



**Mediobanca Presentation**

**Morgan Stanley 10th Annual European  
Financials Conference**



MEDIOBANCA

London, 25-27 March 2014

# Agenda

1. MB Group
  - 1.1 MB Group profile
  - 1.2 Strategic achievements in last decade
  - 1.3 Developments in governance
  - 1.4 Business Plan 14-16 guidelines and targets
2. Corporate and Private Banking (“CIB”)
  - 2.1 Market positioning and strategy
  - 2.2 International operations
  - 2.3 KPIs
3. Principal Investing (“PI”)
4. Consumer and Retail Banking (“RCB”)
  - 4.1 Consumer lending: market positioning and strategy
  - 4.2 Retail banking: market positioning and strategy

## Annex

1. 1H results as at December 13
  - 1.1 1H14 Group results
  - 1.2 Segmental reporting
  - 1.3 Closing remarks

# MB Group

Section 1



MEDIOBANCA

# MB Group profile

Section 1.1

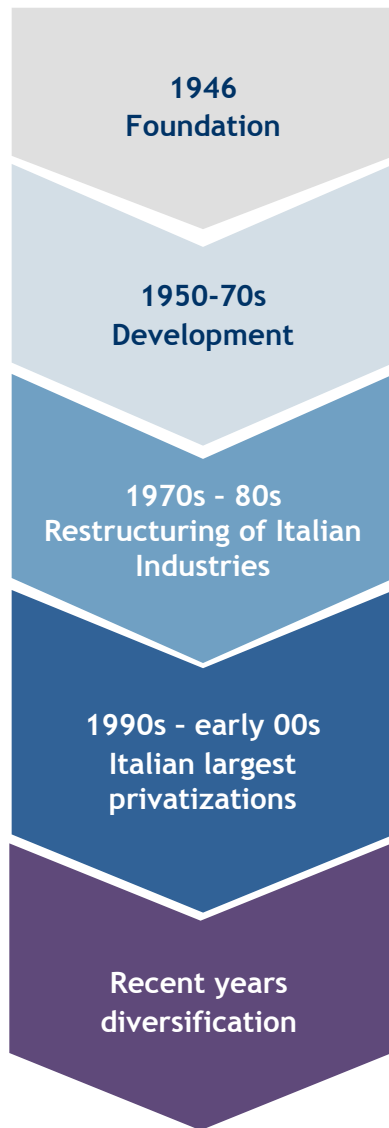


MEDIOBANCA

# History and mission

## MB Group profile

## Section 1.1



- ◆ Founded in 1946 by Comit, Credit and Banco di Roma, the three state-owned “banks of national interest”
- ◆ Mission: to support the rebuilding of the Italian industry through supply of medium/long-term financing and advisory services to enterprises
- ◆ 1950s: supporting growth of leading Italian groups
- ◆ 1956: listing on Milan stock market (the first banking group listed after the war)
- ◆ Fiduciary business via Spafid (1951), consumer credit with Compass (1960) and leasing with Selma (1970)
- ◆ Key role in Italian industry restructuring: MB became “house bank” for the most important Italian industrialists
- ◆ By mid-1970s MB’s equity investment portfolio included Generali (4.5%), Fiat (2.5%), Montedison (2.5%), Olivetti (5%), Pirelli & C, (3.3%) and Fondiaria (10%)
- ◆ 1998: MB privatization; core shareholders’ agreement between state-owned banks (25%) and private corporates (25%)
- ◆ Industrial restructuring followed by a surge of privatizations and IPOs, where MB confirmed its leadership
- ◆ Residential mortgages business started up with Micos (1992)
- ◆ Increase in size of equity investment portfolio (Generali 14%)
- ◆ Private banking business entered with Banca Esperia (2001) and CMB (2003)
- ◆ New management team (2003) and strategy refocused on banking activities
- ◆ CIB activities internationalized with the opening of branches in Paris (2004), New York (2006), Madrid (2007), Frankfurt (2007), London (2008) and Istanbul (2013)
- ◆ Creation of a leading domestic operator in consumer lending (acquisition and merger of Linea, 2007)
- ◆ Retail banking started with CheBanca! (2008)

# MB shareholders' agreement

## MB Group profile

- ◆ Shareholders' agreement renewed starting from 1 January 2014 and expiring in December 2015, covering 30% of the share capital (42% as at end-June 2013)
- ◆ Efforts made since 2003 to increase weight of institutional investors and free float

## Section 1.1

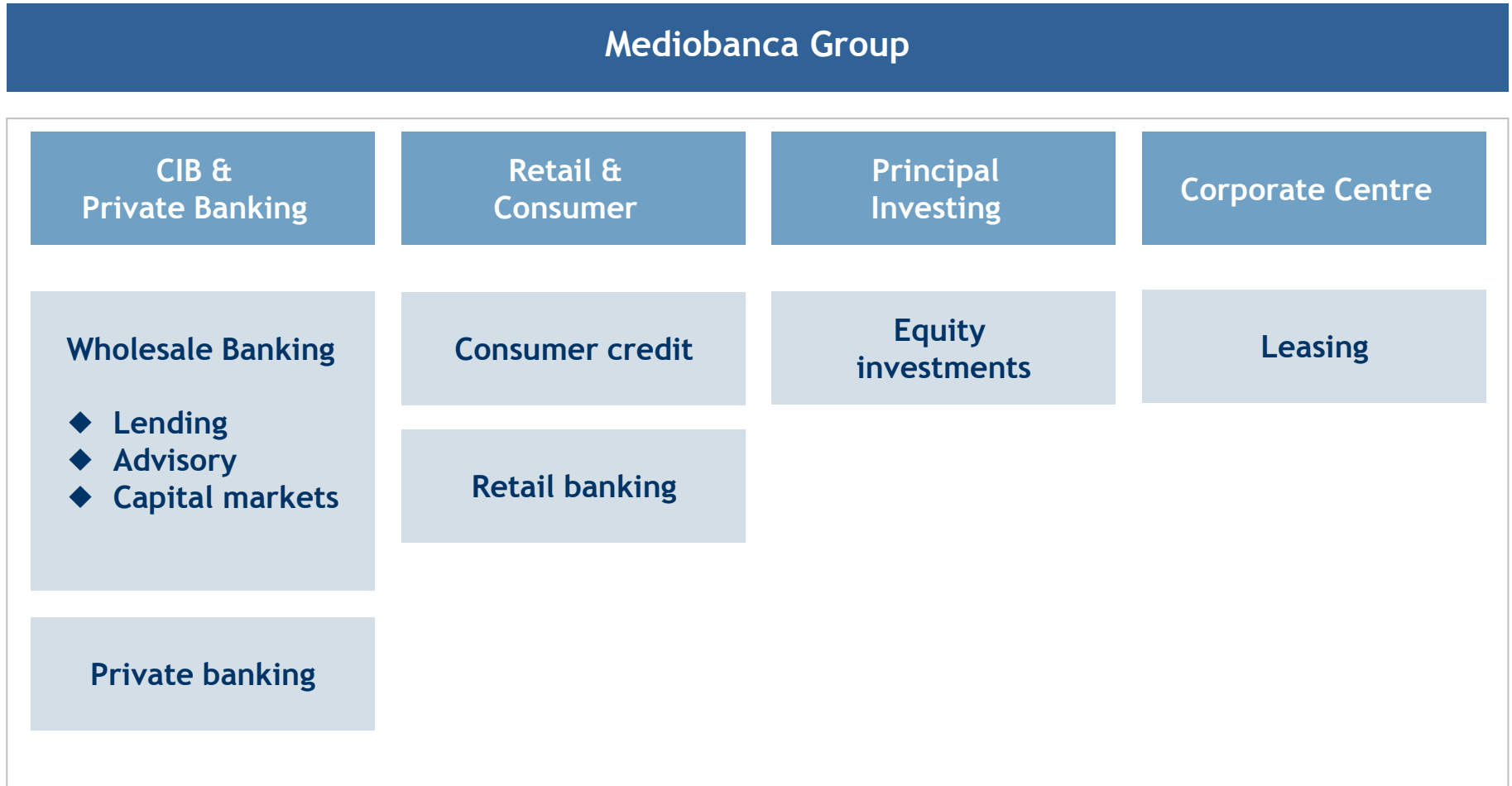
### Mediobanca shareholders' agreement

Shareholder	Share
Unicredit	8.7%
Mediolanum	3.4%
<b>Total Group A</b>	<b>12.0%</b>
Edizione (Benetton)	2.2%
Pirelli & C.	1.8%
Italmobiliare	1.6%
FINPRIV	1.7%
Fininvest	1.0%
Others <1%	4.1%
<b>Total Group B</b>	<b>12.0%</b>
Financière du Perguet (Bollorè)	6.0%
<b>Total Group C</b>	<b>6.0%</b>
<b>Total Syndicated</b>	<b>30.0%</b>

# Business model

MB Group profile

Section 1.1



# MB Group's Key Performance Indicators (“KPIs”)

MB Group profile

Section 1.1

## KPIs

- ◆ High resilience and diversification of income
- ◆ Low cost/income ratio
- ◆ Good asset quality
- ◆ Good profitability of underlying businesses
- ◆ Low leverage
- ◆ High liquidity
- ◆ Solid capital position

## Group annual KPIs trend

	12m June 11	12m June 12	12m June 13
Total income (€m)	1,983	1,990	1,597
Net profit (€m)	369	81	(180)
Net profit adj* (€m)	588	621	392
RWAs (€bn)	55	55	52
Tangible BV/assets	10%	10%	11%
Loan/funding ratio	70%	65%	65%
Core Tier 1 ratio	11.2%	11.5%	11.7%
S&P rating	A+	BBB+	BBB+
Cost/income ratio	42%	40%	47%
Bad loans/Ls	0.6%	0.7%	0.8%
ROE adj*	9%	10%	6%

\* Profit/losses from AFS disposals, impairments and one-off items excluded

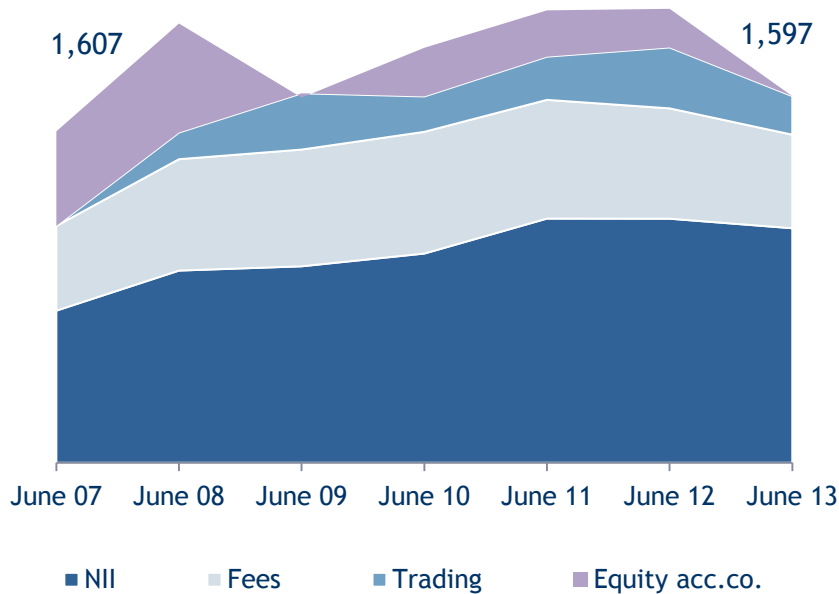


# Income breakdown

MB Group profile

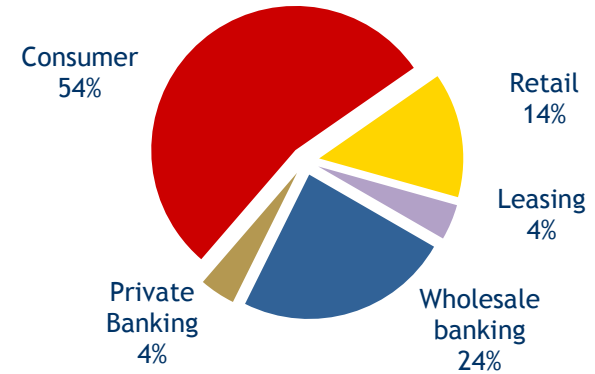
Section 1.1

## Total revenues by source (€m)



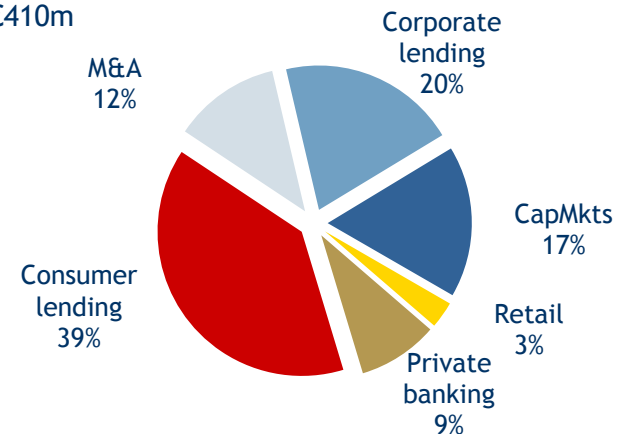
## Net interest income by business (June13)

Total: €1,028m



## Fee income by business (June13)

Total: €410m



- ◆ Diversified revenues by products and sources
- ◆ Net interest income representing ~60% of total income, fee income ~25%, trading ~10; principal investing volatile

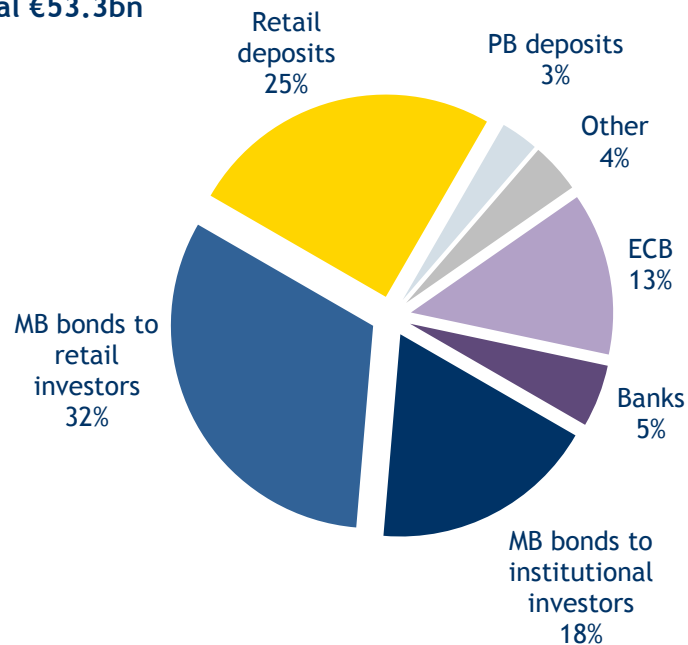
# Funding breakdown

MB Group profile

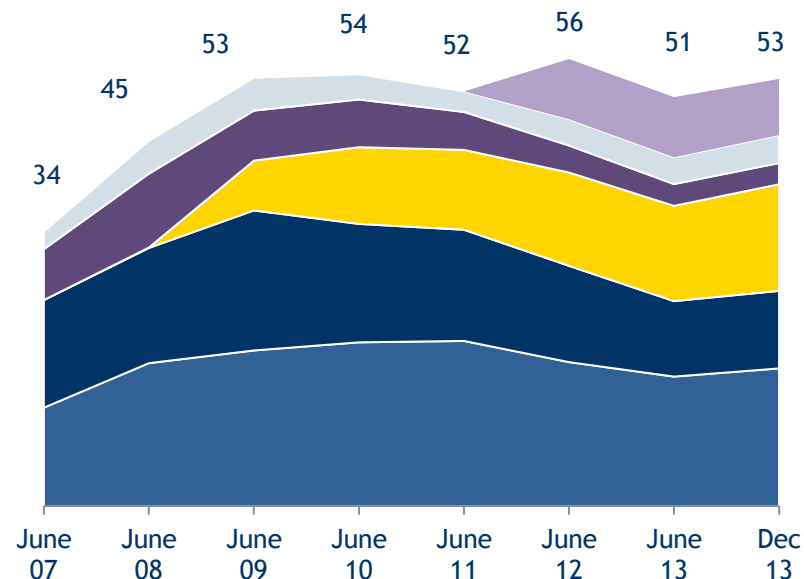
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## MB Group funding breakdown (Dec 13)

Total €53.3bn



## MB Group funding trend (€bn)



- ◆ NSFR well above 100%
- ◆ Well diversified funding structure: 60% from retail investors (32% MB bonds to retail, 25% CB! deposits and 3% PB deposits)

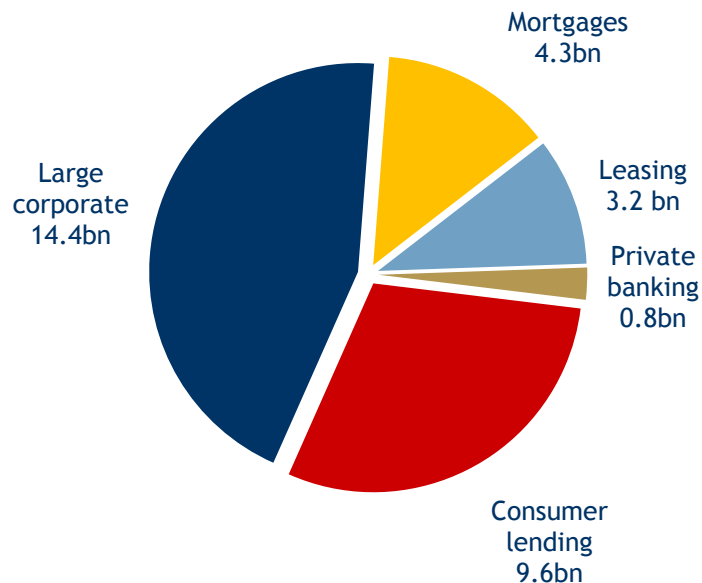
# Loan book breakdown

MB Group profile

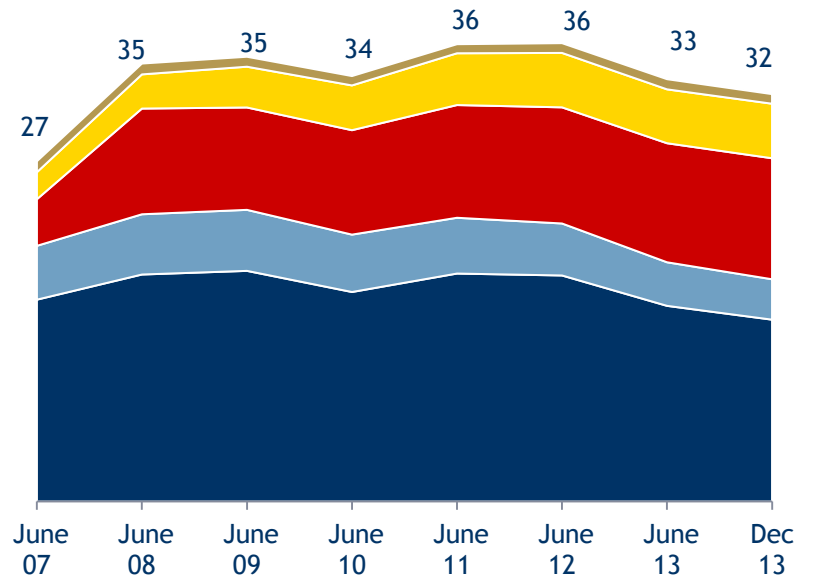
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## MB Group loan book by product (Dec 13)

Total €32.3bn



## MB Group lending stock trends (€bn)



- ◆ 54% of volumes attributable to corporate (45% large)
- ◆ 46% of volumes attributable to retail (30% consumer)

- ◆ Consumer and retail loans have increased steadily
- ◆ Corporate lending deleverage now ended

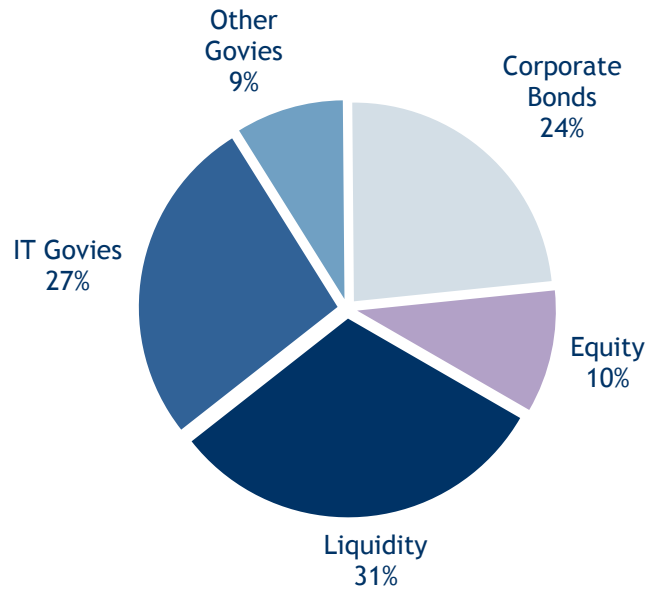
# Treasury and AFS portfolio breakdown

MB Group profile

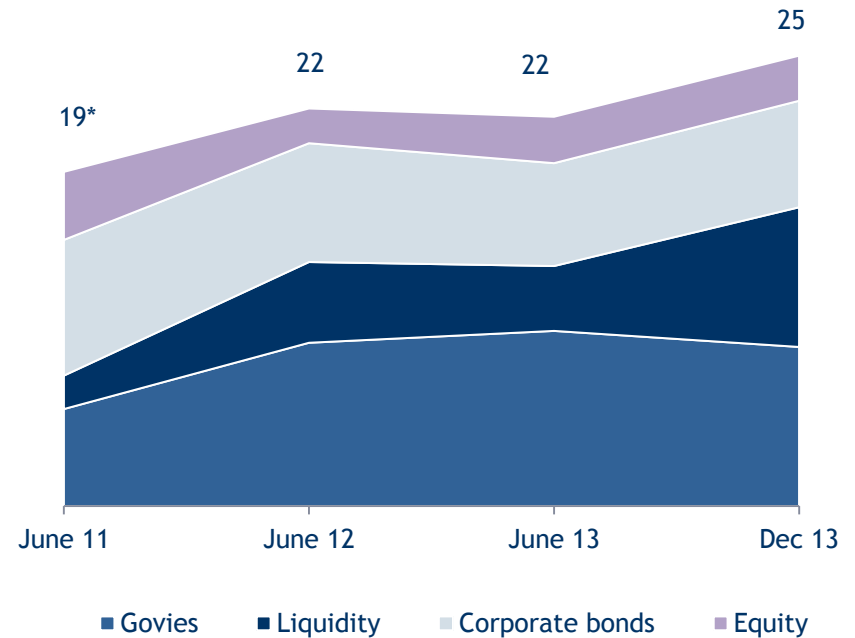
Section 1.1

## MB Group portfolio by product (Dec 13)

Total € 25.1bn



## Treasury portfolio trend (€bn)



- ◆ One-third of portfolio invested in pure liquidity
- ◆ €6.7bn Italian Govies portfolio with short duration (60% < 18m)

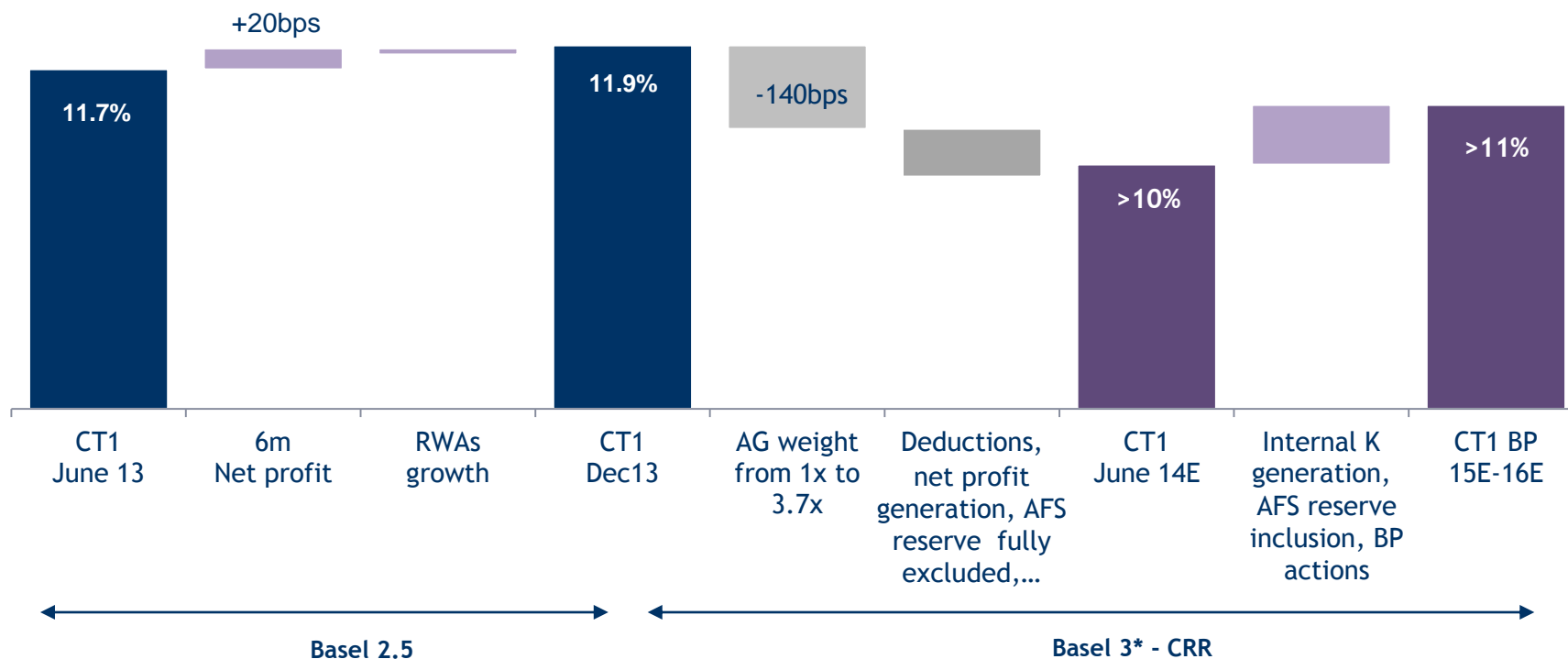
- ◆ €25bn portfolio (approx. 40% total assets), fuelled by increased funding/lower loans stock
- ◆ Liquidity doubled in last six months

# Capital position

MB Group profile

Section 1.1

## CT1 ratio trend (% , bps)



- ◆ Comfortable ratios expected by June 14: B3 CT1 > 10% (AFS reserves accountable from 2015)
- ◆ BP 15-16 targets (CT1 > 11%) confirmed after 2014

\* Based on BV of AFS and equity portfolio as at Dec13, according to Bank of Italy rules (circular no. 285, 17 December 2013)



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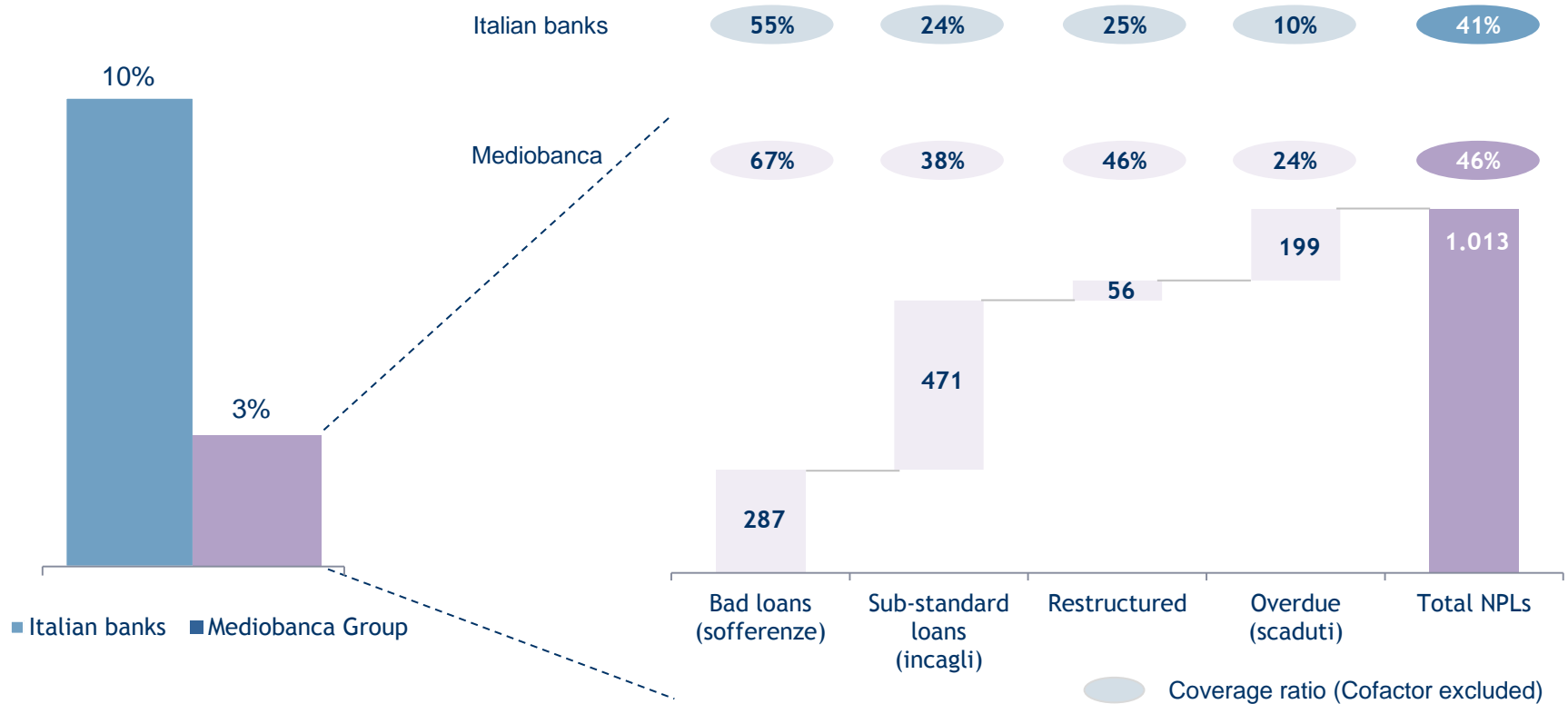
# Asset quality: MB vs Italian banks

MB Group profile

Section 1.1

Net NPL/loans ratio

Net NPLs coverage by categories<sup>1</sup>



◆ NPLs to loans: MB 3%, substantially lower than Italian banks (10%) in part due to different business mix

◆ Coverage ratios: MB 46%, higher than Italian banks (41%)

1) Source: MB Securities, largest six Italian banks; data as at Dec13 for Mediobanca, Sept13 for Italian banks



# Wholesale banking

## MB Group profile

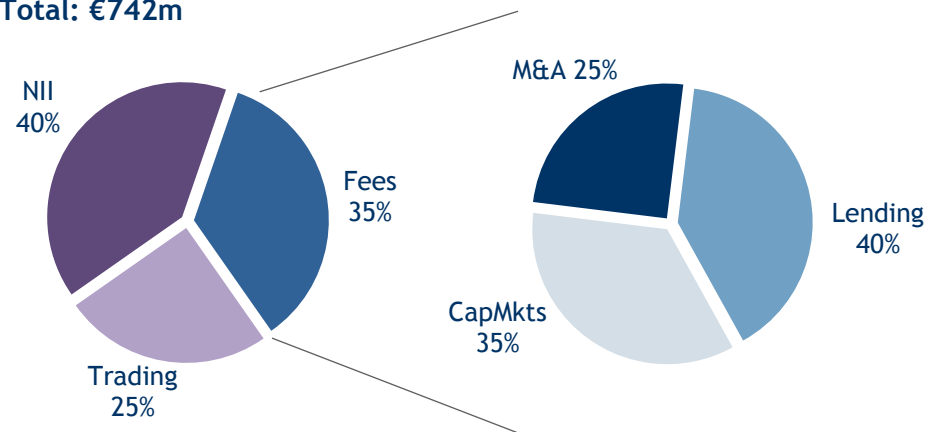
### KPIs

- ◆ 75% revenues customer-driven (NII+fees)
- ◆ Good revenues diversification by :
  - ◆ geography: 32% non italian
  - ◆ K-light/heavy business: 40% NII, 35% fees, 25% trading
  - ◆ product: fees well split among M&A (25%), lending (40%) and Capmkt (35%)

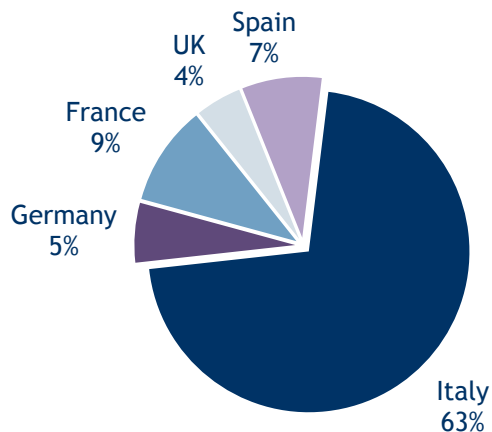
## Section 1.1

### Revenue by product (2011-13 avg.)

Total: €742m

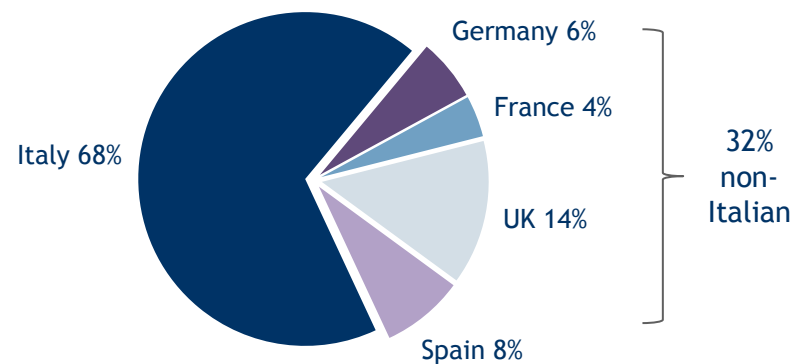


### Corporate loan book breakdown (June 13)



### Revenue by country (2011-13 avg.)

Total: €742m



# Wholesale banking – Key figures

## MB Group profile

## Section 1.1

€m	12M June 13	12M June 12	12M June 11
<b>Total income</b>	<b>630</b>	<b>820</b>	<b>807</b>
Net interest income	247	315	349
Fee income	198	266	308
Net treasury income	185	239	151
<b>Total costs</b>	<b>(247)</b>	<b>(257)</b>	<b>(284)</b>
Loan loss provisions	(120)	(107)	(74)
<b>Ordinary PBT</b>	<b>262</b>	<b>456</b>	<b>449</b>
One-offs	19	(148)	(55)
<b>Net result</b>	<b>162</b>	<b>224</b>	<b>251</b>
Cost/income ratio	39%	31%	35%
LLPs/Ls (bps)	72	60	43
NPLs coverage ratio*	39%	35%	34%
Loans (€bn)	15.5	17.9	18.1
RWAs (€bn)	32.7	34.7	34.4

