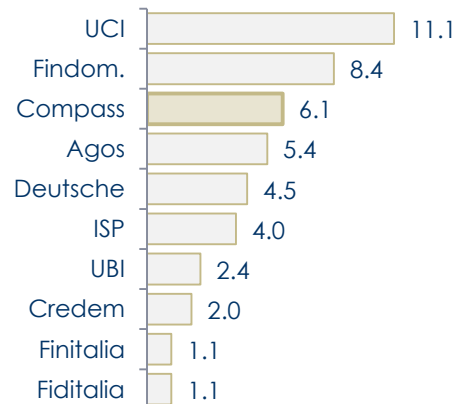
- ◆ **Franchise empowered:** branches up 20% to ~200 branches, 35 branches opened, of which 27 agencies
- ◆ **Business scaled and profitability increased:** revenues up to over €1bn, GOP doubled to €0.5bn, ROAC from 17% to 30%
- ◆ **Compass represents 40% of Group revenues and GOP, and is the leading contributor to Group NII**

Solid market positioning

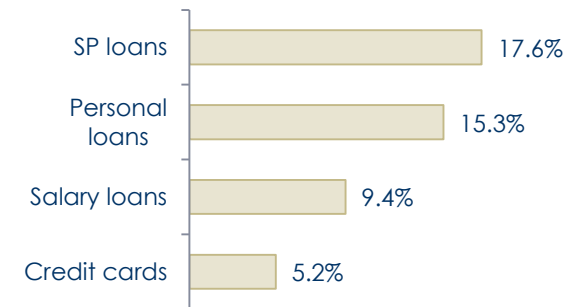
Consumer lending market trend¹ (YoY new business growth, %)



Consumer credit ranking¹ (new business, €bn, 2018)



Compass market share by product (new business, €bn, 2018)

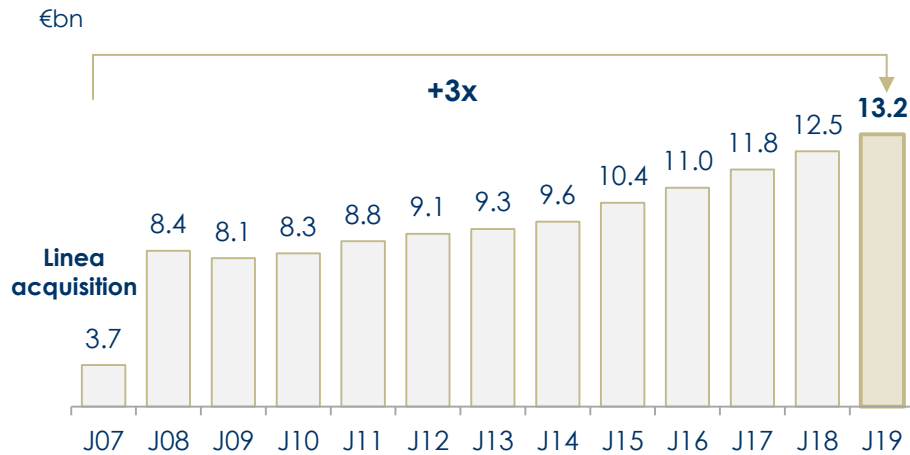


...CONTINUING ON COMPASS'S GROWTH TRAJECTORY

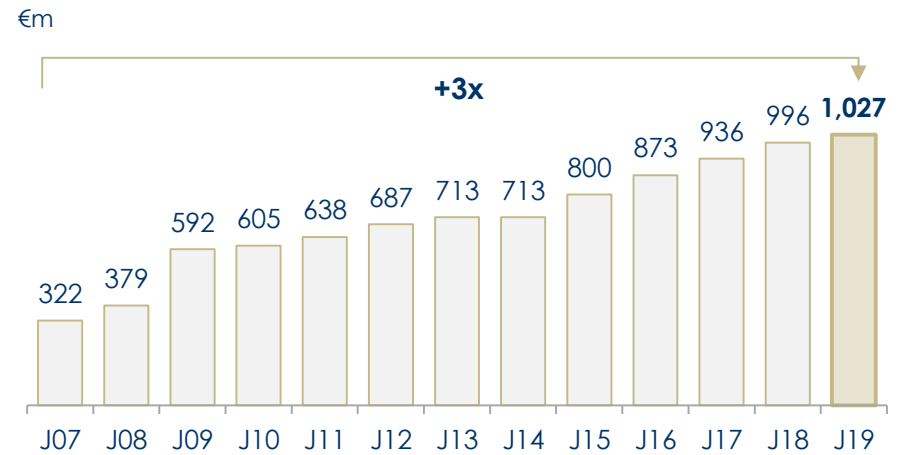
Divisional ambitions: Consumer Banking

Section 2.2

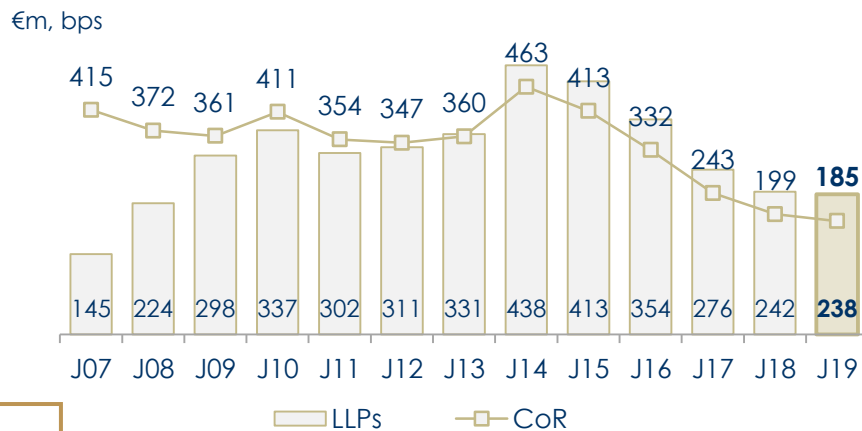
Since 2007 Compass's loan book has tripled...



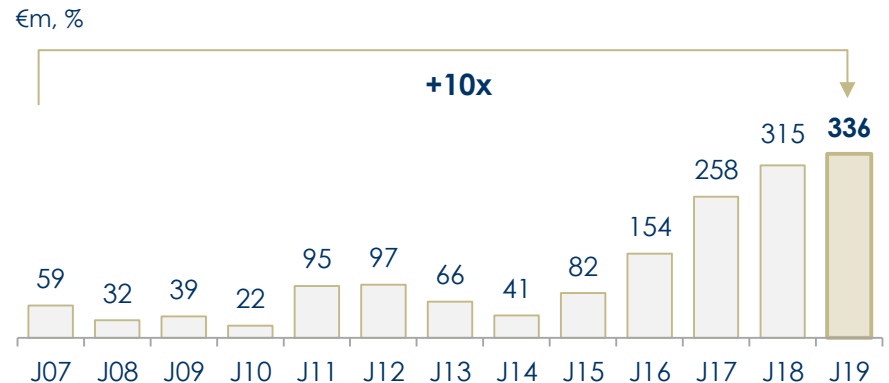
... as have its revenues (now > €1bn) ...



... while careful risk assessment has shrunk CoR...



