



MEDIOBANCA

Mediobanca Board of Directors' Meeting

Milan, 20 June 2013



2014/16 Strategic Plan guidelines approved

Banking revenues CAGR 10%, 2016 ROE 10-11%

Simplify business model, reduce equity exposure by € 2bn

Core Tier 1 ratio (Basel 3) 11-12%

- ◆ Mediobanca has approved the guidelines of its 2014-2016 strategic plan, which, based on the solid banking results delivered, focuses on growth, profitability and disciplined use of capital.
- ◆ The strategy is aimed at achieving, over the medium term, a business model which is:
 - ◆ simpler and more profitable
 - ◆ focused on three specialized banking activities (CIB, Retail and WM¹)
 - ◆ able to generate a growing, more geographically-diversified flow of revenues
 - ◆ efficient in terms of risks and costs.
- ◆ To achieve these objectives, the Group intends to:
 - ◆ significantly reduce equity exposure, optimizing capital allocation
 - ◆ empower international CIB activities
 - ◆ invest in human talent and technology to develop higher fee-generating, capital-light businesses, including the launch of Mediobanca Alternative Asset Management (“MAAM”)
 - ◆ retain close control of risks and asset quality.
- ◆ Main Group financial targets for June 2016:
 - ◆ ROE: 10-11%
 - ◆ Core Tier 1 ratio (Basel 3) 11-12%, with payout at 40%
 - ◆ Reduce equity exposure by €2bn, as a result of:
 - ◆ € 0.4bn asset “clean-up”: all listed stakes to be marked to market²
 - ◆ € 1.5bn in disposals, including 3% of Assicurazioni Generali investment (to be reduced from 13% to 10%)
 - ◆ Banking revenues of € 2.1bn, CAGR +10%³
 - ◆ Cost of risk stable at 150 bps
- ◆ “MAAM/WM”: to contribute 15% of MB Group banking revenues by year 5 (not included in plan objectives)

1) Corporate and Investment Banking (“CIB”), Consumer Credit and Retail Banking (“Retail”), Wealth Management (“WM”).

2) Apart from Assicurazioni Generali; Telco to be stated at Telecom Italia market value on a look-through basis.

3) CAGR: Compounded Annual Growth Rate.



At a Board meeting held today, the directors of Mediobanca approved the Group's 2013-2016 Strategic Plan.

Mediobanca Group

The Mediobanca Group's medium-term strategy, based on the solid banking results achieved in the post-Lehman years, focuses on growth, profitability and more disciplined use of capital. The strategy is aimed at achieving, over the medium term, a business model which is simpler, more value-creating, focused on three specialized banking activities (CIB, Retail and WM) which are capable of generating growing and more geographically-diversified revenue flows, and efficient in terms both of costs and associated risks.

In order to achieve these objectives, the Group intends to:

- ◆ significantly reduce its equity exposure, optimizing its capital allocation
- ◆ empower its international CIB activities
- ◆ invest in human talents and technology to develop activities in high fee-generating, capital light businesses, including the launch of Mediobanca Alternative Asset Management ("MAAM")
- ◆ retain strong control of risks and asset quality.

The reduction in the exposure to equity is estimated at around € 2bn, and will be achieved by:

- ◆ approx. € 400m in net writedowns during the year, due partly to all investments (excluding Assicurazioni Generali) being classified as "available for sale", and marked to market
- ◆ approx. € 1.5bn in disposals, including the sale of part of the holding in Assicurazioni Generali (due to reduce from 13% to 10%), and of other equity investments reclassified as "available for sale".

The proceeds from the reduction in equity exposure and from the asset clean-up will be used to develop banking activities - both lending and capital-light businesses - which are able to generate growing, geographically-diversified revenues and are based on offering products and services to customers, with special emphasis on fee content.

Plans to develop the Mediobanca Alternative Asset Management platform ("MAAM") are part of this strategy. Leveraging on the current trend towards bank disintermediation and the growing role being played by institutional/specialized investors, Mediobanca intends to invest in management teams with the best competences in managing asset classes (such as private equity, private debt and non-performing loans). The objective - which is not reflected in the plan estimates - is for this platform to deliver around 15% of the Group's total banking revenues.

Lending, after the 9% reduction during the present financial year, will resume growth (CAGR: 5%), to both corporates and households, whereas funding and treasury assets should return to pre-crisis levels: bonds falling due in the next three years will be refinanced on the market, with particular emphasis on retail placements (which will account for half of the new issues); the LTROs will be repaid from the ample liquidity.

As a result of the above, over the time horizon covered by the Plan, by 2016 it is expected that:

- ◆ lending and funding will be split almost 50:50 between corporate and retail



- ◆ the Core Tier 1 capital ratio⁴ (Basel 3) will stabilize at around 11-12% over the entire period of the Plan
- ◆ the NSFR (Net Stable Funding Ratio) will remain stably above 100%
- ◆ banking revenues will increase to € 2.1bn (CAGR: +10%)
- ◆ the share of fee income will increase from 25% to 30% of total revenues (40% in 2018 including MAAM)
- ◆ Group ROE will settle at around 10-11%.