\* All impaired categories included: past due, watch list, restructured, bad loans



# Private banking

## MB Group profile

Section 1.1

### CMB KPIs (June 13)

- ◆ CMB: stake since 1989, fully owned since 2004
- ◆ Leading financial institution in Principality of Monaco, with around 10% market share
- ◆ €6.7bn AUM . AUM breakdown:
  - ◆ mainly private investors
  - ◆ 47% managed assets, 53% administered
- ◆ Distribution network: 40 bankers
- ◆ Steady profitability

### Banca Esperia KPIs (June 13)

- ◆ Founded in 2001 (50% partnership with Mediolanum)
- ◆ Highly synergic with CIB operations
- ◆ Top ranked in Italy as specialist player for UHNWI
- ◆ €14.2bn AUM . AUM breakdown:
  - ◆ 72% private investors, 28% institutional investors
  - ◆ 48% managed, 52% administered
- ◆ Distribution network: 70 bankers, 12 branches in Italy

\* Excluding one-off items

### Compagnie Monégasque de Banque

€m	June 13	June 12	June 11
Revenues	83	71	72
Costs	(45)	(46)	(47)
GOPrisk adj	37	22	25
Net result	41	22(*)	24
AUM €bn	6.7	6.0	5.8

### Banca Esperia (100%)

€m	June 13	June 12	June 11
Revenues	68	65	67
Costs	(72)	(64)	(62)
GOP risk adj	(5)	4	5
Net result	1	4	1
AUM €bn	14.2	13.2	13.7

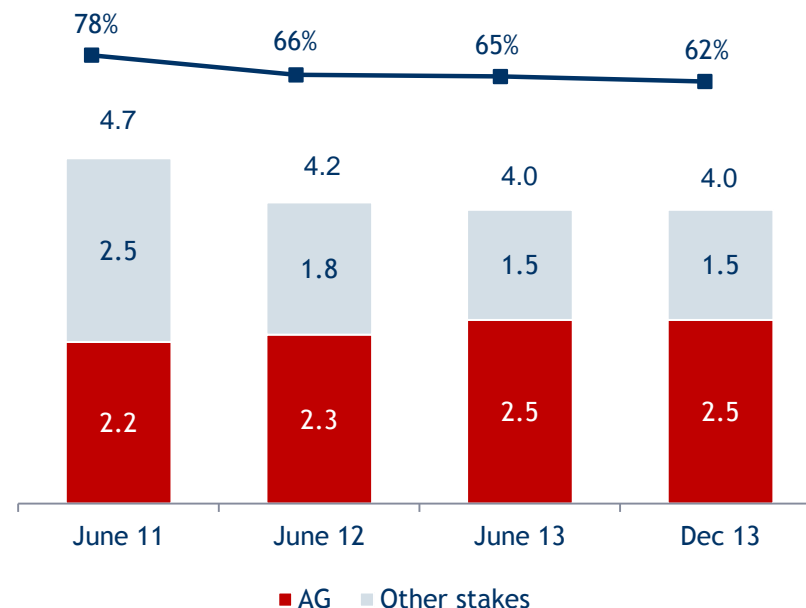
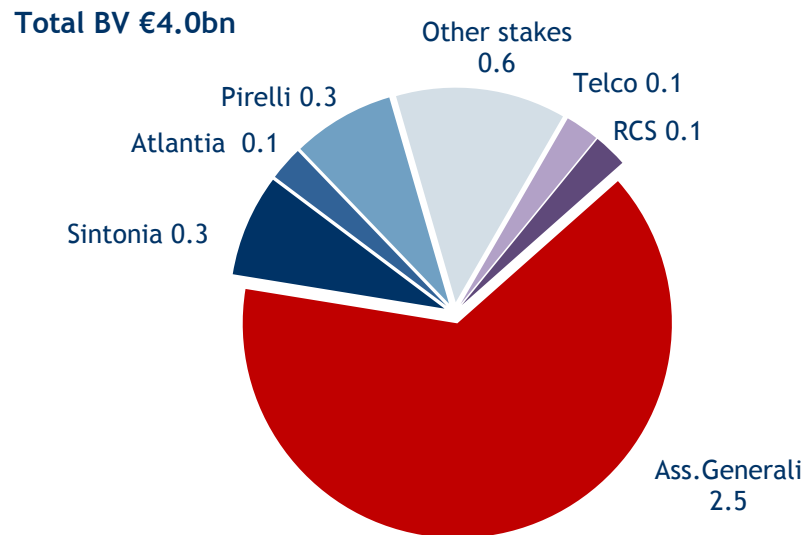
# Principal Investing portfolio

MB Group profile

Section 1.1

Equity exposure: book value (€bn, Dec 13)

Equity BV: trend (€bn) and incidence to CT1 (%)



- ◆ Principal investing portfolio (€4.0bn) includes:
  - ◆ €2.5bn equity holding (13.24% stake) in Ass. Generali (insurance), equity accounted
  - ◆ €1.5bn AFS equity stakes, marked to market, classified as “available for sale”
- ◆ 3Y Business Plan 14/16: reduce equity exposure (book value) by €1.5bn in 3Y

# Principal investing – key figures

MB Group profile

Section 1.1

€m	12M June 13	12M June 12	12M June 11
<b>Total income</b>	<b>8</b>	<b>186</b>	<b>222</b>
Gains from disposals	17	29	10
Impairments	(422)	(461)	(155)
<b>Net result</b>	<b>(407)</b>	<b>(257)</b>	<b>66</b>
<b>Book value (€bn)</b>	<b>4.0</b>	<b>4.2</b>	<b>4.7</b>
Ass. Generali (13.24%)	2.5	2.4	2.2
AFS stakes	1.5	1.1	1.6
<b>Market value (€bn)</b>	<b>4.3</b>	<b>3.6</b>	<b>5.1</b>
Ass. Generali	2.8	2.2	3.0
<b>RWAs (€bn)</b>	<b>4.1</b>	<b>4.6</b>	<b>5.3</b>

# Consumer lending – Compass profile

## MB Group profile

Section 1.1

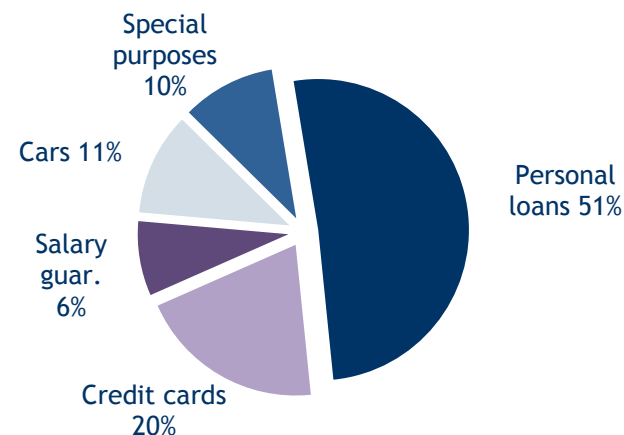
### Compass KPIs

- ◆ In a shrinking market, Compass total mkt share up to 11.4%
- ◆ Powerful franchise: 2.4 million customers, 163 Compass branches, around 7,500 bank branches
- ◆ Source of “recurrent” revenues for MB Group
- ◆ Strong asset quality: NPLs/Ls 1.3%, coverage ~90%
- ◆ High profitability: ROAC 14%
- ◆ New capital light initiatives launched (Compass Pay)

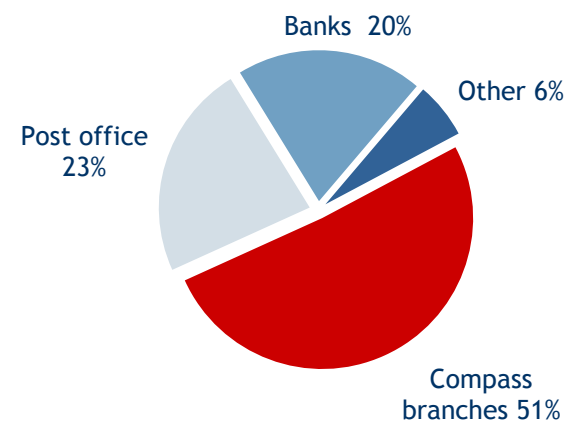
### Top 5 Italian consumer players (12m , Dec 13)

Company	New loans (€bn)	Mkt share	Y.o.Y
Agos Ducato	5.2	11.5%	-11.2%
<b>Compass</b>	<b>5.2</b>	<b>11.4%</b>	<b>+8.2%</b>
Findomestic	4.7	10.4%	+0.5%
Unicredit	4.3	9.5%	-1.6%
Deutsche Bank Easy	3.6	8.0%	-16.5%
<b>Total market</b>	<b>45.4</b>	<b>100.0%</b>	<b>-5.3%</b>

### New loans by product (12m, Dec 13)



### New personal loans by channel (6m, Dec 13)



Source: Assofin

# Consumer lending - Key figures

## MB Group profile

## Section 1.1

€m	12M June 13	12M June 12	12M June 11
<b>Total revenues</b>	<b>713</b>	<b>713</b>	<b>687</b>
Net interest income	555	540	520
Fee income	159	172	167
<b>Total costs</b>	<b>(260)</b>	<b>(255)</b>	<b>(245)</b>
Loan provisions	(335)	(311)	(302)
<b>GOP risk adjusted</b>	<b>119</b>	<b>147</b>	<b>140</b>
<b>Net profit</b>	<b>71</b>	<b>97</b>	<b>95</b>
Cost/income ratio	36%	36%	36%
Cost of risk (bps)	360	344	352
Bad loans coverage ratio*	56%	46%	54%
<b>ROAC</b>	<b>10%</b>	<b>14%</b>	<b>15%</b>
New loans (€bn)	<b>5.0</b>	<b>5.0</b>	<b>4.8</b>
Loans (€bn)	9.4	9.4	8.9
RWAs (€bn)	<b>8.9</b>	<b>8.9</b>	<b>8.0</b>

\* All impaired categories included: past due, watch list, restructured, NPLs. Net of Cofactor

# Retail banking – CheBanca! profile

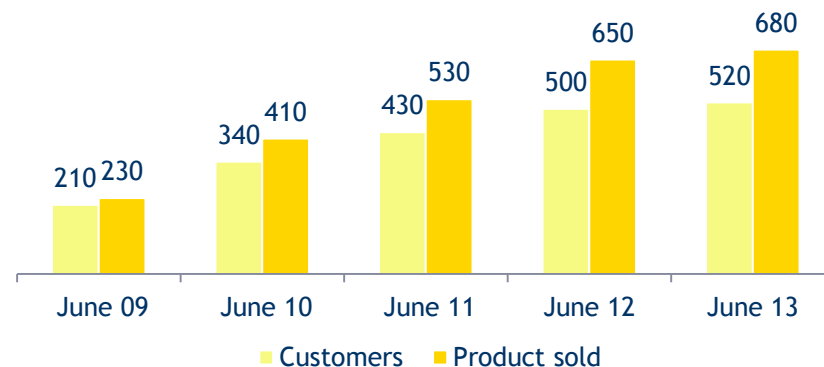
## MB Group profile

Section 1.1

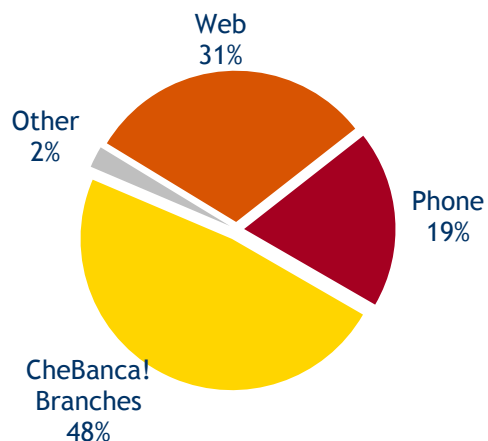
### CheBanca! KPIs

- ◆ Strong funding arm: €13.3bn direct deposits plus €1bn indirect deposits
- ◆ Best Italian on-line bank in 2012\*
- ◆ Scalable and efficient operating platform
- ◆ Multichannel distribution
- ◆ Increasing and affluent customer base (520K)
- ◆ Product diversification and profitability improving

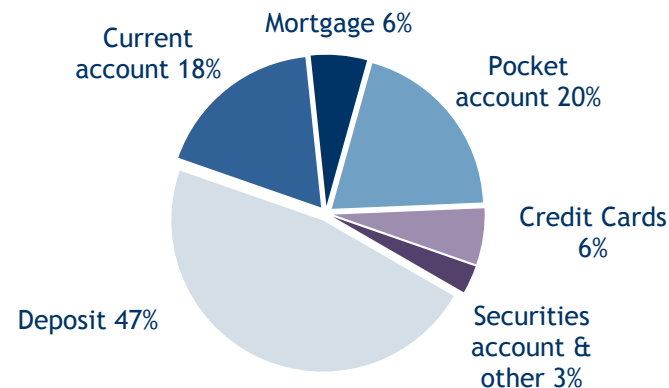
### CheBanca! customers and products ('000)



### Product sold by channel (June 13)



### Product breakdown (June 13)



\* Best Italian on-line bank in 2012 according to Istituto tedesco qualità finanza for Corriere Economia, May 2013 - Customer Satisfaction



# Retail banking – Key figures

MB Group profile

Section 1.1

€m	12M June 13	12M June 12	12M June 11
<b>Total income</b>	<b>141</b>	<b>141</b>	<b>123</b>
Net interest income	142	133	112
Fee income	15	8	7
<b>Total costs</b>	<b>(145)</b>	<b>(169)</b>	<b>(185)</b>
<b>Loan provisions</b>	<b>(25)</b>	<b>(20)</b>	<b>(21)</b>
<b>Net result</b>	<b>(28)</b>	<b>(43)</b>	<b>(39)</b>
LLPs/Ls (bps)	59	46	54
<b>Total deposits (€bn)</b>	<b>12.5</b>	<b>12.0</b>	<b>10.1</b>
of which direct (€bn)	11.9	11.9	10.0
Loans (€bn)	4.3	4.3	4.1
RWAs (€bn)	1.6	1.9	1.9
<b>Products sold ('000)</b>	<b>680</b>	<b>650</b>	<b>530</b>
<b>Customers ('000)</b>	<b>520</b>	<b>500</b>	<b>430</b>

# Strategic achievements in last decade

Section 1.2



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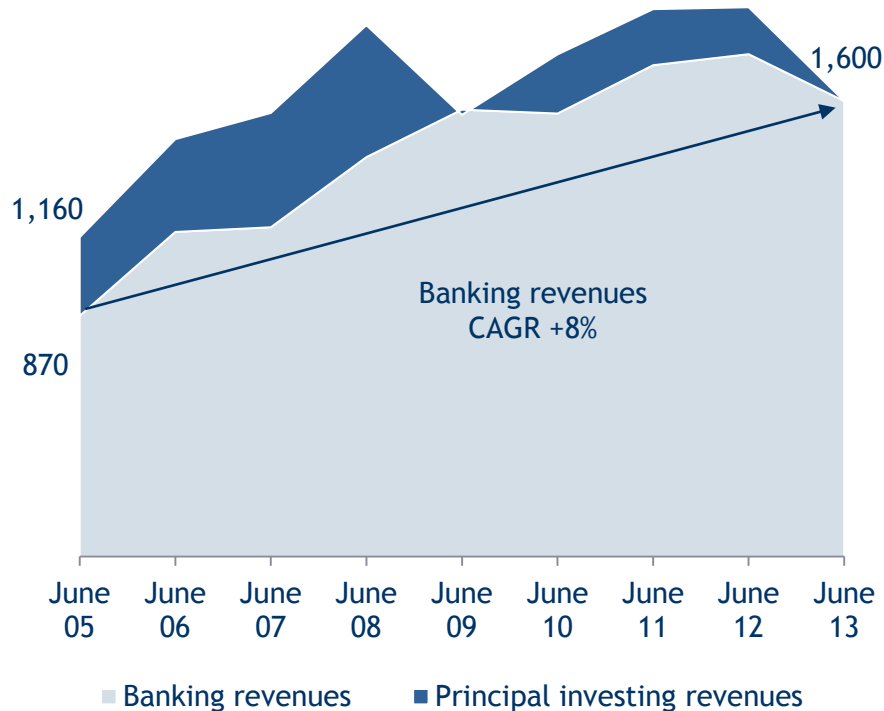


# Banking revenues doubled and more diversified

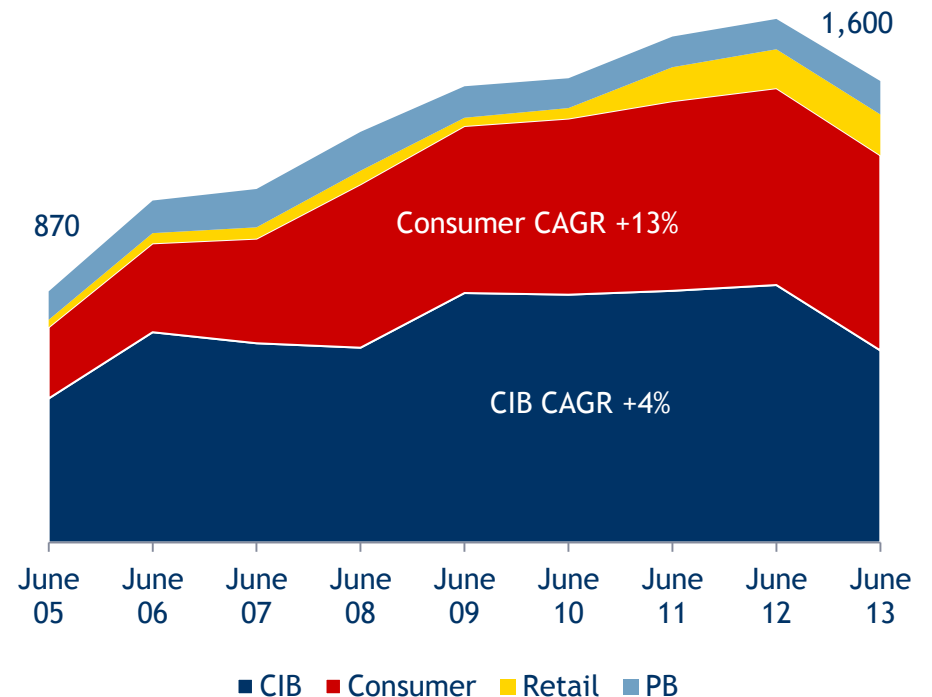
Strategic achievements in last decade

Section 1.2

Group revenues (€m)



Banking revenues (€m)



- ◆ CIB revenues up from €520m to €700m, with contribution from non-domestic operations up to approx.30%
- ◆ Corporate : Retail diversification substantially improved
- ◆ Consumer revenues trebled, from €260m to €710m, in part due to Linea acquisition
- ◆ Retail banking contribution has become material (CheBanca! launched in 2008)

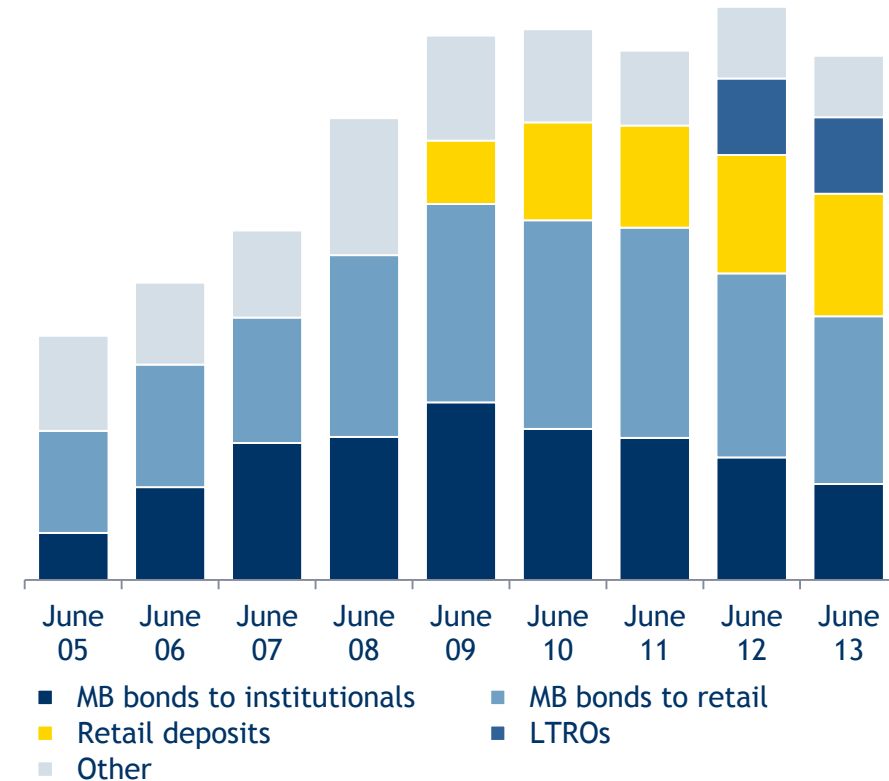


# Loans and funds enlarged and more retail

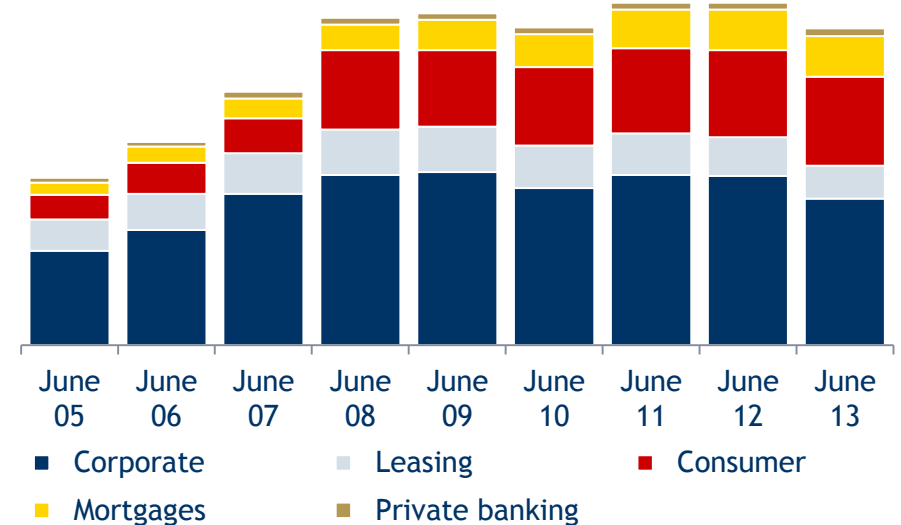
Strategic achievements in last decade

Section 1.2

Funding (€bn)



Loan book (€bn)



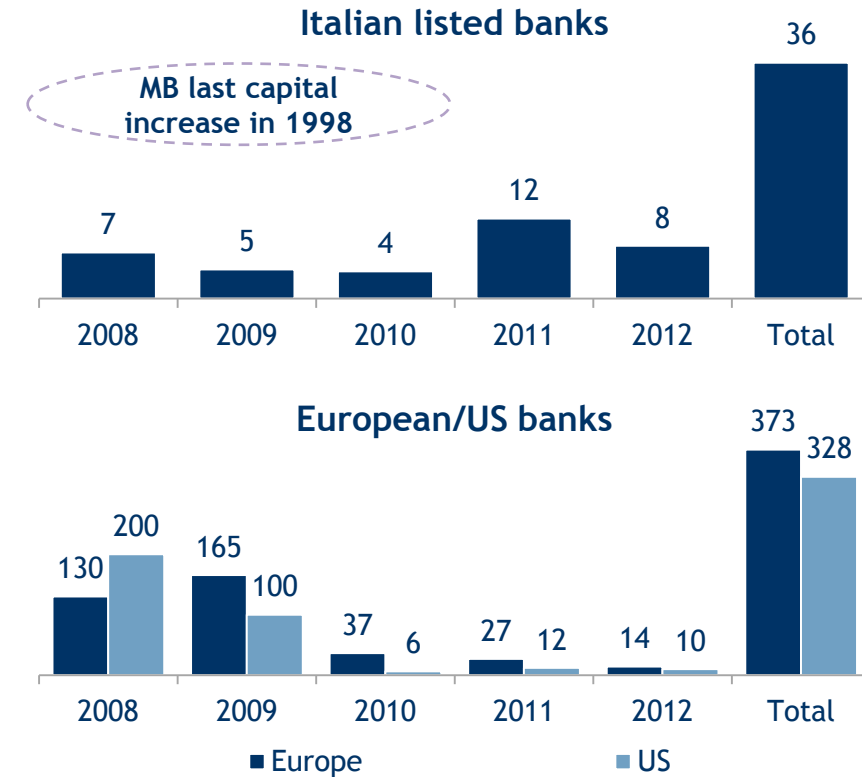
- ◆ Funding doubled to €51bn due to MB bonds (up to €26bn, 60% of which retail), retail deposits (from 0 to €12bn), LTROs
- ◆ Loans doubled to €33bn, driven by corporate (from €10bn to €16bn), consumer (trebled to €9bn) and mortgages (€4bn)
- ◆ Retail contribution boosted: up to 45% of total loan book, 60% of funding

# MB not affected by last 5Y restructuring wave across the industry

Strategic achievements in last decade

Section 1.2

## Right issues/cap increase by banks (€bn)



## Banking industry staff trends

/ooo	2008	2012	Var%
Mediobanca	3	3	+15%
Italy- large banks	272	243	-11%
US- large banks	1,504	1,380	-8%
Europe- large banks	2,908	2,757	-5%
UK	893	771	-14%
France	654	691	6%
Spain	343	353	3%
Germany	234	212	-9%
Benelux	320	233	-27%

- ◆ In last 5Y MB CT1 up 15% to €6.5bn due solely to internal capital generation and despite equity impairments
- ◆ In the same period Italian banks have raised €36bn of new capital (EU and US banks €373bn and €328bn respectively)
- ◆ In last 5Y MB has increased staff by 15%, while staffing levels in the banking industry have shrunk considerably

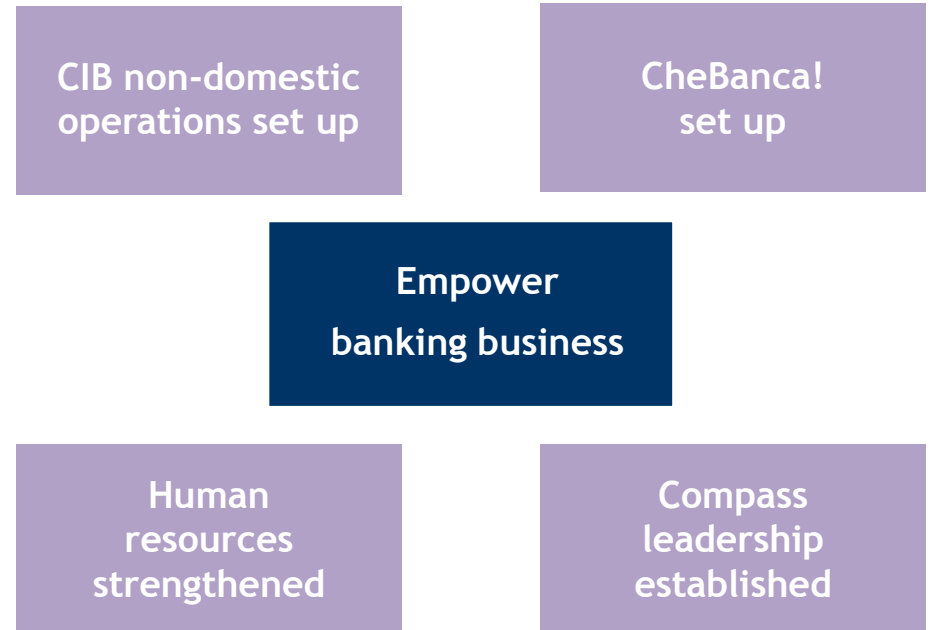
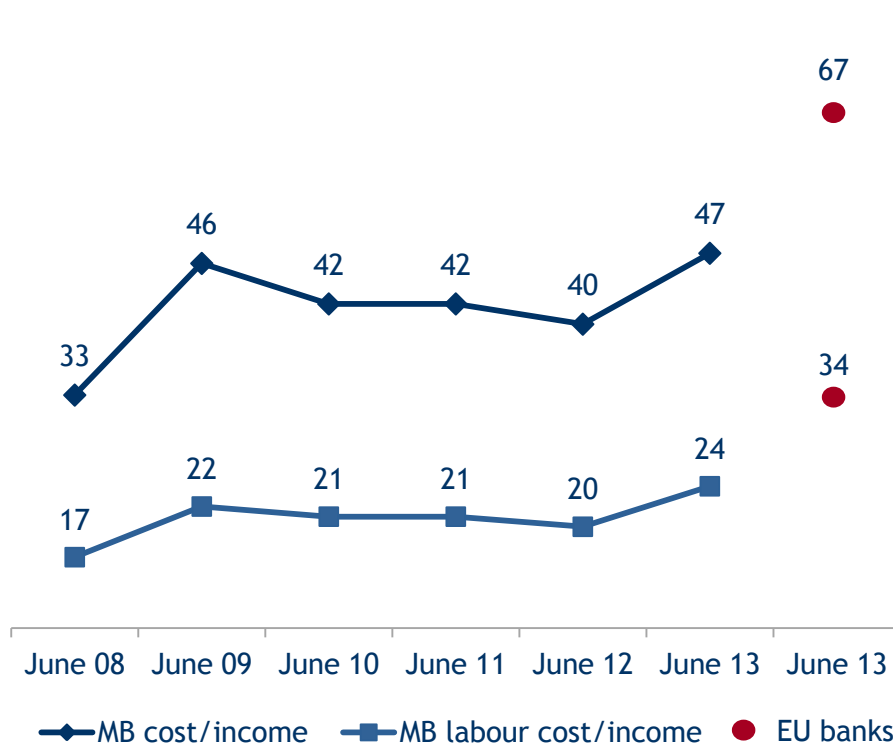
Source: MBRES

# MB efficiency well above EU banks despite business strengthening

Strategic achievements in last decade

Section 1.2

## MB cost/income trend and comparison (%)



◆ MB efficiency well above EU banks despite material investments (technology, human resources, systems, etc.) implemented in recent years to empower all core businesses

Source: Mediobanca Securities coverage

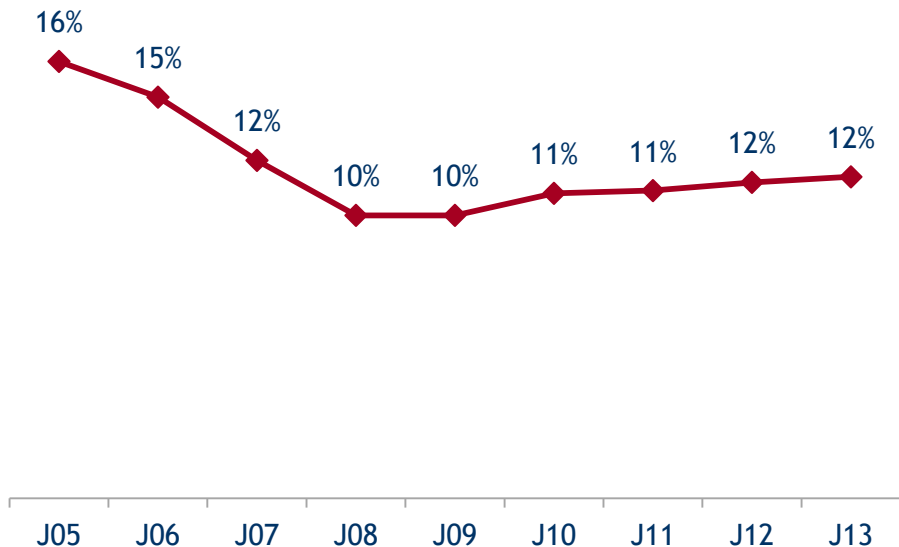


# Mediobanca capitalization among best in class in EU

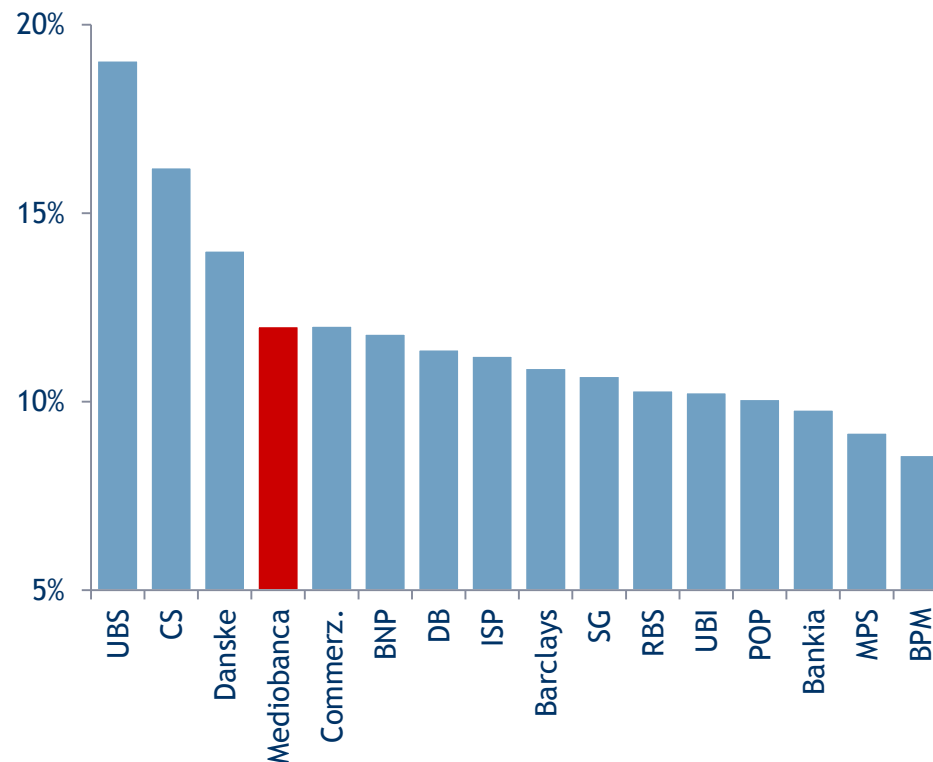
Strategic achievements in last decade

Section 1.2

## Mediobanca CT1 ratio trend



## CT1 comparison among EU banks (Dec.12)



- ◆ Banking growth achieved leveraging exclusively on Mediobanca capital - Last capital increase 15 years ago (in 1998)
- ◆ Mediobanca RWAs/Asset = 85%, versus 37% EU banks
- ◆ Mediobanca tangible equity / tangible assets = 11% versus 4% EU banks
- ◆ €2.5bn returned to shareholders (cash dividends and buy back) since 2005