...with net profit up 10x to record levels : ROAC 30%



MBCB MISSION IN NEXT 4Y FROM INCUMBENT TO ATTACKER ONCE AGAIN

Divisional ambitions: Consumer Banking

Section 2.2

In the next few years Compass aims to be a frontrunner in consumer banking, well positioned to take advantage of macro-changes in customer behaviours and sector trends due to proven leadership and capabilities in embracing innovation and anticipating developments

OBJECTIVES

**ASSURE GROWTH
IN DOMESTIC MARKET**

**EXPLOIT
NEW OPPORTUNITIES**

**PRESERVE
PROFITABILITY**

ACTIONS

Invest in distribution

Embrace innovation

Value management

M&A SCOUTING

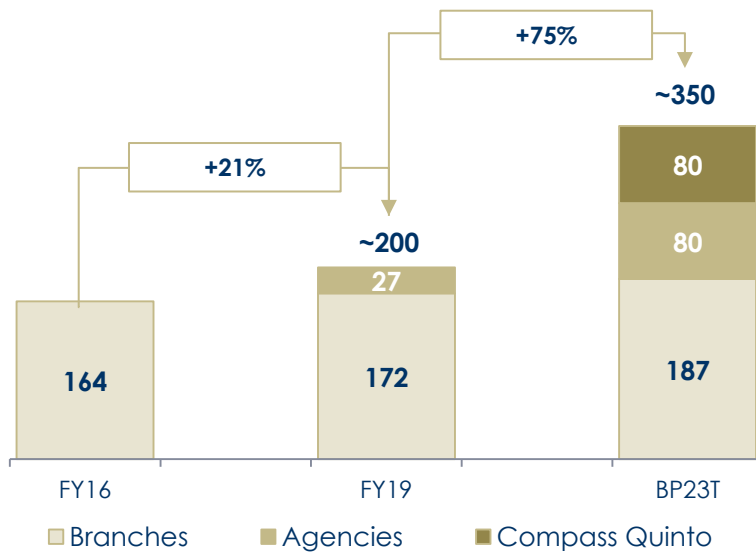
LEVERAGING ON STRONG INVESTMENTS IN DIRECT DISTRIBUTION...

OPENING BRANCHES AND AGENCIES AT VARIABLE COSTS (5X)

Divisional ambitions: Consumer Banking

Section 2.2

Compass direct franchise trend



COMPASS BRANCH	Higher “value” of Compass branch distribution: roughly double vs third parties’ channels
COMPASS AGENCIES	<p>Compass agencies track record in last 18m:</p> <ul style="list-style-type: none"> ◆ High productivity: close to long standing Compass branches. ◆ Low client cannibalization: 30% of customers are new and 50% are in Compass database but not active ◆ Resilient margins: broadly in line with branches ◆ Flexible cost structure: at breakeven since year 1 ◆ CoR in line with branches as managed by Compass at its standards
Launch of COMPASS QUINTO	<p>New Compass Quinto agencies to be established:</p> <ul style="list-style-type: none"> ◆ Loyal and reputable agent network dedicated to salary guaranteed loans, operating exclusively for Compass ◆ Flexible cost structure ◆ CRM to exploit synergies with Compass clients ◆ CQS product appeal increasing: risk mitigation, lower capital absorption due to CRR2 and sector consolidation needed

◆ Direct distribution enlargement

- ◆ Compass-branded branches/agencies to increase from 200 to over 260 (up 30%), of which ~80 run by agents
- ◆ 80 Compass Quinto-branded agencies to be opened to foster salary-backed distribution



...EMBRACING INNOVATION IN PRODUCT AND CHANNEL... WITH FOUR MAIN NEW PROJECTS

Divisional ambitions: Consumer Banking

Section 2.2

INNOVATION

PRODUCT

1 CLOSED LOOP CARD

- ◆ **Revolving credit card** (designed by Compass on MasterCard circuit) **whose use is limited to specific retailers**
- ◆ **Benefits: easy to use** (directly at the cashier), **increase client retention for the retailer**
- ◆ **Could evolve to a “full” credit card** (able to operate widely in POS/ATM/online with addendum to contract)
- ◆ **Partners: large retailers**

2 COMPASS RENT

- ◆ **Innovative long-term car rental**
- ◆ **Focus: used cars** (12/24 months vintage) sold by Compass dealers
- ◆ **Customizable offer:** both in terms of service (insurance, assistance, etc.) and car model

DISTRIBUTION

3 PP-ONLINE

Existing online platform strong enhancement with:

- ◆ **“Instant lending” project:** process/technical enhancements to minimize “time-to-yes” up to 1h, including automatic identification of clients' uploaded ID documents
- ◆ **Online/offline integration** for mutual collaboration in client assistance between all distribution channels

4 INSTANT CREDIT & E-COMMERCE LOANS

- ◆ **Partnership with primary operator for E-commerce financing solution**
- ◆ **Development of APP-based financing services** for free **instant credit** to customers
- ◆ State-of-the-art **platform integrated into retailers marketplace** to offer installment-based credit options

...TO KEEP THE VALUE OF INTEGRATED DISTRIBUTION STRONG IN THE NEW SCENARIO

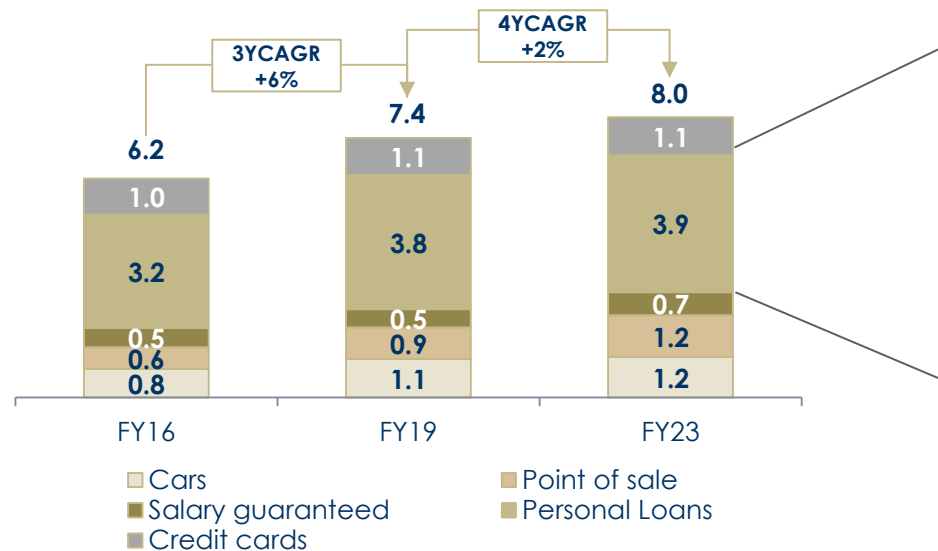
Divisional ambitions: Consumer Banking

Section 2.2

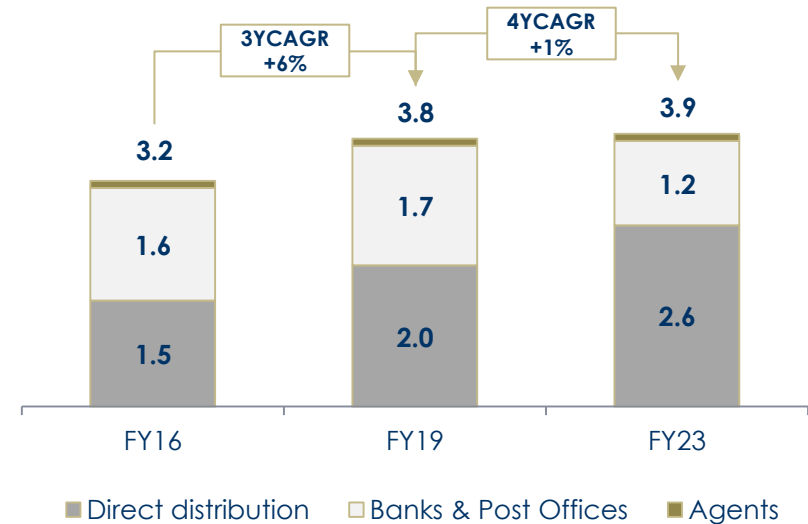
Compass new loan business up to €8bn ...

