



Mediobanca Group Strategic guidelines update



MEDIOBANCA

Milan, 21 June 2013

Agenda

- I. **Growth and profitability in the “new normal”**
Alberto Nagel, Mediobanca Group CEO
- II. **CIB: moving toward the right mix of capital and geographies**
Saverio Vinci, Mediobanca Group GM
- III. **Compass: leveraging on a unique franchise**
Gian Luca Sichel, Compass CEO
- IV. **CheBanca!: set up to be the leading digital bank of the future**
Gian Luca Sichel, CheBanca! CEO
- V. **Closing remarks**
Alberto Nagel, Mediobanca Group CEO

Growth and profitability in the “new normal”

Alberto Nagel, Mediobanca Group CEO



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Growth and profitability in the “new normal”

- 1. Successful execution of our key strategic priorities**
- 2. New systemic challenges in banking**
- 3. Group strategic guidelines**
- 4. Targets**



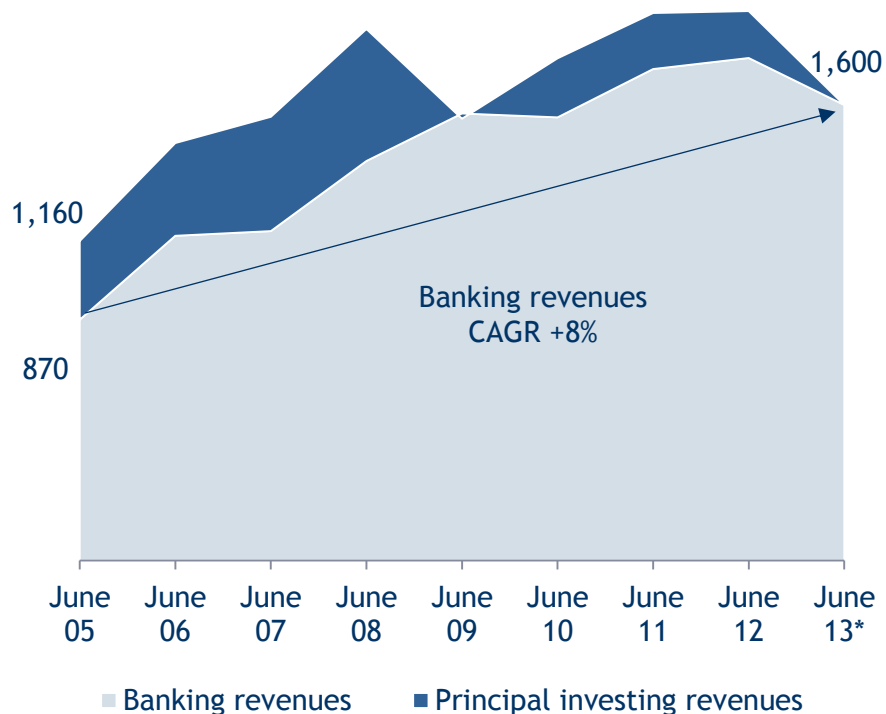
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Successful execution of our key strategic priorities

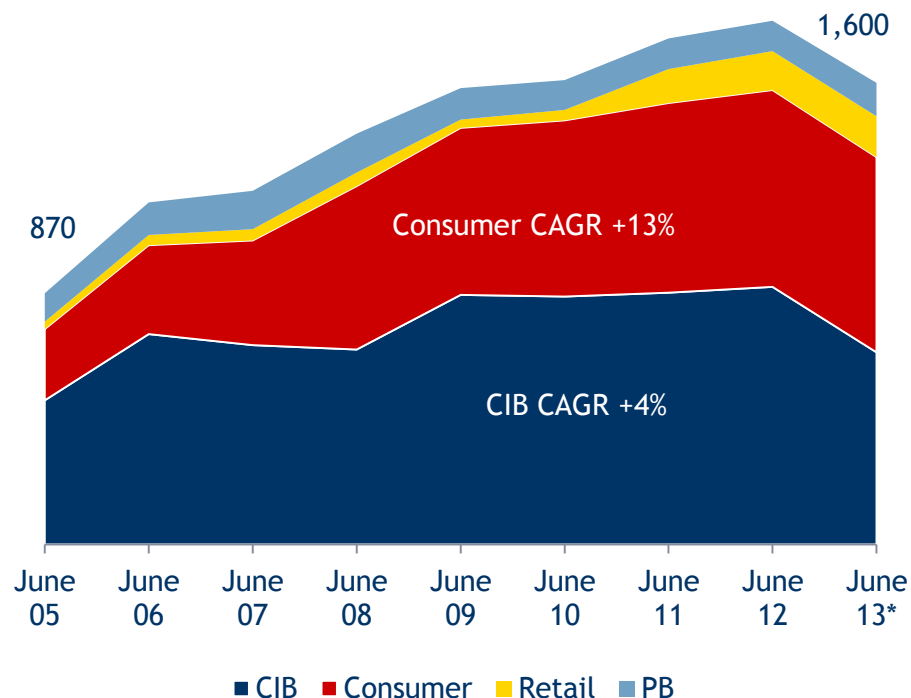


Banking revenues doubled and more diversified

Group revenues (€m)



Banking revenues (€m)



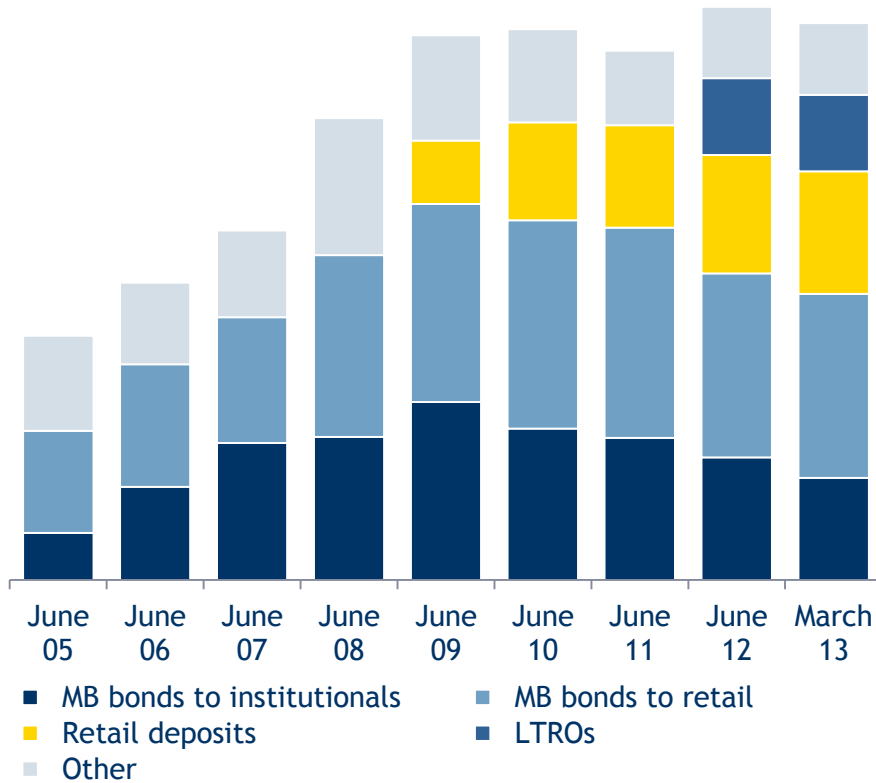
- ◆ CIB revenues up from €520m to €700m, with contribution from non-domestic operations up to approx. 25%
- ◆ Corporate : Retail diversification substantially improved
- ◆ Consumer revenues trebled, from €260m to €710m, in part due to Linea acquisition
- ◆ Retail banking contribution has become material (CheBanca! launched in 2008)