Source: Mediobanca Securities coverage

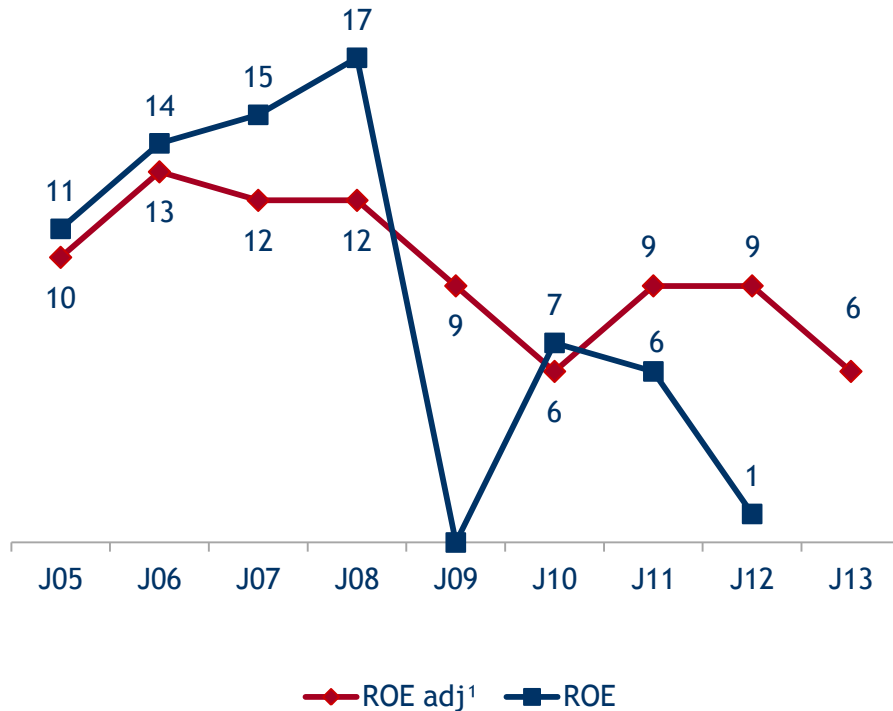


# High single-digit normalized profitability

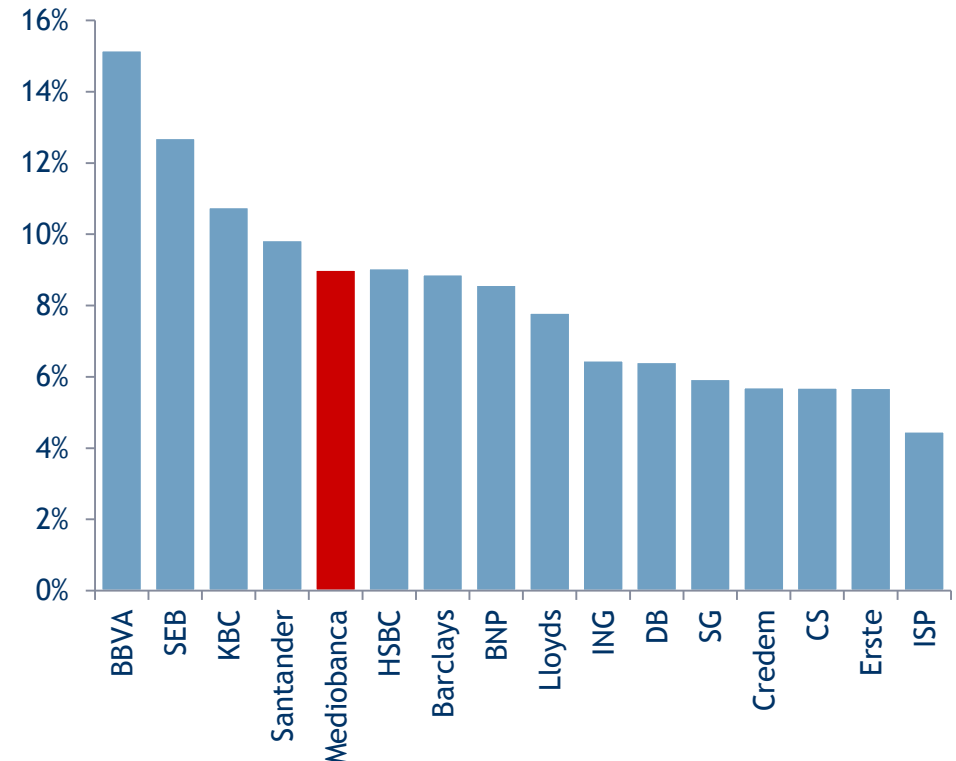
Strategic achievements in last decade

Section 1.2

## Mediobanca ROE trend



## ROTE adj 2012<sup>2</sup> (%)



- ◆ High single-digit normalized profitability over the cycle; good positioning in European landscape
- ◆ Profitability first boosted (net profit from €54m in 2003<sup>2</sup> to €1bn in 2008), then defended during the financial/ sovereign debt/economic crises

1) Profit/losses from AFS disposals, impairments and positive one-off items excluded

2) Source: Mediobanca Securities

# Developments in governance

Section 1.3

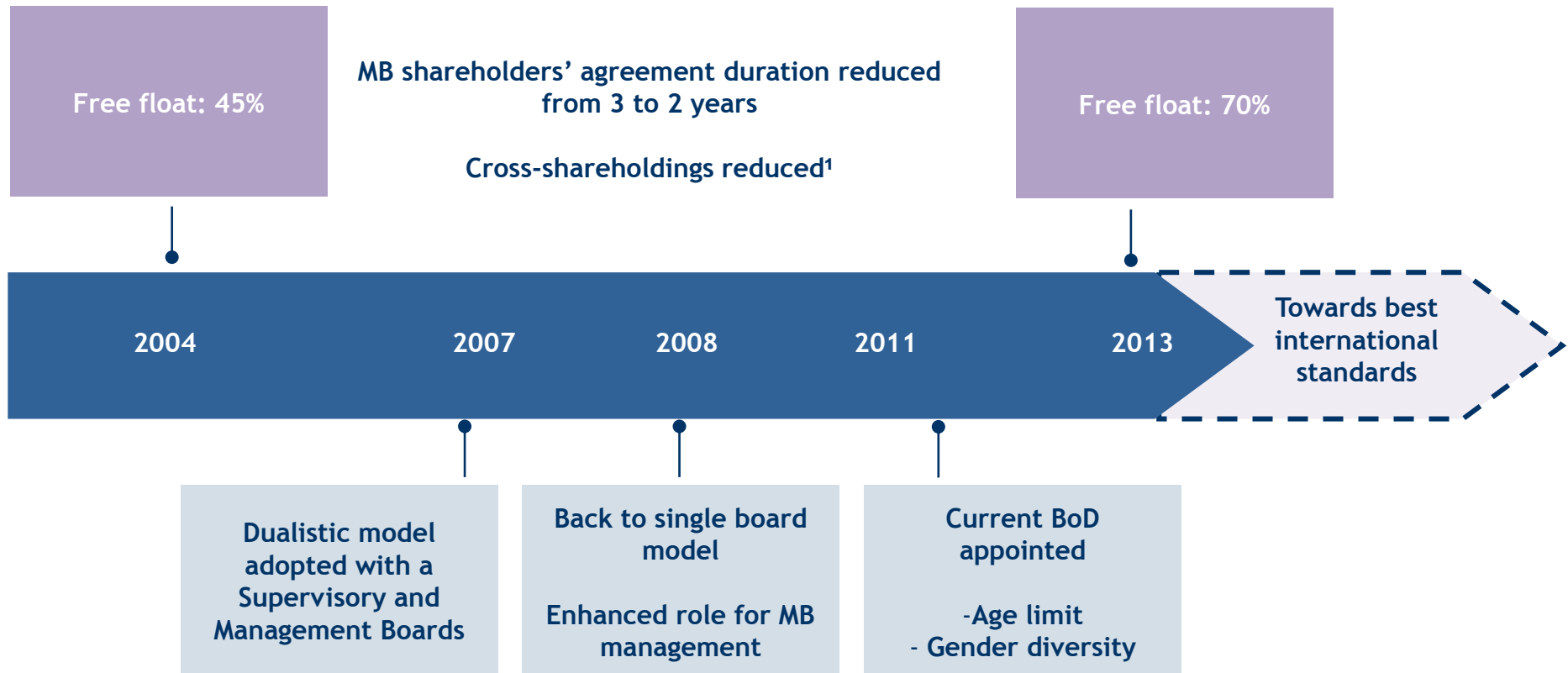


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# MB governance: significant improvement

## Developments in governance

## Section 1.3



- ◆ In last 10Y free float increased from 45% to 70%, cross-shareholdings reduced, governance model reshaped
- ◆ Further enhancement foreseeable (i.e. reduced BoD size)

1) Commerzbank, Fiat, Fonsai, Generali, Telecom exited MB shareholders' agreement; MB sold stakes in Ciments Français, Commerzbank, Fiat, Fonsai, Mediolanum, Telco



# MB shareholders' agreement

## Developments in governance

- ◆ Renewed shareholders' agreement, starting on 1<sup>st</sup> January 2014 and expiring in December 2015, covers 30% (42% as at June 13) of the share capital
- ◆ Efforts made since 2003 to increase weight of institutional investors and free float

## Section 1.3

### Mediobanca shareholders' agreement

Shareholder	Share
Unicredit	8.7%
Mediolanum	3.4%
<b>Total Group A</b>	<b>12.0%</b>
Edizione (Benetton)	2.2%
Pirelli & C.	1.8%
Italmobiliare	1.6%
FINPRIV	1.7%
Fininvest	1.0%
Others <1%	4.1%
<b>Total Group B</b>	<b>12.0%</b>
Financière du Perguet (Bollorè)	6.0%
<b>Total Group C</b>	<b>6.0%</b>
<b>Total Syndicated</b>	<b>30.0%</b>

# Business Plan 14-16 guidelines and targets

Section 1.4



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# MB vision: medium-term strategic pillars

Business Plan 14-16 guidelines and targets

Section 1.4

- 1 Simplify business model and reduce equity exposure
- 2 Confirm capital strength in B3 scenario, more disciplined use of capital
- 3 Invest in fee-generating/capital-light businesses
- 4 Substantially increase non-domestic revenues
- 5 Materially improve growth and profitability

# Reduce equity exposure by €2bn

Business Plan 14-16 guidelines and targets

Section 1.4

## Equity exposure drawbacks

- ◆ Absorbs too much capital
- ◆ Concentration vs insurance sector and Italy too high
- ◆ Adds volatility to Group results
- ◆ Adds discount to valuation

€ 0.4bn  
asset clean-up

€ 1.5bn  
equity stake disposals

Recover full  
availability of shares

- ◆ All stakes reclassified “as available for sale”<sup>1</sup>
- ◆ All stakes marked-to-market
- ◆ €0.4bn asset clean-up in FY13
- ◆ Ass.Generali: reduce stake by approx. 3pp in 3Y
- ◆ Other AFS stake disposals
- ◆ Speed and amount of deleverage to be co-ordinated with market conditions
- ◆ Exit shareholder agreements
- ◆ Valuable exit strategy to be found working together with other investors/shareholders

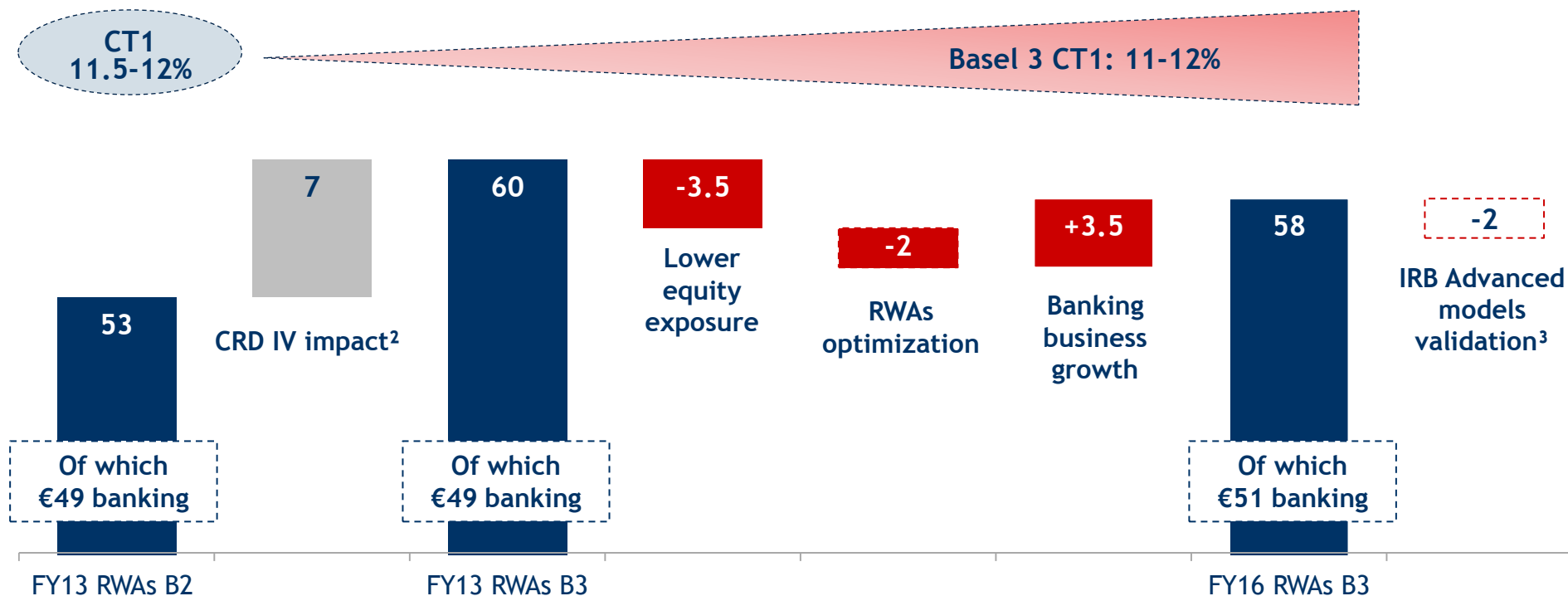
1) Ass. Generali excluded and accounted for in accordance with IAS28

# RWAs from equity to banking business growth

Business Plan 14-16 guidelines and targets

Section 1.4

## Group RWAs<sup>1</sup> trend (€bn)



- ◆ Impact of B3 adoption limited to €7bn higher RWAs due to different AG stake weighting<sup>2</sup>; no impact on banking RWAs
- ◆ RWAs 3YCAGR -1%: equity disposals and RWAs optimization to feed growth in banking business
- ◆ Possible additional €2bn savings from IRB Advanced models validation<sup>3</sup> (not included in BP targets)

1) Based on €2.5bn of 13.24% AG book value as at June 13

2) Internal estimates, subject to Bank of Italy's authorization: AG RWAs: weight from 1x B2 to 3.7x B3

3) Internal estimates, subject to Bank of Italy's authorization



# Balanced and sustainable A&L mix

Business Plan 14-16 guidelines and targets

Section 1.4

## Loans

- ◆ Back to lending growth, both in corporate and retail
- ◆ Corporate: exploit untapped customer base, sector trends, different business approach
- ◆ Consumer: focus on high net margin loans
- ◆ Strict risk assessment

Loans CAGR 5%

LLPs/Ls = 150bps

## Funding

- ◆ Bond and treasury size back to pre-crisis level
- ◆ MB bonds expiring in next 3Y refinanced in the market; opportunistic timing; 50% retail
- ◆ LTROs entirely paid back out of treasury
- ◆ CheBanca!: towards lower cost funding; from direct to indirect deposits

L/D ratio 0.8x

NSFR > 100%

**Funding and loan book 50:50 corporate/retail**

# Invest in fee-generating/capital-light businesses

Business Plan 14-16 guidelines and targets

Section 1.4

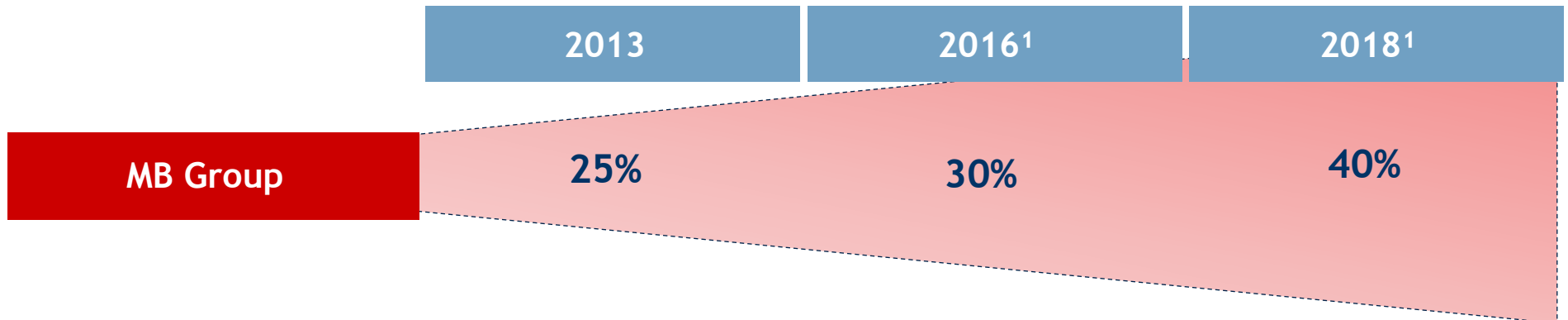
CIB/WM

- ◆ IB: push on advisory and capital markets/asset brokerage
- ◆ PB: organic growth and top up both off- and onshore
- ◆ MB Alternative Asset Management (“MAAM”) to be set up and developed <sup>1</sup>

Retail

- ◆ Consumer finance: develop fee-based products (e.g. Compass Pay)
- ◆ CheBanca!: develop asset management products

## MB Group fee income contribution/total banking revenues



1) MAAM: not included in 2016 BP targets, included in 2018 ambition

# Developing Mediobanca Alternative Asset Management (“MAAM”)

Business Plan 14-16 guidelines and targets

Section 1.4

## WHY?

- ◆ **Capturing industry trends:** requirement by investors for “institutional” asset management businesses delivering high yields
- ◆ **MB to provide an “institutional roof”** to good management teams looking to increase AuM in current products and come to market faster with new products
- ◆ **Low capital intensive/fee-based recurrent business**
- ◆ **Competence driven** (“smartest guys in town”)
- ◆ **“Solutions” business** (large scale not always needed)

## HOW?

- ◆ **Invest in low capital-intensive, high-growth asset management businesses** with strong management teams and operational infrastructure
- ◆ **Focus on businesses with international brands** serving institutional investors, offering alternative higher fee asset classes (no prop. investment but recurrent fee-generating business) with strong historical track records
- ◆ **Asset classes:** credit, private equity, real assets
- ◆ **Provide client solutions** to institutional investors with the new underlying asset management products

**WM to contribute up to 15% of group banking revenue in 5Y<sup>1</sup>**

1) Not included in BP targets



# Mediobanca 2016 main targets

Business Plan 14-16 guidelines and targets

Section 1.4

Mediobanca  
Group

Reduce equity exposure by €2bn  
Banking revenues: €2.1bn, CAGR +10%  
Cost of risk = 150bps  
ROE = 10-11%  
B3 CT<sup>1</sup> = 11-12%, payout 40%  
NSFR > 100%

CIB & PB

Revenues €1bn, CAGR +10%  
ROAC = 12-13%

Consumer & Retail

Revenues €1bn, CAGR +7%  
ROAC = 10-11%

MAAM<sup>2</sup>

Revenues up to 15%  
of Group banking  
revenue in 5Y

- 1) Internal estimates, subject to Bank of Italy's authorization: AG RWAs: weighting from 1x B2 to 3.7x B3
- 2) MAAM contribution not included in BP targets

# Corporate and Private Banking

Section 2



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# Market positioning and strategy

Section 2.1

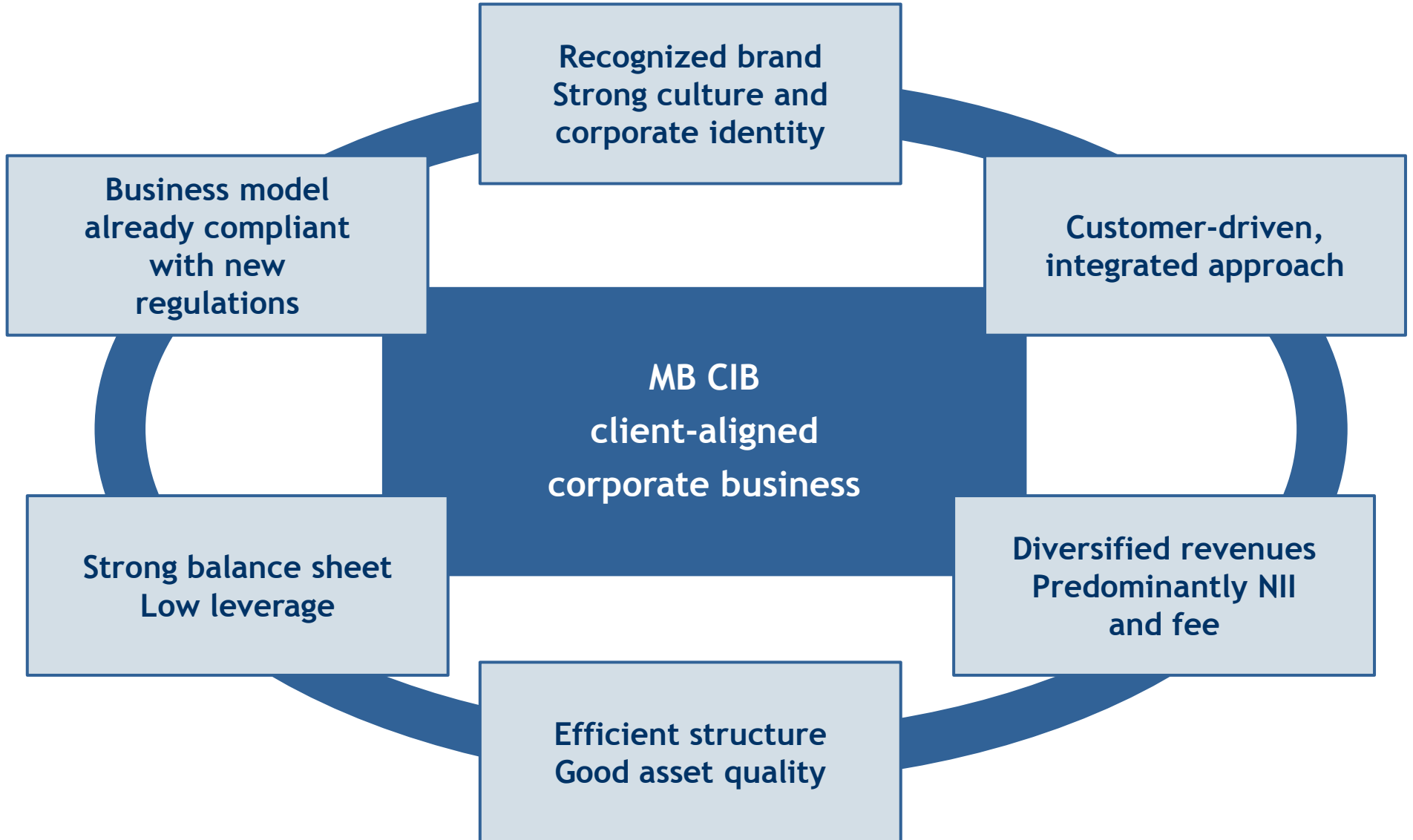


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# Mediobanca CIB: our strengths

Market positioning and strategy

Section 2.1



# MB positioned as a specialized operator ...

Market positioning and strategy

Section 2.1

## Global players

- ◆ Full scale/global business
- ◆ Complex solutions to clients, market makers, capital and liquidity providers
- ◆ Focus on global assets gatherers, sovereigns, corporates and FIGs

- ✓ Regulatory, political and social pressure
- ✓ Reputational issues
- ✓ Balance sheet issue
- ✓ Talent drain (regulatory pressure on comp.)
- ✓ Reshaping business model

## Agency players

- ◆ Run mainly on execution model for their universal bank captive corporate, retail or private customer base
- ◆ Leverage on credit relations

- ✓ Lower regulatory pressure
- ✓ Holding their market share, as corporate relationships drive revenues and revenues from local markets accounts for majority

## Specialized operators

- ◆ Strong IB identity/culture
- ◆ Product specialized operators, mainly capmkts/advisory
- ◆ Focus on client needs
- ◆ Revenues stability assured also by WM/brokerage

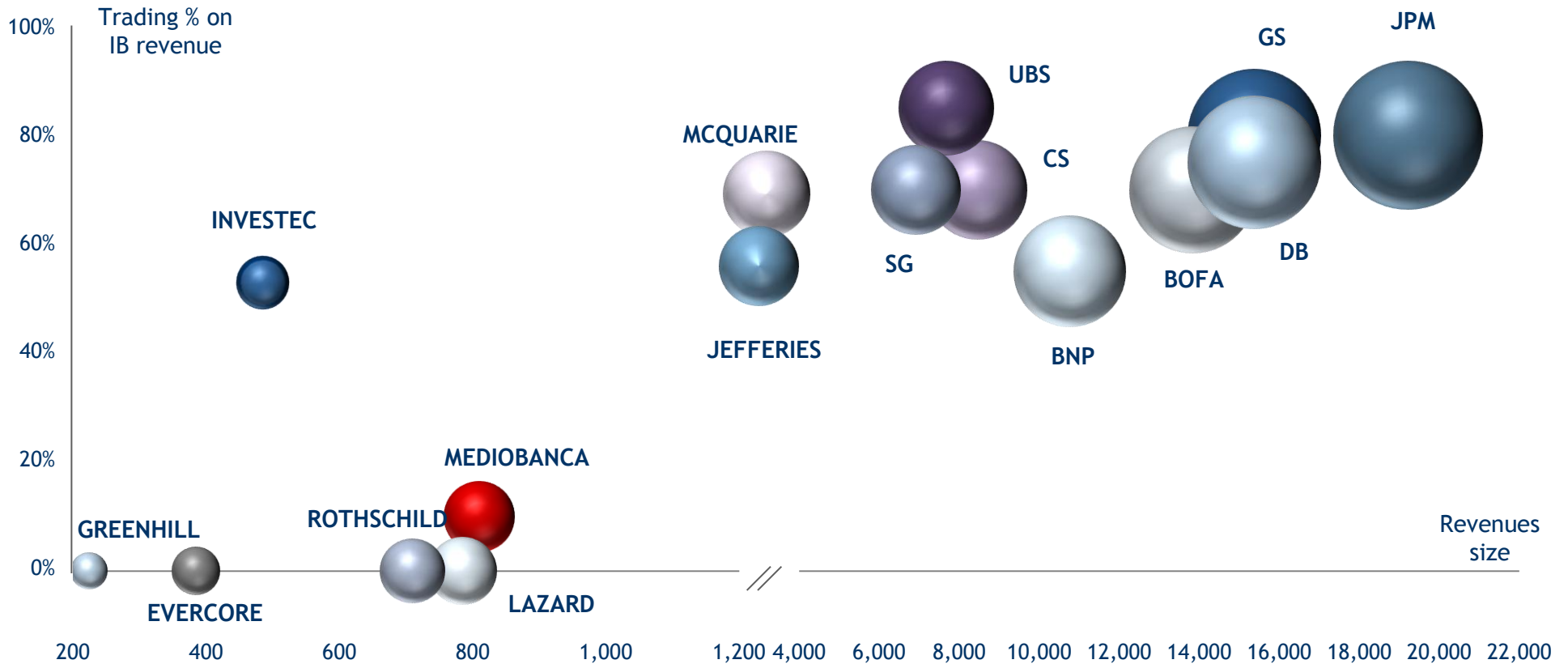
- ✓ Low regulatory pressure
- ✓ Trusted and known brand
- ✓ Advisory margins under pressure outside U.S.

# MB CIB: 85% customer-driven business ...

Market positioning and strategy

Section 2.1

## Operators by IB revenues size (€m) and reliance on trading (%)



- ◆ MB CIB revenues: 85% customer-driven
- ◆ Mediobanca well positioned in the specialized operators arena, reliant on a wide and diversified product offer

Source: company data processed by MB, average 2011-2012 figures. CIB: advisory, ECM, DCM, Lending.



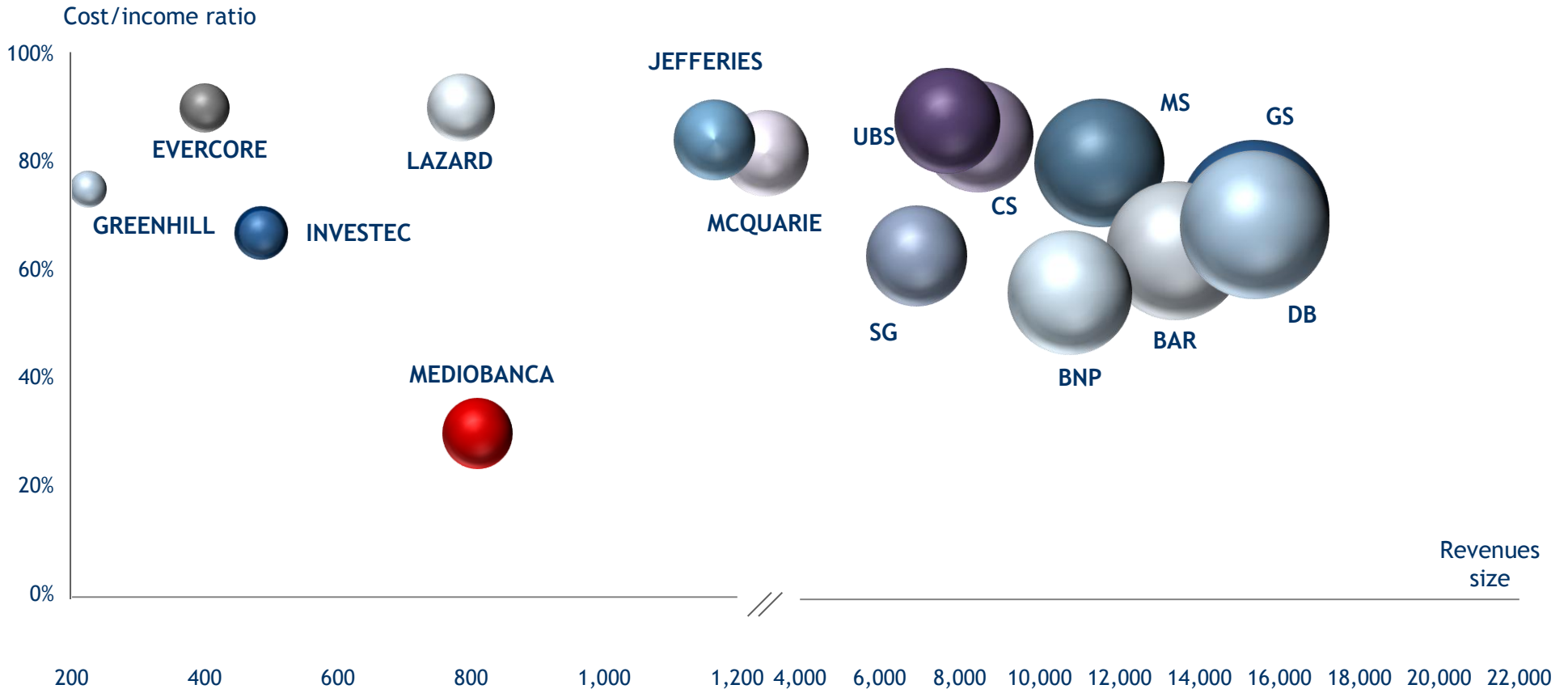
MEDIOBANCA

# ... run with an efficient cost structure ...

Market positioning and strategy

Section 2.1

## Operators by IB revenues size (€m) and cost/income ratio (%)



◆ Mediobanca compensation (approx. 25%) and cost/income ratios (approx. 35%) well below both European and American peers (compensation ratio approx. 50%, cost/income ratio 70-100% )

Source: company data processed by MB, average 2011-2012 figures.