...with a shift in new PP distribution channels direct up from 47% to 67%

Total loans new business by product, €bn



Personal loans new business by channel, €bn



- ◆ **Growth by all product:** Points of sale up 7%, Salary guaranteed up 6%, Personal loans up 1%, Cars up 1%, Cards up 1%
- ◆ **Direct distribution expected to raise materially the contribution to total new loans** in order to
 - ◆ maximize retained value on each new loan
 - ◆ offset the foreseeable reduction in banks' distribution also linked to likely concentration process

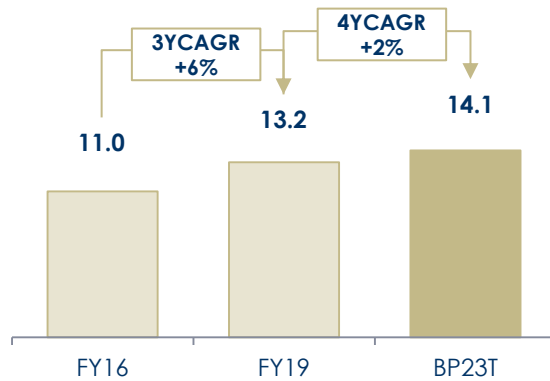
...WE'LL DELIVER GROWTH AND SOUND PROFITABILITY

Divisional ambitions: Consumer Banking

Section 2.2

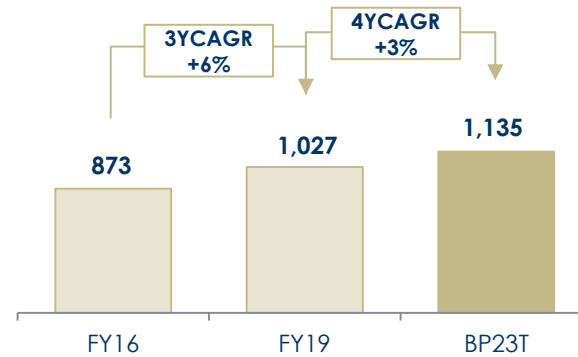
Enlarged network supports further loan book growth...

Loan book (€, bn)



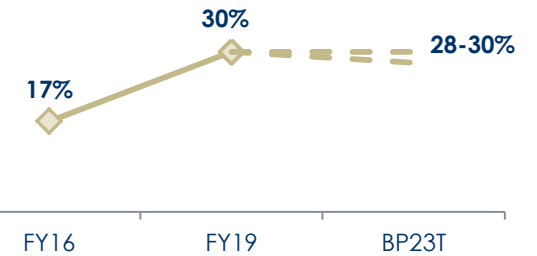
...delivering revenues > €1.1bn...

Revenues (€, m)



...and still impressive profitability

ROAC (%)



Invest in distribution Branches up to ~350

- ◆ Empower direct distribution network both physically (mainly at variable costs) and digitally
- ◆ Launch of Compass Quinto network for salary-backed loans
- ◆ Defend third-party distribution agreements

Embrace innovation in product and channels

- ◆ New product development to reach new clients/merchants
- ◆ Promote digital distribution/solutions leveraging on proprietary digital platform and third parties technology/ distribution capabilities

Value management

- ◆ Efficiency in capital absorption
- ◆ Keep cost efficiency
- ◆ Cost of risk slightly higher by physiological trend

AGENDA

Section 1. Group ambitions

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2.1 Wealth Management

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Macro scenario

Glossary



MEDIOBANCA

MB CORPORATE AND INVESTMENT BANKING

RATIONALE & OPPORTUNITIES

Divisional ambitions: CIB

Section 2.3



Corporate
Investment
Banking

◆ Investment Banking is the native business of Mediobanca

- ◆ Strong market positioning: leader in Italy, with a growing footprint in Europe
- ◆ Cornerstone of Mediobanca business diversification strategy
- ◆ Resilient over the cycle due to balanced product mix

◆ Investment Banking has been a challenging market in the last decade

- ◆ Boutique-like models continue to outperform bulge-bracket banks
- ◆ M&A to act as growth enabler in a stagnant economic scenario
- ◆ Financial Sponsor activity likely to remain high due to low interest rates and ample dry powder

◆ Mediobanca distinctiveness

- ◆ Strong brand recognition and trustworthiness
- ◆ Client-driven business
- ◆ Boutique-type approach
- ◆ Steady profitability with low gearing and excellent asset quality

◆ Mediobanca CIB is best positioned to exploit the potential of a client-driven business model enhancing its pre-eminent role in Europe

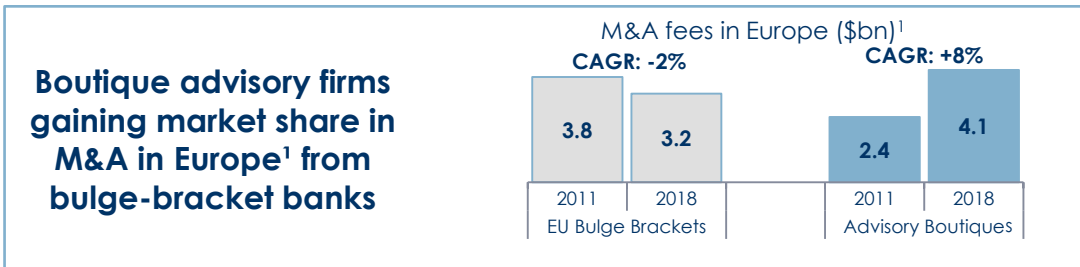
IN A CHALLENGING ENVIRONMENT FOR INVESTMENT BANKS...

Divisional ambitions: CIB

Section 2.3

SECTOR AND MACRO TRENDS

European IB's revenue pool has been shrinking since 2010
(CAGR-5% to \$71bn in 2018)²



IBs have focused on cost cutting, with the largest banks deeply restructuring business model exiting selected under-performing businesses

Stringent regulation reshaping industry
(Basel IV, Trim, Fundamental Review of Trading book, MiFID II)

Abundant and cheap liquidity

Sectors consolidation/disruption, low organic growth create sizeable opportunities for domestic/cross border deals for Large Corporates and Fin.Sponsors

European MIDCAP segment as appealing revenue pool not yet targeted by bulge brackets

Lending needs to be progressively replaced by Capital Markets

Sources:

- 1) Thomson Reuters. Sample including 1. for bulge brackets: Credit Suisse, UBS, Barclays, Deutsche Bank; 2. for boutiques: Lazard, Rothschild, Evercore, Jefferies, Houlihan Lokey
- 2) Coalition IndexPlus FY15-FY18, UBS research



... OPPORTUNITIES ARISE FOR MEDIOBANCA CIB DUE TO ITS DISTINCTIVE MODEL...

Segmental division: CIB

Section 2.3

BOUTIQUE-LIKE ORGANIZATION

80% revenues customer-driven
Lean and flexible structure
Attractive to talent
Low regulatory impact

STRONG FOOTPRINT

Pan-European presence
in Italy, France, Spain/Portugal and UK

Recognized capabilities in
Sectors (FIG, TMT, Automotive) and in
cross-border deals

STRONG BRAND RECOGNITION AND TRUSTWORTHINESS

M&A:
First in Italy with >100 deals in last 3Y
Top 10 in Spain with >15 deals in last 3Y,
Top 3 advisory firm in France through
 Messier Maris

ECM:
1st in Italy with 30 deals in last 3Y

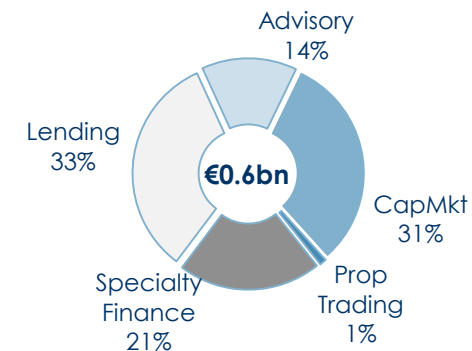
BALANCE SHEET QUALITY

Sound asset quality
Strong risk assessment capabilities
Low gearing (cost/income ratio 46%)

INCREASING IB-PB LINK

MBCIB
Focus corporate-entrepreneur
Dual IB-PB coverage

DIVERSIFIED REVENUE BASE



... STRONG POSITIONING AND RESULTS...