* 9m annualized

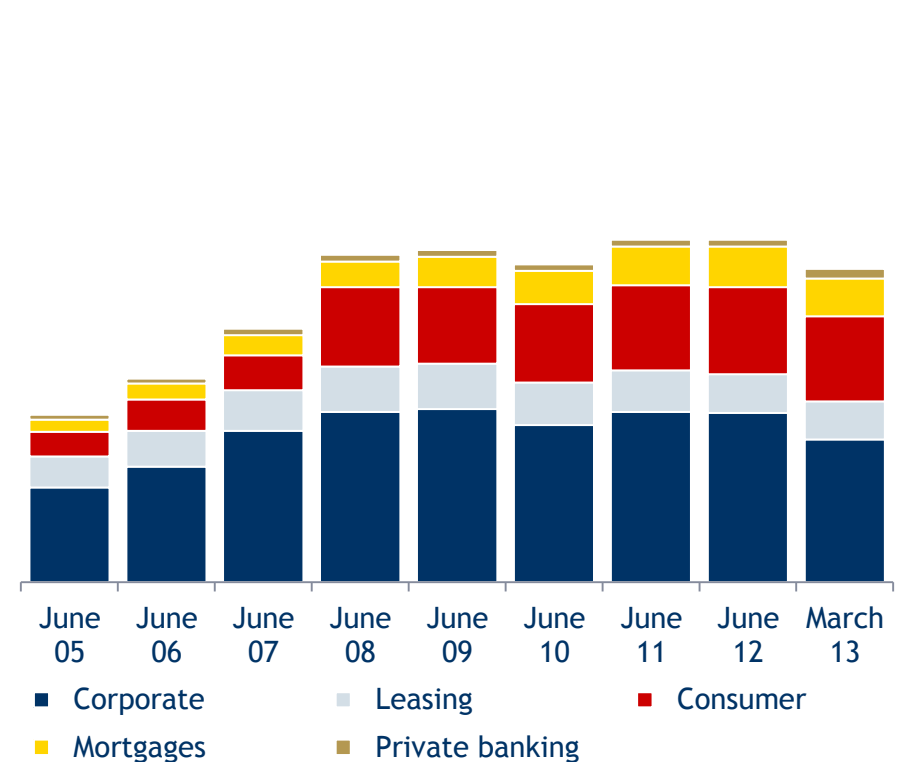


Loans and funds enlarged and more retail

Funding (€bn)



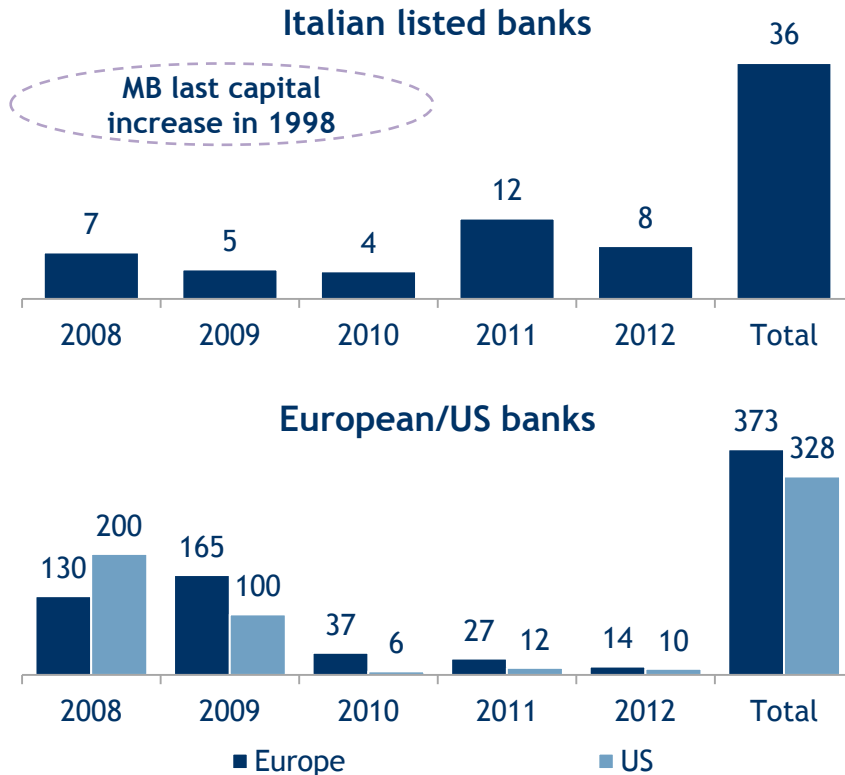
Loan book (€bn)



- ◆ Funding doubled to €54bn due to MB bonds (up to €28bn, 60% of which retail), retail deposits (from 0 to €12bn), LTROs
- ◆ Loans doubled to €34bn, 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

Right issues/cap increase by banks (€bn)



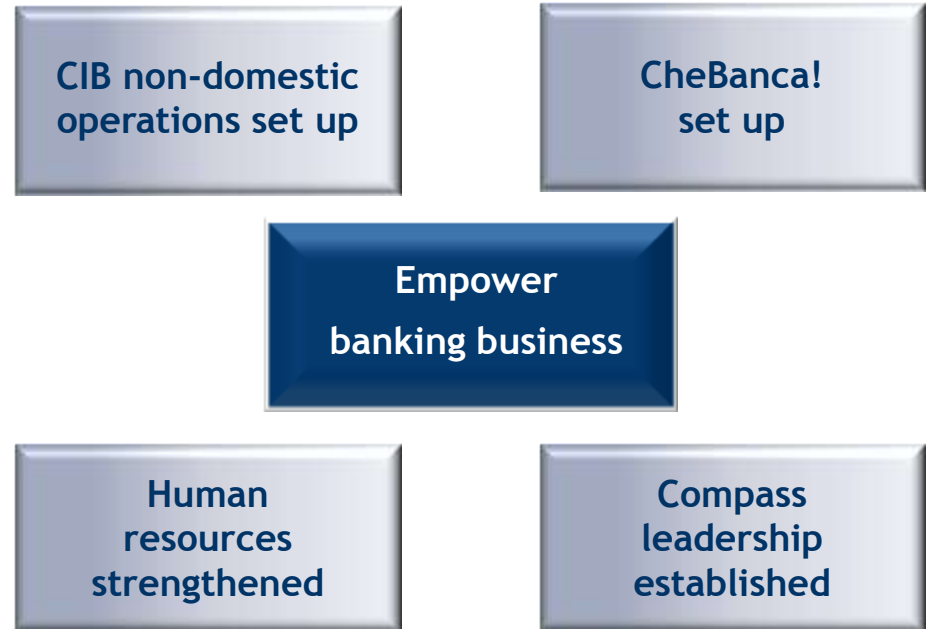
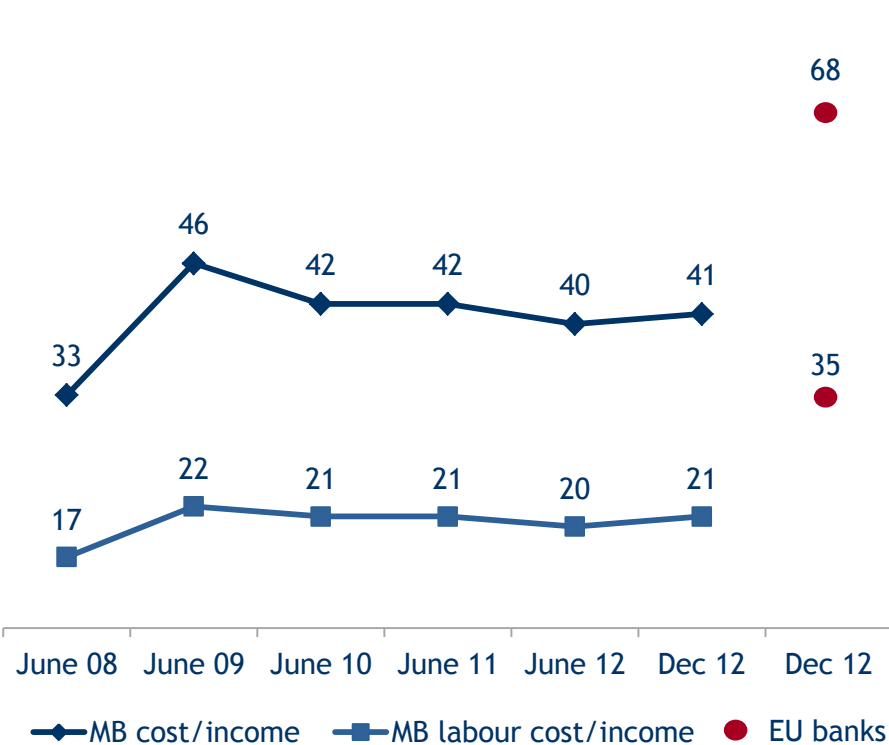
Banking industry staff trends

/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

MB efficiency well above EU banks despite business strengthening

MB cost/income trend and comparison (%)