# Strong positioning in Italy ...

Market positioning and strategy

Section 2.1

## M&A positioning

2001 - 2013	Ranking by total deals value			Ranking by number of deals		
	Bank	(€ bn)	Mkt share	Bank	Deals	Mkt share
1	MB	320	38%	MB	429	13%
2	BOFA	298	36%	LAZ	381	12%
3	JPM	278	33%	ROTH	356	11%
4	CITI	264	31%	KPMG	338	10%
5	GS	243	29%	ISP	274	8%
6	CS	237	28%	MS	210	6%
7	LAZ	234	28%	UCG	198	6%
8	MS	217	26%	JPM	197	6%
9	ROTH	202	24%	BOFA	164	5%
10	DB	162	19%	CS	146	4%

## ECM positioning

2001 - 2013	Ranking by total deals value			Ranking by number of deals		
	Bank	(€ bn)	Mkt share	Bank	Deals	Mkt share
1	MB	33	22%	MB	122	30%
2	ISP	14	9%	ISP	89	22%
3	JPM	13	9%	UCG	70	17%
4	GS	12	8%	BOFA	46	11%
5	MS	11	8%	GS	39	10%
6	BOFA	11	7%	JPM	36	9%
7	UCG	10	6%	CS	35	9%
8	CS	9	6%	DB	37	9%
9	DB	7	5%	BNPP	33	8%
10	CITI	5	3%	NOM	28	7%

- ◆ Mediobanca leader in M&A and ECM; sizeable market share also in lending and DCM
- ◆ Strong expertise and track record in Italian corporates world

Source: Thomson Financial, deal completed, "any Italian involvement"



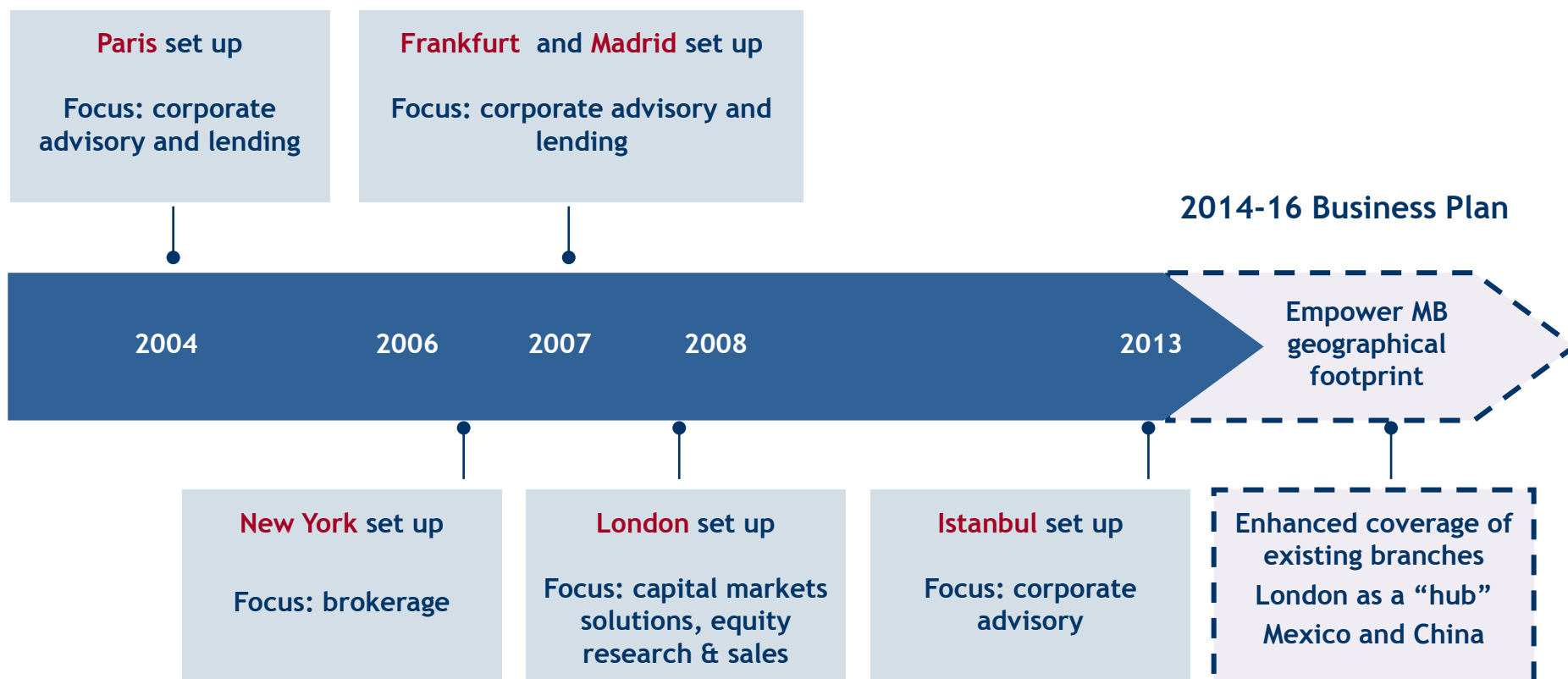
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# ... leveraged since 2004 on a European scale

## Market positioning and strategy

## Section 2.1



- ◆ Leading domestic positioning in CIB leveraged outside Italy since 2004, following customers' international needs
- ◆ Local client coverage and advisory execution; risk assessment and book keeping in Milan

# CIB Business plan 14-16: boost size and reshuffling revenues mix

Market positioning and strategy

Section 2.1

1

Exploit an untapped corporate base

2

Empower geographic footprint

3

Complete product offering

4

Leverage on IB industry secular trends

5

Keep focus on balance sheet quality and strength

# CIB targets: balanced business model to deliver growth and return

Market positioning and strategy

Section 2.1

## B3 compliant business model to deliver

- ◆ growth and returns
- ◆ on low cost/risk basis
- ◆ on sustainable (domestic)/increasing (international) market shares

## Enhancing the right mix of

- ◆ cyclical, L-intensive, flow businesses / stable, K-intensive, stock businesses
- ◆ assets broker-holder approach
- ◆ domestic/non-domestic businesses

**FY16 revenues: €1bn, CAGR +10%**  
**85% from client business**  
**45% non-domestic**

**FY16 ROAC: 12/13%**

# International operations

Section 2.2

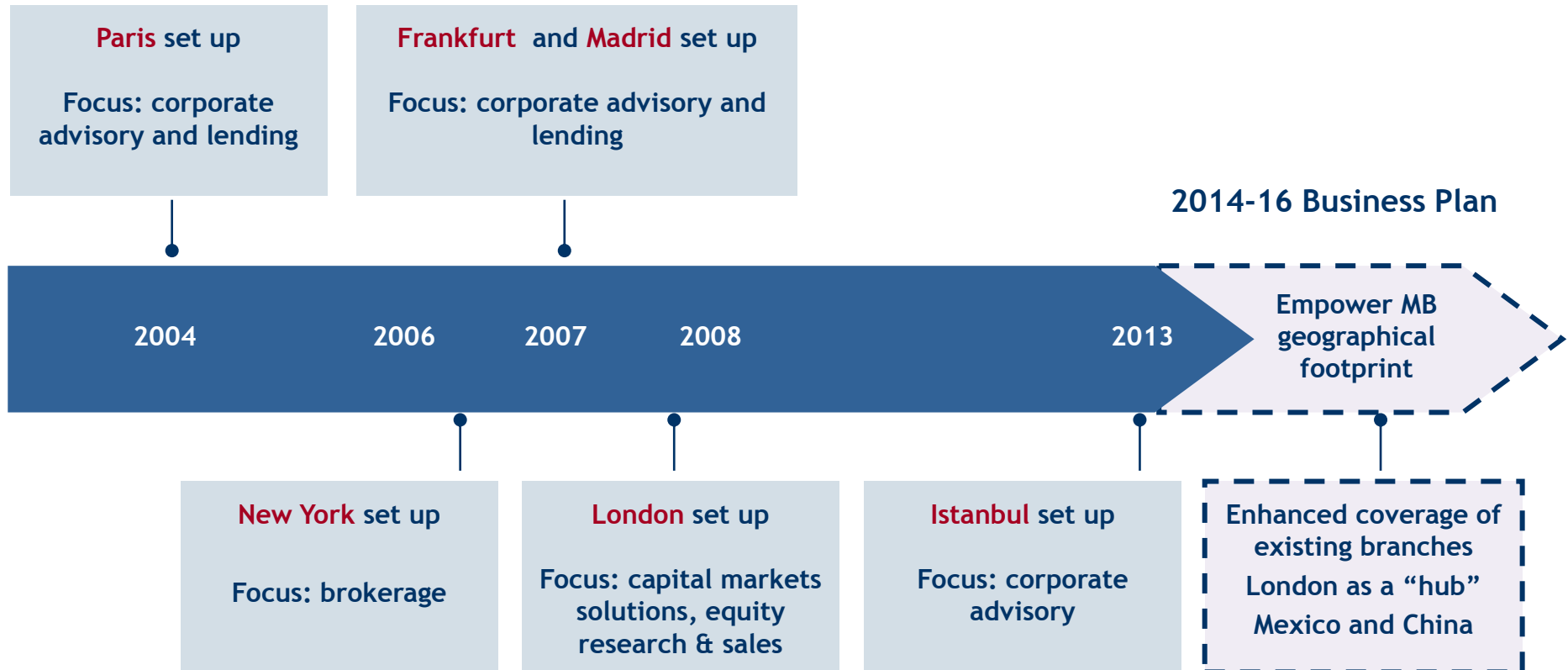


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# History of MB international development

## International operations

## Section 2.2



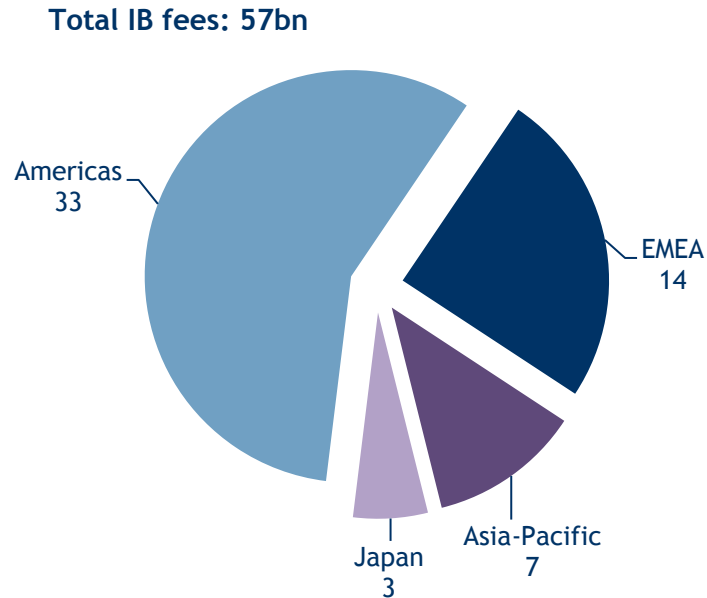
- ◆ Leading domestic positioning in CIB leveraged outside Italy since 2004, following customers' international needs
- ◆ Local client coverage and advisory execution; risk assessment and book keeping in Milan

# MB international operations: rationale for locations

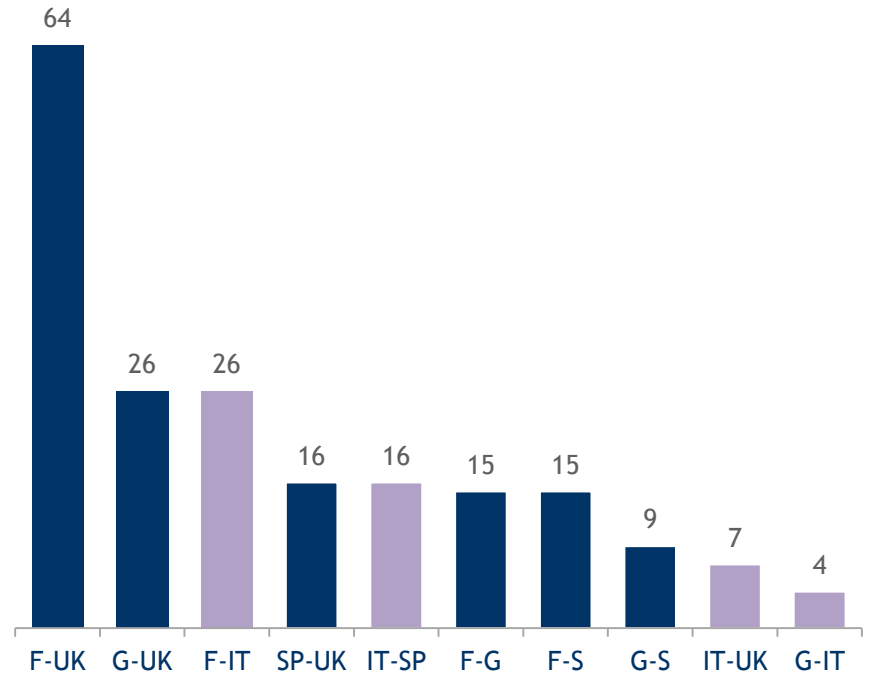
International operations

Section 2.2

IB revenue pool by countries (\$bn, 9M13)



Total cross-border deals in EU (2008-12, €bn)



- ◆ Europe is the second CIB market in the world in terms of volumes and revenue pool
- ◆ Mediobanca has branches in markets crucial for Italian-cross border/commercial activity and rich in corporates
- ◆ Mediobanca top-ranked in Italian cross-border activity, well recognized franchise in southern Europe

Source: Thomson Reuters

# MB international CIB: a “pragmatic & differentiated” approach

## International operations

## Section 2.2

- ◆ Non-domestic countries largely covered by local IB and by bulge bracket firms
- ◆ Core Europe: mature but very large corporate market in which MB has a sub-optimal market share
- ◆ Even “small bites of the big cake” have material impact on the relatively small-size MB balance sheet
- ◆ MB mission: to be recognized as an high-quality specialized operator (no league tables)
- ◆ MB: customer-driven/tailor-made offering (solutions business vs flow business)
- ◆ Good profiles-selective hirings possible given:
  - ◆ talents moving from bulge brackets to boutiques
  - ◆ strong MB brand, corporate culture and balance sheet
  - ◆ MB “flexibility” and entrepreneurial approach

# MB non-domestic operations KPIs

International operations

Section 2.2

## KPIs

- ◆ High diversification of income\*:
  - ◆ 47% capmkt, 41% lending, 12% advisory
  - ◆ 45% trading, 30% fees, 25% NII
- ◆ Lean structure (125 total people, 20% of WB)
- ◆ Low cost/income and comp ratios
- ◆ Good asset quality
- ◆ Low capital absorption, high ROAC
- ◆ Reduction in revenues in last two years driven by collapse in IB volumes and high MB/Italian spread

## Non-domestic operations KPIs<sup>1</sup>

	June 11	June 12	June 13
<b>Total income (€m)</b>	<b>289</b>	<b>238</b>	<b>192</b>
% WB	36%	29%	32%
<b>PBT (€m)</b>	<b>169</b>	<b>122</b>	<b>87</b>
% WB	43%	40%	31%
<b>Loans (€bn)</b>	<b>5.2</b>	<b>4.5</b>	<b>3.5</b>
% WB	30%	27%	26%
<b>RWAs (€bn)</b>	<b>7.5</b>	<b>6.8</b>	<b>6.1</b>
% WB	22%	20%	19%
<b>Staff (n.)</b>	<b>130</b>	<b>131</b>	<b>125</b>
<b>Cost/income ratio</b>	<b>39%</b>	<b>41%</b>	<b>47%</b>
<b>ROAC gross</b>	<b>28%</b>	<b>23%</b>	<b>18%</b>

1) Figures refer to business originated by the branches, not to the nationality of customers; loans gross of loan loss reserve, not including margin loans; equity sales and research not included. Management accounting

\* FY 2011-13 average



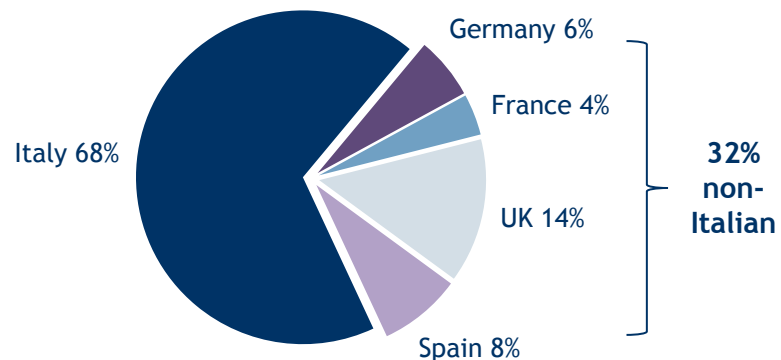
# International branches: material contribution to WB

International operations

Section 2.2

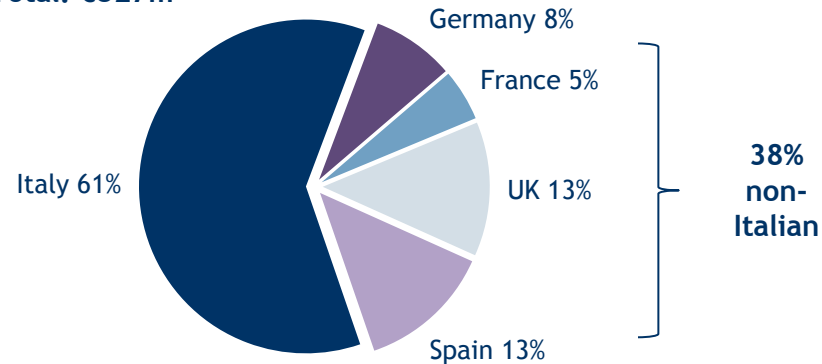
**WB revenue by country (2011-13 avg.)**

Total: €742m



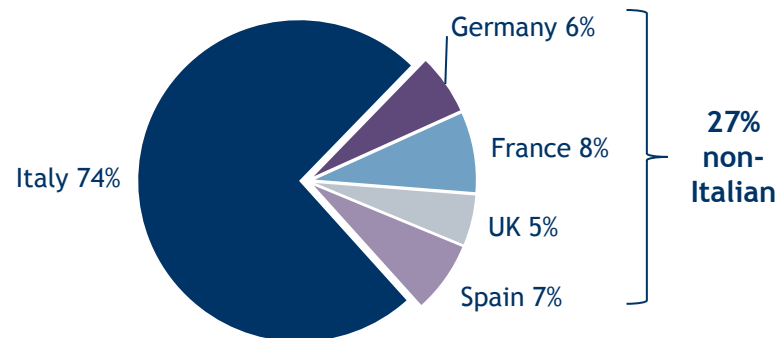
**WB PBT by country (2011-13 avg.)**

Total: €327m



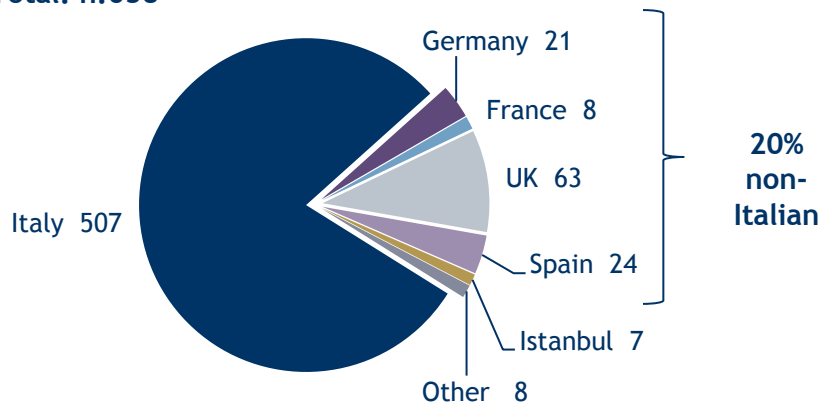
**WB loans by country (June 13)**

Total: €13.8bn



**WB staff by country (Sept. 13)**

Total: n.638

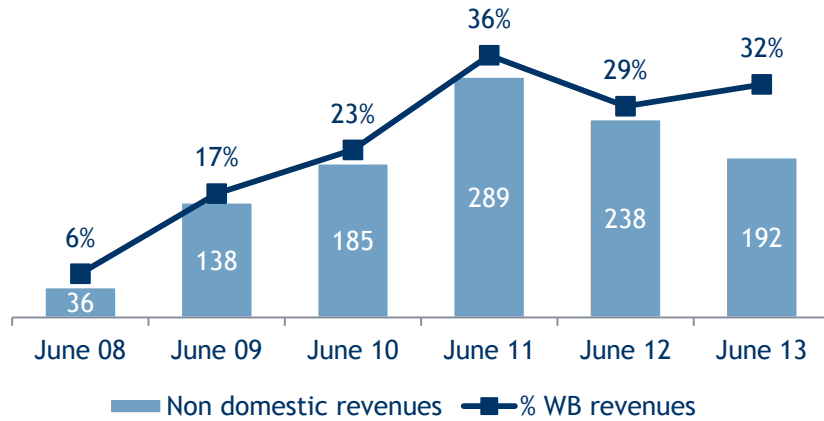


# Trend in non-domestic WB operations

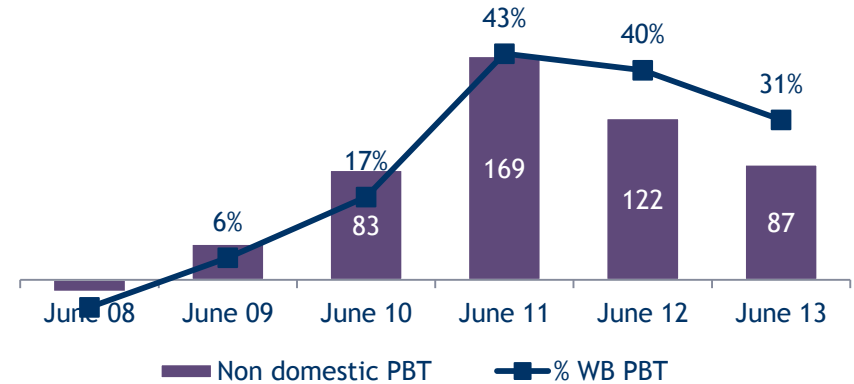
International operations

Section 2.2

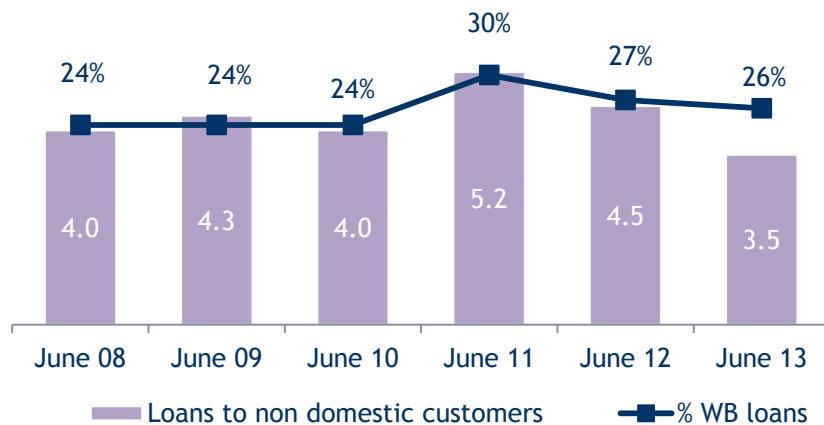
Non-domestic revenues (€m, % WB revenues)



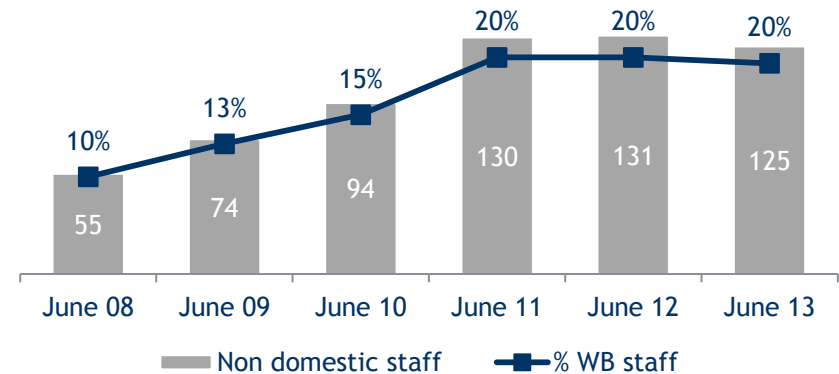
Non-domestic PBT (€m, % WB PBT)



Non-domestic loans (€bn, % WB loans)



Non-domestic staff (#, % WB staff)

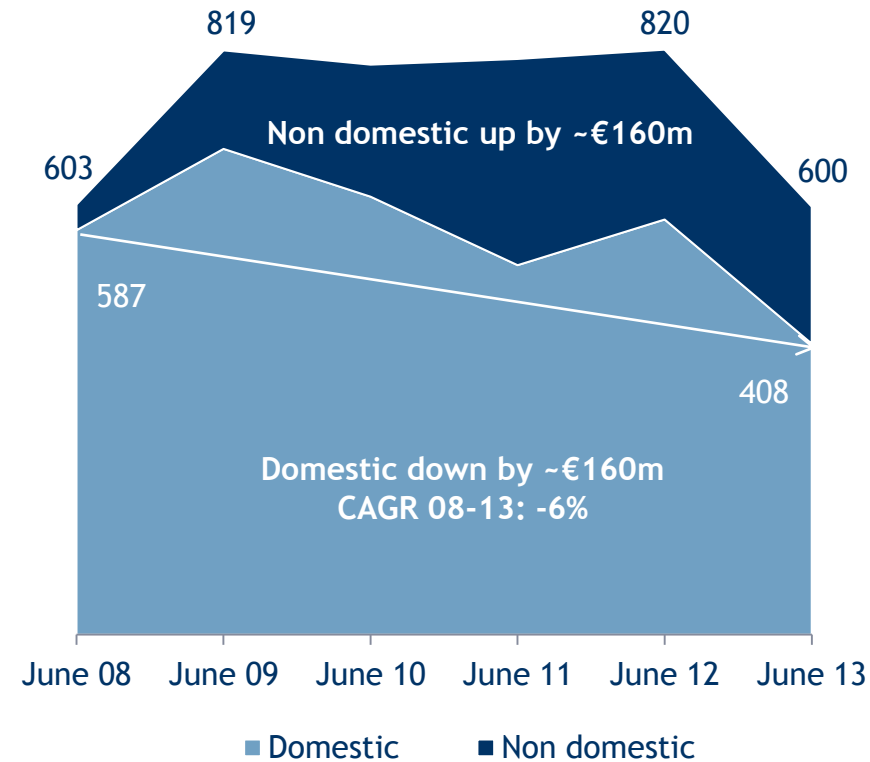


# Geographical diversification paying off

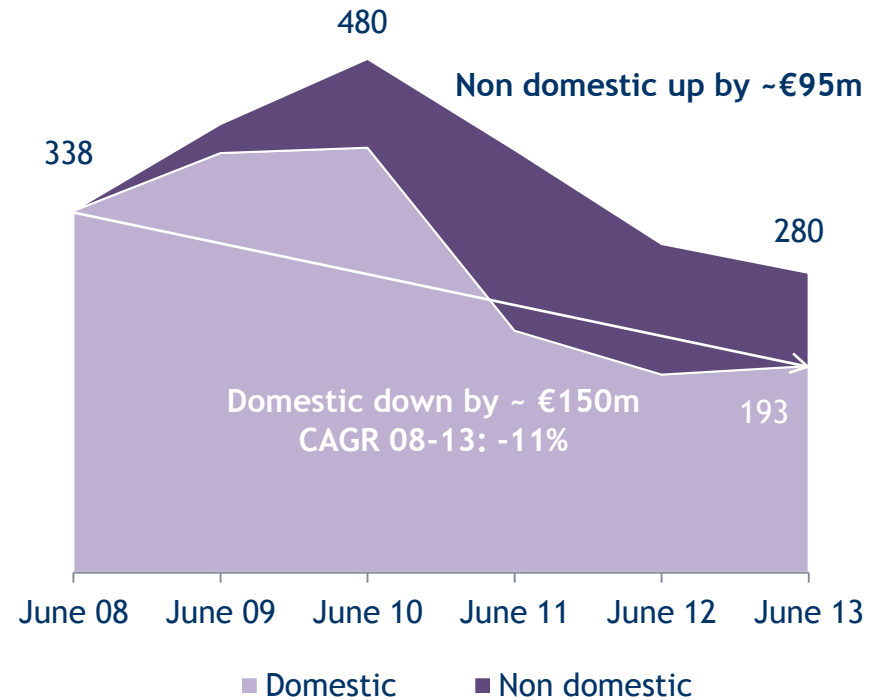
International operations

Section 2.2

WB revenues by location (€m)



WB PBT by location (€m)



- ◆ Non-domestic activities have offset the reduction in domestic revenues since 2010 (sovereign crisis and weak macros)
- ◆ International business in 2013 33% below 2011-peak levels

# 2014-16 strategy: empower MB geographical footprint

International operations

Section 2.2

## Core Europe

- ◆ Mature but large market in which Mediobanca still has a sub-optimal market share
- ◆ Extend mission of London branch from capital markets platform to “hub” of competence for industry expertise and markets
- ◆ Reinforce continental European branches hiring bankers and through a stronger integration between local coverage and industry/product expertise (in London and Milan)
- ◆ Exploit product/customer synergies
- ◆ Focus on capital-light businesses

## New geographies

- ◆ Entering high growth markets, meeting customers’ needs, covering 3 fast-developing economies: Turkey, Mexico, China
- ◆ Enlarge coverage of existing branches:
  - ◆ MENA regions from Turkey
  - ◆ Russia from London
  - ◆ Eastern EU from Frankfurt
  - ◆ Chile, Colombia and Peru from Spain
  - ◆ Benelux from France

# 2016 target: non-domestic operations up to 45% of WB income

## International operations

Section 2.2

- ◆ Existing platform to be fully leveraged
- ◆ Some additional infrastructural investments needed
- ◆ Selected hirings needed
- ◆ Focus on K- and funding-light businesses
- ◆ Income growth mainly driven by capmkt and advisory
- ◆ All branches raising contribution, especially UK
- ◆ Cost/income ratio under control
- ◆ Gross ROAC expected to be >30%

**Non-domestic contribution from 30% to 45% of total CIB revenues**

# KPIs

Section 2.3



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# Wholesale banking

## KPIs

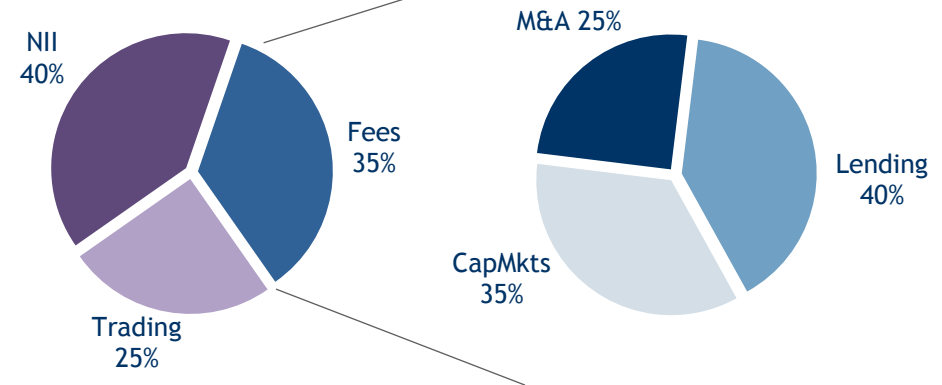
## KPIs

- ◆ 75% revenues customer-driven (NII+fees)
- ◆ Good revenues diversification by :
  - ◆ geography: 32% non italian
  - ◆ K-light/heavy business: 40% NII, 35% fees, 25% trading
  - ◆ product: fees well split among M&A (25%), lending (40%) and Capmkt (35%)

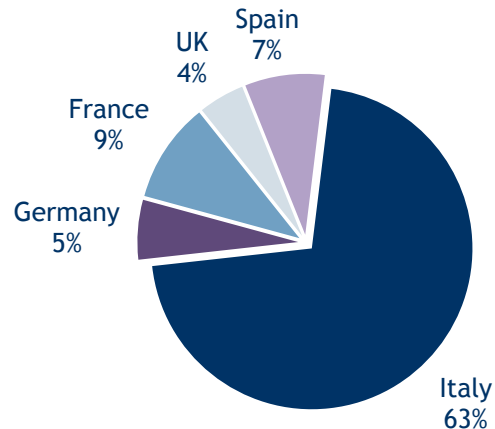
## Section 2.3

### Revenue by product (2011-13 avg.)

Total: €742m

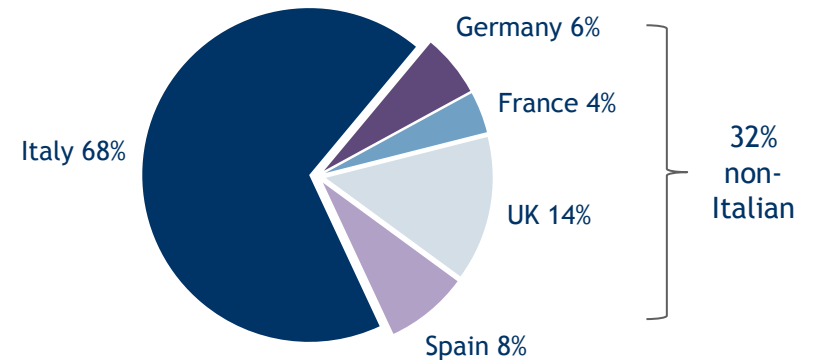


### Corporate loan book breakdown (June 13)



### Revenue by country (2011-13 avg.)

Total: €742m



# Wholesale banking – Key figures

KPIs	Section 2.3		
€m	12M June 13	12M June 12	12M June 11
<b>Total income</b>	<b>630</b>	<b>820</b>	<b>807</b>
Net interest income	247	315	349
Fee income	198	266	308
Net treasury income	185	239	151
<b>Total costs</b>	<b>(247)</b>	<b>(257)</b>	<b>(284)</b>
Loan loss provisions	(120)	(107)	(74)
<b>Ordinary PBT</b>	<b>262</b>	<b>456</b>	<b>449</b>
One-offs	19	(148)	(55)
<b>Net result</b>	<b>162</b>	<b>224</b>	<b>251</b>
Cost/income ratio	39%	31%	35%
LLPs/Ls (bps)	72	60	43
NPLs coverage ratio*	39%	35%	34%
Loans (€bn)	<b>15.5</b>	<b>17.9</b>	<b>18.1</b>
RWAs (€bn)	<b>32.7</b>	<b>34.7</b>	<b>34.4</b>

\* All impaired categories included: past due, watch list, restructured, NPLs



# Private banking

## KPIs

## Section 2.3

### CMB KPIs (June 13)

- ◆ CMB: stake since 1989, fully owned since 2004
- ◆ Leading financial institution in Principality of Monaco, with around 10% market share
- ◆ €6.7bn AUM . AUM breakdown:
  - ◆ mainly private investors
  - ◆ 47% managed assets, 53% administered
- ◆ Distribution network: 40 bankers
- ◆ Steady profitability

### Banca Esperia KPIs (June 13)

- ◆ Founded in 2001 (50% partnership with Mediolanum)
- ◆ Highly synergic with CIB operations
- ◆ Top ranked in Italy as specialist player for UHNWI
- ◆ €14.2bn AUM . AUM breakdown:
  - ◆ 72% private investors, 28% institutional investors
  - ◆ 48% managed, 52% administered
- ◆ Distribution network: 70 bankers, 12 branches in Italy

\* One-off items excluded

### Compagnie Monégasque de Banque

€m	June 13	June 12	June 11
Revenues	83	71	72
Costs	(45)	(46)	(47)
GOPrisk adj	37	22	25
Net result	41	22(*)	24
AUM €bn	6.7	6.0	5.8

### Banca Esperia (100%)

€m	June 13	June 12	June 11
Revenues	68	65	67
Costs	(72)	(64)	(62)
GOPrisk adj	(5)	4	5
Net result	1	4	1
AUM €bn	14.2	13.2	13.7

# Corporate and Private Banking (“CIB”) – Key figures

KPIs	Section 2.3		
€m	12M June 13	12M June 12	12M June 11
<b>Total income</b>	<b>755</b>	<b>930</b>	<b>916</b>
Net interest income	288	349	377
Fee income	198	266	308
Net treasury income	199	249	160
<b>Total costs</b>	<b>(335)</b>	<b>(340)</b>	<b>(366)</b>
Loan loss provisions	(122)	(110)	(75)
<b>Ordinary PBT</b>	<b>298</b>	<b>481</b>	<b>475</b>
One-offs	27	(100)	(53)
<b>Net result</b>	<b>203</b>	<b>295</b>	<b>276</b>
Cost/income ratio	44%	37%	40%
LLPs/Ls (bps)	69	59	41
NPLs coverage ratio*	39%	33%	33%
Loans (€bn)	16.3	18.7	18.8
RWAs (€bn)	34.5	36.5	36.0