Divisional ambitions: CIB

Section 2.3

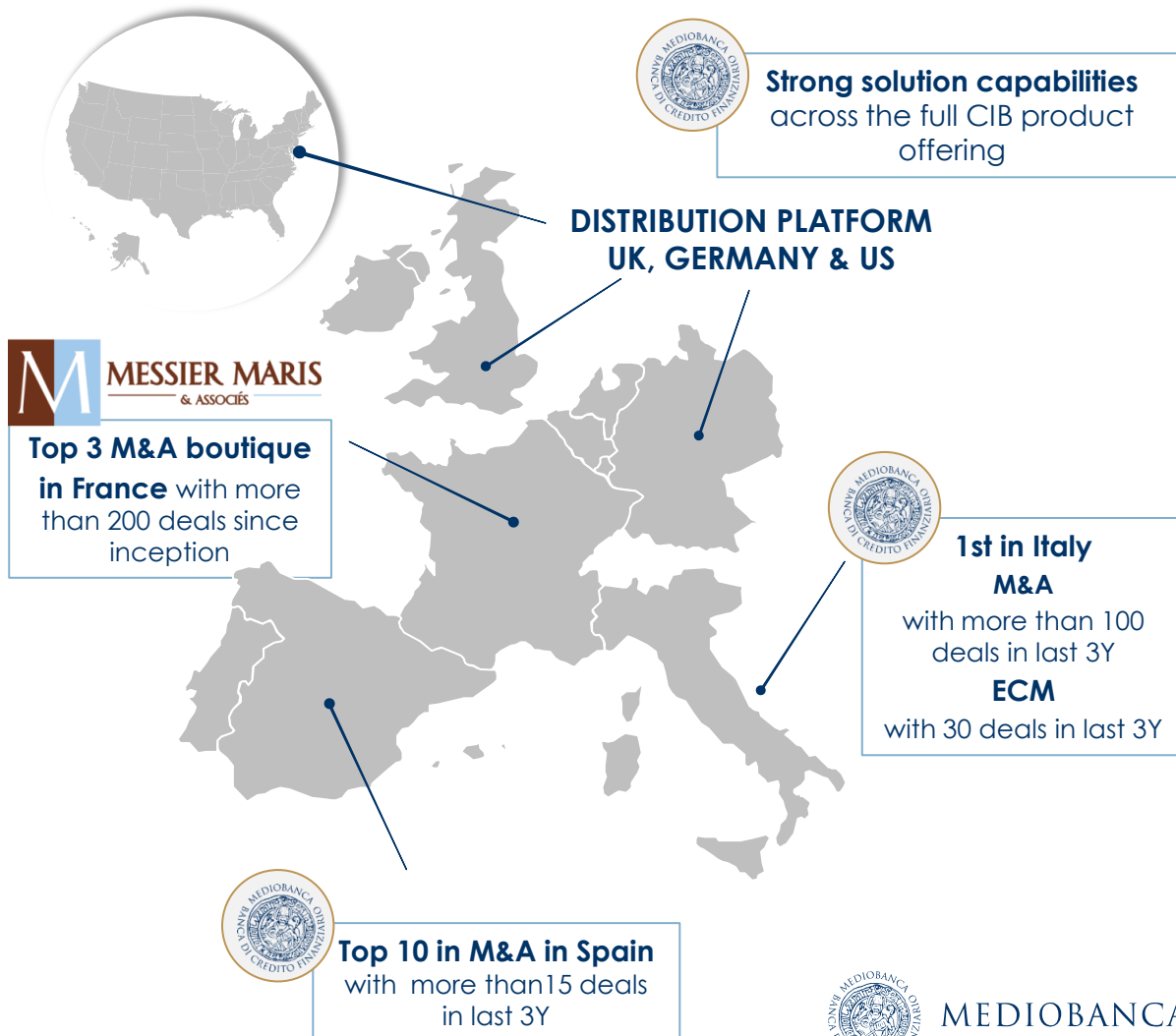
3Y BP16-19 actions

- ◆ **Empower positioning and footprint** investing in human talent/coverage
- ◆ **Diversify revenues:** focus on Advisory, CapMkts, SF
- ◆ **Maintain excellence in asset content**
- ◆ **Improve profitability** reducing capital absorption and keeping gearing low

KPIs

- ◆ **Revenues kept resilient at ~€0.6bn**
- ◆ **Improved revenue mix**
 - ◆ **Advisory and CapMkts at ~50%**
 - ◆ **Specialty Finance ~20%**
- ◆ **Excellent asset quality preserved:** net bad loans/loans: 0.0%
- ◆ **Profitability materially improved:** ROAC at 15% (10% in FY16) vs a sector average <10%¹

Mediobanca IB - Solid and well-defined market positioning



...ACROSS CORE IB PRODUCTS

OUTSTANDING IN ITALY, WELL RECOGNIZED IN SOUTHERN EUROPE

Segmental division: CIB

Section 2.3

Selected M&A transactions

<p>Pending</p>  <p>€40bn combined Market cap</p> <p>Merger of equals</p> <p>Financial Advisor to PSA</p>	<p>Pending</p>  <p>€11bn</p> <p>Integration of INWIT and Vodafone Italia Tower</p> <p>Financial Advisor to INWIT</p>	<p>2018</p>  <p>€16.3bn</p> <p>Atlantia Public Tender Offer on Abertis</p> <p>Financial Advisor to Atlantia</p>	<p>2018</p>  <p>€47bn</p> <p>Merger of equals</p> <p>Financial Advisor to Delfin</p>
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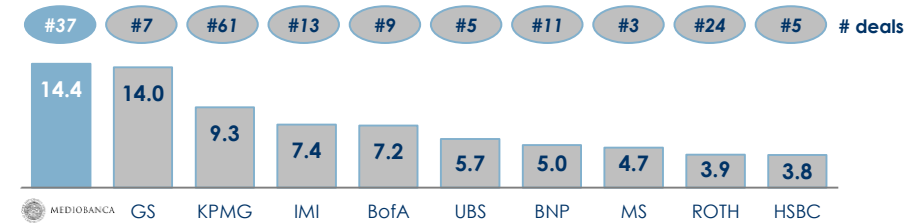
Selected M&A Mid Corporate transactions

<p>2019</p>  <p>Undisclosed</p> <p>Disposal of Laminam to Alpha Private Equity</p> <p>Financial Advisor to Laminam</p>	<p>2019</p>  <p>Undisclosed</p> <p>Acquisition of a 80% stake in L&S</p> <p>Financial Advisor to Clessidra SGR</p>	<p>2018</p>  <p>€353m</p> <p>Sale of Forno d'Asolo by 21 Investimenti and BC Partners</p> <p>Sell side advisor</p>	<p>2017</p>  <p>€250m</p> <p>Acquisition of La Piadineria by Permira</p> <p>Financial Advisor to Permira</p>
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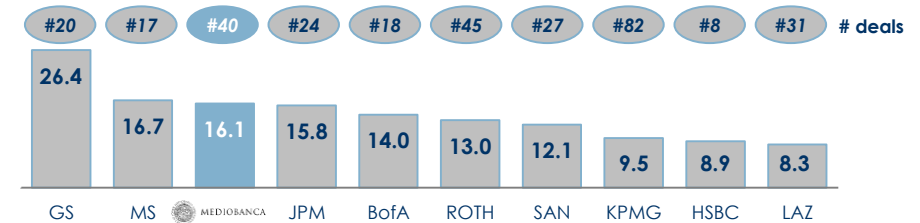
Selected ECM Transactions

<p>2019</p>  <p>€2,056m</p> <p>IPO</p> <p>JGC & JBR</p>	<p>2019</p>  <p>€2,500m</p> <p>Right Issue</p> <p>JBR</p>	<p>2018</p>  <p>€290m</p> <p>IPO</p> <p>JGC, JBR & Sponsor</p>	<p>2018</p>  <p>€500m</p> <p>Right Issue</p> <p>JGC & JBR</p>
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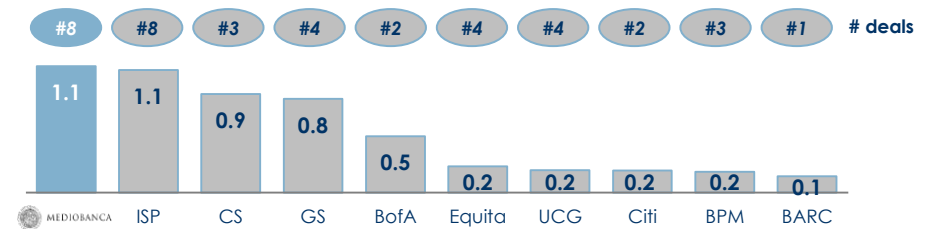
M&A Italy – Announced deals (€bn)¹



M&A Southern Europe – Announced deals (€bn)¹



ECM Italy – Global Coordinator (€bn)²



Sources:

- 1) Thomson Reuters for M&A Italy and Southern Europe (Italy, Spain, Portugal and Greece) League Tables YTD
- 2) Dealogic for ECM League Tables from January 2018 to October 2019



MB CIB: MISSION IN THE NEXT 4Y

PROFITABLE CLIENT-DRIVEN LEADING INVESTMENT BANK IN EUROPE

Divisional ambitions: CIB

Section 2.3

A leading investment bank in Europe
with a specific focus on M&A and Capital Markets services/products
to support large and mid-cap clients in their domestic and cross-border transactions

OBJECTIVES

**STRENGTHEN MB POSITIONING
IN EUROPE**

**EXPLOIT
MARKET OPPORTUNITIES**

**KEEP
PROFITABILITY HIGH**

ACTIONS

**Empower
distribution**

**Generate
synergies**

**Value creation & capital
management**

**ONGOING MARKET SCOUTING FOR M&A OPPORTUNITIES
IN ADVISORY AND CAPITAL MARKETS**

EMPOWERING DISTRIBUTION AND EUROPEAN FOOTPRINT...