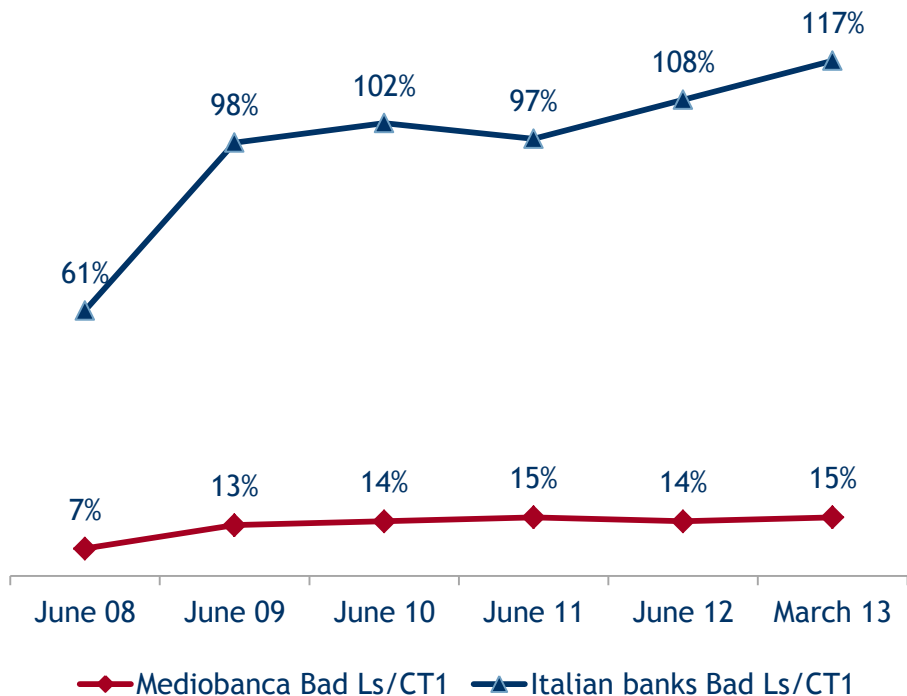


◆ MB efficiency well above EU banks despite material investments (technology, human resources, systems, etc.) implemented in recent years to empower all core businesses

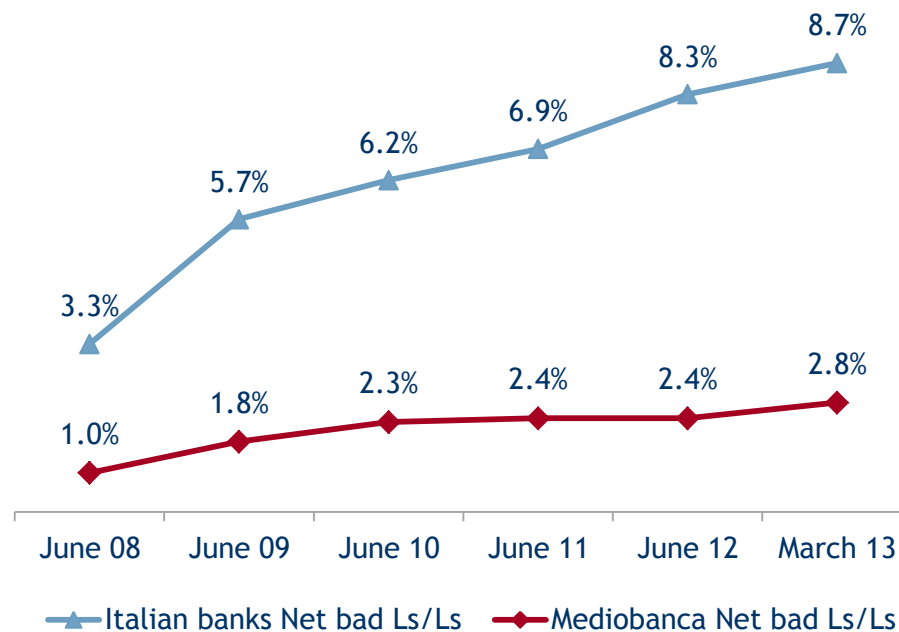
Source: Mediobanca Securities coverage

Mediobanca asset quality well above Italian average

Net bad loans/Core Tier1: MB vs Italian banks



Net bad loans/Loans: MB vs Italian banks



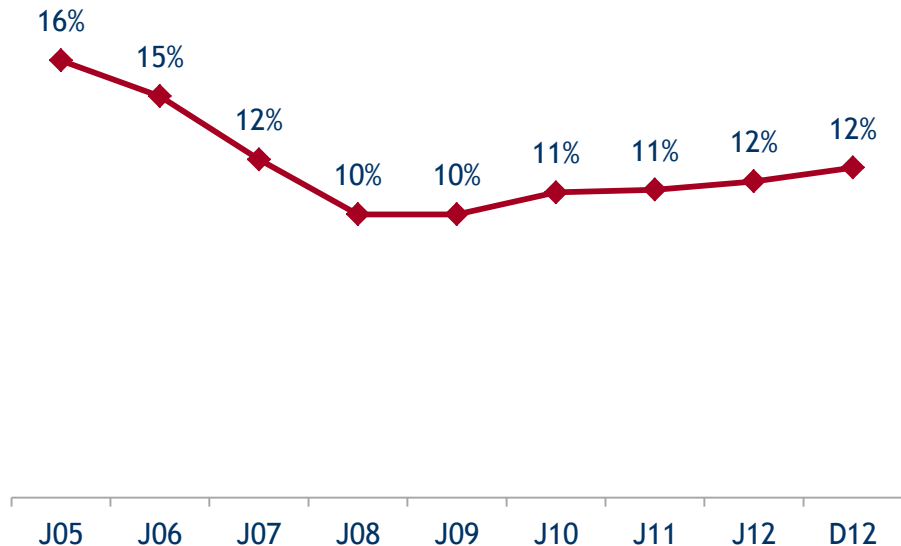
- ◆ Net bad loans (sum of all impaired categories) 15% of CT1 for MB versus 117% Italian banks average
- ◆ Net bad loans 2.8% of loans for MB, one-third of Italian system
- ◆ Net NPLs 0.7% of loans for MB

Source: Mediobanca Securities coverage

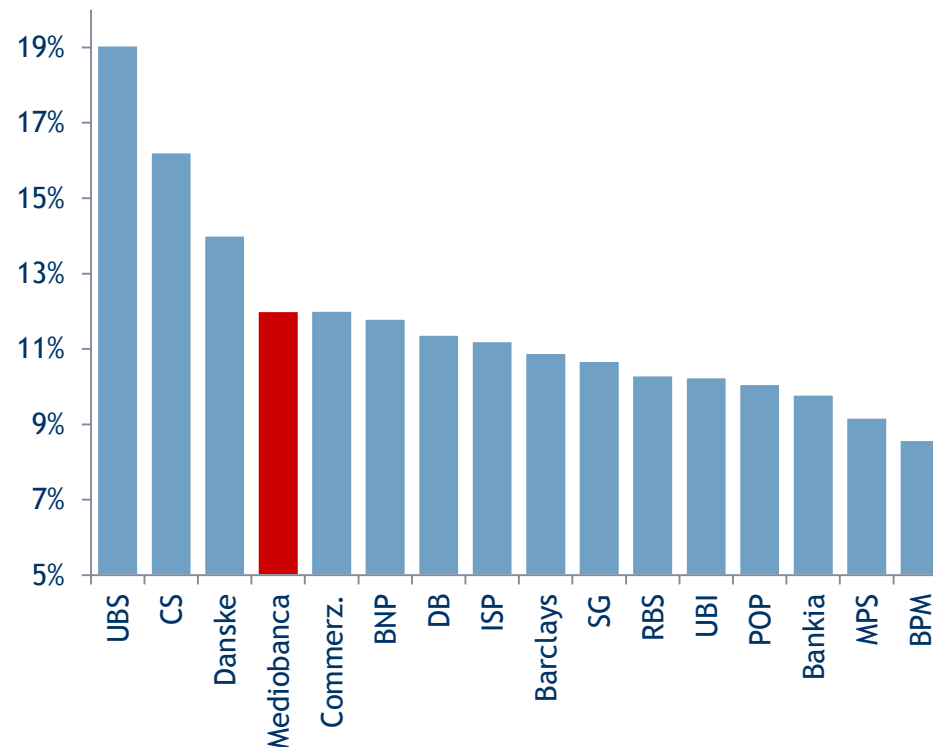


Mediobanca capitalization among best in class in EU

Mediobanca CT1 ratio trend



CT1 comparison among EU banks (Dec.12)