\* All impaired categories included: past due, watch list, restructured, NPLs

# Principal Investing

Section 3



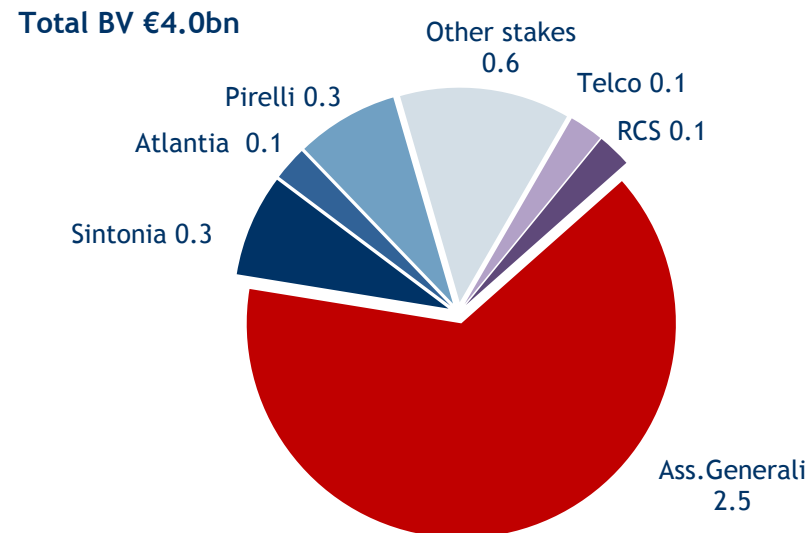
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# Principal Investing portfolio

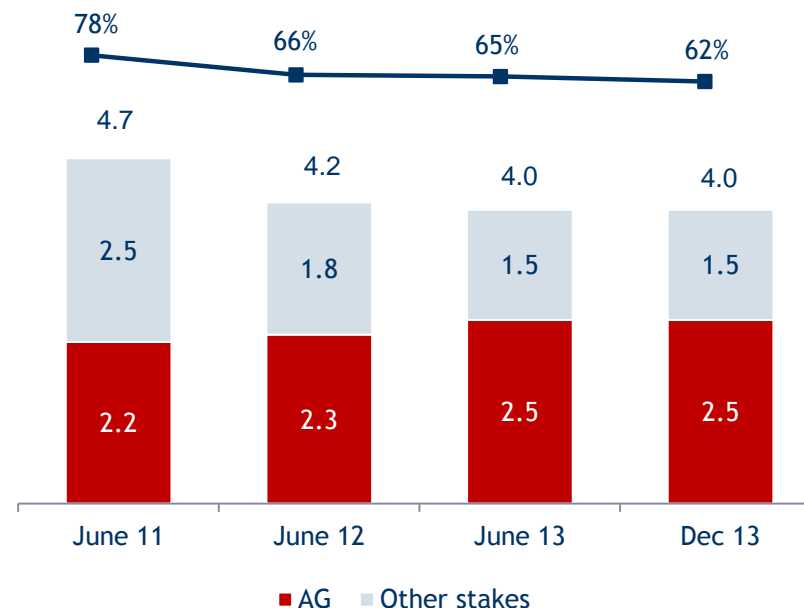
## Principal Investing

## Section 3

### Equity exposure: book value (€bn, Dec 13)



### Equity BV: trend (€bn) and incidence to CT1 (%)



- ◆ Principal investing portfolio (€4.0bn) includes:
  - ◆ €2.5bn equity holding (13.24% stake) in Ass. Generali (insurance), equity accounted
  - ◆ €1.5bn AFS equity stakes, marked to market, classified as “available for sale”
- ◆ 3Y Business Plan 14/16: reduce equity exposure (book value) by €1.5bn in 3Y

# PI strategy: reduce equity exposure by €2bn

Principal Investing

Section 3

## Equity exposure drawbacks

- ◆ Absorbs too much capital
- ◆ Concentration vs insurance sector and Italy too high
- ◆ Adds volatility to Group results
- ◆ Adds discount to valuation

€ 0.4bn  
asset clean-up

€ 1.5bn  
equity stake disposals

Recover full  
availability of shares

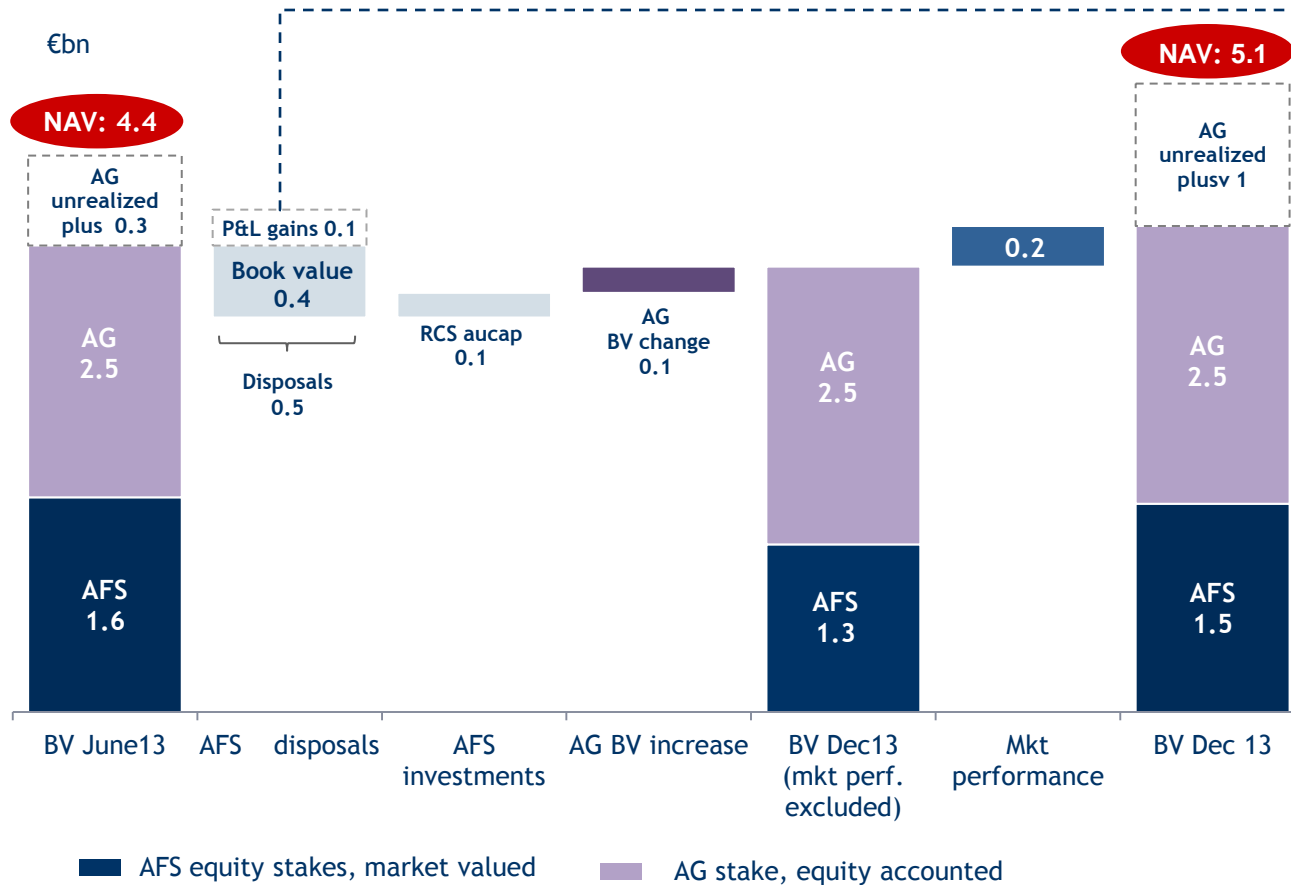
- ◆ All stakes reclassified “as available for sale”<sup>1</sup>
- ◆ All stakes marked-to-market
- ◆ €0.4bn asset clean-up in FY13
- ◆ Ass.Generali: reduce stake by approx. 3pp in 3Y
- ◆ Other AFS stake disposals
- ◆ Speed and amount of deleverage to be co-ordinated with market conditions
- ◆ Exit shareholder agreements
- ◆ Valuable exit strategy to be found working together with other investors/shareholders

1) Ass. Generali excluded and accounted for in accordance with IAS28

# €500m equity sold in 2H13, €150m in capital gains realized

## Principal Investing

## Section 3



	Sales (BV) € mln	Stakes	
		June 13	Dec 13
Gemina	68	7.9%	-
Atlantia	62	-	0.7%
Saks	55	3.5%	-
Telco/Telefonica	35	11.6%	7.3%
Other	180	n.m.	n.m.
<b>Total</b>	<b>400</b>		

- ◆ All full-year budgeted stake disposals completed within the first six months: €500m equity stakes sold
- ◆ €150m in capital gains realized: €60m Telco, €40m Gemina/Atlantia, €29m Saks, etc.
- ◆ Total value unchanged due to €215m AFS market value increase, €69m RCS rights issue and €73 AG BV increase

# Main equity investments

Principal Investing

Section 3

## Listed companies

December 13	% share of capital	Book value €m
Assicurazioni Generali	13.24%	2,534
Pirelli &C.	4.49%	276
Cashes UCI		132
Atlantia	0.71%	95
RCS Mediagroup	13.92%	78
Italmobiliare	5.47%	52
Saks	-	-
Telefonica	-	-
Others		56
<b>Total listed companies</b>		<b>3,223</b>

## Unlisted companies

December 13	% share of capital	Book value €m
Sintonia	5.94%	344
Banca Esperia	50.00%	92
Telco	7.34%	95
Edipower	5.13%	60
Santè	9.92%	30
Athena Private Equity	24.27%	22
Burgo Group	22.13%	-
Fidia	25.00%	1
Others		184
<b>Total unlisted companies</b>		<b>828</b>

# Principal investing – key figures

## Principal Investing

## Section 3

€m	12M June 13	12M June 12	12M June 11
<b>Total income</b>	<b>8</b>	<b>186</b>	<b>88</b>
Gains from disposals	17	29	(13)
Impairments	(422)	(461)	(101)
<b>Net result</b>	<b>(407)</b>	<b>(257)</b>	<b>(33)</b>
<b>Book value (€bn)</b>	<b>4.0</b>	<b>4.2</b>	<b>4.3</b>
Ass. Generali (13.24%)	2.5	2.4	2.6
AFS stakes	1.5	1.1	1.1
<b>Market value (€bn)</b>	<b>4.3</b>	<b>3.6</b>	<b>4.3</b>
Ass. Generali	2.8	2.2	2.8
<b>RWAs (€bn)</b>	<b>4.1</b>	<b>4.6</b>	<b>4.5</b>



# Consumer and Retail Banking

Section 4



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# The Italian retail banking arena

Consumer and Retail Banking

Section 4

SCENARIO	PLAYERS	CUSTOMERS
<ul style="list-style-type: none"><li>◆ Regulatory pressure</li><li>◆ Domestic decline/stagnation on GDP and customer/enterprise wealth</li><li>◆ Squeezed margins</li><li>◆ Partial recovery on digital divide</li><li>◆ “New Italians” as a significant component of social dynamics</li></ul>	<ul style="list-style-type: none"><li>◆ Crowded arena (<i>800+ brands</i>) though recent M&amp;As</li><li>◆ “Overbanked” populations (<i>branches x capita ratio higher than rest of EU</i>)</li><li>◆ Focus on strengthening capital requirements, less on customer service</li><li>◆ Reduced investment in products and channels improvement</li><li>◆ Heavy legacies</li></ul>	<ul style="list-style-type: none"><li>◆ Increasing disaffection towards banks and bankers</li><li>◆ Declining trust in personal prospects</li><li>◆ Shortage in spending even for basic commodities</li><li>◆ Price-seeking</li><li>◆ Looking for connection/co-operative way of purchasing</li></ul>

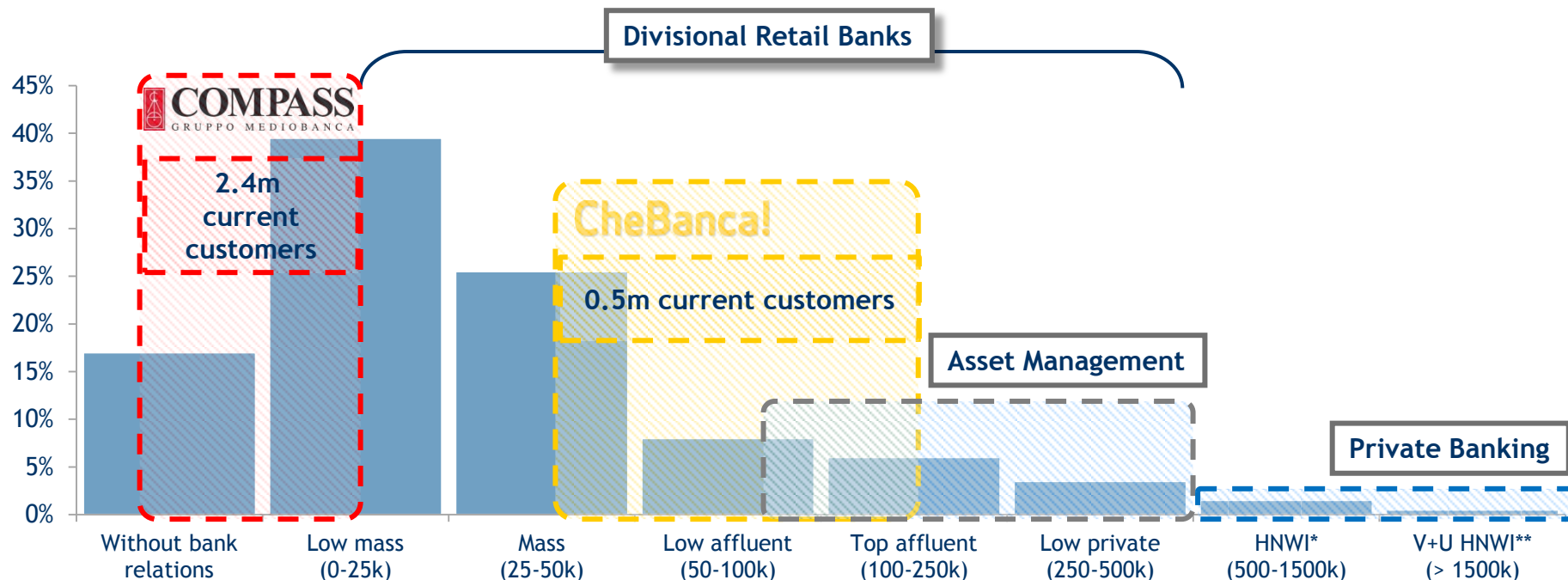
In this arena the Mediobanca Group Retail Platform will compete by leveraging on specialization and innovation

# MB: distinctive and value driven positioning

Consumer and Retail Banking

Section 4

Customer distribution vs assets (% , €, aged 18+)



## Products

- | No/Early Banking (28.3m)   | Mass Banking (17.2m)  | Family Banking (4.7m)  | Private Banking (0.8m)  |
|--|---|--|---|
| <ul style="list-style-type: none"> <li>◆ Payment accounts</li> <li>◆ Pre-paid cards</li> <li>◆ Personal loans</li> </ul> | <ul style="list-style-type: none"> <li>◆ Current accounts</li> <li>◆ Time deposits/Gov. bonds</li> <li>◆ Point-of-sale loans</li> </ul> | <ul style="list-style-type: none"> <li>◆ Current accounts</li> <li>◆ Asset management</li> <li>◆ Equity</li> </ul> | <ul style="list-style-type: none"> <li>◆ Total return AM</li> <li>◆ Property management</li> <li>◆ Best-in-class consultancy</li> </ul> |

Unbanked/Under-banked Target

\* High Net Worth Individual

\*\* Very + Ultra High Net Worth Individual

Source: Compass elaboration on ABI data

# 2016 targets: increasing size and depth of the retail franchise

Consumer and Retail Banking

Section 4

## Compass:

- ◆ Loans up to €11bn, CAGR +4%
- ◆ Develop asset-light business
- ◆ Preserve efficiency and asset quality
- ◆ ROAC = 13-14%

## CheBanca!:

- ◆ Grow and remix total assets
  - ◆ Total up to €14bn, CAGR +5%
  - ◆ Deposits: from €12bn to €10bn
  - ◆ AUM: from €1bn to €4bn
- ◆ Cost efficiency
- ◆ Profitable by Y3

- ◆ FY16 revenues: €1bn, CAGR +7%
- ◆ ROAC16 = 10-11%
- ◆ Lowering cost of funding

# Consumer and Retail banking – key figures

## Consumer and Retail Banking

## Section 4

€m	12M June 13	12M June 12	12M June 11
<b>Total income</b>	<b>854</b>	<b>854</b>	<b>811</b>
Net interest income	697	673	632
Fee income	173	180	174
Net treasury income	(16)	0	4
<b>Total costs</b>	<b>(404)</b>	<b>(424)</b>	<b>(430)</b>
Loan provisions	(360)	(331)	(323)
PBT	89	99	92
<b>Net profit</b>	<b>43</b>	<b>54</b>	<b>55</b>
Cost/income ratio	47%	50%	53%
LLPs/Ls (bps)	265	249	260
<b>Total deposits (€bn)</b>	<b>12.5</b>	<b>12.0</b>	<b>10.1</b>
of which direct	11.9	11.6	10.0
Loans (€bn)	13.7	13.5	13.0
<b>RWAs</b>	<b>10.6</b>	<b>10.4</b>	<b>10.0</b>

# Consumer lending

Section 4.1



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# Consumer lending: Compass profile

## Consumer lending

Section 4.1

### Compass KPIs

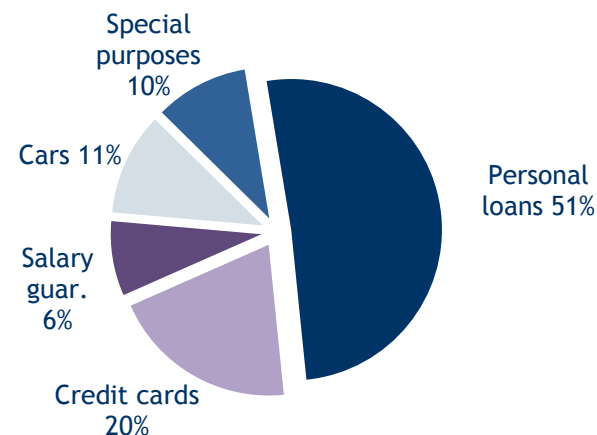
- ◆ In a still shrinking market, Compass's total market share is now up to 11.4%, with a focus on more profitable segments
- ◆ Effective and diversified franchise: 2.4 million customers, 163 Compass branches, around 7,500 bank branches
- ◆ Source of "recurrent" revenues for MB Group
- ◆ Strong asset quality: bad loans/Ls 1.3%, coverage ~90%
- ◆ High profitability: ROAC 14%
- ◆ New capital-light initiatives launched (Compass Pay)

### Top 5 Italian consumer player (12m , Dec 13)

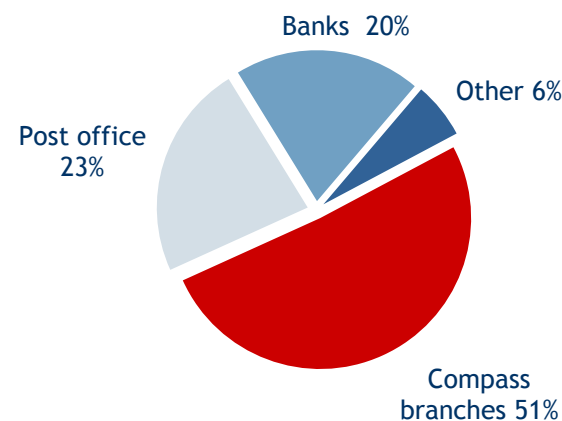
Company	New loans (€bn)	Mkt share	Y.o.Y
Agos Ducato	5.2	11.5%	-11.2%
<b>Compass</b>	<b>5.2</b>	<b>11.4%</b>	<b>+8.2%</b>
Findomestic	4.7	10.4%	+0.5%
Unicredit	4.3	9.5%	-1.6%
Deutsche Bank Easy	3.6	8.0%	-16.5%
<b>Total market</b>	<b>45.4</b>	<b>100.0%</b>	<b>-5.3%</b>

Source: Assofin

### New loans by product (12m, Dec 13)



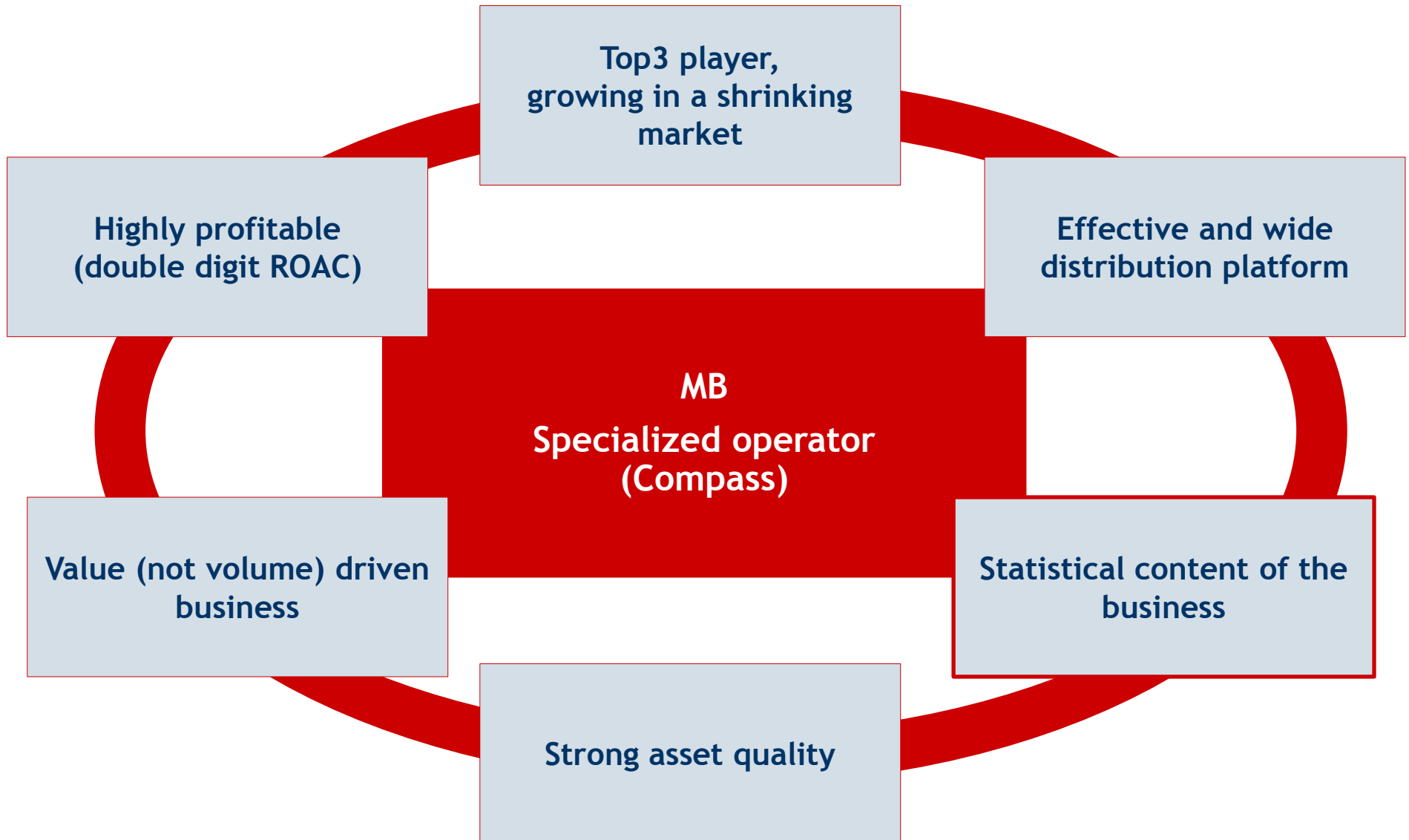
### New personal loans by channel (6m, Dec 13)



# Compass: our strengths

Consumer lending

Section 4.1



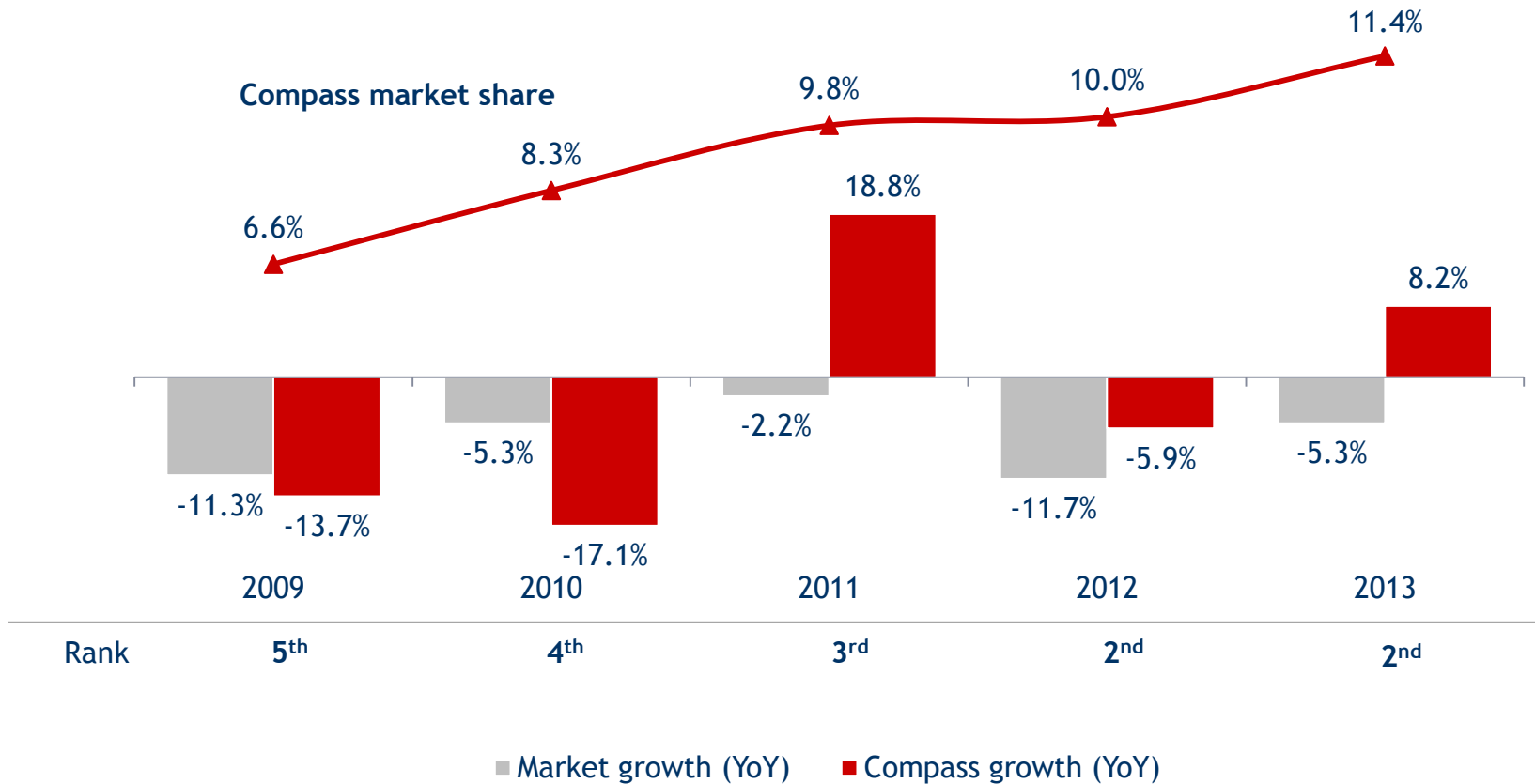


# Top 3 player in a shrinking market

Consumer lending

Section 4.1

New loans YoY trend (2009-2013) and Compass market share (%)



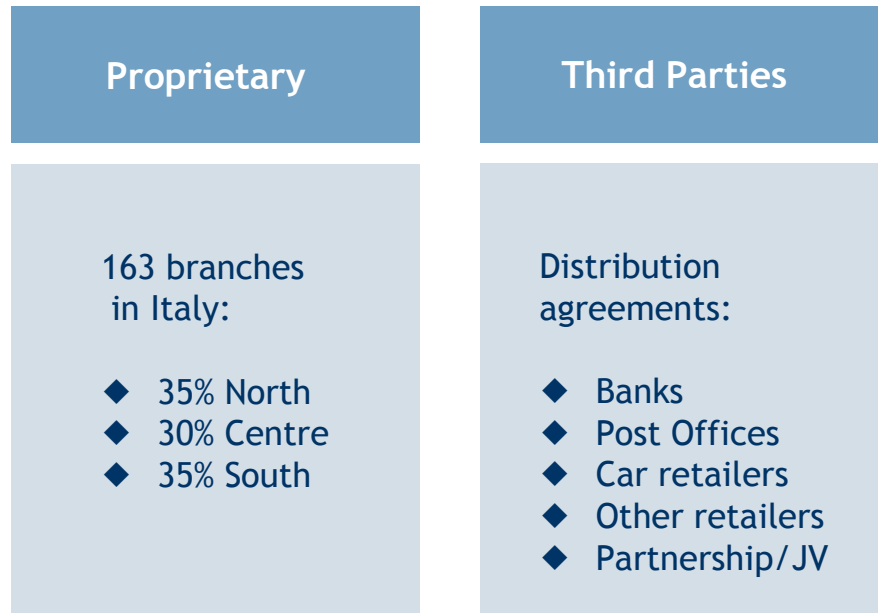
◆ With an 11.4% market share, Compass is the second-ranking player in the industry (first based on Q4 2013 only)

# Effective and wide distribution platform

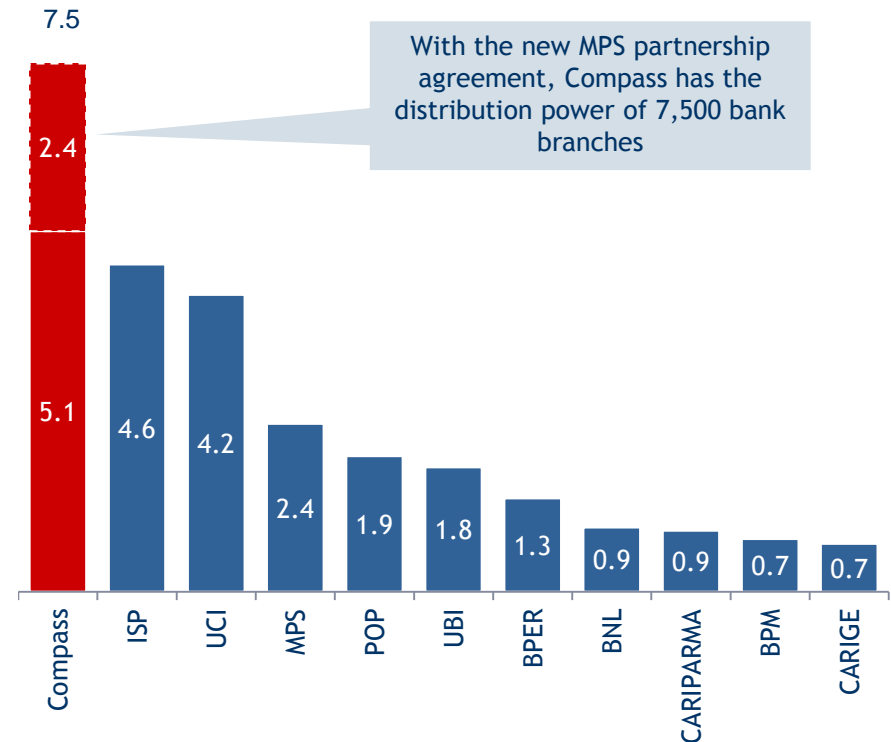
Consumer lending

Section 4.1

## Compass distribution channels



## Top ten banks by no. of branches<sup>1</sup> (#/000)



◆ With the new MPS distribution agreement, Compass can rely on the largest bank branch distribution network in Italy. Compass thus confirms its capability as the banks' partner with an effective distribution model

1) Source: Bank of Italy. Only domestic branches are considered. BPER and MPS are served by Compass

# Strong asset quality

Consumer lending

Section 4.1

## Loan management cycle



- ◆ Scorecards by segment
- ◆ Channel selection & control
- ◆ LGD
- ◆ Conservative cost of risk charged on P&L

- ◆ 90 external companies
- ◆ 30-day mandate
- ◆ Rewards for best collectors

- ◆ Loan book clean after regular bad loans disposals (95% covered) to Cofactor (100% controlled)

- ◆ NPLs (deteriorate)
  - ◆ NPLs/Ls=4.3%
  - ◆ Coverage: 58%
- ◆ Bad loan (sofferenze)
  - ◆ Bad Ls/Ls=1.3%
  - ◆ Coverage=85%

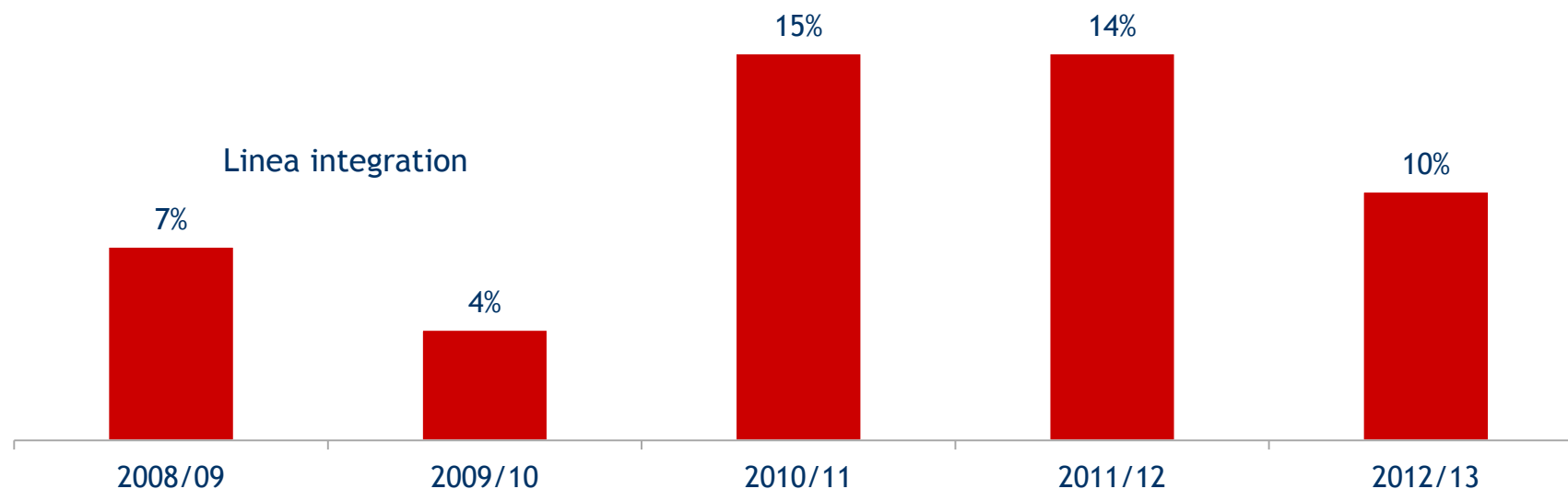
- ◆ Loan quality monitored from the assessment to the possible recovery /disposal of NPLs
- ◆ Statistical approach based on long lasting proprietary database (Compass's 60 years' experience)