Divisional ambitions: CIB

Section 2.3

Empower the ORIENTATION PLATFORM	Origination	<ul style="list-style-type: none"> ▲ Selective hiring of senior resources dedicated to coverage (~15 bankers) ◆ Leverage the strategic partnership with MMA
	Coverage	<ul style="list-style-type: none"> ▲ Boost Sovereign Wealth Funds & Infra sponsors reach ▲ Focus on growing Mid Cap platform
	Markets	<ul style="list-style-type: none"> ◆ Leverage the enhanced origination platform to drive DCM and ECM cross-selling opportunities ◆ Capitalize on existing UK presence to create a single distribution hub and increase investors reach
Develop a EUROPEAN FULLY-INTEGRATED MARKETS PLATFORM	Fixed Income	<ul style="list-style-type: none"> ▲ Generate new clients in insurance and private wealth management sectors ◆ Strengthen geographical coverage in Germany ● Reinforce the trading platform providing a fully integrated offering to all clients ● Increase the “originate to distribute” model in Loan, Credit Trading and Securitization products
	Equity Derivatives	<ul style="list-style-type: none"> ▲ Focus on Sovereign Wealth Funds ◆ Cross sell with Cash Equity to achieve an integrated equity offering in major European markets ● Develop of new fund-linked instruments, in order to leverage MB expertise in Capmkt and AM
	Cash Equity	<ul style="list-style-type: none"> ▲ Acquisition of new buy-side clients ◆ Access attractive new markets, while strengthening presence in US ● Improve trading and coverage of special situations opportunities where cash equity, equity derivatives and fixed income business solutions can be generated



...FOSTERING MID CORPORATE SEGMENT GROWTH...

Divisional ambitions: CIB

Section 2.3

Mediobanca set to become the reference investment bank for medium-size corporates effectively increasing coverage effort on the segment while intensifying cross-fertilization with IB and PB

KEY STRATEGIC INITIATIVES 2020-23

MidCap & Fin.Sponsor Integrated platform

Increase coverage of the Mid segment through the newly-created Mid Corporate & Financial Sponsor Solutions unit, to:

- ◆ Co-ordinate efforts between the Mid Corporate and the FS teams
- ◆ Ensure coverage of Italian mid size segment with the full CIB product offering
- ◆ Gain market share in Financial Sponsor sell-sides

Increase origination & execution capabilities

- ◆ **Selective hiring** to increase execution capabilities, ultimately to expand market share and revenues (team to double)

Cross-selling with Private Banking

- ◆ Leverage already effective **cross-fertilization with PB**, increasing average size of transactions
- ◆ Increase touch points with clients

Cross-selling with other IB products

- ◆ **ECM**: Selective approach to AIM listings
- ◆ **Markets**: Increase marketing of Market Division products
- ◆ **Debt**: Strengthen joint origination effort with DCM and Lending
- ◆ Dual coverage/product offering with **Specialty Finance**

Increase international reach

- ◆ **Leverage on MMA platform** to boost international reach in Europe
- ◆ **Actively scout operative partnerships in US/Asia**

...AND WITH AN EFFICIENT CAPITAL USE IN ASSET-BASED BUSINESS...

Divisional ambitions: CIB

Section 2.3

Capital absorption to be reduced through:

- A more profitable use of capital in lending: O2D MODEL and SECURITIZATION
- Adoption of new risk-sensitive capital measures under standard model

CREDIT

ORIGINATE-TO-DISTRIBUTE

GENERATE NEW BUSINESS WITHOUT CONSUMING CAPITAL

- ◆ New model to serve corporate clients
- ◆ Fee-based model
- ◆ Leveraging on MAAM capabilities to set up dedicated credit funds
- ◆ Additional potential cross-selling with other MB divisions

SECURITIZATION

INCREASE PROFITABILITY OF CURRENT PTF WHILE REDUCING CAPITAL ABSORPTION

- ◆ Securitization of a selected loan portfolio
- ◆ Underlying portfolio remains within the ownership and on the balance sheet of the originator, but RWAs are derecognized
- ◆ Interest expense in part compensated by reduced LLPs
- ◆ Subject to EBA/ECB Guidelines and JST authorization

MARKET

OPTIMIZATION

RISK-SENSITIVE MEASURES TO REDUCE CAPITAL ABSORPTION

- ◆ Convergence between regulatory and managerial measures
- ◆ Adoption of more risk sensitive measures under standard model

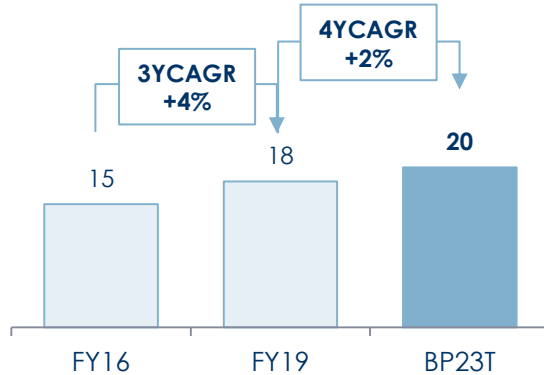
...CIB WILL DELIVER GROWTH IN REVENUES AND PROFITABILITY

Divisional ambitions: CIB

Section 2.3

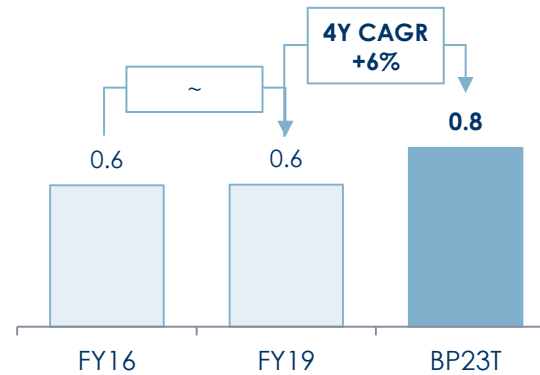
Selective loan portfolio growth

Loans (€, bn)



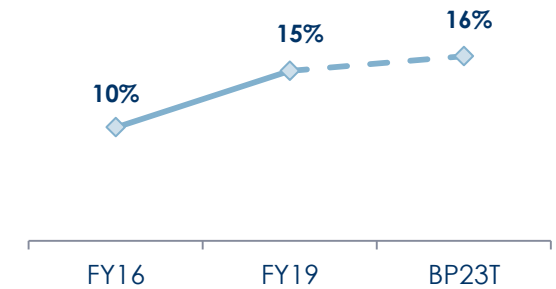
Robust growth in revenues driven by K-light business

Revenues (€, bn)



Increase in profitability

ROAC (%)



Empower distribution

- ◆ Empowerment of origination capabilities (focus on Italy, Spain, France) for IB
- ◆ Leverage European Capital Market platform and O2D model
- ◆ Empower MidCaps coverage
- ◆ M&A and CapMkt boutiques aggregator

Generate synergies

- ◆ Leverage MMA partnership for industry coverage, cross-border activity and financial sponsors' reach
- ◆ Integrated trading platform offering fixed income, equity derivatives and cash equity products
- ◆ Foster cross-fertilization among customer/product clusters (MidCap, Private banking, Financial Sponsors)