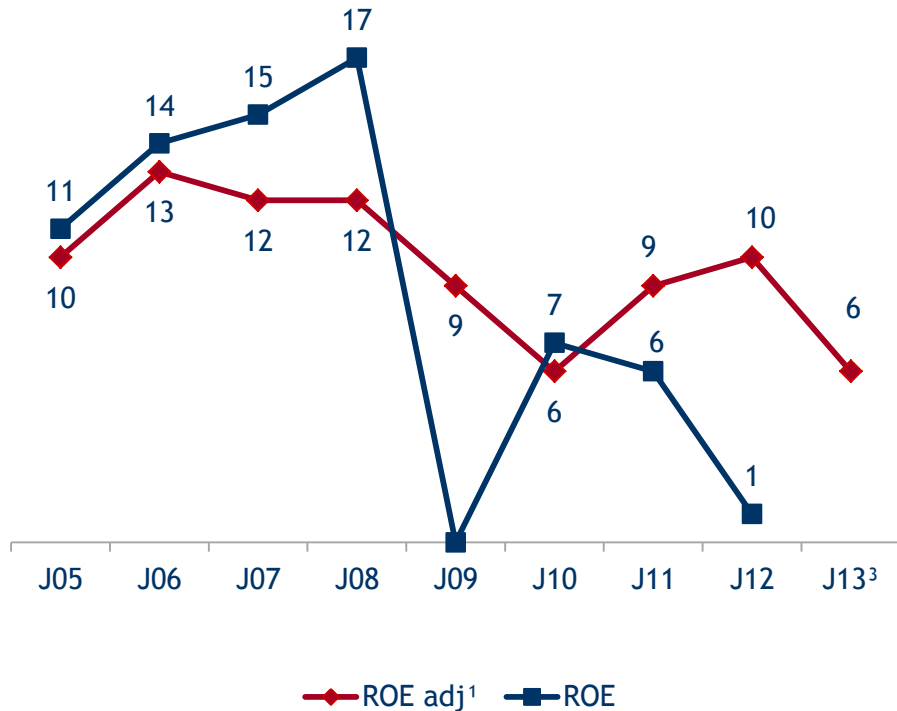


- ◆ Banking growth achieved leveraging exclusively on Mediobanca capital - Last capital increase 15 years ago (in 1998)
- ◆ Mediobanca RWAs/Asset = 85%, versus 37% EU banks
- ◆ Mediobanca tangible equity / tangible assets = 11% versus 4% EU banks
- ◆ €2.5bn returned to shareholders (cash dividends and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

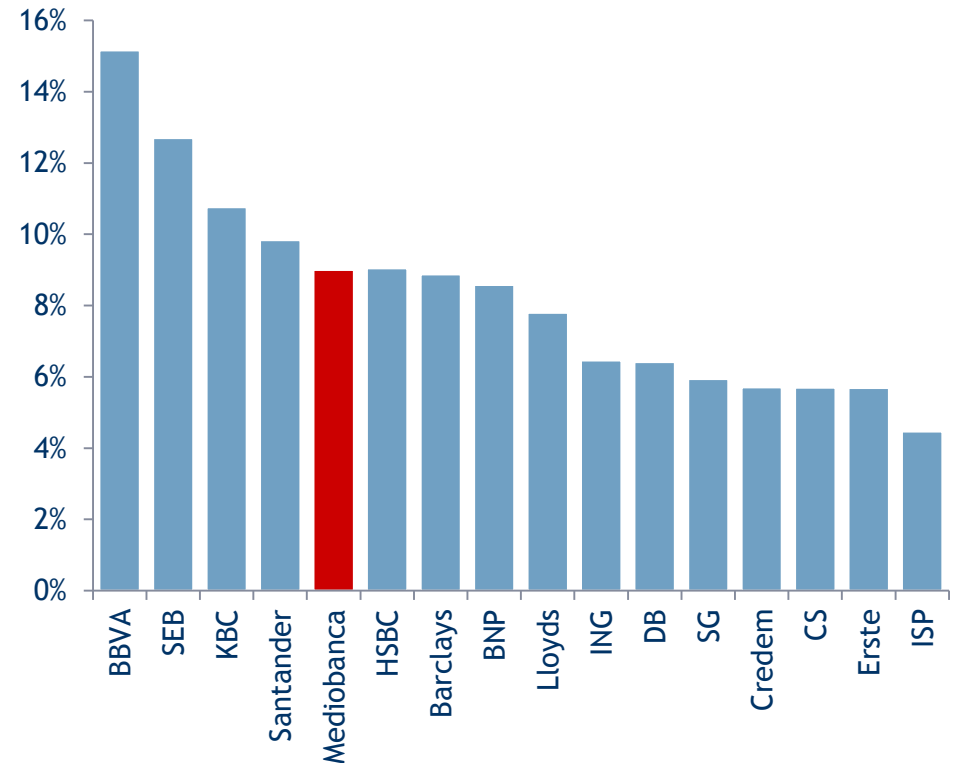
Source: Mediobanca Securities coverage

High single-digit normalized profitability

Mediobanca ROE trend



ROTE adj 2012² (%)



- ◆ High single-digit normalized profitability over the cycle; good positioning in European landscape
- ◆ Profitability first boosted (net profit from €54m in 2003² 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

3) 9m annualized

Growth and profitability in the “new normal”

1. Successful execution of our key strategic priorities

2. New systemic challenges in banking

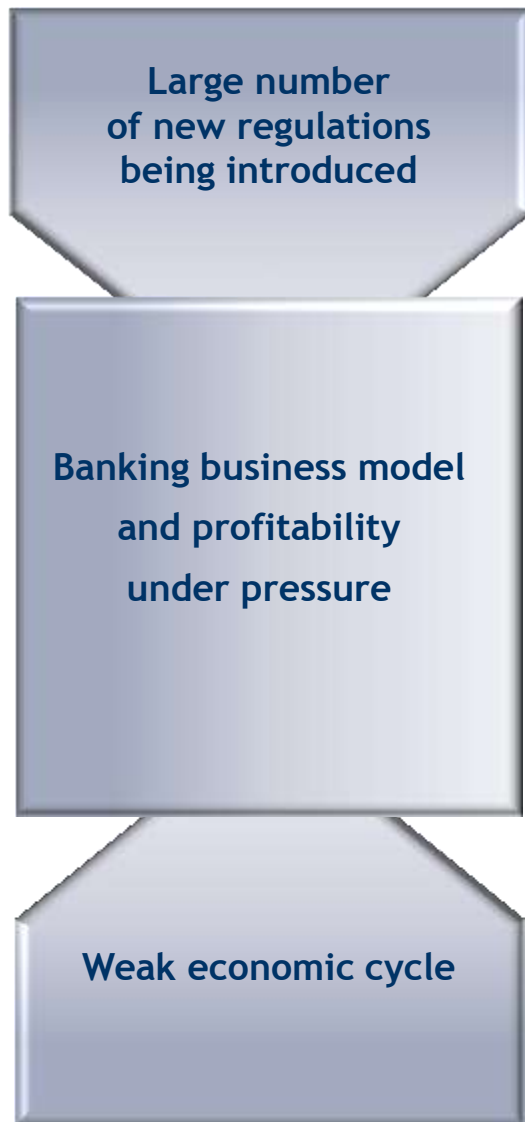
3. Group strategic guidelines

4. Targets



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New systemic challenges ...



- ◆ Basel 3 adoption from 2014
- ◆ Increasing local regulatory requirements (“Balkanization/ring-fencing”)
- ◆ OTC derivatives reform
- ◆ Remuneration directive

- ◆ Limit to principal risk-taking
- ◆ Lower profitability for certain businesses (i.e. equity holdings, FICC)
- ◆ Funding ring-fencing, separation of prop. trading from retail deposit taking
- ◆ External/non-domestic activities ring-fencing with access to offshore activities more difficult/expensive
- ◆ Protection of customers increasing (MIFID, transparency, etc.)
- ◆ Investment required in risk management, compliance, internal audit

- ◆ Lasting recession in Europe
- ◆ Negative credit cycle
- ◆ Low interest rates
- ◆ Higher CDS in southern Europe

...also in Italy

Country peculiarities

- ◆ High indebted country
- ◆ Lower GDP growth
- ◆ Healthy private sector
- ◆ Uncertain political landscape

Corporate

- ◆ Low corporate activity, already rebounded in other countries
- ◆ Large corporates moving into European and Emerging markets
- ◆ Robust activity and operative trends of dynamic, export oriented, innovative upper-mid corporates
- ◆ Small operators, reliant on domestic consumption, under considerable strain

Retail

- ◆ Traditional retail distribution platform obsolete and expensive: branches on sale, staff cut, IT enhancing
- ◆ Low efficiency of products/services (high costs for poor services)
- ◆ Unprofitable “universal bank model”: need for specialization
- ◆ Italian families less geared than European households and therefore better able to absorb austerity

Mediobanca market concerns

**Business model
complexity**

**High equity
exposure**

**Capital adequacy
Basel 3 impact**

Italy weakness

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MB vision: medium-term strategic pillars