CIB & PB: growth to be led by “customer-driven” activities

Implementation of the new regulations at a global level, the continuing low interest rate climate and the gradual bank disintermediation process are some of the factors that will drive a further restructuring phase in the investment banking sector over the next few years. In this scenario, Mediobanca - a listed bank with a business model already compliant with the Basel 3 requirements, and a multi-product offering geared towards meeting its corporate clients' needs - will consolidate on the markets identified its position as specialized operator, able to attract talent and establish itself as a credible counterparty for large and upper mid-corporate and institutional investors.

The strategy for CIB activities is aimed at growing revenues (to € 1bn in 2016; CAGR: +10%) and recovering profitability (ROAC 2016: 12-13%), while maintaining the Bank's traditional emphasis on strong risk coverage and high asset quality.

The guidelines aim to deliver a business model with the right mix between activities which are:

- ◆ cyclical/stable and capital intensive/light
- ◆ domestic/international
- ◆ proprietary, with assets held on own books/client-based, with a broker role.

Hence the Bank intends to:

- ◆ expand its customer base to include untapped segments (upper mid corp and institutional investors)
- ◆ enhance its international dimension, strengthening the existing branch offices by recruiting bankers, expanding their geographical coverage (Middle East, Russia, Eastern Europe, Latin America and Benelux), and entering new high-growth markets (such as Turkey, Mexico and China); with the target of increasing non-domestic revenues to 45% of the total
- ◆ complete the product offering by identifying bespoke solutions for customers (target: 85% of revenues to be customer driven)

In Private Banking the target of a 40% ROAC reflects: consolidation of the current domestic and Monégasque presence, by hiring high-profile bankers, and possible acquisitions of small, specialized but high-performing operators; achieving the right mix between proprietary and customer products; enhancing the product offering; reducing costs.

4) Internal estimates including Assicurazioni Generali weighted at 3.7x, subject to Bank of Italy authorization.



Retail & Consumer Banking: retail platform strengthening, focus on specialization and technological innovation

Developments in technology and in consumer habits are changing profoundly the way in which banking services/products are used, rendering the “universal bank” concept and traditional bank distribution networks obsolete. In this scenario Mediobanca has developed a project to strengthen its retail platform, which is intended to exploit these new market spaces by means of a business model centred on specialization (consumer credit) and technological innovation (CheBanca!). Revenues for this division are estimated to reach € 1bn in 2016 (CAGR: +7%) and ROAC to reach 10-11%, reflecting a progressive and structural reduction in the cost of funding.

Consumer Credit (Compass): specialization and unique franchise

The strategy in consumer credit activities is geared toward sustainable income growth and further improvement in profitability (ROAC 2016: 13-14%).

To achieve these objectives Compass, which is the leading operator in its segment, intends to:

- ◆ grow its traditional business (loans up to € 11bn; CAGR: +4%), maintaining its focus on higher value-added segments, selection of distribution channels and cautious approach to risk
- ◆ launch new transaction-based, capital-light products able to penetrate new customer segments (e.g. Compass Pay)
- ◆ retain close control of operating costs and asset quality.

Retail Banking (CheBanca!): develop “omni-channel” digital bank to be leader in Italy

Creating value for the Mediobanca Group, in retail banking, will involve the ongoing development of the leading multi-channel bank in Italy in terms of its technological/digital aspect, able to establish itself with a full and profitable range of products and services. To achieve these objectives CheBanca! intends to:

- ◆ develop its digital platform further
- ◆ accompany the customers as their financial needs change and develop
- ◆ complete the product offering with a view to increasing share of wallet and cross-selling and to gradually reducing the average cost of funding
- ◆ increase operating efficiency, including by exploiting Group-wide synergies.

On this basis it is estimated that the bank’s total deposits will increase to € 14bn (CAGR: +5%), with a higher proportion of indirect funds (set to reach € 4bn by 2016) at the expense of direct deposits (set to decline from € 12bn to € 10bn). To this end, the product offering will be completed with proprietary and third-party asset management products, with a target of € 2bn AUM over the plan time horizon, plus a further € 2bn in administrated securities. Over the same period the number of current accounts is expected to treble, from 120,000 to 300,000, worth € 1bn, and cross-selling to increase to 1.7 products per customer. The bank is expected to become profitable starting from 2016.



As a result of the equity investments referred to above being reclassified as “available for sale” and marked to market, the Group expects to close its 2012/2013 financial year at a loss of approx. € 200m.

On June 21, 2013, Mediobanca will host in Milan an Investor Day, led by CEO Alberto Nagel, which will have the following agenda:

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| 9.00 - 9.45 | “Growth and profitability in the ‘new normal’”
Alberto Nagel, Mediobanca Group CEO |
| 9.45 -10.30 | “CIB: moving toward the right mix of capital and geographies”
Saverio Vinci, Mediobanca Group General Manager |
| 11.00 - 11.30 | “Compass: leveraging on a unique franchise”
Gian Luca Sichel, Compass CEO |
| 11.30-12.00 | “CheBanca!: set to be the leading digital bank of the future”
Gian Luca Sichel, CheBanca! CEO |
| 12.00 - 12.15 | “Closing remarks”
Alberto Nagel, Mediobanca Group CEO |
| 12.15 - 13.00 | Q&A sessions |

The presentation will be available in the Investor Relations section of the Bank’s website from 8:15 a.m. (CET).

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