# Value driven, profitable business

Consumer lending

Section 4.1

ROAC (%)



- ◆ Decisions based on value of new loans (after cost of funding, cost of risk and distribution costs)
- ◆ Even in bad times, ROAC steadily double-digit. 2008-10 figures impacted by integration of Linea

# Strategy: leveraging on a unique franchise

Consumer lending

Section 4.1

1

Organic growth: new products, customers, partnerships

2

Focus on risk-adjusted return

3

Preserve efficiency and risk control

4

Develop asset light business

5

Develop fee-based products (CompassPay)

# Targets

Consumer lending

Section 4.1

## Compass 2016 Targets

- ◆ Loans up to €11bn, CAGR +4%
- ◆ Develop asset-light business
- ◆ Preserve efficiency and asset quality
- ◆ ROAC = 13-14%

# Consumer lending - Key figures

## Consumer lending

Section 4.1

€m	12M June 13	12M June 12	12M June 11
<b>Total revenues</b>	<b>713</b>	<b>713</b>	<b>687</b>
Net interest income	555	540	520
Fee income	159	172	167
<b>Total costs</b>	<b>(260)</b>	<b>(255)</b>	<b>(245)</b>
Loan provisions	(335)	(311)	(302)
<b>GOP risk adjusted</b>	<b>119</b>	<b>147</b>	<b>140</b>
<b>Net profit</b>	<b>71</b>	<b>97</b>	<b>95</b>
Cost/income ratio	36%	36%	36%
Cost of risk (bps)	360	344	352
NPLs coverage ratio*	56%	46%	54%
<b>ROAC</b>	<b>10%</b>	<b>14%</b>	<b>15%</b>
New loans (€bn)	<b>5.0</b>	<b>5.0</b>	<b>4.8</b>
Loans (€bn)	9.4	9.4	8.9
RWAs (€bn)	<b>8.9</b>	<b>8.9</b>	<b>8.0</b>

\* All impaired categories included: past due, watch list, restructured, NPLs. Net of Cofactor

# Retail banking

Section 4.2



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# Retail banking: CheBanca! profile

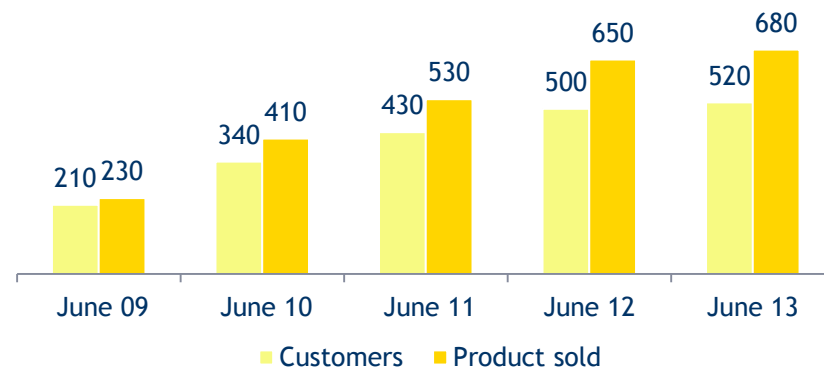
Retail banking

Section 4.2

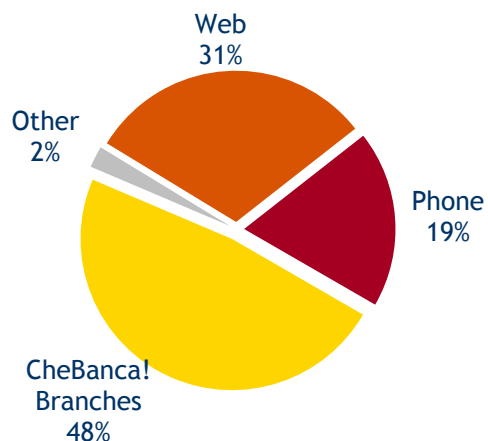
## CheBanca! KPIs

- ◆ Strong funding arm: €13.3bn direct deposits plus €1bn indirect deposits
- ◆ Best Italian online bank in 2012\*
- ◆ Scalable and efficient operating platform
- ◆ Multichannel distribution
- ◆ Increasing and affluent customer base (520,000)
- ◆ Product diversification and profitability improving

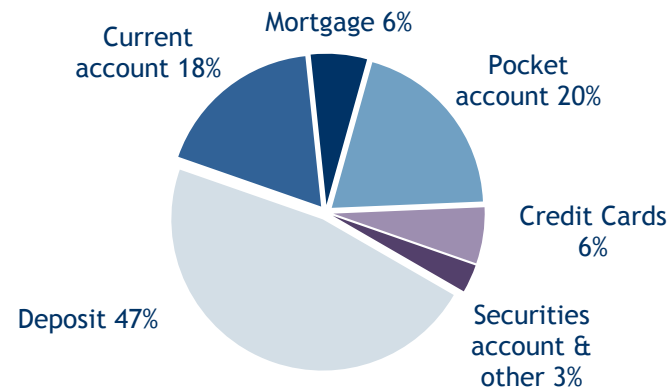
## CheBanca! customers and products ('000)



## Product sold by channel (June 13)



## Product breakdown (June 13)



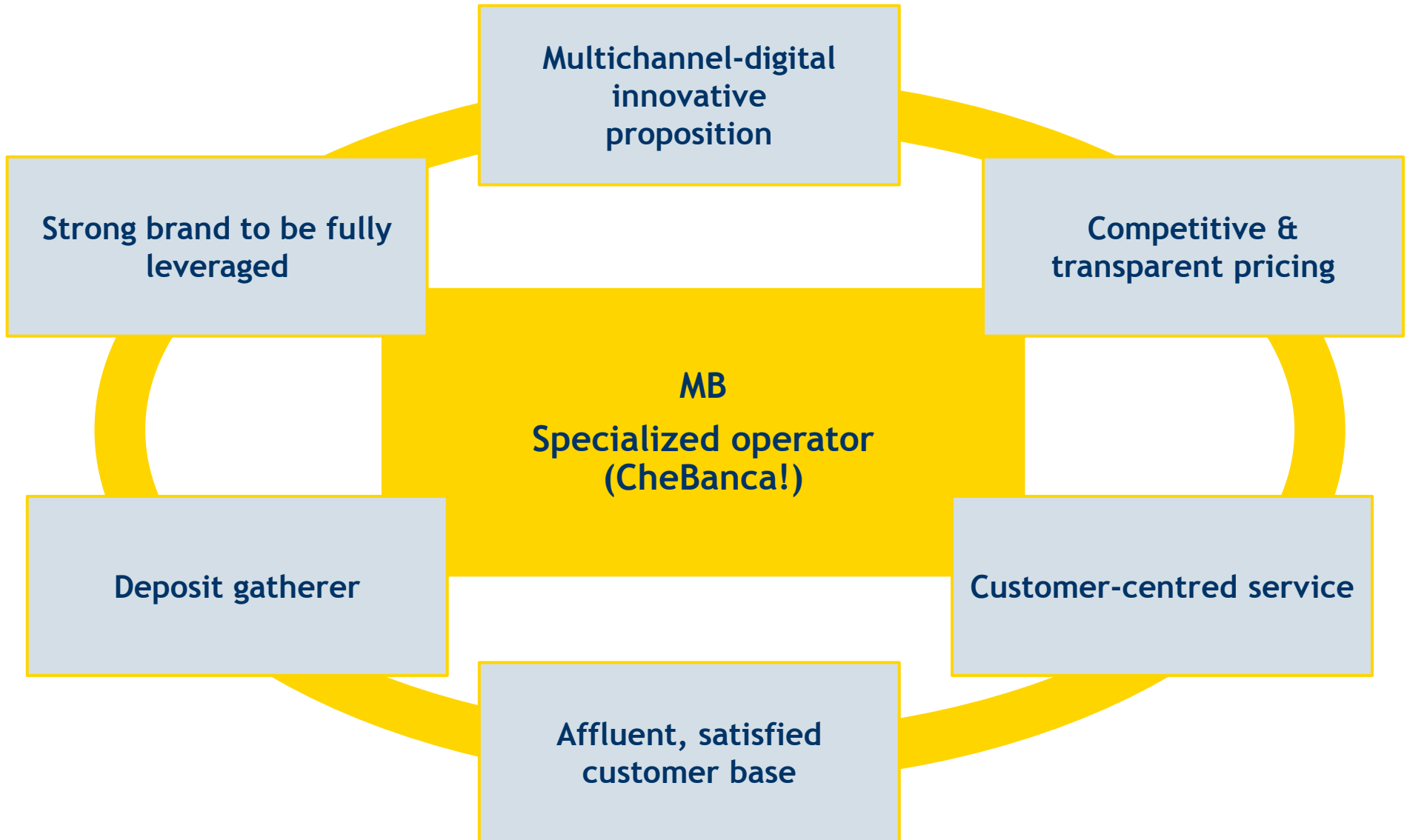
\* Best Italian on-line bank in 2012 according to Istituto tedesco qualità finanza for Corriere Economia, May 2013 - Customer Satisfaction



# CheBanca!: our strengths

Retail banking

Section 4.2



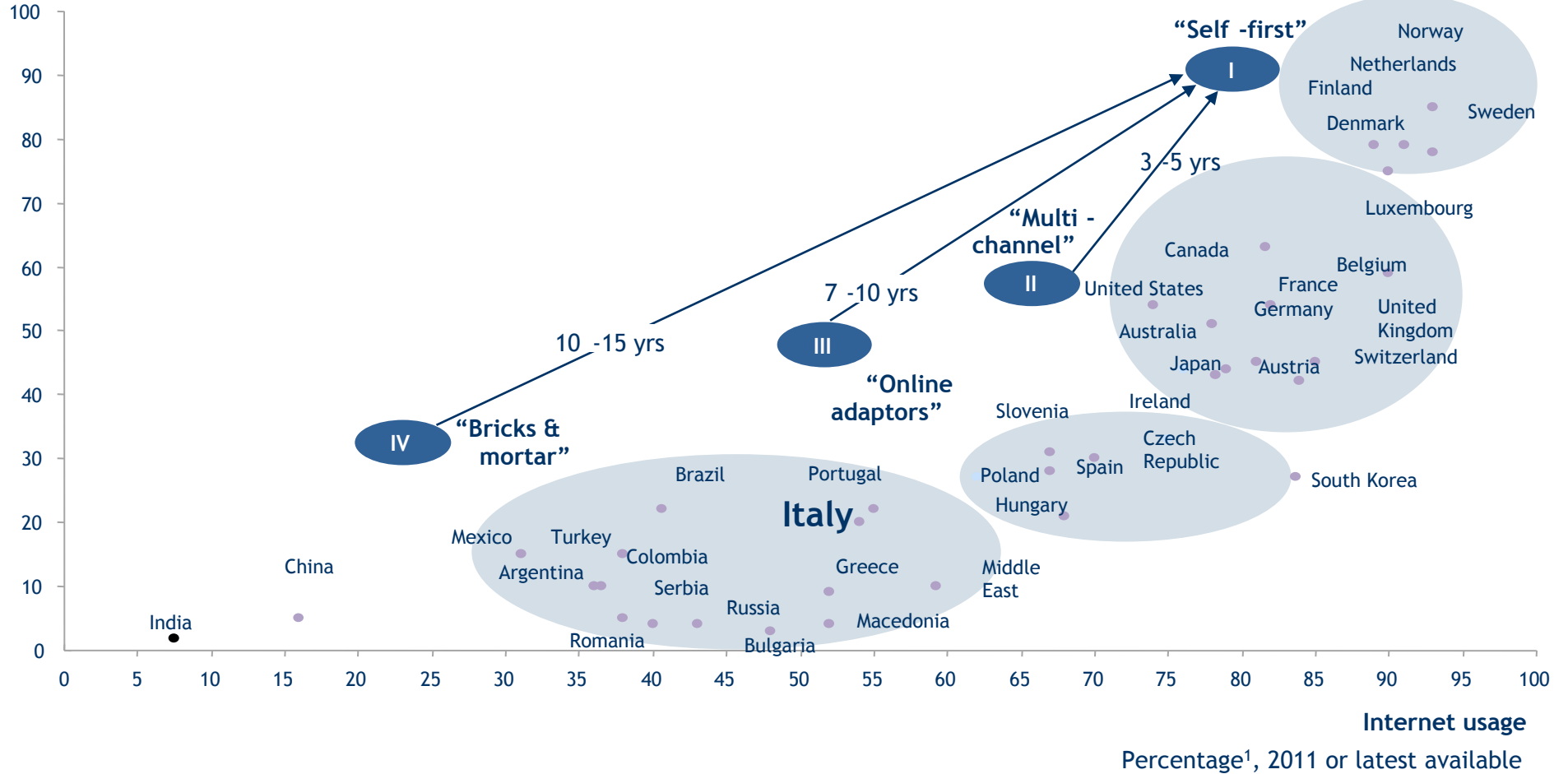
# New trends in retail banking

## Retail banking

## Section 4.2

### Online banking usage

Percentage<sup>1</sup>, 2011 or latest available



1) Percentage of individuals that used the internet / online banking at least once in the past three months  
 Source: McKinsey analysis based on Eurostat; national statistics

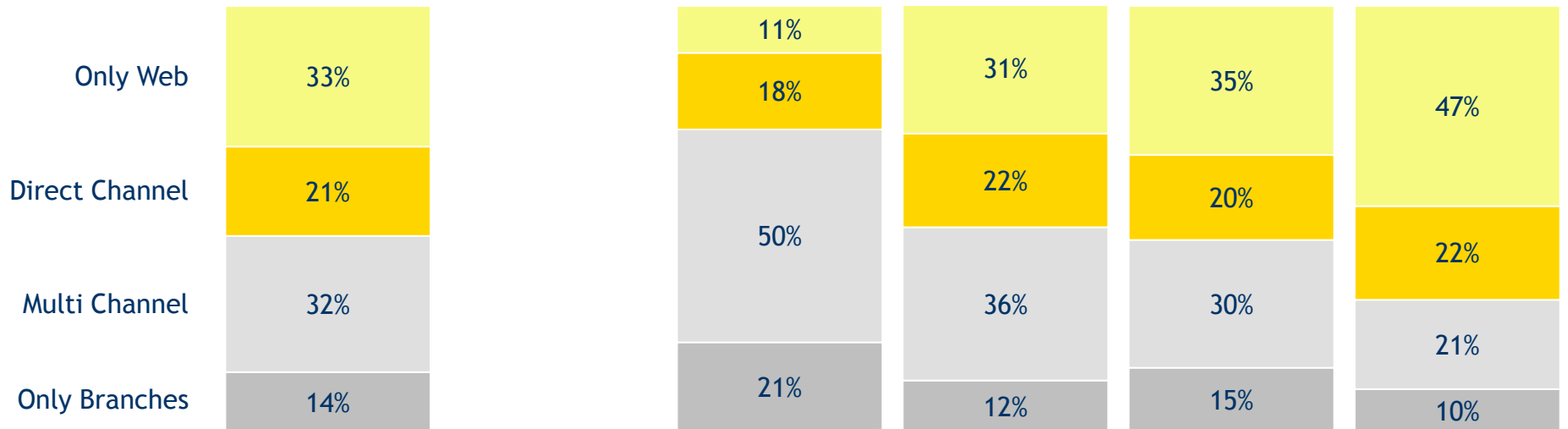


# Multichannel approach, increasing over time

Retail banking

Section 4.2

## CheBanca! channels usage over time



Direct Channel = Web + Call centre

Multy Channel = Web + Call centre + Low branch interaction

# Customer base (500K): smart, affluent and ...

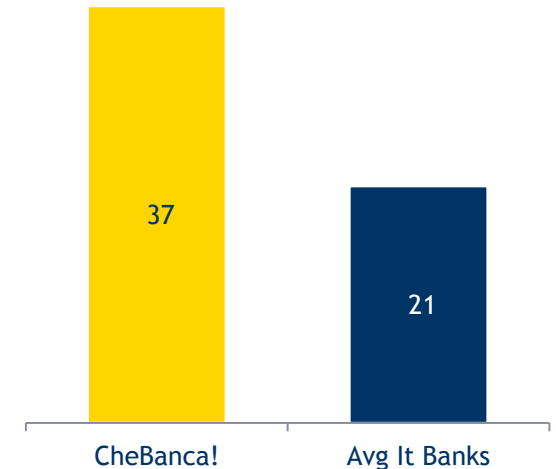
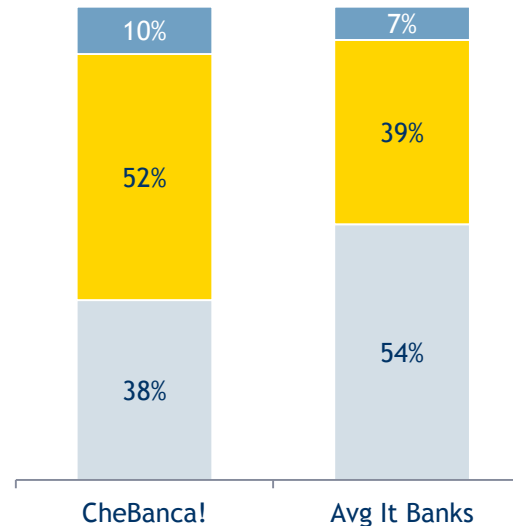
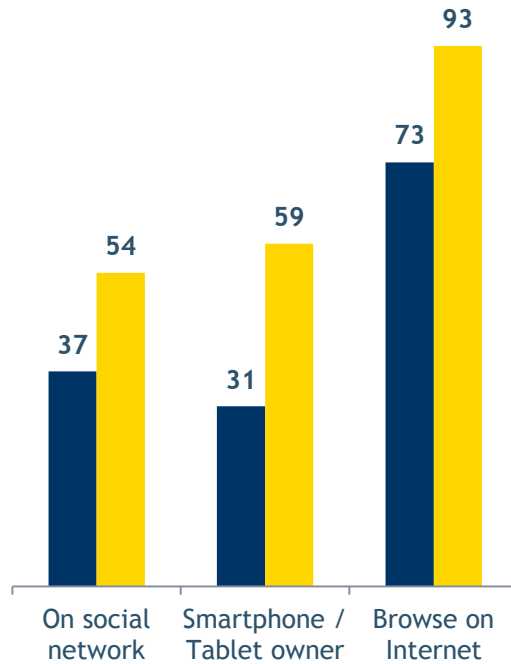
Retail banking

Section 4.2

## Clients using new technology

## Deposit distribution (%)

## Deposit /Client (€K)



■ National banks ■ CB! clients

■ > €150k ■ €30 to 150K ■ >€30k

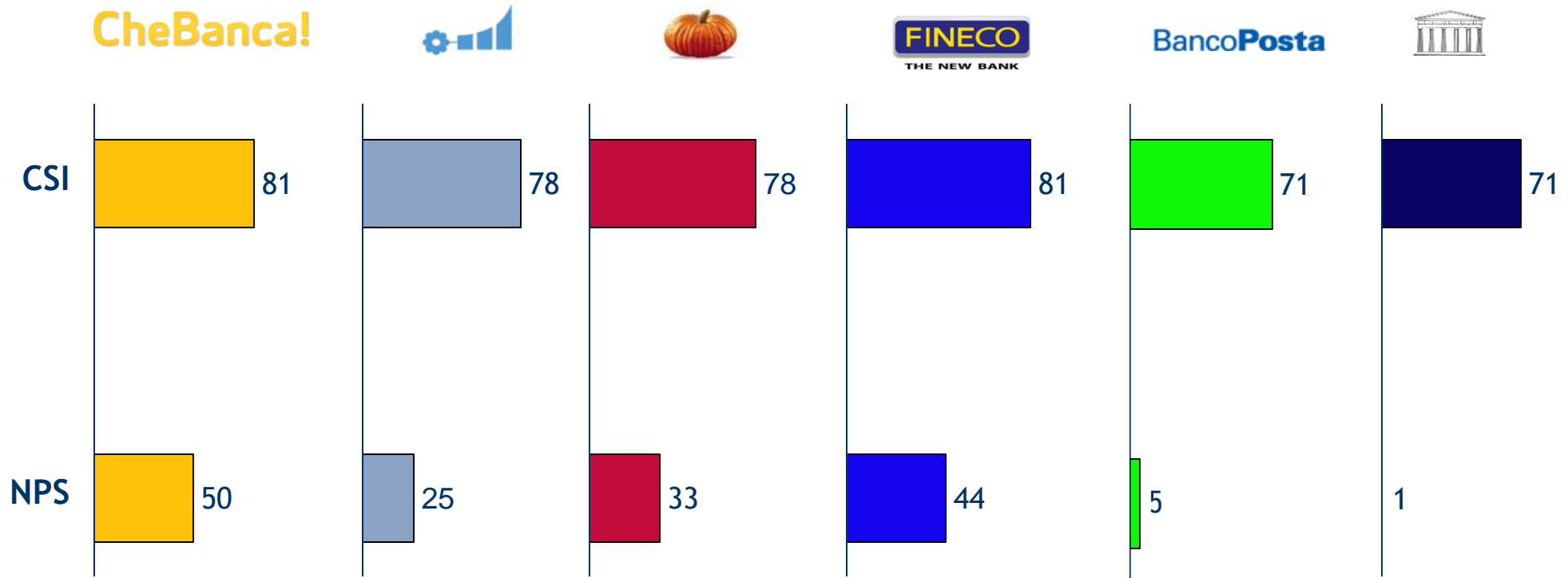
- ◆ CheBanca! avg deposit balance: €37K (€21K avg for Italian banks)
- ◆ Great opportunity for cross-selling advisory services and investments

# ...satisfied

Retail banking

Section 4.2

## Customer Satisfaction Index (CSI) and Net Promoter Score (NPS)\*



Average figures; scale 0-100

◆ CheBanca! recently voted the Best Online Bank for Customer Satisfaction, among 6 online banks operating in Italy

Source: CFK Eurisko -. Summer 2013

\*NPS index signals the % of customers willing to promote the bank's services to third parties.



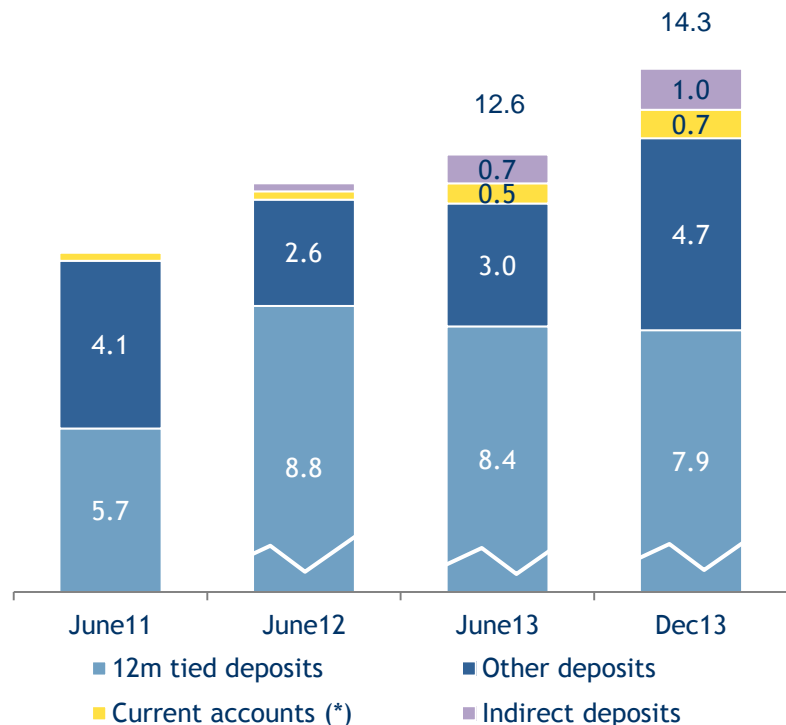
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# Strong deposit gatherer, cost of funding reducing

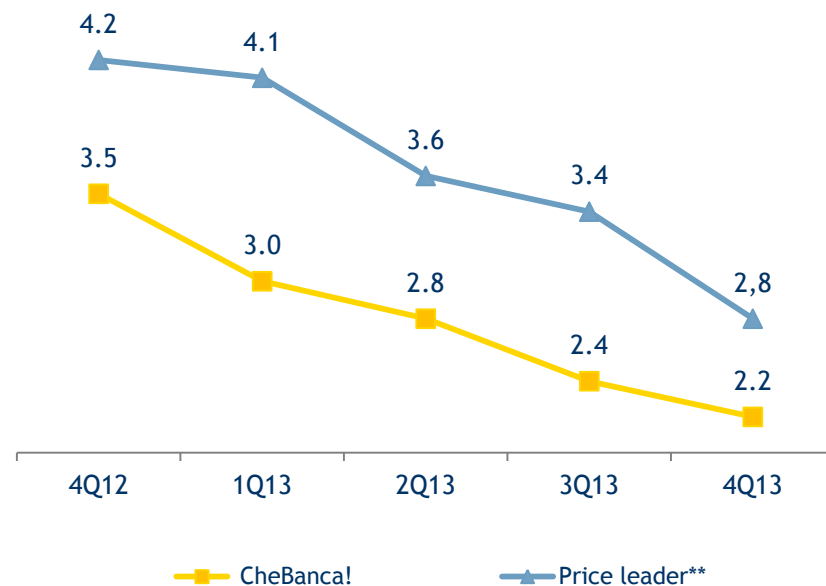
Retail banking

Section 4.2

## CheBanca! total deposits trend



## Pricing for 12m tied deposits: CheBanca! and peers (%)



- ◆ €14bn total deposits, €13.3bn direct and €1bn AUA (€0.6bn represented by MB bond placed to CheBanca! clients)
- ◆ Switch from direct to indirect deposits started

\*Including “conto tascabile” and cash to be invested in securities accounts

\*\* Out of a peer group made up of: Fineco, ING, IWBank, Webank, Mediolanum, Rendimax, Barclays



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# Strategy: to be the leading digitally omni-channel Italian bank

Retail banking

Section 4.2

1

Leverage on retail industry new trends

2

Growing digital omni-channel banking customers

3

Complete products and service offering

4

Increase efficiency

5

Exploit group synergies



**CheBanca!**  
**2016 Targets**

- ◆ Grow and remix total assets
  - ◆ Total up to €14bn, CAGR +5%
  - ◆ Deposits: from €12bn to €10bn
  - ◆ AUM: from €1bn to €4bn
- ◆ Cost efficiency
- ◆ Profitable by Y3 (2016)

# Retail banking – Key figures

## Retail banking

## Section 4.2

€ m	12M June 13	12M June 12	12M June 11
<b>Total income</b>	<b>141</b>	<b>141</b>	<b>123</b>
Net interest income	142	133	112
Fee income	15	8	7
<b>Total costs</b>	<b>(145)</b>	<b>(169)</b>	<b>(185)</b>
<b>Loan provisions</b>	<b>(25)</b>	<b>(20)</b>	<b>(21)</b>
<b>Net result</b>	<b>(28)</b>	<b>(43)</b>	<b>(39)</b>
LLPs/Ls (bps)	59	46	54
<b>Total deposits (€bn)</b>	<b>12.5</b>	<b>12.0</b>	<b>10.1</b>
of which direct (€bn)	11.9	11.9	10.0
Loans (€bn)	4.3	4.3	4.1
RWAs (€bn)	1.6	1.9	1.9
<b>Products sold ('000)</b>	<b>680</b>	<b>650</b>	<b>530</b>
<b>Customers ('000)</b>	<b>520</b>	<b>500</b>	<b>430</b>

# 1H results as at December 2013

Annex 1



MEDIOBANCA

# 1H14 Group results

Annex 1.1



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# Net profit growth due to business diversification & stake disposals

1H 14 Group results

Annex 1.1

Net profit  
doubled to €305m

- ◆ Growth in PI and RCB offsetting CIB absence of trading income
- ◆ Gains on equity disposals vs increase of coverage ratios
- ◆ Net profit up to €305m, doubled YoY

Positive  
KPIs on A&L

- ◆ Funding: full-year programme almost completed, maturities profile extended
- ◆ Loans: bulk risk reduced in corporate, new loans up in all divisions
- ◆ Treasury: liquidity buffer to all-time highs, optimization ongoing
- ◆ Equity stakes: €500m sold, €150m in capital gains realized
- ◆ Comfortable capital position

Positive  
KPIs on P&L

- ◆ NII recovery confirmed, driven by consumer business
- ◆ Momentum in CapMkts fee income
- ◆ Cost base optimized
- ◆ Coverage ratios further increased in all categories

# New loans up, but stock impacted by early redemption. CT1 up to 11.9%

1H 14 Group results

Annex 1.1

€bn	Dec13	June13	Dec12	Δ HoH*	Δ YoY*
<b>Funding</b>	<b>53.3</b>	<b>51.3</b>	<b>54.0</b>	<b>+4%</b>	<b>-1%</b>
Bonds	26.8	25.9	28.1	+4%	-4%
Retail direct deposits	13.3	11.9	12.3	+12%	+8%
ECB	7.0	7.5	7.5	-7%	-7%
Others	6.2	6.1	6.1	+4%	+1%
<b>Loans to customers</b>	<b>32.3</b>	<b>33.5</b>	<b>34.1</b>	<b>-4%</b>	<b>-5%</b>
Wholesale	14.4	15.5	16.1	-7%	-10%
Private banking	0.8	0.8	0.8	-5%	-10%
Consumer	9.6	9.4	9.2	+2%	+4%
Mortgage	4.3	4.3	4.3	+1%	+1%
Leasing	3.2	3.5	3.8	-7%	-15%
<b>Treasury+AFS+HTM+LR</b>	<b>25.2</b>	<b>21.7</b>	<b>23.2</b>	<b>+16%</b>	<b>+9%</b>
<b>RWAs</b>	<b>52.9</b>	<b>52.4</b>	<b>54.7</b>	<b>+1%</b>	<b>-3%</b>
<b>Core tier 1 ratio</b>	<b>11.9%</b>	<b>11.7%</b>	<b>11.8%</b>	<b>+2pp</b>	<b>+1pp</b>
<b>Total capital ratio</b>	<b>15.9%</b>	<b>15.6%</b>	<b>14.8%</b>	<b>+3pp</b>	<b>+11pp</b>

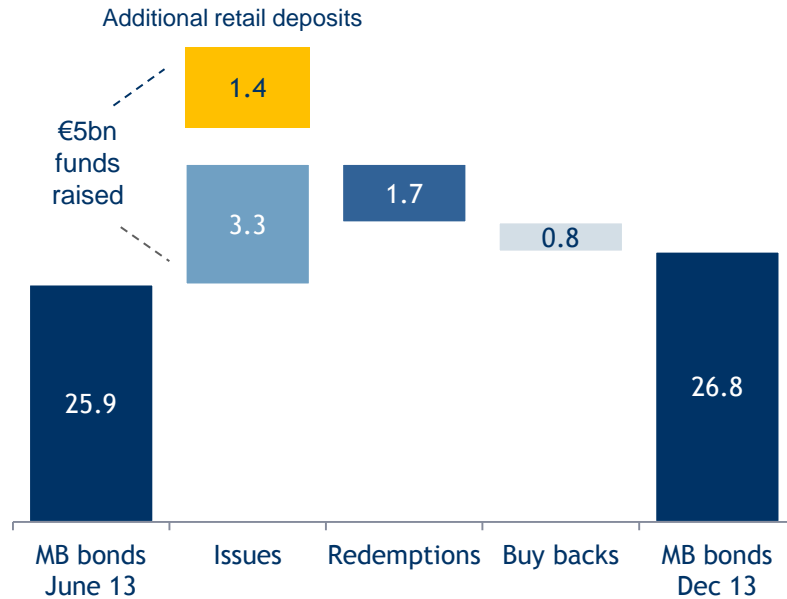
\*HoH = Dec13/June13; YoY= Dec13/Dec12

# Funding: full year programme almost completed, maturities smoothed

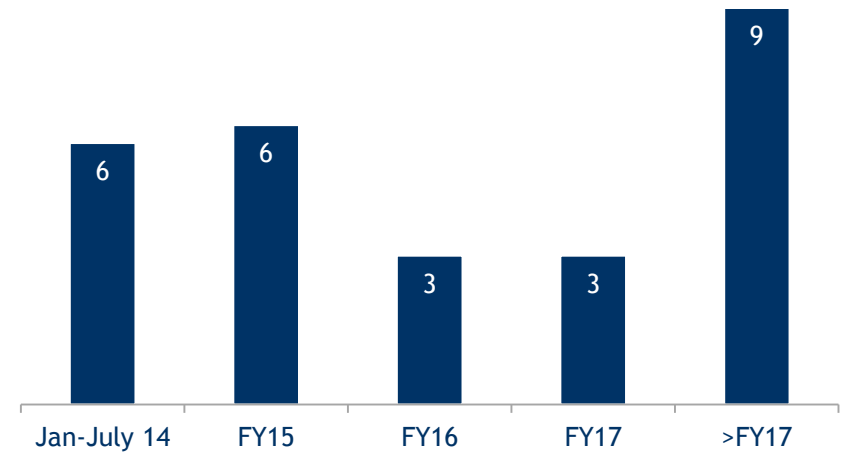
1H 14 Group results

Annex 1.1

## MB bonds trend (€bn)



## MB bond maturities (€bn)



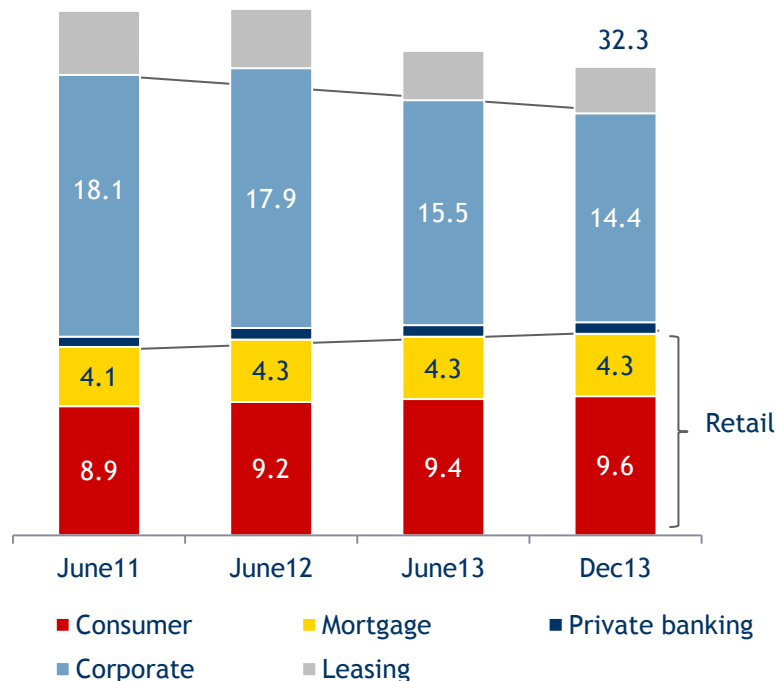
- ◆ In last 6m: €3.3bn bonds issued, €1.4bn retail deposits gathered
- ◆ Bond maturities' profile smoothed and extended
- ◆ Marginal cost of funding declining for both bonds and retail deposits, but still above historical levels