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

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

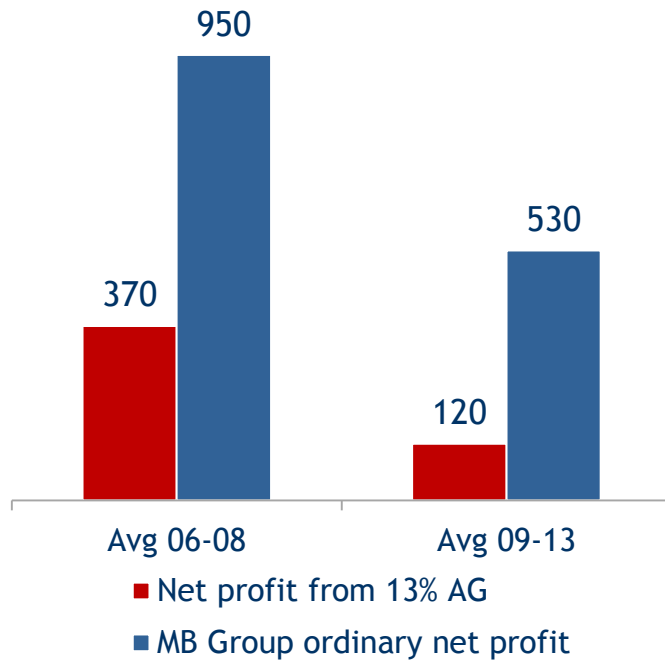
Recover full
availability of shares

- ◆ All stakes reclassified “as available for sale”¹
- ◆ 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

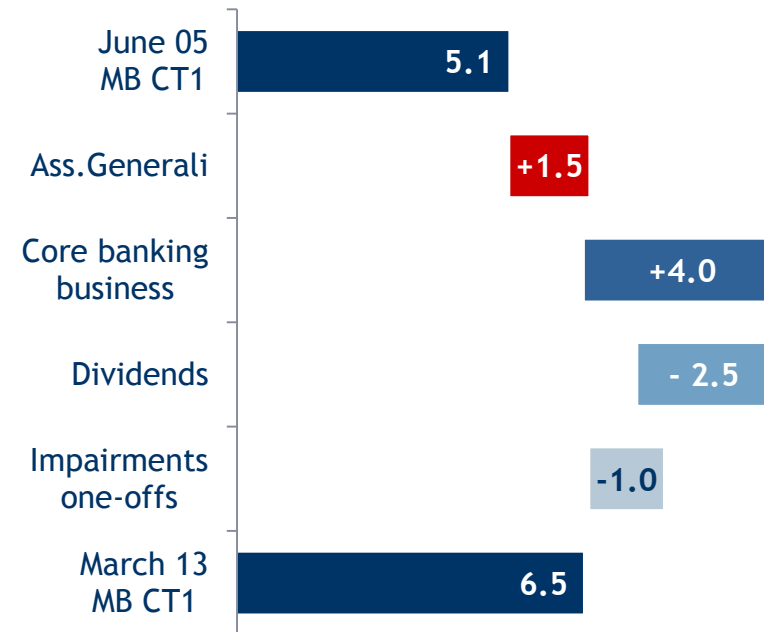
1) Ass. Generali excluded and accounted for in accordance with IAS28

Generali stake still contributing materially to MB EPS and CT1

AG contribution to MB net profit (€m)



MB CT1 trend (€bn)



- ◆ Generali has historically been a highly profitable investment for MB; profitability confirmed also in B3 scenario
- ◆ In 2005-13 Generali has added €1.5bn of capital to Mediobanca CT1 (FTA and equity method consolidation)
- ◆ According to the new Generali BP the nicest still to come
- ◆ Disposal of 3pp sufficient to feed current expected banking growth

Basel 3 CT1 steadily in 11-12% range in BP horizon

Concerns over MB capital trends/levels

- ◆ Impact of full deduction of Ass.Generali stake from MB CT1
- ◆ Possible additional capital drains due to high equity exposure
- ◆ Impact of Basel 3 on banking RWAs

CRDIV adoption for AG stake

- ◆ Ass.Generali stake weighted 3.7x RWAs instead of fully deducted from CT1¹
- ◆ Ass.Generali K absorption:² from current €0.2bn (B2) to €0.7bn (B3)
- ◆ AG stake fully phased B3 impact on MB CT1: -130bps¹

€2bn equity exposure reduction

- ◆ Ass.Generali: reduce the stake by approx. 3pp in 3Y
- ◆ Other AFS stake disposals
- ◆ All stakes reclassified “as available for sale”

RWAs optimization

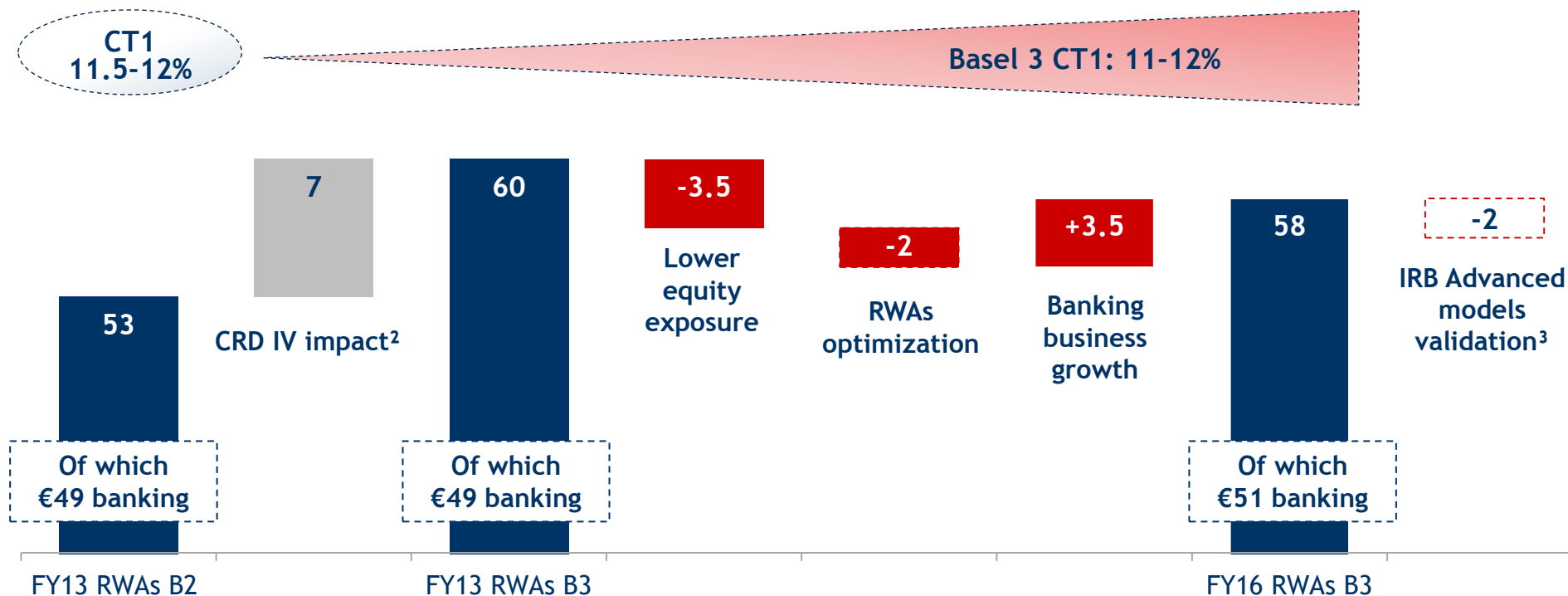
- ◆ €2bn RWAs optimization from data/process management
- ◆ Possible further saving from IRB Advanced models validation¹ (not included in BP targets)

1) Internal estimates, subject to Bank of Italy authorization

2) Hp: Ass.Generali stake currently 13.24%

RWAs from equity to banking business growth

Group RWAs¹ trend (€bn)



- ◆ Impact of B3 adoption limited to €7bn higher RWAs due to different AG stake weighting²; 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 validation³ (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 authorization: AG RWAs: weight from 1x B2 to 3.7x B3

3) Internal estimates, subject to Bank of Italy authorization

Balanced and sustainable A&L mix

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

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

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”)

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 5Y¹

1) Not included in BP targets

Growth and profitability in the “new normal”

