MEDIOBANCA
Banca di Credito Finanziario S.p.A.

Management Board – Supervisory Board

Mediobanca

Milan, 7 March 2008

Mediobanca 2009-2011 business plan approved

- **Growth to be driven by new strategic initiatives:**
  - **European positioning in corporate & investment banking**
  - **Structuring of new principal investing activity**
  - **Leadership in consumer credit**
  - **Launch of highly innovative retail platform**

- **Ambitious growth targets for 2011:[1]**
  - **total income: up from €2.1bn to €3.1bn (CAGR: +14%)**
  - **net profit: up from €1.0bn to €1.4bn (CAGR: +13%)**
  - **ROE: up from 14% to 18%**
  - **gross RORWA: up from 2.3% to 2.8%**

- **Strict risk control**

- **Capital strength unchanged**

- **Dividend policy:**
  - **Cash pay-out approx. 75%**
  - **Share buyback programmes**

[1] *2008 data: consensus estimates and annualized half-year data restated in order to reflect: (i) consolidation of Linea; (ii) gains on disposals of AFS securities accounted for as operating income; (iii) new divisional structure of the Group.*

At meetings held today, with Cesare GERONZI and Renato PAGLIARO respectively in the chair, the Supervisory and Management Boards of Mediobanca approved the guidelines of the 2009-2011 strategic plan as illustrated by Chief Executive Officer Alberto NAGEL.

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Mediobanca Group

Despite the difficult earnings and financial scenario, the plan sets challenging growth objectives by leveraging on the Group's distinctive capabilities and strengthening its business model. The business model has been reorganized into three divisions based on a rationale of segmenting product offering by client type:

- Corporate & Investment Banking (CIB), which includes Wholesale Banking and leasing
- Principal Investing (PI), which brings together the Group's equity-consolidated investments (in Assicurazioni Generali and RCS MediaGroup) with new asset classes for investment (i.e. merchant banking, private equity and special opportunities);
- Retail & Private Banking (RPB), which includes consumer credit (Compass and Linea), mortgage lending (Micos) and private banking (CMB and Banca Esperia) activities.

Expected growth from these changes, given the Group's profitable and efficient leadership position on its domestic corporate market, derives from implementation of new initiatives:

- completing the range of products offered and strengthening the Group's core European franchise in CIB
- entering new asset classes in PI (e.g. merchant banking, private equity and special opportunities), based on a rationale of exploiting the Group's corporate capabilities and maximizing returns on capital invested
- establishing the first-ranking Italian consumer credit operator through merging Compass and Linea and generating the relevant synergies
- launching a highly innovative Retail Platform.

A sound capital base and careful risk appraisal will remain among the Group's most important operating paradigms.

Shareholder remuneration policy: the current policy of distributing net profits is confirmed (approx. 75% of the cash component, i.e. not including profits earned by equity-accounted companies but including dividends paid by them). This may be accompanied by share buyback programmes in view of possible developments in the Group's capital situation.

Corporate & Investment Banking (CIB)

- **Strategic ambitions:**
  - to become a Europe-wide player, strengthening the Group's origination and distribution capabilities
  - to strengthen coverage of the mid-corporate segment
  - to complete the range of products offered
  - to achieve additional diversification of income, by type, client bracket and geographical provenance (domestic/non-domestic)
- **Earnings targets for 2011:**
  - total income: from €0.9bn to €1.3bn (CAGR 14%)
  - RWA: from €41bn to €49bn (CAGR 6%)
  - Cost/income ratio stable at 30%
  - gross RORWA: from 1.4% to 1.8%
- **Lending.** The objective here is to accompany the projected growth on the Italian market by focusing more on high value-added products and services. New impetus will be given to origination activity in the rest of continental Europe, principally countries such as Germany, France and Spain, with the branch offices recently opened in these countries fully operative. The possibility of starting up operations in new locations with high growth potential will also be monitored, as will strengthening areas of specialist finance, such real estate, project finance and aircraft/shipping. Activity will continue to be geared towards optimizing the risk-return profile. Lending volumes are expected to increase to approx. €28bn by 2011, with the non-domestic Italian component rising from 19% to 25%.
- **Capital Markets.** The objective here is to expand the range of products offered by leveraging on the Mediobanca brand, corporate relations and synergies with the Lending and Advisory areas. During the three years covered by the plan, the platform recently launched in London aimed at providing tailor-made capital market solutions to corporate and institutional clients should be implemented.
- **Advisory.** Despite the rapidly changing earnings and financial scenario, the high levels of efficiency and flexibility displayed by this area, coupled with to further improvements in marketing, should enable the Group to leverage profitably on demand from the large corporate segment both in Italy and on other European markets where the Group has recently established a footprint.
- **Mid-corporate.** Particular attention will be devoted to the mid-corporate segment, an area which has already been strengthened considerably in the past two years, based on

an integrated offering model (i.e. advisory, lending and merchant banking) to meet clients' needs most effectively.