# Loan book: concentration reduced in corporate, volume growth in retail

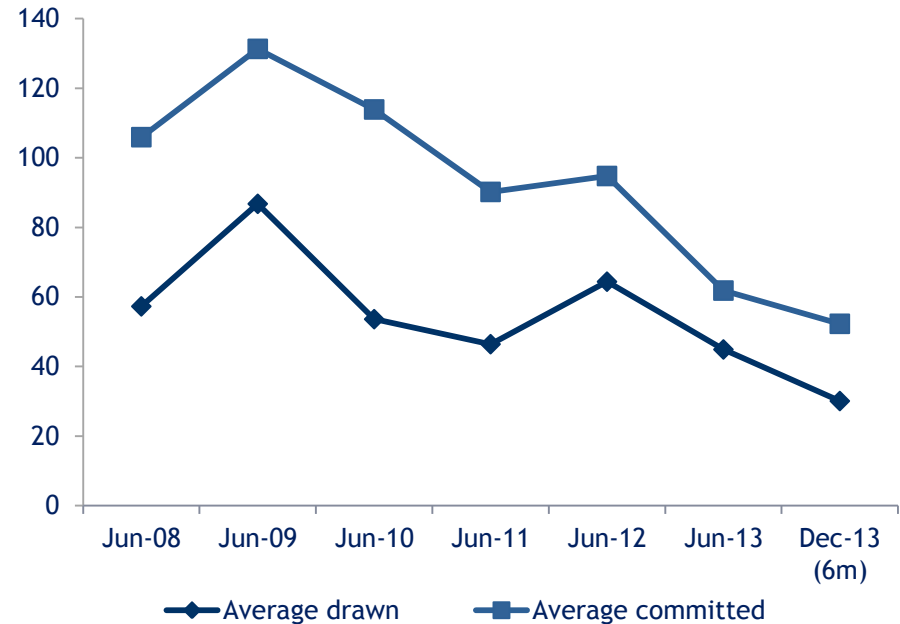
1H 14 Group results

Annex 1.1

## Loan book evolution (€bn)



## Avg. ticket of new corporate loans<sup>(1)</sup> (€m)



- ◆ Wholesale: still no growth in stock in last 6m despite €2bn in new drawn lines, due to over €3bn in repayments. Lending activity still penalized by mismatch between new loan margins and new funding costs
- ◆ Efforts to reduce corporate concentration risk paying off: avg.amounts of new transaction progressively decreasing
- ◆ Growth in consumer (up 2%) and retail banking (up 1%)

1) Amounts include Mediobanca International (Luxembourg) and exclude lending to and by affiliates

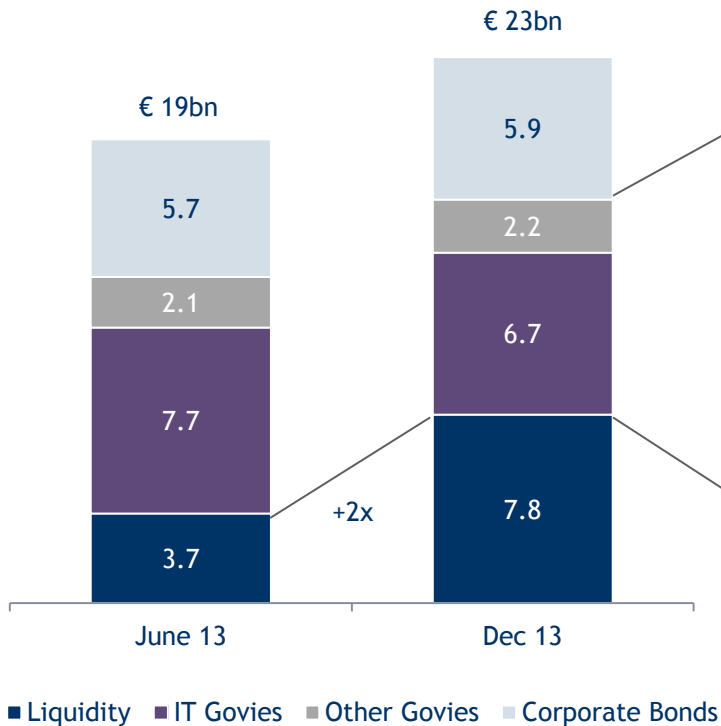


# Treasury: liquidity buffer to all-time highs, optimization ongoing

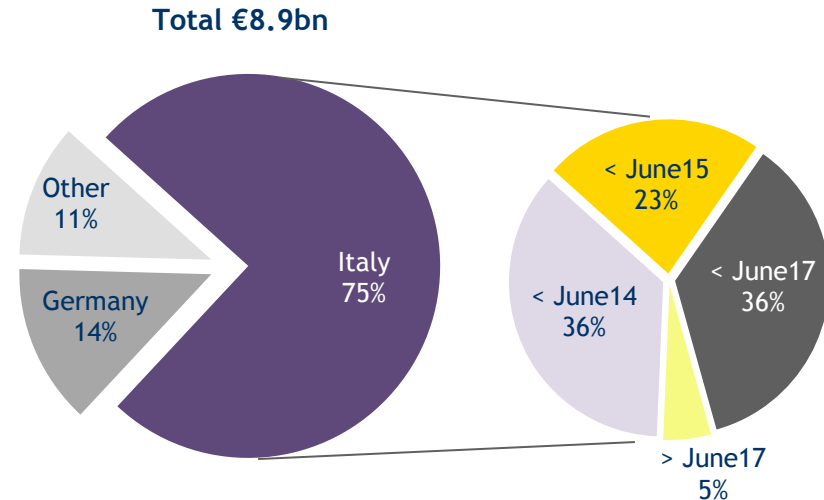
1H 14 Group results

Annex 1.1

## Portfolio evolution (equity excl. - €bn)



## Govies composition (as at Dec13)

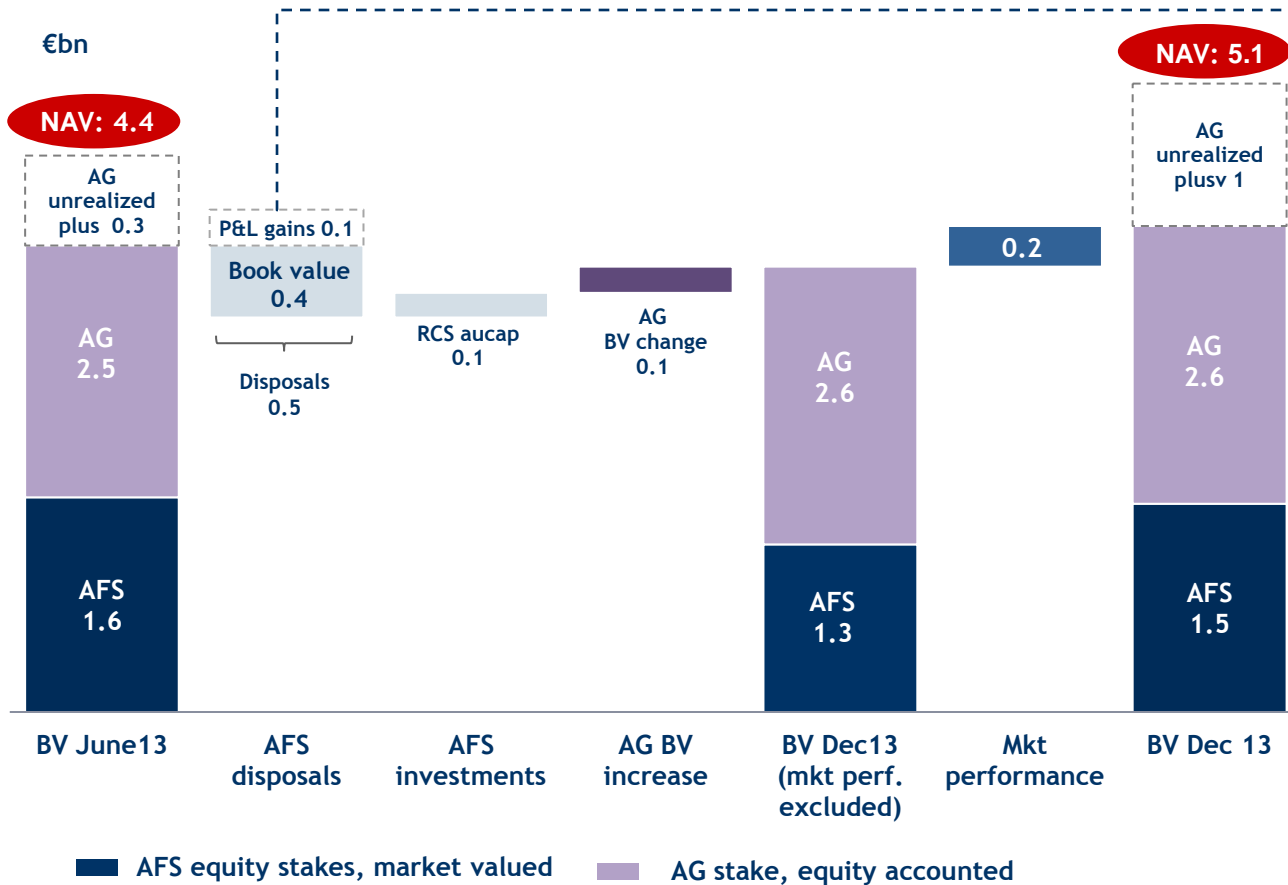


- ◆ Total portfolio up to €23bn (approx. 40% total assets), driven by increased funding/lower loans stock
- ◆ One-third of portfolio invested in pure liquidity, amount doubled in last 6m
- ◆ Italian govies portfolio: reduced in terms of size (by €1bn in last 6m) and duration (60% < 18m)

# €500m of equity stakes sold, €150m in capital gains realized

1H 14 Group results

Annex 1.1



	Sales (BV) € mln	Stakes	
		June 13	Dec 13
Gemina	68	7.9%	-
Atlantia	62	-	0.7%
Saks	55	3.5%	-
Telco/Telefonica	35	11.6%	7.3%
Other	180	n.m.	n.m.
<b>Total</b>	<b>400</b>		

- ◆ All full-year budgeted stake disposals completed within the first six months: €500m equity stakes sold
- ◆ €150m in capital gains realized: €60m Telco, €40m Gemina/Atlantia, €29m Saks, etc.
- ◆ Total value unchanged due to €215m AFS market value increase, €69m RCS rights issue and €73 AG BV increase



# Net profit growth due to business diversification & stake disposals

1H 14 Group results

Annex 1.1

€m	6m Dec13	6m June13	6m Dec12	Δ HoH*	Δ YoY*
<b>Total income</b>	<b>875</b>	<b>709</b>	<b>916</b>	<b>+23%</b>	<b>-4%</b>
Net interest income	535	510	518	+5%	+3%
Fee income	192	209	201	-8%	-4%
Net treasury income	17	85	111		
Equity accounted co.	131	(95)	86		+53%
<b>Total costs</b>	<b>(370)</b>	<b>(381)</b>	<b>(375)</b>	<b>-3%</b>	<b>-1%</b>
Labour costs	(179)	(190)	(194)	-6%	-8%
Administrative expenses	(191)	(191)	(181)	-	+5%
<b>Loan loss provisions</b>	<b>(302)</b>	<b>(274)</b>	<b>(233)</b>	<b>+10%</b>	<b>+30%</b>
<b>GOP</b>	<b>203</b>	<b>54</b>	<b>308</b>		<b>-34%</b>
Impairments, disposals	129	(290)	(100)		
Income taxes	(30)	(71)	(86)	-57%	-65%
<b>Net result</b>	<b>305</b>	<b>(304)</b>	<b>124</b>		<b>+2x</b>
Cost/income ratio (%)	42	54	41	-12bps	+1bps
Cost of risk (bps)	184	162	132	+22bps	+52bps
ROE (%)	8.8%	neg	3.7%		

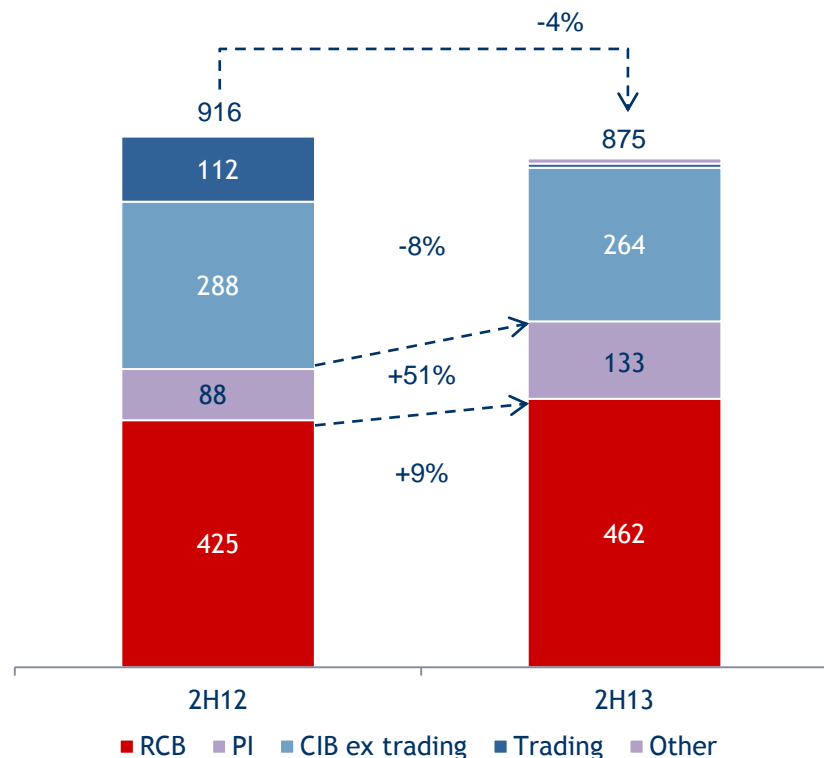
\*HoH = Dec13/June13; YoY= Dec13/Dec12

# NII rebound confirmed, driven by strong consumer performance

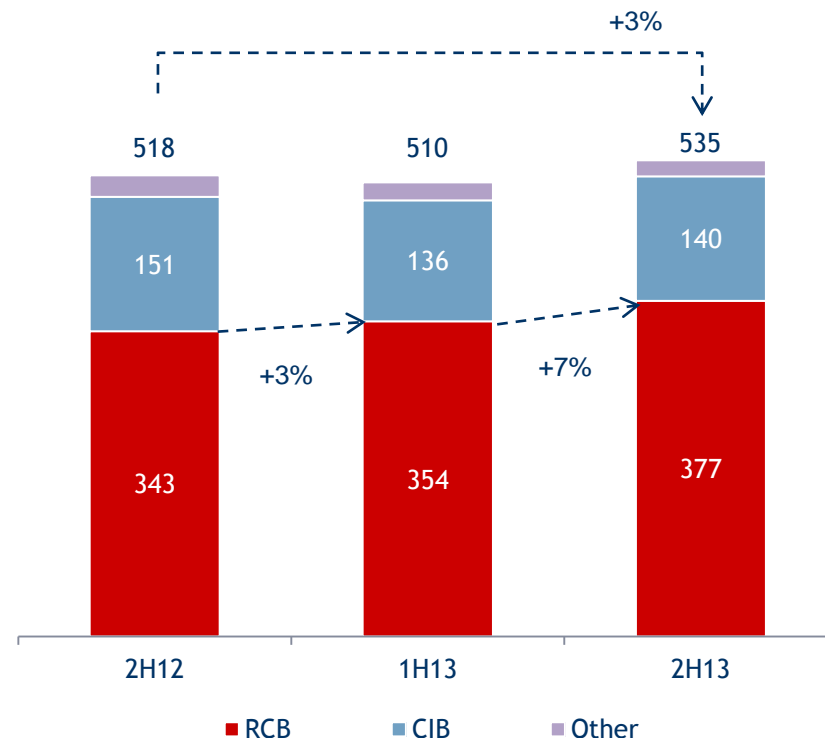
1H 14 Group results

Annex 1.1

## Total revenues (€m)



## Net interest income (€m)



- ◆ Growth in RCB (up 9%) and PI (up 51%) almost offsetting CIB weakness: total revenues down 4%
- ◆ CIB penalized by subdued M&A/acquisition finance and absence of trading income
- ◆ NII steadily recovering, driven by consumer lending (up 13% YoY) boosted by increased marginality/loan stock

# Costs base optimized

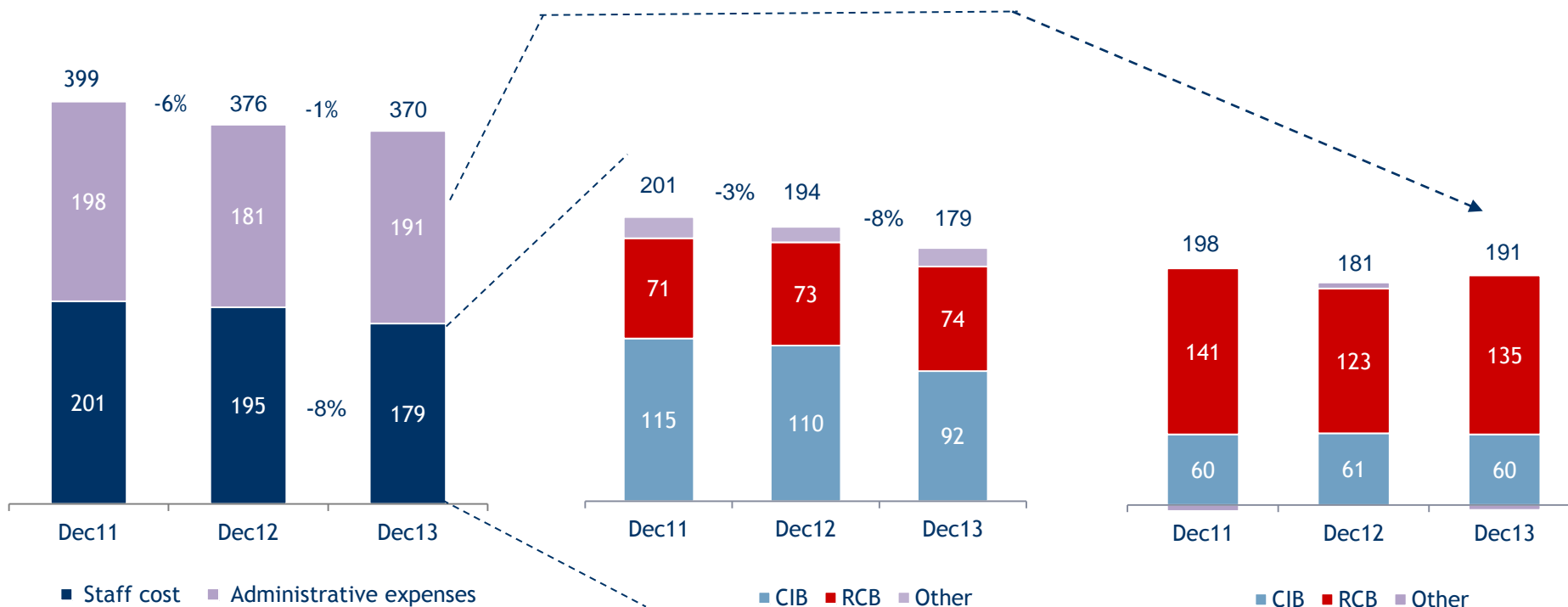
1H 14 Group results

Annex 1.1

Group costs trend (€m)

Labour costs (€m)

Administrative expenses (€m)



- ◆ Administrative costs: increasing in RCB for new projects (CheBanca! AuM platform and CompassPay) and higher collection costs, already optimized in CIB
- ◆ Further staff cost reductions in CIB, but now cost base has now bottomed out

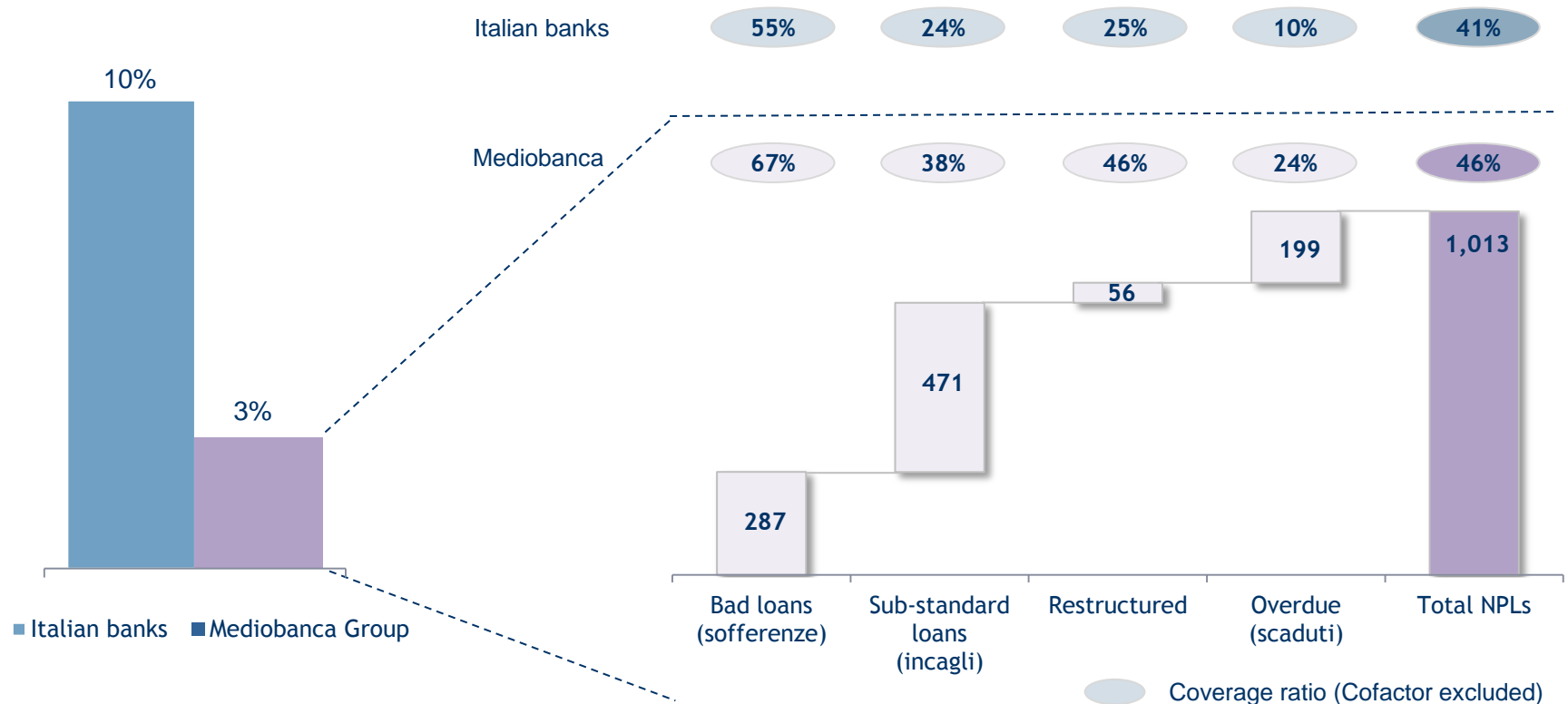
# Also due to different business mix MB asset quality substantially better than Italian commercial banks

1H 14 Group results

Annex 1.1

Net NPL/loans ratio\*

Net NPLS coverage by categories<sup>1</sup>



- ◆ NPLs to loans: MB 3%, substantially lower than Italian banks (10%) also due to different business mix
- ◆ Coverage ratios: MB 46%, higher than Italian banks (41%)

<sup>1</sup>Source: MB Securities, largest six Italian banks; data as at Dec13 for Mediobanca, Sept13 for Italian banks



# Group NPLs (“partite deteriorate”): small in size and well covered ...

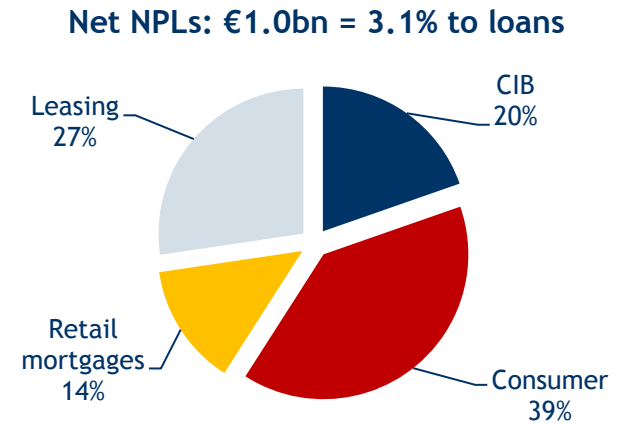
1H 14 Group results

Annex 1.1

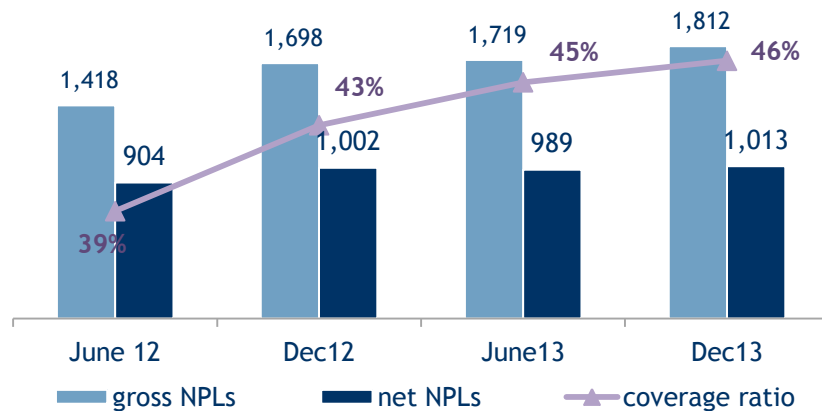
## KPIs

- ◆ Total NPLs = €1bn, or 3.1% of loans
- ◆ NPLs stock basically flat in last 12m
- ◆ Coverage ratios increasing steadily, now 46%
- ◆ Cost of risk up, now 184 bps, on reducing loans and increasing coverage ratios

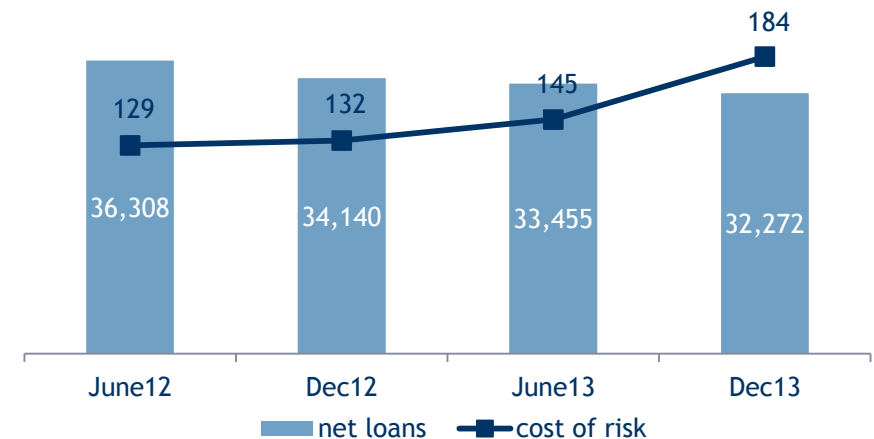
## Group net NPLs by segment (Dec13)



## Group gross/net NPLs, coverage ratio (€m, %)



## Group net loans and cost of risk (€m, bps)





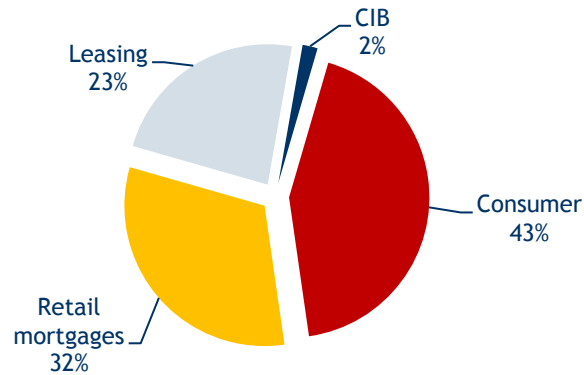
# ... bad loans (“sofferenze”) as well

1H 14 Group results

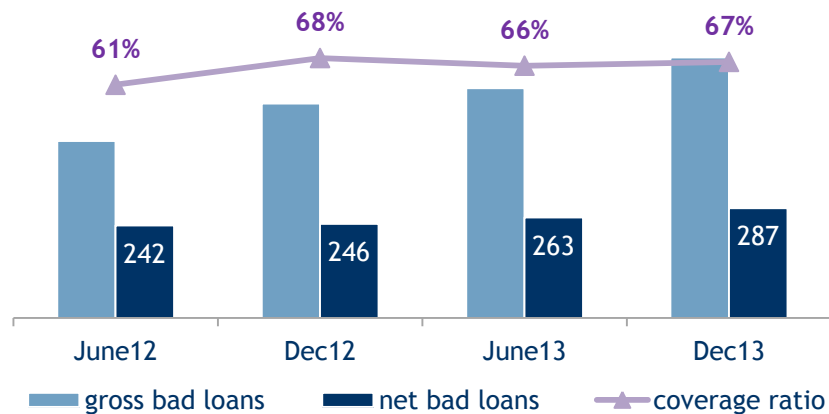
Annex 1.1

## Group net bad loans by segment (Dec13)

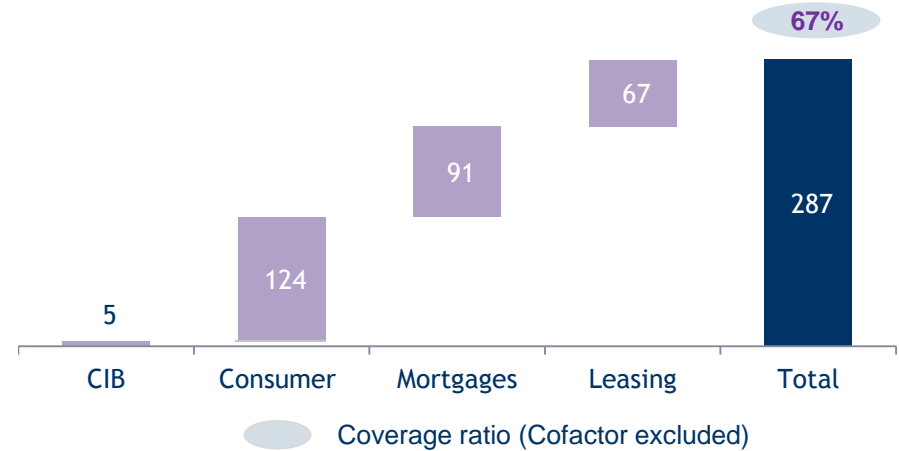
Net bad loans: €287m = 0.9% net loans



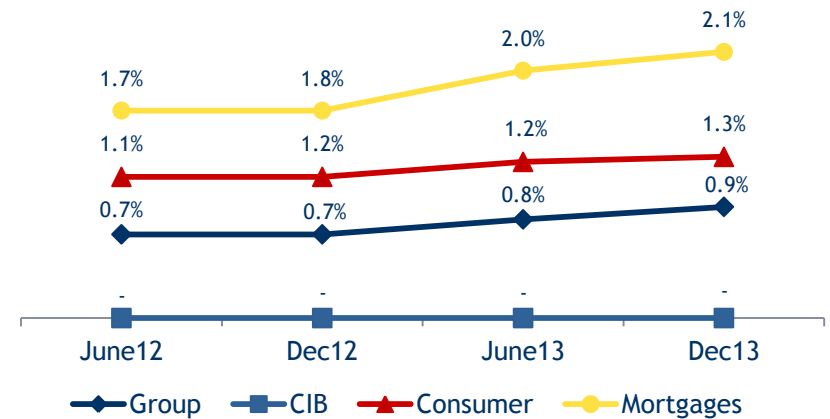
## Group gross/net bad Ls, coverage ratio (€m, %)



## Group net bad loans, coverage by segment (Dec13, €m, %)



## Net bad loans / net loans (%)



# Segmental reporting

Annex 1.2



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# CIB KPIs

## Segmental reporting

Annex 1.2

**Tough environment;  
some improvement in  
CapMkts in last 3M**

- ◆ In last 12m IB fee pool down 7% YoY in Italy, 11% in Germany, 17% in Spain
- ◆ Trend in US stronger than in Europe, but EMEA rebound in 4Q13 (up 20% QoQ) driven by CapMkts
- ◆ MB fee trend in last 5Q aligned with its core market

**De-risking  
ongoing**

- ◆ Wholesale loans down by €1bn to €15bn, due to material repayments (€3bn) offsetting increasing new business (€2bn)
- ◆ Lower concentration of new loans
- ◆ Liquidity at its high, Italian govies' portfolio reduced by €1bn (to €6.7bn)

**Pressure on  
revenues ongoing**

- ◆ NII still penalized by pre-funding actions, high liquidity, gap still existing between banks/large caps spread.
- ◆ Lack of trading income, due to conservative asset allocation and low volatility
- ◆ Fee income recovered in last 3M due to CapMkt

**Cost down for the third  
year in a row**

- ◆ Costs down 9% YoY, with labour costs down 17% YoY

**NPLs down,  
coverage ratio up**

- ◆ Cost of risk at 105 bps, on rising coverage (from 39% to 42%) ahead of AQR
- ◆ Decreasing NPLs (from 1.6% to 1.4%), with *sofferenze* = 0%