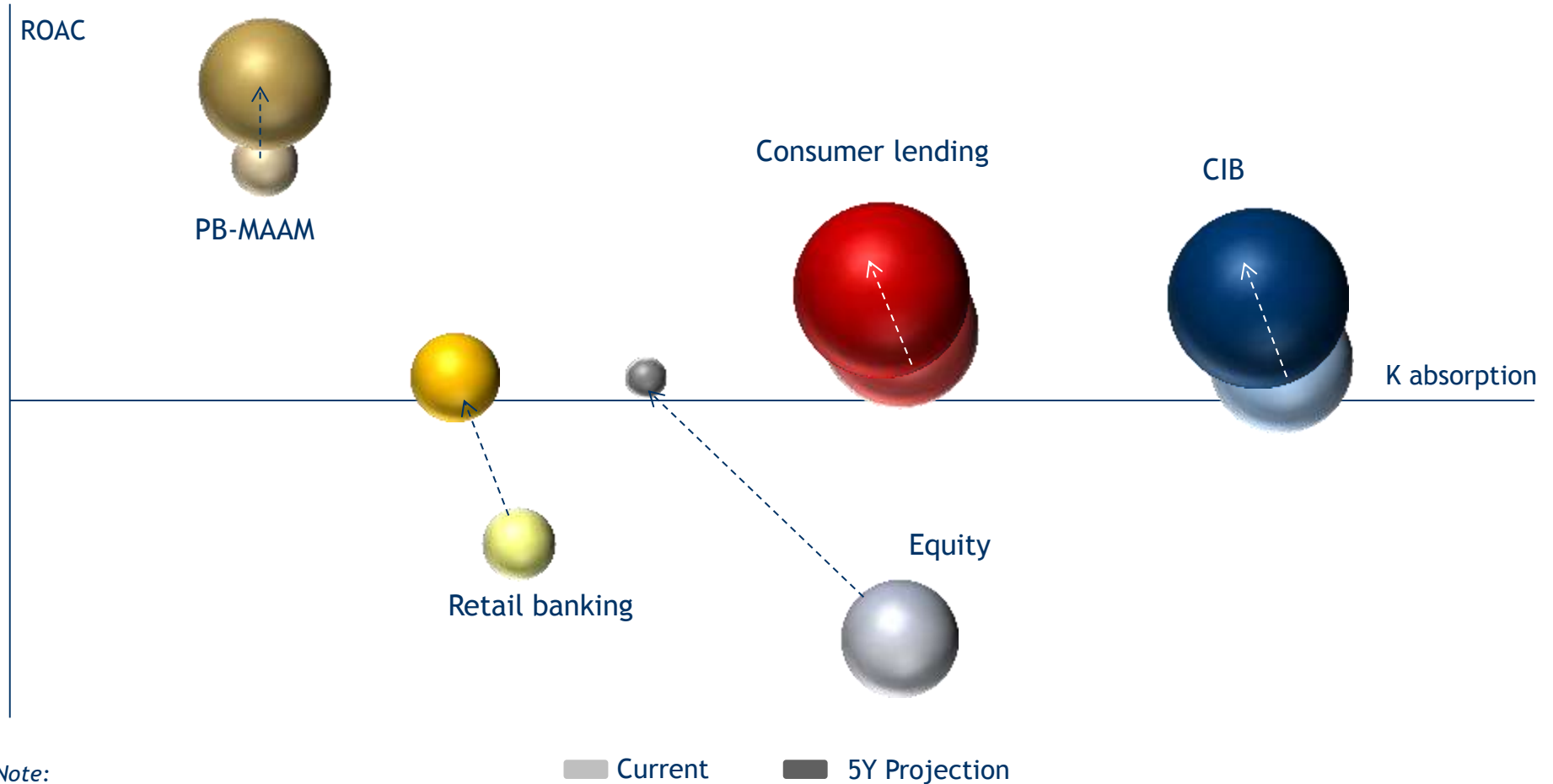
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Boost growth and returns. All businesses profitable

Revenues, K absorption, ROAC by business



Note:
 - Ball dimension indicates revenue size
 - K absorbed = 8% RWAs
 - Ass.Generali not included

Mediobanca Group 2016 targets

Resume growth and
profitability

FY16 banking revenues: €2.1bn, CAGR +10%

Cost of risk = 150bps

ROE = 10%-11%

NSFR > 100%

Capital
Redeploy at strong levels

Reduce equity exposure by €2bn

More capital to banking

More disciplined use of capital

B3 CT1¹ = 11%-12%

Stakeholders' remuneration

Average stated payout: 40%

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



CIB: moving toward the right mix of capital & geographies

Saverio Vinci, Mediobanca Group GM



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Moving toward the right mix of capital & geographies

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Mediobanca CIB: our strengths



Strong positioning in Italy ...

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

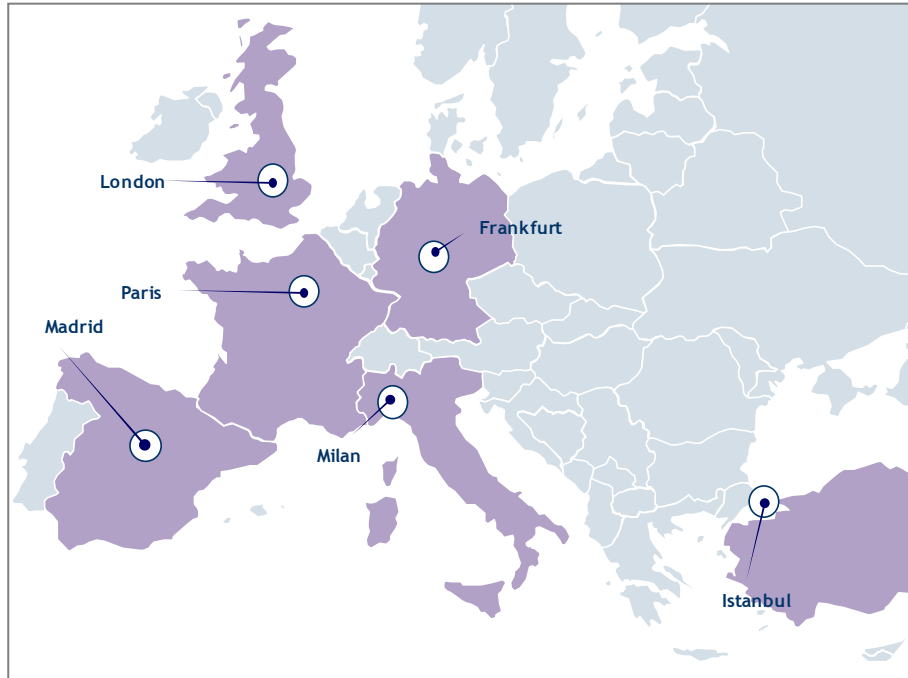
2001 - 2013	Ranking by total deals value			Ranking by number of deals		
	Bank	(€ bn)	Mkt share	Bank	Deals	Mkt share
1	MB	33	22%	MB	122	30%
2	ISP	14	9%	ISP	89	22%
3	JPM	13	9%	UCG	70	17%
4	GS	12	8%	BOFA	46	11%
5	MS	11	8%	GS	39	10%
6	BOFA	11	7%	JPM	36	9%
7	UCG	10	6%	CS	35	9%
8	CS	9	6%	DB	37	9%
9	DB	7	5%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

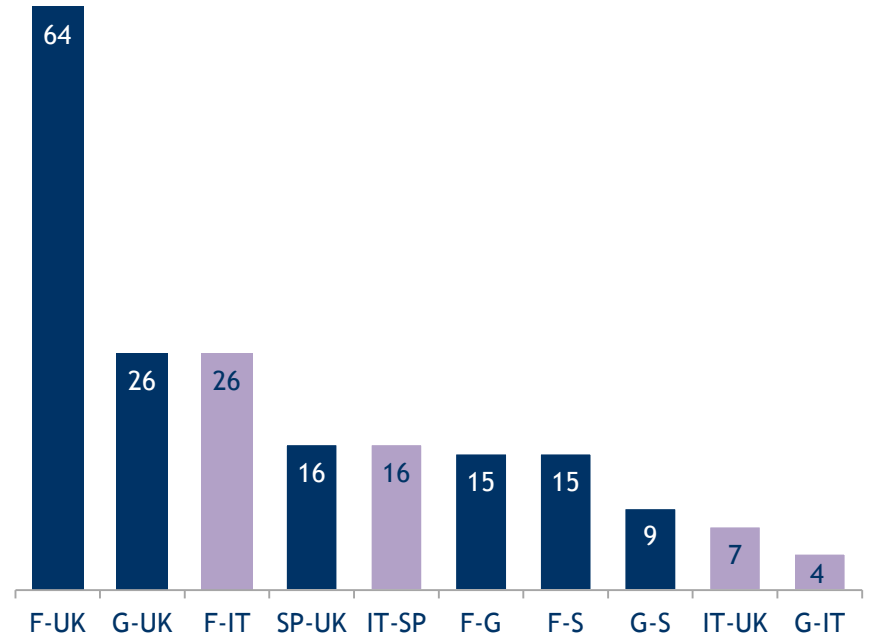
Source: Thomson Financial, deal completed, "any Italian involvement"