Principal Investing (PI)

With a view to extracting additional value from the Group's corporate capabilities, the Principal Investing division will be structured around four different asset classes:

- **EIP** (i.e. Assicurazioni Generali and RCS MediaGroup), which will be expected to provide an increasing and regular contribution in terms of profits;
- **Merchant banking**: focus on taking minority stakes in medium-sized companies involved in rapid growth, listing and/or ownership restructurings; financial commitment of up to €300m is envisaged;
- **Private equity**: focus on acquisition of majority stakes in medium/large companies involved in M&A processes, sector consolidation and/or generational changes, including via participation in funds promoted by others; financial commitment of up to €500m is envisaged;
- **Special opportunities**: this is a good time to build up activities in distressed assets and the real estate sector: financial commitment of up to €300m is envisaged.

Retail & Private Banking (RPB)

This division brings together the Group's activities in the "private" sector: i.e. consumer credit, mortgage lending and private banking. In addition to existing activities, two new ventures will be launched: establishment of the first-ranking Italian consumer credit operator (through the combination of Compass with Linea), plus the launch of a new retail platform through Micos. Private banking activities will be strengthened further through investment in distribution and development of product platforms.

- **Earnings targets for 2011**
  - total income: from €0.8bn to €1.2bn (CAGR 15%)
  - RWA: from €10bn to €16bn (CAGR: 17%)
  - Cost/income ratio from 47% to 42%
  - Gross RORWA 1.9% to 2.1%
- **Compass.** Acquisition of Linea, announced in December 2007, will allow Compass to reach economies of scale which will enable it to maximize cross-selling opportunities and to optimize operating processes and risk management, both of which are key factors in continuing to deliver high profits in a sector liable to competitive pressures. The objective

for the next three years is to become market leader, by leveraging on the high degree of complementarity between the two companies in terms of channel and product. With regard to commercial development, priority will be given to direct loans (i.e. personal loans, salary-backed finance, credit cards, etc.) and to expanding the group's client base through tailoring its offering according to a risk-return logic. New business in 2011 is expected to reach €6.5bn, as compared with €5.2bn in 2008, 60% of which would derive from direct loans (50%). Over the three years synergies of €60m are envisaged, €40m of which are cost synergies.

- **Micos**. A new retail platform is being launched in 2008, involving a highly innovative and efficient multichannel distribution project. This initiative seeks to take advantage of the strategic opportunity offered by rapid changes to the regulatory environment and to the client-bank relationship. The new bank, which has the objective of becoming a benchmark on the Italian retail market over the medium period, will enable the Group to access new sources of funding and to further diversify and stabilize total income. The distribution model envisages parallel development of the online and branch model, with some 110 "light" branches to be opened over the three years of the plan, rising to 220 by year 5. The products offered, which initially will include current accounts, deposit accounts, credit cards and mortgages, will be distinguished by their high degree of standardization, transparency, competitive price and efficiency. In connection with the further extension of the distribution network and achievement of possible synergies (primarily with Compass), the product offering will be expanded on an "open platform" basis. It is expected that break even will be reached in 2011, and that in the same year over 400,000 clients, €6bn in loans, €13bn in deposits and €200m in total income will be achieved.
- **Private banking**: Mediobanca intends to strengthen organic growth in on-shore and off-shore business, and entering nearby markets (i.e. Switzerland). High-growth potential markets such as Russia, the Middle East and the U.K. are also being monitored. On the domestic market, further attention will be given to developing the HNWI segment, strengthening commercial resources, and expanding the product offering. Assets under management are projected to grow at a CAGR of 11%, with gross margins (total income/AUM) stable at approx. 1%; further operating efficiencies are also expected.

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