**Results**

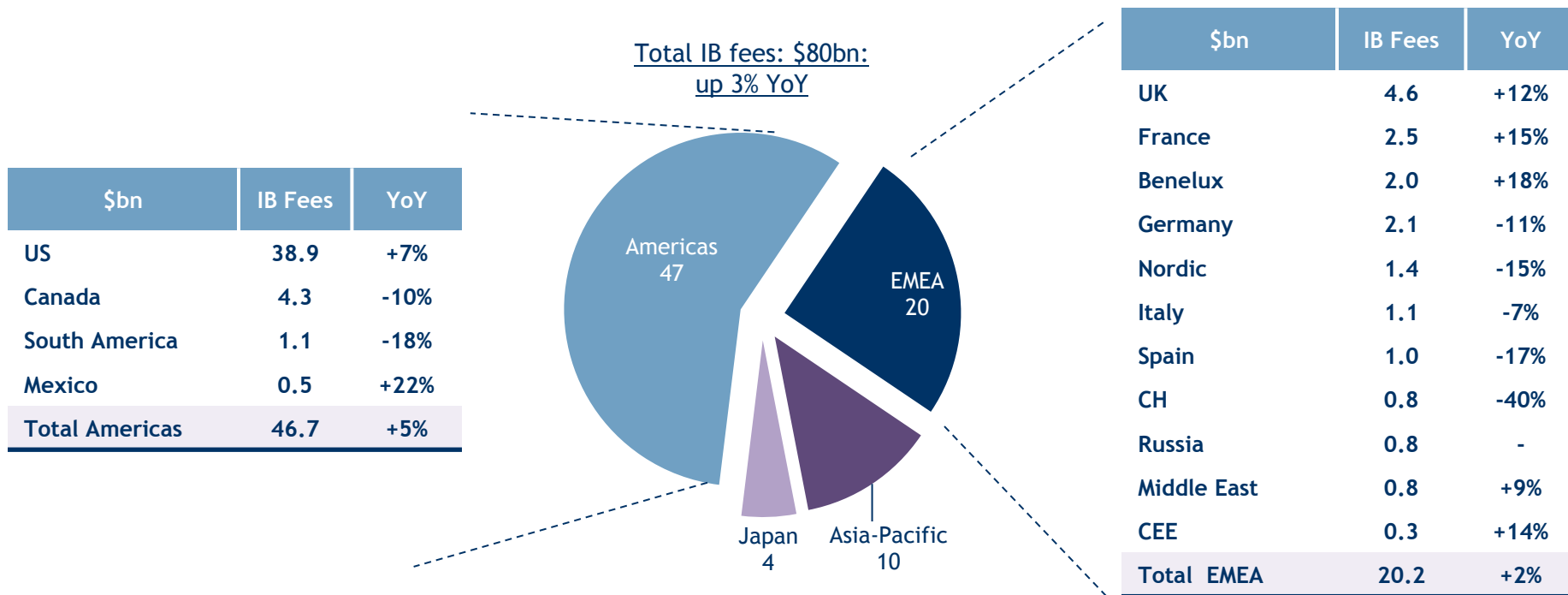
- ◆ Net profit: €28m

# Global IB revenue: patchy recovery by country

Segmental reporting

Annex 1.2

## Global IB fee pool (12m Dec13)



- ◆ Global IB fee pool totalled \$80bn in last 12m, up 3% YoY driven by CapMkts, M&A still weak (down 12% YoY)
- ◆ 2013 trend in Americas (up 5%) stronger than in Europe (up 2%), but rebound of EMEA in 4Q13 (up 20% QoQ)
- ◆ EMEA: France and UK up; Germany, Italy and Spain down. Strong momentum in CEE and Turkey
- ◆ Americas: US up, South America down. Strong momentum in Mexico

Source: Thomson Reuters; IB = M&A+ECM+DCM

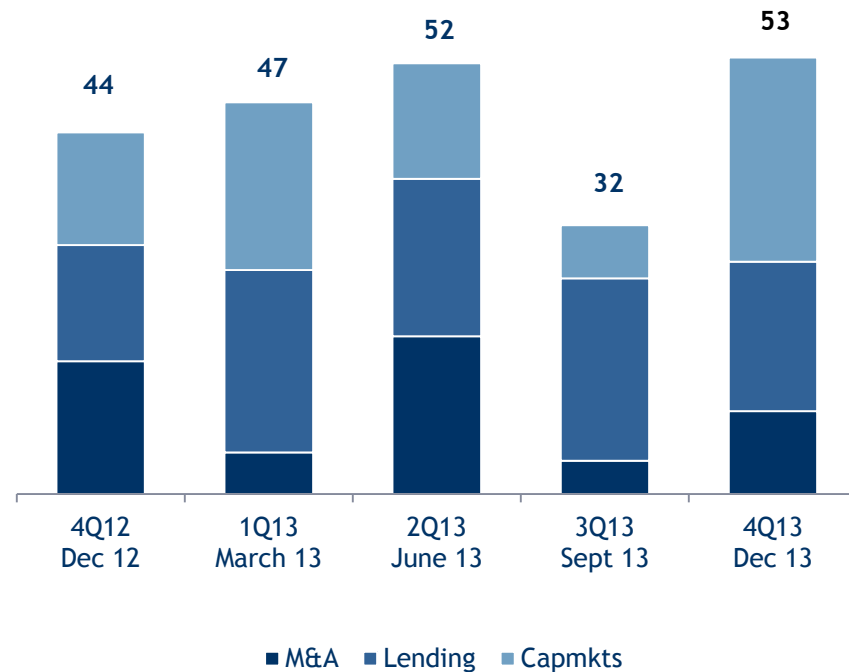
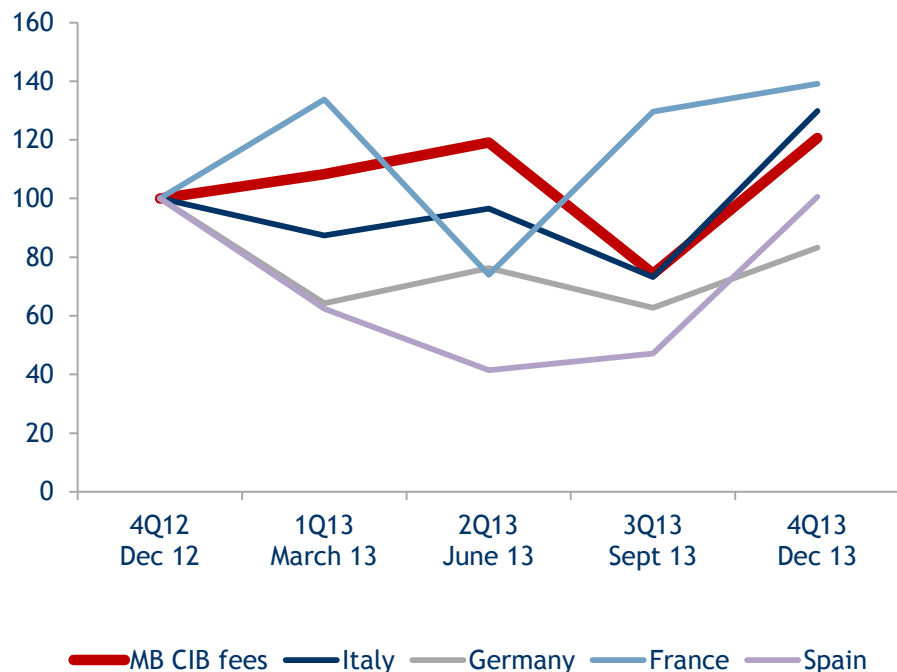
# CIB fees recovering in 4Q, due to strong CapMkts

Segmental reporting

Annex 1.2

IB fee pool (rebased 4QDec12=100)

MB CIB fee breakdown (€m)



- ◆ In 4Q MB CIB fee income recovering from 3Q lows, in line with core market trends
- ◆ Strong momentum in CapMkts, expected to continue in next months
- ◆ M&A activity improving but volumes (and pipeline) still taking time to build up

Source: Thomson Reuters; IB = M&A+ECM+DCM



# Weak FICC trading income across industry

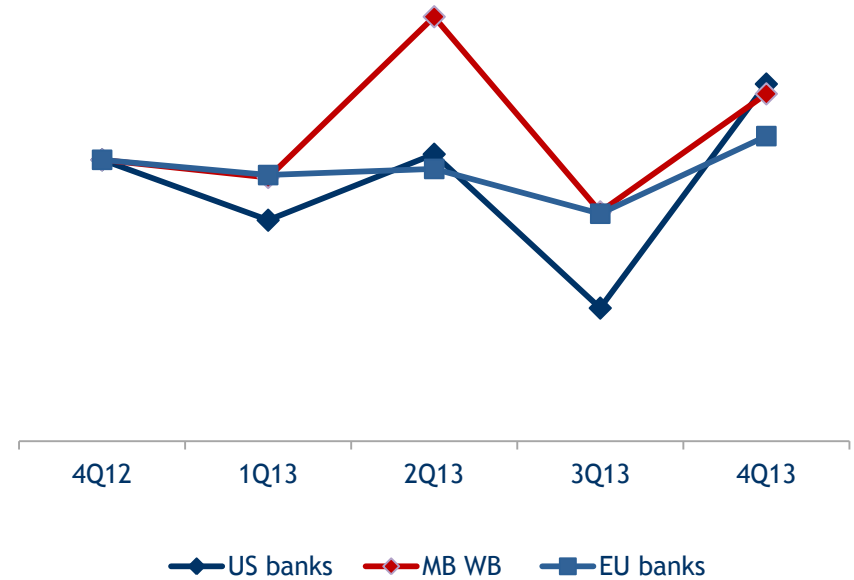
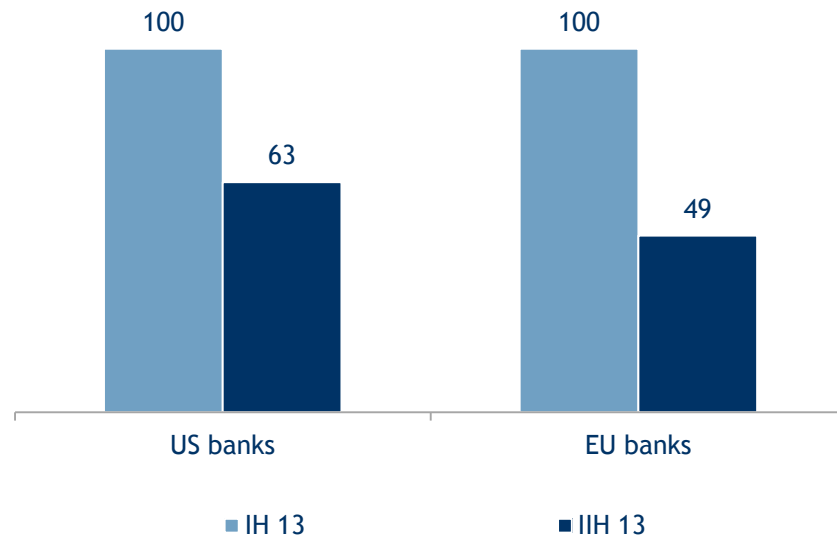
Segmental reporting

Annex 1.2

## FICC trading income

## CIB revenues in last 5Qs (trading excl.; rebased 4QDec12=100)

Trading income (FICC)



- ◆ Trading income weak industry-wide in last 6m, especially fixed-income
- ◆ Trading apart, MB CIB performance aligned to industry trend

Source: quarterly financial results (Morgan Stanley, Goldman Sachs, Deutsche Bank, Citibank, JPMorgan, Société Générale, BNP)



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# CIB: fee rebound in 4Q13, trading penalized by low market volatility and prudent asset allocation

Segmental reporting

Annex 1.2

€m	2H13	1H13	2H12	Δ YoY*	4Q13	3Q13	2Q13	1Q13
<b>Total income</b>	<b>272</b>	<b>355</b>	<b>399</b>	<b>-32%</b>	<b>148</b>	<b>124</b>	<b>141</b>	<b>214</b>
Net interest income	140	136	151	-7%	67	73	75	61
Fee income	124	132	136	-9%	74	50	68	64
Net treasury income	8	87	112	n.s.	7	1	(2)	89
<b>Total costs</b>	<b>(152)</b>	<b>(164)</b>	<b>(171)</b>	<b>-11%</b>	<b>(81)</b>	<b>(70)</b>	<b>(84)</b>	<b>(80)</b>
Loan loss provisions	(82)	(74)	(48)	+73%	(57)	(26)	(38)	(36)
<b>Ordinary PBT</b>	<b>38</b>	<b>117</b>	<b>180</b>	<b>-79%</b>	<b>10</b>	<b>28</b>	<b>19</b>	<b>98</b>
One-offs	3	11	16		2	1	0	11
<b>Net result</b>	<b>28</b>	<b>67</b>	<b>135</b>		<b>11</b>	<b>17</b>	<b>1</b>	<b>67</b>
Cost/income ratio	56	46	43	+14pp	55	57	60	37
LLPs/Ls (bps)	105	89	53	+52bps	144	63	91	87
Loans (€bn)	15.2	16.3	16.9	-10%	15.2	16.3	16.3	16.6
RWAs (€bn)	35.1	34.5	36.4	-3%	35.1	35.3	34.5	35.7

\*YoY= Dec13/Dec12

# PI: €150m in capital gains realized; NAV up 15%

## Segmental reporting

Annex 1.2

€	2H13	1H13	2H12	Δ HoH*	Δ YoY*
<b>Total income</b>	<b>133</b>	<b>(80)</b>	<b>88</b>	<b>n.m.</b>	<b>+51%</b>
Gains from disposals	151	30	(13)		
Impairments	(22)	(321)	(101)		
<b>Net result</b>	<b>245</b>	<b>(374)</b>	<b>(33)</b>		
<b>Book value (€bn)</b>	<b>3.9</b>	<b>4.0</b>	<b>4.3</b>	<b>-1%</b>	<b>-7%</b>
Ass. Generali (13.24%)	2.5	2.5	2.6	+3%	-1%
AFS stakes	1.4	1.5	1.1	-7%	+30%
<b>Market value (€bn)</b>	<b>4.9</b>	<b>4.3</b>	<b>4.3</b>	<b>+15%</b>	<b>+16%</b>
Ass. Generali	3.5	2.8	2.8	+27%	+24%
<b>RWA (€bn)</b>	<b>4.1</b>	<b>4.1</b>	<b>4.5</b>	<b>+1%</b>	<b>-8%</b>

\*HoH = Dec13/June13; YoY= Dec13/Dec12



# Consumer lending: Compass KPIs

Segmental reporting

Annex 1.2

Leading operator in Italian market

- ◆ In a still shrinking market, Compass improved its market share to 11.4%, and its positioning from second in 2013 to first in 4Q13

Compass: the largest bank branch distribution network

- ◆ With the new MPS distribution agreement, Compass can rely on the largest bank branch distribution network in Italy, with some 7,500 branches
- ◆ Material growth potential to be exploited
- ◆ Agreements with banks allow less risky products to be pushed (ie salary-backed loans)

Focus on net margins

- ◆ NII: €306m (up 13% YoY) with loans up 4% YoY at €9.6bn
- ◆ Net margins stable despite higher cost of risk (391 bps, up 37 bps YoY)

Coverage ratios improved further

- ◆ NPLs (“*deteriorate*”) coverage ratio up to 58%
- ◆ Bad loans (“*sofferenze*”) coverage ratio to 85%
- ◆ Bad loans/loans = 1.3%

Results

- ◆ Profit before tax €60m, flat HoH and YoY despite development costs
- ◆ Net profit up 39% to €50m due to positive one-off tax effect
- ◆ ROAC: 14%

# Compass: one partner fits all

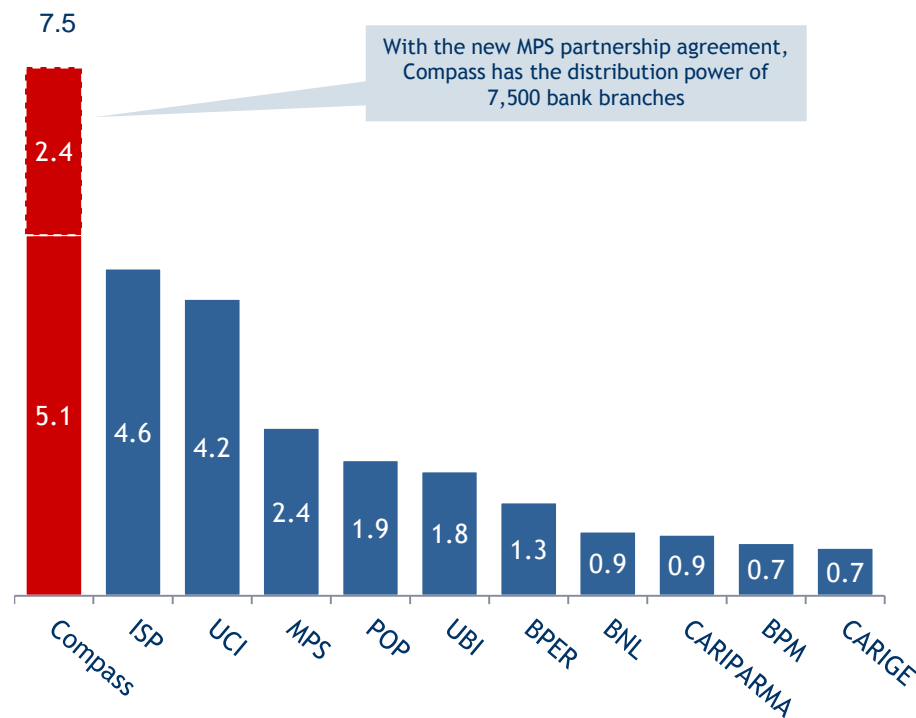
Segmental reporting

Annex 1.2

## New loans YoY trend (2009-2013)



## Top ten banks by no. of branches<sup>1</sup> (#/000)



- ◆ With an 11.4% market share, Compass is the second-ranking player in the industry (first based on Q4 2013 only)
- ◆ With the new MPS distribution agreement, Compass can rely on the largest bank branch distribution network in Italy. Compass thus confirms its capability as the banks' partner with an effective distribution model

<sup>1</sup> Source: Bank of Italy. Only domestic branches are considered. BPER and MPS are served by Compass

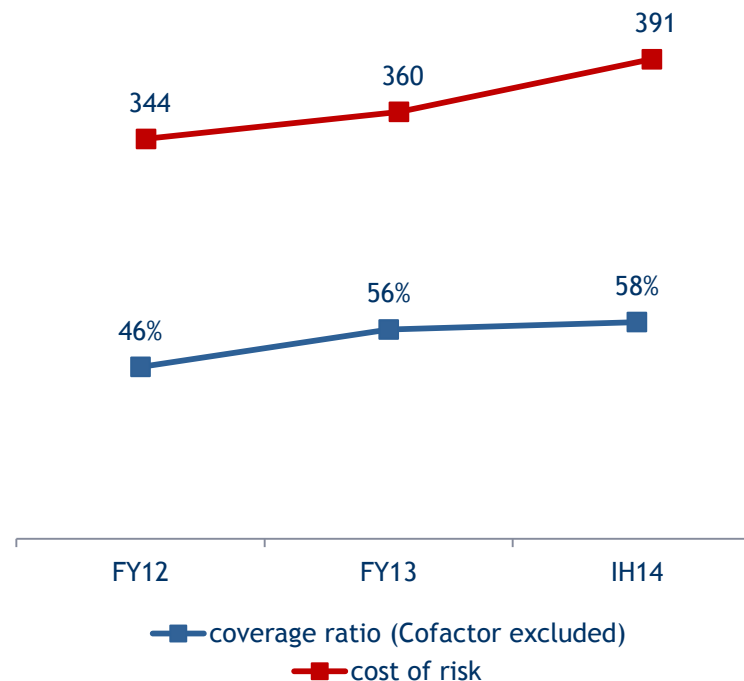
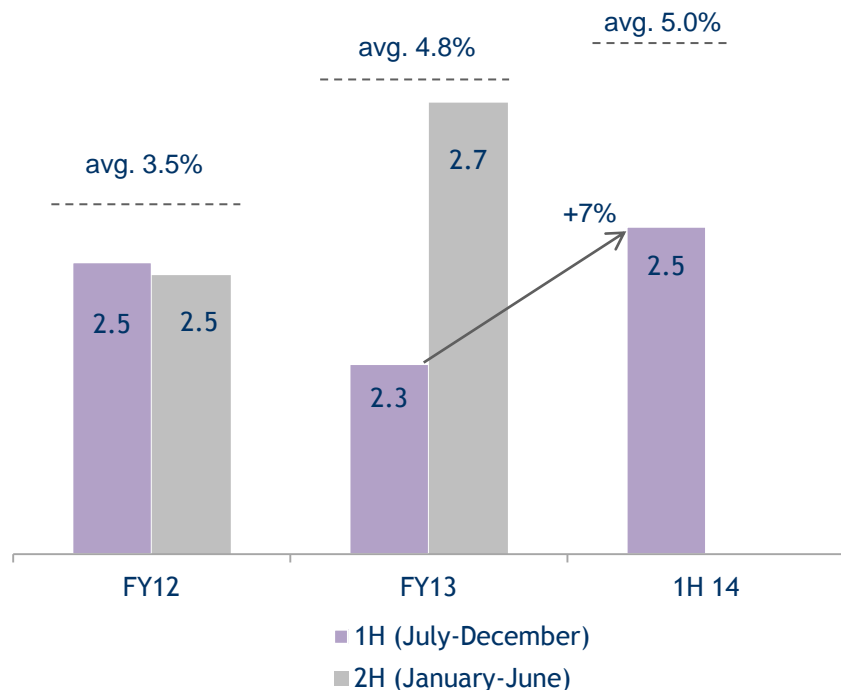
# New loans up 7% and value increasing, NPLs coverage up

Segmental reporting

Annex 1.2

Compass new loans: volumes and value<sup>1</sup> (€bn, %)

Cost of risk and NPLs coverage (% , bps)



- ◆ New business (by channel/product) driven by value
- ◆ The right pricing model, inclusive of risk expectations, protects net value (5% on average in 2013)
- ◆ Increasing cost of risk (as expected) and NPLs coverage

<sup>1</sup> Value: return net of risk, funding and distribution costs

# Consumer lending: NII up 13%, net profit up 39%

Segmental reporting

Annex 1.2

€m	2H13	1H13	2H12	Δ YoY*	4Q13	3Q13	2Q13	1Q13
<b>Total income</b>	<b>379</b>	<b>366</b>	<b>347</b>	<b>+9%</b>	<b>192</b>	<b>187</b>	<b>186</b>	<b>180</b>
Net interest income	306	284	271	+13%	156	150	142	142
Fee income	73	82	76	-4%	36	37	44	38
<b>Total costs</b>	<b>(133)</b>	<b>(133)</b>	<b>(126)</b>	<b>+5%</b>	<b>(73)</b>	<b>(60)</b>	<b>(68)</b>	<b>(65)</b>
Loan provisions	(186)	(172)	(163)	+14%	(95)	(91)	(89)	(83)
PBT	60	61	58	+4%	24	36	29	32
<b>Net profit</b>	<b>50</b>	<b>35</b>	<b>36</b>	<b>+39%</b>	<b>29</b>	<b>21</b>	<b>20</b>	<b>15</b>
Cost/income ratio	35%	36%	36%	-1pp	38%	32%	36%	36%
LLPs/Ls (bps)	391	370	354	+37bps	399	385	383	360
ROAC	14%	10%	10%	+4pp				
New loans (€bn)	2.5	2.7	2.3	+7%	1.3	1.2	1.4	1.3
Loans (€bn)	9.6	9.4	9.2	+4%	9.6	9.5	9.4	9.2
RWAs (€bn)	9.0	8.9	8.5	+6%	9.0	8.9	8.9	8.6

\*YoY= Dec13/Dec12

# Retail banking: CheBanca!

Segmental reporting

Annex 1.2

**Strong deposit gatherer**

**Conversion of direct into indirect started**

**Focus on fee-generating/ less “cost of funding-expensive” products**

**Reducing cost of funding**

**Results**

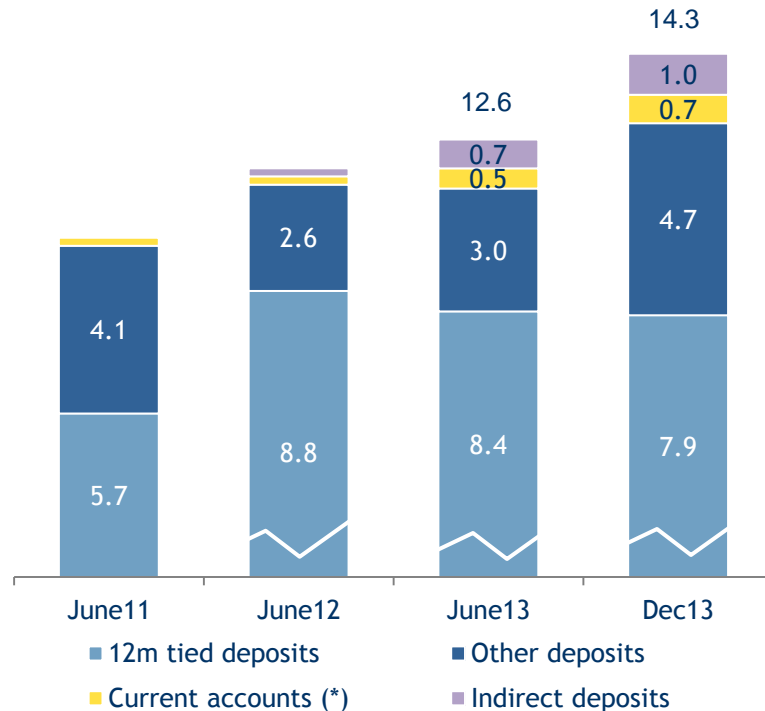
- ◆ CheBanca! deposits up to €14.3bn (up 13% YoY), of which:
  - ◆ Direct €13.3bn (up 8%)
  - ◆ Indirect €1bn (doubled)
- ◆ Good start for asset management: €55m net new money in one month (Jan.)
- ◆ Effective distribution channel for MB bonds (€220m; up 35% YoY)
- ◆ Focus on transactional and commission-based product
- ◆ Customer base: 521,000 (up 2% YoY)
- ◆ Active products: 705,000 (up 8% YoY)
- ◆ Products sold: 99,000 in IH14 (up 94% YoY), of which current accounts 40,000 (up 166% YoY)
- ◆ Spread reduction and focus on current account allowed funding costs to shrink (stock avg. cost of funding down to 2.4%, down 100 bps in 12 months)
- ◆ NII flat (cost of summer promotional campaign still to be reflected)
- ◆ Revenue mix moving towards higher net commissions (€12m, up 83% YoY)
- ◆ Total income up to €83m, up 6% YoY but 34% HoH
- ◆ Net loss €10m

# Direct to indirect deposit conversion started, funding cost reducing

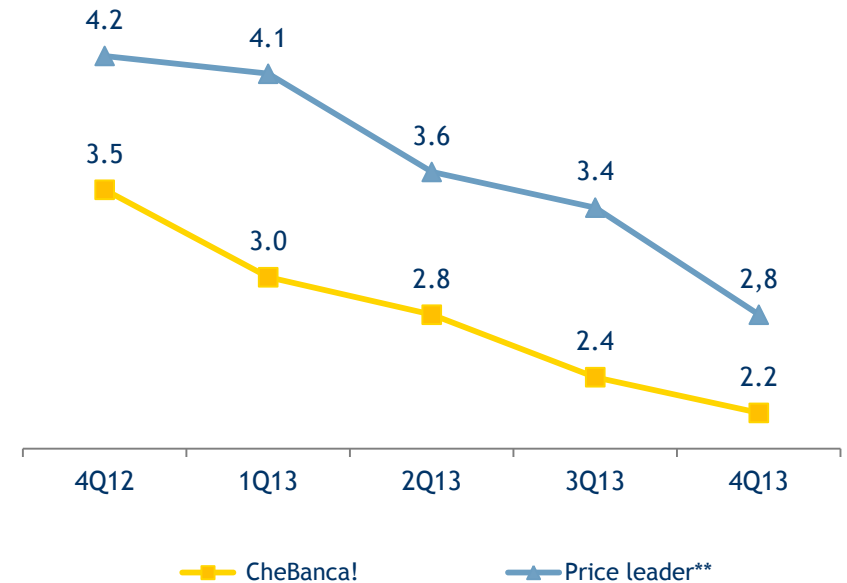
Segmental reporting

Annex 1.2

## CheBanca! deposits breakdown (€bn)



## Pricing for 12m tied deposits: CheBanca! and peers (%)



- ◆ Total deposits: €14.3bn, €13.3bn of which direct deposits (up 12% HoH)
- ◆ Increasing contribution of current accounts (up to €0.7bn) and indirect deposits (up to €1bn)
- ◆ Cost of funding reducing, due to lower spread and higher focus on “cheaper” products

\*Including “conto tascabile” and cash to be invested in securities accounts

\*\* Out of a peer group made up of: Fineco, ING, IWBANK, Webank, Mediolanum, Rendimax, Barclays



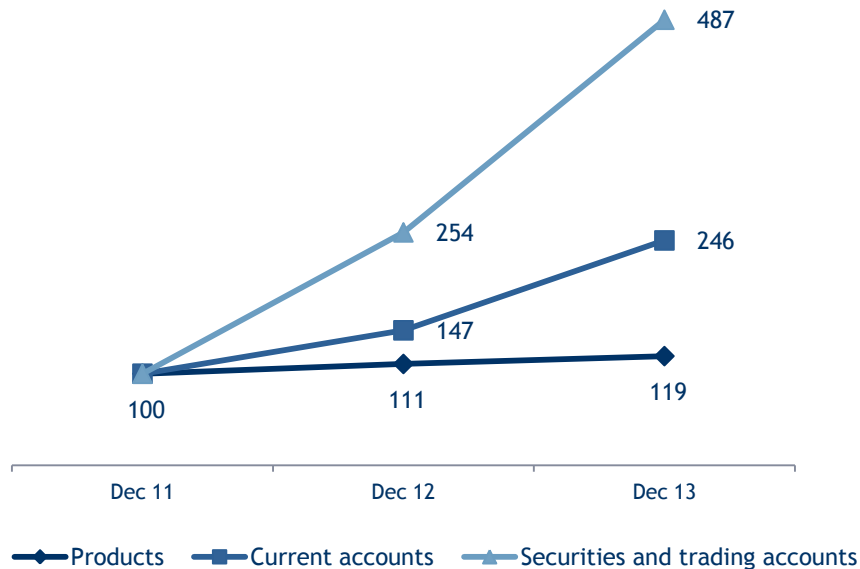
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# Focus on fee-generating/less “cost of funding-expensive” products

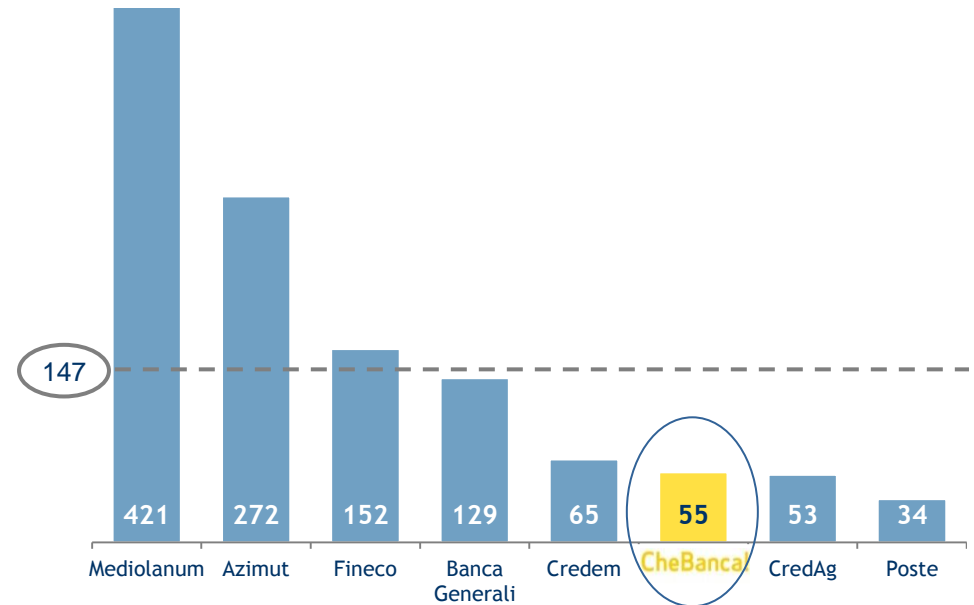
Segmental reporting

Annex 1.2

Products growth (rebased Dec11=100)



Asset management: 1 month activity (€m)<sup>1</sup>



- ◆ Effective commercial efforts to increase transactional and commission-based products: current accounts (2.5x in 2Y), securities and trading accounts (5x)
- ◆ AM platform launched: €55m new money in Jan. (first month of activity, with €42m in MB bonds placed on top)

<sup>1</sup>December 2013 average net new money (mutual funds)

# Chebanca!: deposits > €14bn, income up to €83m

## Segmental reporting

Annex 1.2

€m	2H13	1H13	2H12	Δ YoY	4Q13	3Q13	2Q13	1Q13
<b>Total income</b>	<b>83</b>	<b>62</b>	<b>79</b>	<b>+6%</b>	<b>42</b>	<b>41</b>	<b>26</b>	<b>36</b>
Net interest income	71	70	72	-2%	35	36	38	32
Fee income	12	8	7	+83%	7	5	4	4
Net treasury income	-	(16)	-		-	-	(16)	-
<b>Total costs</b>	<b>(76)</b>	<b>(72)</b>	<b>(73)</b>	<b>+5%</b>	<b>(42)</b>	<b>(34)</b>	<b>(37)</b>	<b>(35)</b>
Labour costs	(30)	(30)	(30)	-	(16)	(14)	(15)	(15)
Administrative expenses	(46)	(42)	(42)	+9%	(26)	(20)	(22)	(20)
<b>Loan provisions</b>	<b>(14)</b>	<b>(14)</b>	<b>(11)</b>	<b>Nm</b>	<b>(7)</b>	<b>(7)</b>	<b>(9)</b>	<b>(6)</b>
<b>Net result</b>	<b>(10)</b>	<b>(20)</b>	<b>(8)</b>	<b>Nm</b>	<b>(7)</b>	<b>(3)</b>	<b>(16)</b>	<b>(4)</b>
Cost/income ratio	92%	115%	92%	-	100%	84%	141%	96%
LLPs/Ls (bps)	68	67	50	+18bps	68	67	83	52
<b>Total deposits (€bn)</b>	<b>14.3</b>	<b>12.6</b>	<b>12.7</b>	<b>+13%</b>	<b>14.3</b>	<b>14.4</b>	<b>12.6</b>	<b>12.7</b>
of which Direct	13.3	11.9	12.3	+8%	13.3	13.6	11.9	12.2
Loans (€bn)	4.3	4.3	4.3	+1%	4.3	4.3	4.3	4.3
RWAs (€bn)	1.7	1.6	1.8	-3%	1.7	1.7	1.6	1.8

\*YoY= Dec13/Dec12



# Closing remarks

Annex 1.3



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# Closing remarks

Closing remarks

Annex 1.3

Last 6m

Action completed  
in BP trajectory

- ◆ MB free float enlarged: syndicated shares down to 30.05% (42% June13)
- ◆ Equity stakes disposed by €500m, €150m gain realized
- ◆ CIB top hirings: S. Marsaglia (CIB co-head), T. Bayazit (Ch. of Turkish branch)
- ◆ Compass: MPS agreement signed, CompassPay launched
- ◆ CheBanca!: AM distribution platform launched
- ◆ Net profit doubled to €305m

Next half  
agenda/expectations

- ◆ Governance review: catching up with the best international standards
- ◆ Further strengthening of IB activities as cycle recovers
- ◆ MAAM: market scouting ongoing
- ◆ NII rebound expected to consolidate

# Disclaimer

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

## Declaration by Head of Company Financial Reporting

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

Head of Company Financial Reporting

Massimo Bertolini

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