... leveraged since 2004 on a European scale

Mediobanca footprint



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

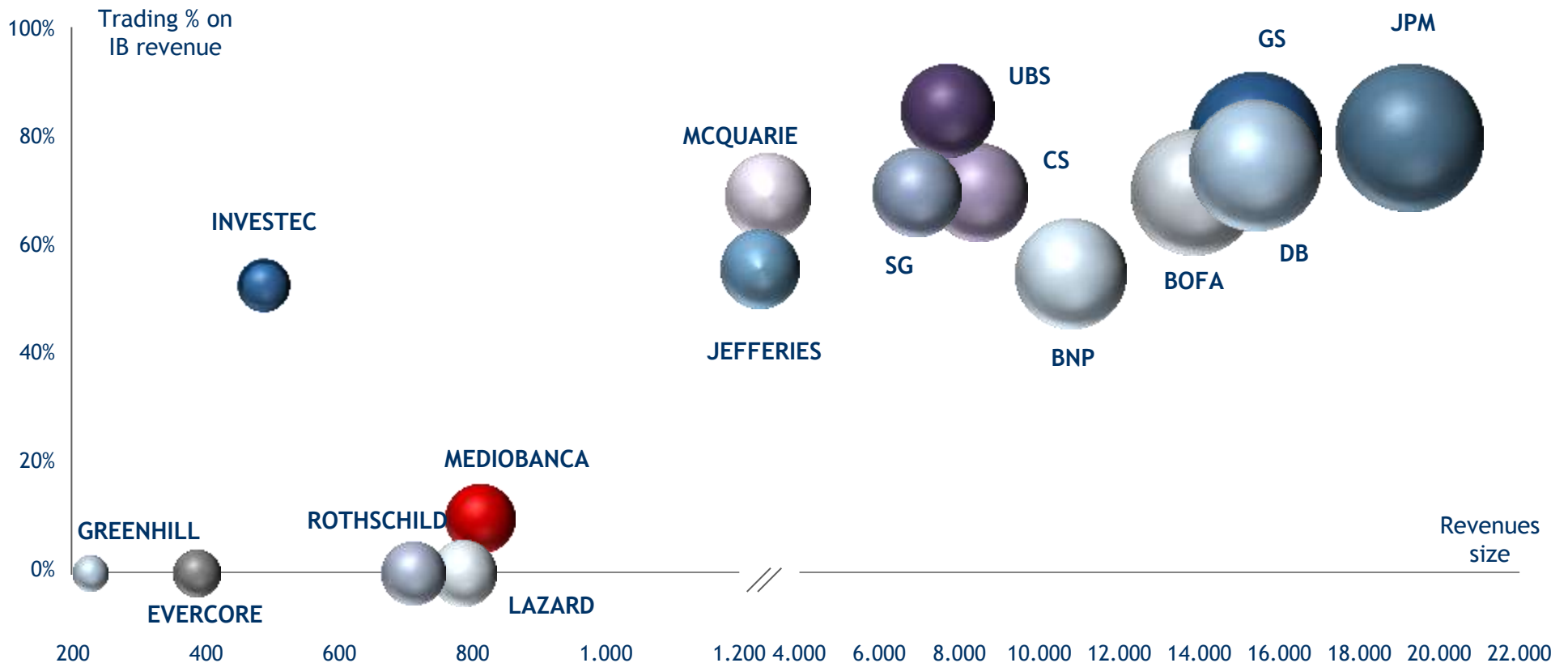


- ◆ Mediobanca has branches in markets crucial for Italian-cross border/commercial activity and rich in corporates
- ◆ Mediobanca top-ranked in Italian cross-border activity, well recognized franchise in Southern Europe

Source: Dealogic

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

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

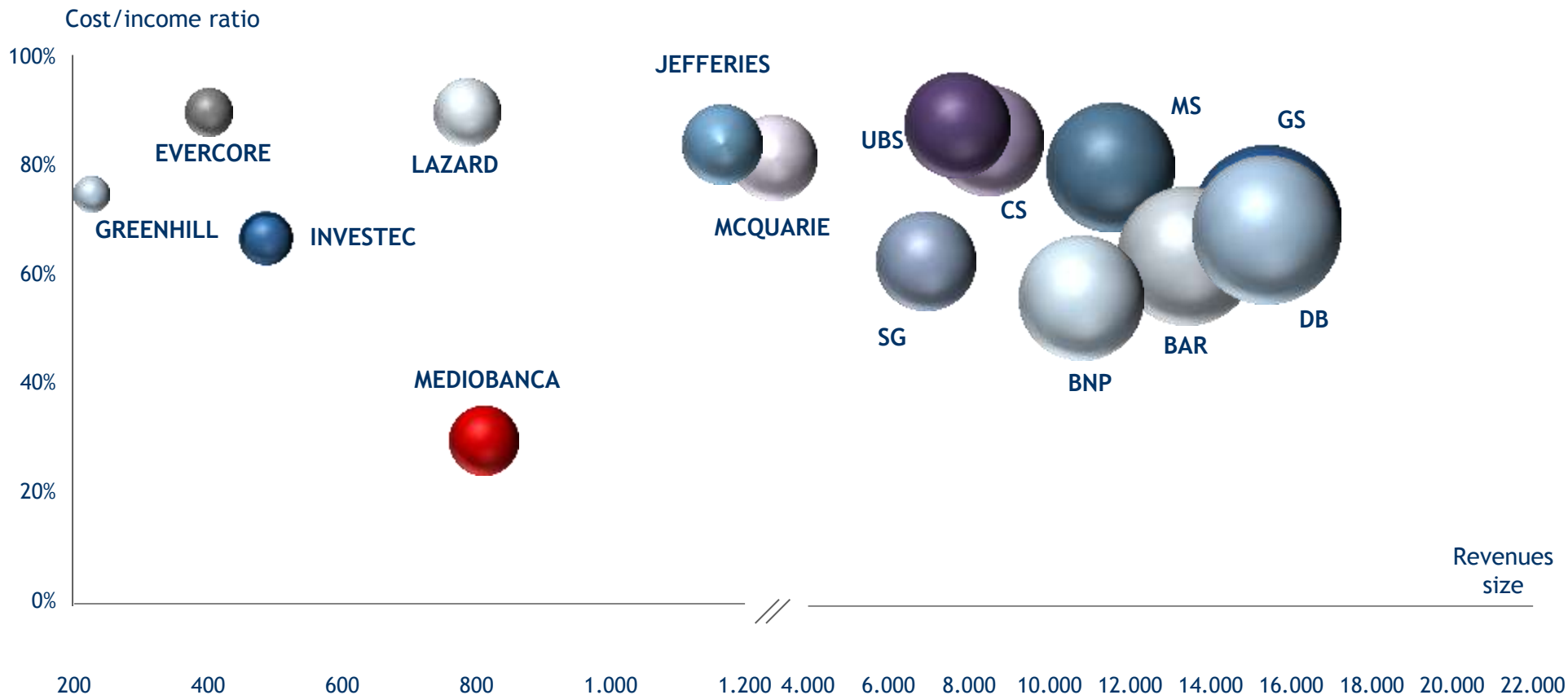


- ◆ MB CIB revenues: 85% customer-driven
- ◆ Mediobanca well positioned in the specialized operators arena, reliant on a wide and diversified product offer

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

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

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.

... a strong balance sheet ...

Low leverage

- ✓ CT1/Assets = 10%
- ✓ RWAs/Assets = 85%

Low risk profile

- ✓ Treasury: 2/3 in bonds, ow 90% IG
- ✓ Conservative ALM: Var 30m

Strong credit quality

- ✓ Net NPLs/loans=0
- ✓ Net bad Ls/Ls=1.7%, coverage 43%

Strong capital

- ✓ CT1 = €6.5bn, ratio 12%
- ✓ TC = €8.2bn, ratio 15%

High efficiency

- ✓ Compensation ratio ~ 25%
- ✓ Cost/income ratio < 40%

High liquidity

- ✓ €14bn eligible assets 93% tot ptf.¹
- ✓ NSFR above 100%

Note: end-March data

¹ Eligible asset at market value after haircuts

... and a tailor-made diversified product offering

INVESTMENT BANKING

- ◆ Corporate finance
- ◆ Debt advisory/restructuring
- ◆ ECM/DCM
- ◆ CMS Equity: solutions, finance, derivatives, trading
- ◆ CMS CRAL: credit, rates, alternatives and loan trading
- ◆ Prop. and client trading
- ◆ Merchant banking

LENDING & STRUCTURED FINANCE

- ◆ Corporate lending
- ◆ Leverage finance
- ◆ Structured finance
- ◆ Asset cycle

PRIVATE BANKING

- ◆ CMB
- ◆ Banca Esperia

Moving toward the right mix of capital & geographies

1. Our strengths

2. Positioning as a specialized operator

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MB positioned as a specialized operator ...