Proactive capital management

- ◆ Capital-light business growth (especially advisory)
- ◆ Capital consumption optimization (especially in lending)
- ◆ Cost of risk normalization

AGENDA

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MEDIOBANCA

PRINCIPAL INVESTING RATIONALE & OPPORTUNITIES

Divisional ambitions: PI

Section 2.4



Principal Investing

- ◆ **AG: high-quality investment** (A-rated by Fitch) **with sound financial performance:**

- ◆ AG BP 2018-21 targets: EPS CAGR range +6-8%; payout range 55-65%
- ◆ Consensus:¹ steady growth in net profit (4YCAGR 2019-23: +2%)

- ◆ **Investment rationale:**

- ◆ EPS accretive, revenues stabilizer, ROAC above cost of capital
- ◆ Strong value option as a readily available K-source for potential business growth and transactions

- ◆ **Fully integrated in MB Group diversified business model by**

- ◆ **Revenue source** (insurance business)
- ◆ **Capital source** (re-deployable in banking business when needed)

PI: SOURCE OF REVENUE AND CAPITAL

Divisional ambitions: PI

Section 2.4

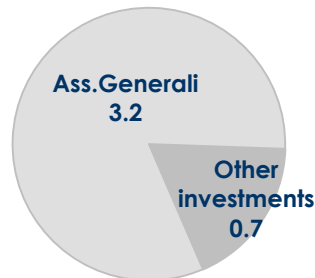
3Y BP16-19 actions

- ◆ **13% AG stake retained as**
 - ◆ Profitable investment
 - ◆ Capital created through MB organic growth has been higher than expected
 - ◆ Regulation has evolved favourably: Danish compromise extended until 2024
- ◆ Remainder of equity investment portfolio sold almost entirely, investment in seed capital

KPIs

- ◆ PI contribution diluted to 13% of Group revenues, 32% of net profit
- ◆ Profitability has remained high in all regulatory frameworks

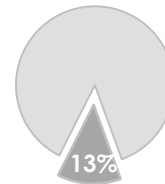
PI equity exposure
(BV as at June 2019, € bn)



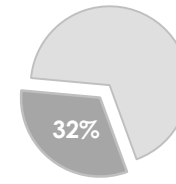
Assicurazioni Generali

REVENUES/EPS STABILIZER

AG contribution to Group revenues

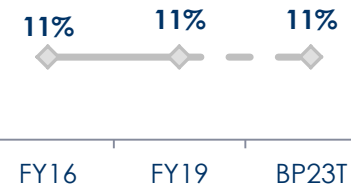


AG contribution to Group net profit



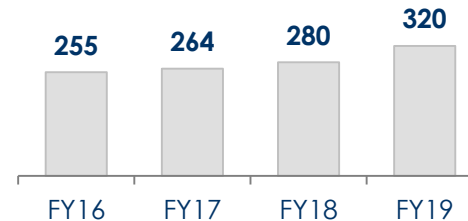
PROFITABLE INVESTMENT

Double-digit ROAC¹



CAPITAL-ACCRETIVE with significant revenue contribution

AG revenues pro-rata €m



READILY AVAILABLE CAPITAL-SOURCE
for scale acquisitions

NO PRESSURE FROM REGULATION
(Danish Compromise extended)

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MEDIOBANCA

MBHF RATIONALE

AN OPTIMIZED CORPORATE CENTRE

Divisional ambitions: HF

Section 2.5



◆ Comprehensive corporate centre division combining:

- ◆ Treasury/ALM
- ◆ Common business services
- ◆ Non-core businesses (leasing)

◆ Optimized Treasury/ALM centre

- ◆ Treasury optimized through the reduction of extra liquidity
- ◆ Funding enlarged and diversified at lower cost

◆ Central function costs under control

- ◆ Maintain efficiency Group-wide, including by investing in innovation

◆ Leasing: orderly deleveraging in progress

- ◆ Loan book today below €2bn and still amortizing
- ◆ New business focused on Group cross-selling, especially with MidCaps

ALL FUNDING CHANNELS FULLY DEPLOYED

MB GROUP WITH COMFORTABLE LIQUIDITY AND FUNDING POSITION

Divisional ambitions: HF

Section 2.5

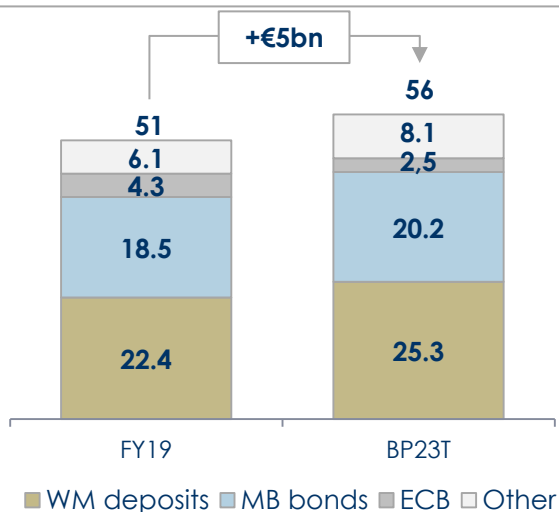
BP19-23 Action Plan

◆ Diversified funding growth with CoF under control

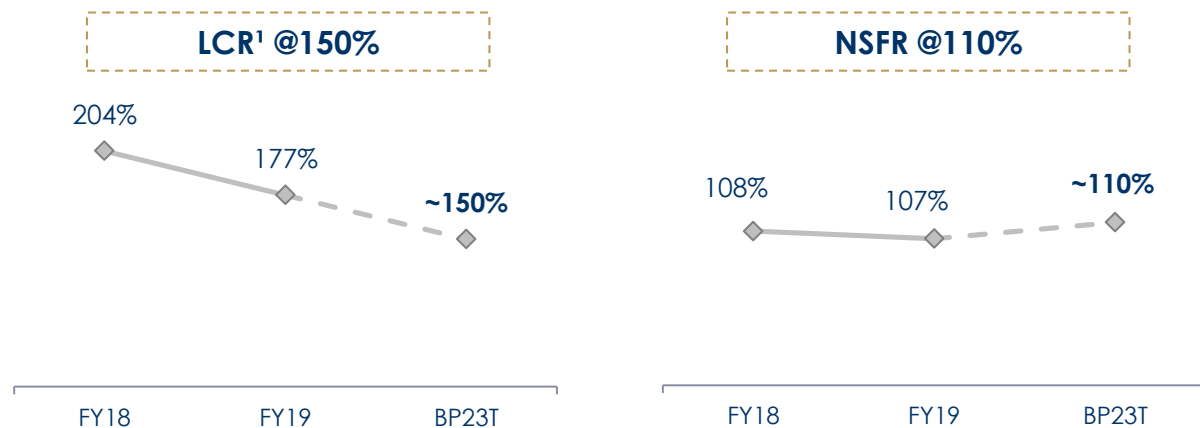
- ◆ Inflows expected from WM deposits (€3bn), secure funding and selective senior bond issuance
- ◆ TLTRO 3 replacing TLTRO2 (€4bn), substitution strategy after 2023 with ABS and WM deposits
- ◆ MREL liabilities stable at abundant levels (>35% RWA); MREL target (currently 21.4% of RWAs) almost entirely covered by core capital and subordinated liabilities, with some capital structure optimization (i.e. €1.5bn SNP issuance vs €1.5bn Tier2 redemptions over 4Y) envisaged over BP horizon

◆ Funding and liquidity indicators at comfortable levels

Funding stock trend (€bn)



Funding/Liquidity indicators



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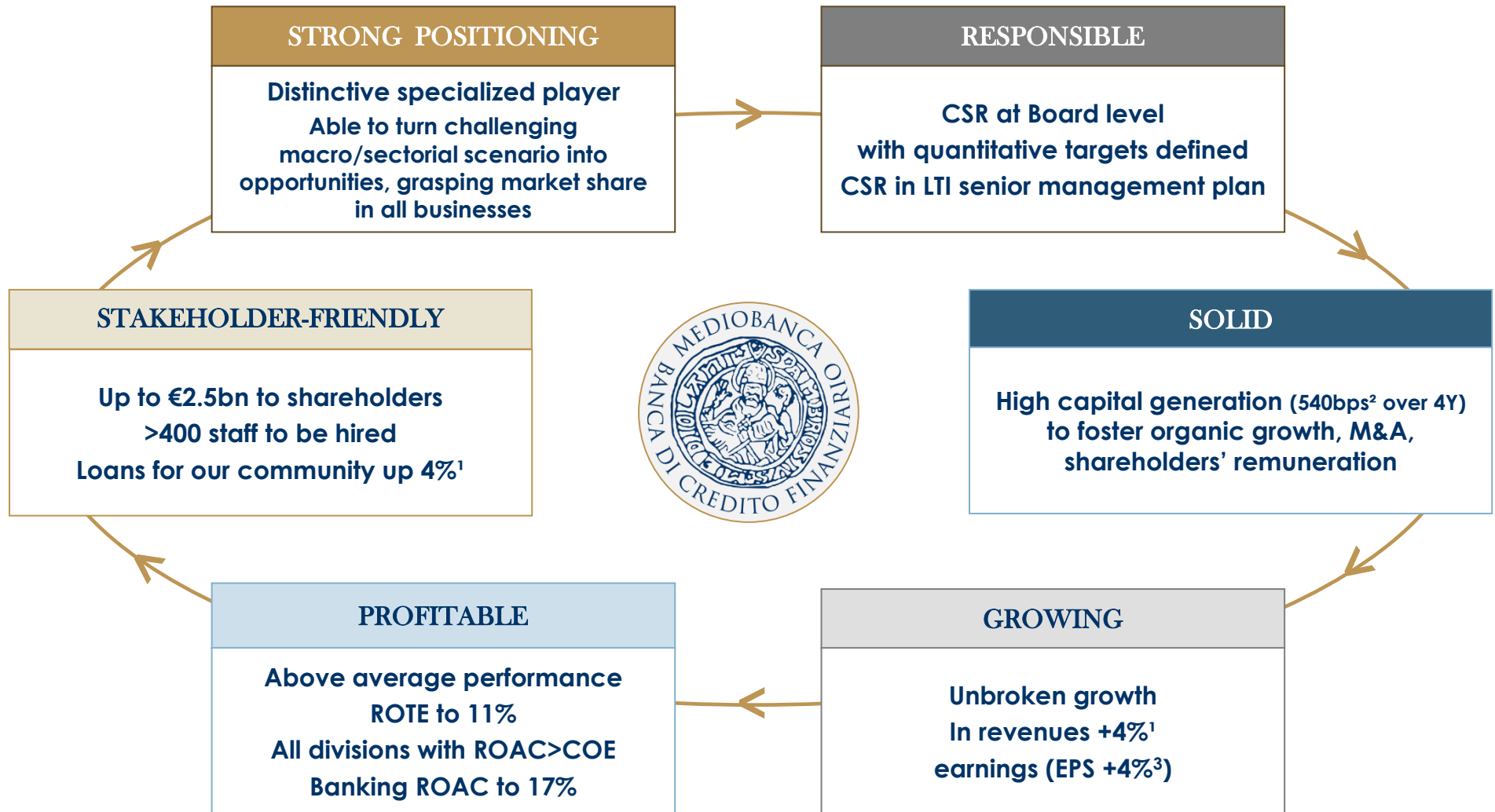


MEDIOBANCA

THE 4Y PLAN DELIVERY WILL REINFORCE THE ACCRETIVE VALUE CYCLE...

Closing remarks

Section 3



1) 4YCAGR
 2) Phase-in, before distribution to shareholders (dividend and buyback) and M&A
 3) 4Y CAGR, including treasury shares cancellation

...THROUGH A JOURNEY THAT WILL POSITION MEDIOBANCA AS A DISTINCTIVE AND VALUABLE SPECIALIZED FINANCIAL PLAYER...

Closing remarks

Section 3

CONSISTENCY

MB continues on its growth roadmap
with focus on specialized, high-margin, capital light, long-standing growing businesses
with one of the lowest risk/high return profiles in Europe

TARGETING INDUSTRY-LEADING PERFORMANCE

Revenues growth: +4%¹ CAGR
Earnings growth: +4%² EPS CAGR
Profitability growth: ROTE@11%
Shareholder remuneration growth: up 50% to €2.5bn

TO BE VALUED AS A SPECIALIZED FINANCIAL PLAYER

Distinctive growth should position Mediobanca further up on the Value Map of European Financials

...ALONGSIDE PEERS WITH SIMILAR GROWTH AND RISK

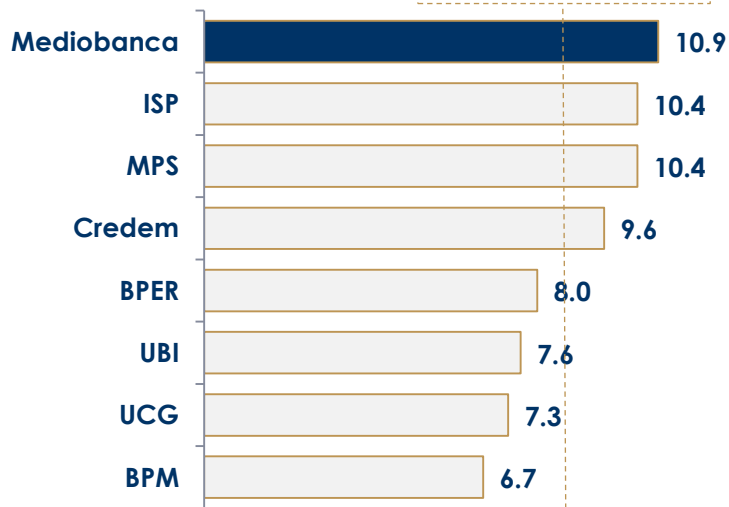
Closing remarks

Section 3

CURRENT peer set

P/E 20E multiple¹

Average: 8.6x



Mediobanca	10.9x
Mean	8.6x
Premium	2.4x
Premium (%)	28%

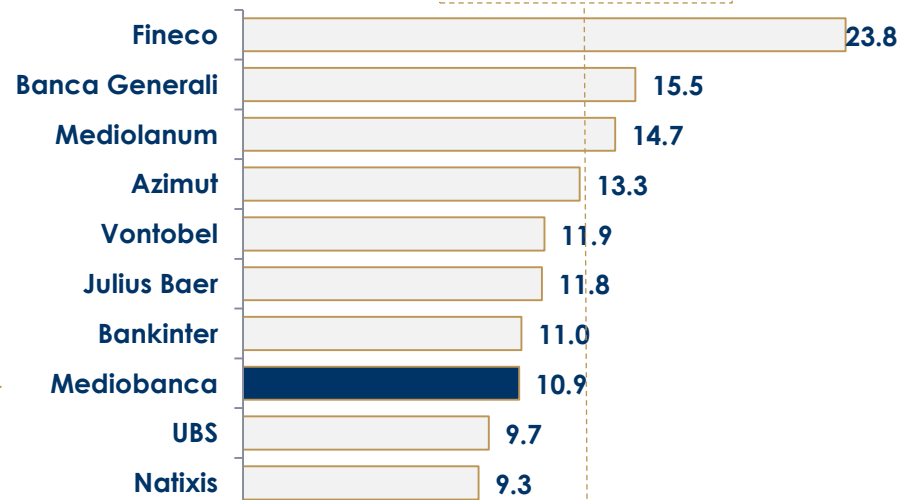
Current Peer Set⁽¹⁾

Avg. Revenue Growth: 0%

TARGETED peer set

P/E 20E multiple¹

Average: 13.4x



Mediobanca	10.9x
Mean	13.4x
Discount	(2.5x)
Discount (%)	(19%)

Mediobanca⁽¹⁾

Revenue Growth: 7%

Targeted Peer Set⁽¹⁾

Avg. Revenue Growth: +4%

GROUP TARGETS

Closing remarks

Section 3

Remuneration ¹	FY19	FY20	FY21	FY22	FY23	TOT 4Y
DPS - €	0.47	0.52	0.54	0.57	0.60	1.9bn
Chg. %		+10%	+5%	+5%	+5%	+28%
Buyback ² with shares cancelled: to optimize CET1 phase-in annually at 13.5%, after M&A						€0.3-0.6bn

Group Target	June19	June23	4Y CAGR
Revenues (€bn)	2.5	3.0	+4%
EPS (€)	0.93	1.10	+4% ³
ROTE adj.	10%	11%	+1pp
CET1 phase-in	14%	~13.5%	
TFAs (€bn)	61	83	+8%
Loans (€bn)	44	51	+4%
Funding (€bn)	51	56	+2%

Divisional Target	June19	June23	4Y CAGR
Revenues (€bn)			
Wealth Management	0.5	0.7	+8%
Corp. & Inv. Banking	0.6	0.8	+6%
Consumer Banking	1	>1.1	+3%
ROAC (%)			
Wealth Management	16%	25%	+9pp
Consumer Banking	30%	28/30%	~
Corp. & Inv. Banking	15%	16%	+1pp

Financial targets based on current regulatory requirements and Group scope of consolidation



**STRATEGIC GUIDELINES
FY 2019-23**

**MEDIOBANCA
DISTINCTIVE AND SUSTAINABLE
SPECIALIZED FINANCIAL**

12 November 2019



MEDIOBANCA

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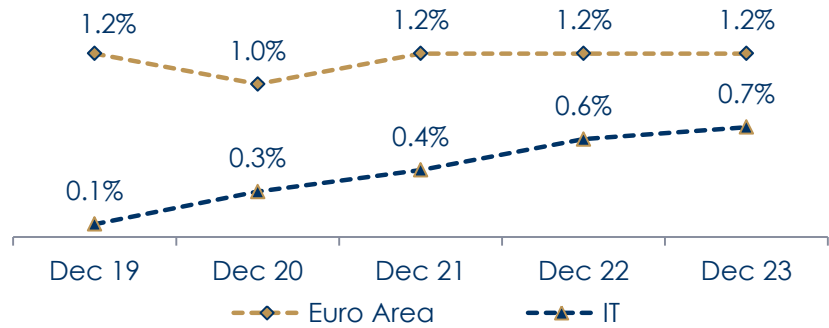
MEDIOBANCA

MACRO SCENARIO

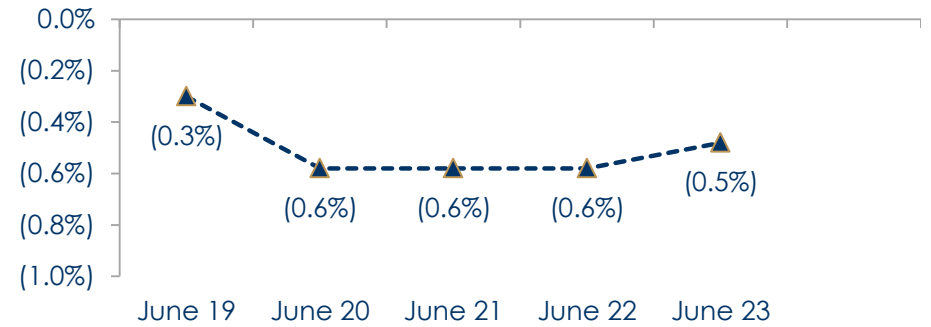
Macro Scenario

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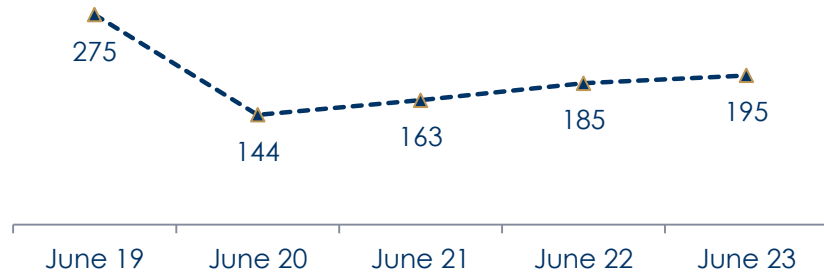
Euro Area, IT GDP (Y/Y)



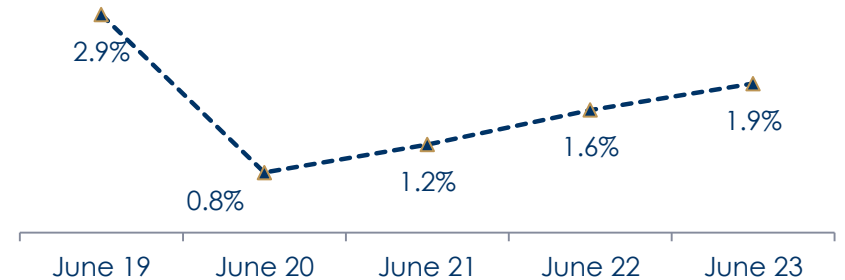
Euribor 3M¹



BTP-Bund spread¹(bps)



IT 10Y yield¹



GLOSSARY

MEDIOBANCA BUSINESS SEGMENT

CIB	Corporate and investment banking
WB	Wholesale banking
SF	Specialty finance
CB	Consumer banking
WM	Wealth management
PI	Principal investing
AG	Assicurazioni Generali
HF	Holding functions

PROFIT & LOSS (P&L) and BALANCE SHEET

AIRB	Advanced Internal Rating-Based
ALM	Asset and liabilities management
AUA	Asset under administration
AUC	Asset under custody
AUM	Asset under management
BVPS	Book value per share
C/I	Cost /Income
CBC	Counter Balance Capacity
CET1 Phase-in	Calculated with "Danish Compromise" (Art. 471 CRR2, applicable until Dec.24) and in compliance with the concentration limit. Transitional arrangements referred to IFRS 9, according to Reg.(EU) 2017/2395 of the EU Parliament /Council.
CET1 Fully Loaded	Calculation including the full IFRS 9 impact and with the AG investment deducted in full.
CoF	Cost of funding
CoE	Cost of equity
CoR	Cost of risk
CSR	Corporate Social Responsibility
DGS	Deposit guarantee scheme

PROFIT & LOSS (P&L) and BALANCE SHEET

DPS	Dividend per share
EPS	Earning per share
ESG	Environmental, Social, Governance
FAs	Financial Advisors
FVOCI	Fair Value to Other Comprehensive Income
GOP	Gross operating profit
Leverage ratio	CET1 / Total Assets (FINREP definition)
Ls	Loans
LLPs	Loan loss provisions
M&A	Merger and acquisitions
NAV	Net asset value
NII	Net Interest income
NNM	Net new money (AUM/AUA/Deposits)
NP	Net profit
NPLs	Group NPLs net of NPLs purchased by MBCS
PBT	Profit before taxes
RM	Relationship managers
ROAC adj.	Adjusted return on allocated capital ¹
ROTE adj.	Adjusted return on tangible equity ²
RWA	Risk weighted asset
SRF	Single resolution fund
TC	Total capital
Texas ratio	Net NPLs/CET1
TFA	AUM+ AUA+Deposits

Notes

- 1) Adjusted return on allocated capital: average allocated $K = 9\%$ RWAs (for PI: 9% RWA + capital deducted from CET1). Gains/losses from AFS disposals, impairments and positive/negative one-off items excluded, normalized tax rate = 33%. For Private Banking normalized tax rate = 25%
- 2) Return on tangible equity: net profit excluding non-recurring items / Shareholders' equity – goodwill

DISCLAIMER

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This document includes certain projections, estimates, forecasts and consequent targets which reflect the current views of Mediobanca – Banca di Credito Finanziario S.p.A. (the “Company”) with regard to future events (“forward-looking statements”).

These forward-looking statements include, but are not limited to, all statements other than actual data, historical or current, including those regarding the Group's future financial position and operating results, strategy, plans, objectives and future developments in the markets where the Group operates or is intending to operate.

All forward-looking statements, based on information available to the Company as of the date hereof, rely on scenarios, assumptions, expectations and projections regarding future events which are subject to uncertainties because dependent on factors most of which are beyond the Company's control. Such uncertainties may cause actual results and performances that differ, including materially, from those projected in or implied by the data present; therefore the forward-looking statements are not a reliable indicator of future performances.

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