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

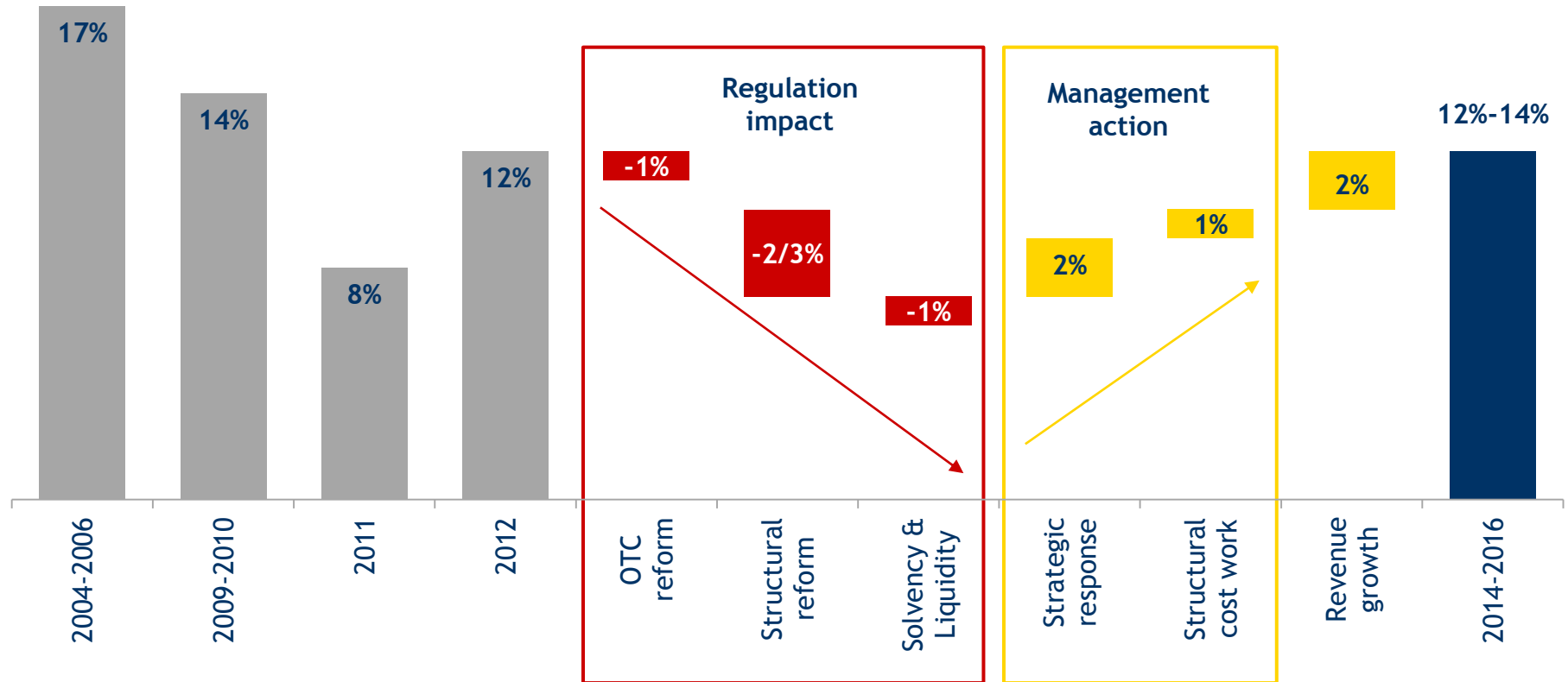
Specialized operators

- ◆ Strong IB identity/culture
- ◆ Product specialized operators, mainly capmks/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.

... to actively compete in a tougher “new normal”

Global IB ROE trend



- ◆ Regulation to impact revenues and ROE
- ◆ Active strategic response needed to repay cost of capital
- ◆ Modest revenues growth expected

Source: Oliver Wyman, April 2013

Moving toward the right mix of capital & geographies

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MEDIOBANCA

Boost size and reshuffling revenues mix through 5 main strategic convictions

1

Exploit an untapped corporate base

2

Empower geographic footprint

3

Complete product offering

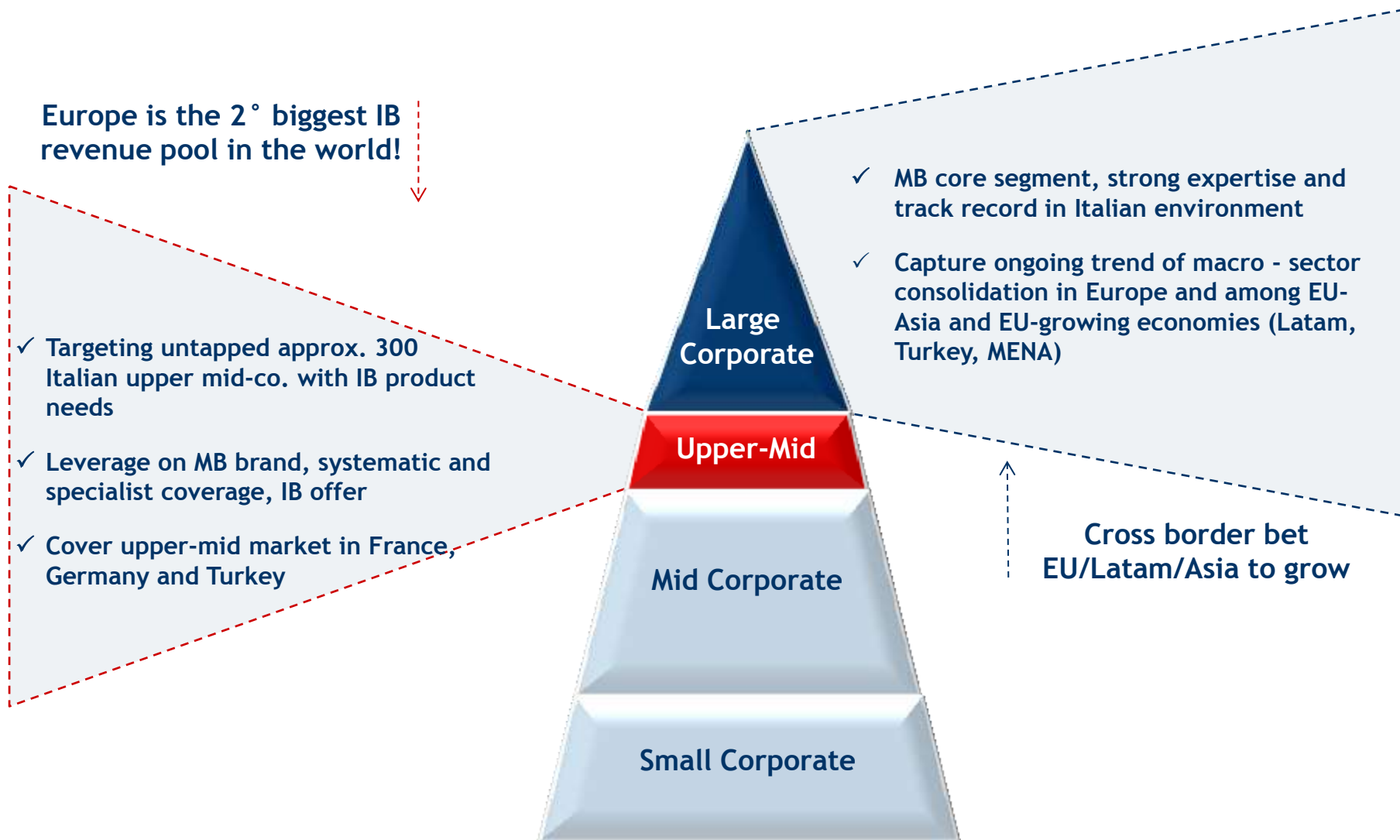
4

Leverage on IB industry secular trends

5

Keep focus on balance sheet quality and strength

Exploit an untapped corporate customer base



Empower MB geographical footprint

Core Europe

- ◆ Mature but large market in which Mediobanca still has a sub-optimal market share
- ◆ Reinforce continental European branches, hiring bankers from bulge brackets
- ◆ Extend mission of London branch from capital markets platform to hub of competence for industry expertise and markets
- ◆ Exploit product/customer synergies

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 Perù from Spain
 - ◆ Benelux from France

Non-domestic contribution up to 45% of total CIB revenues

Leverage on IB industry secular trends

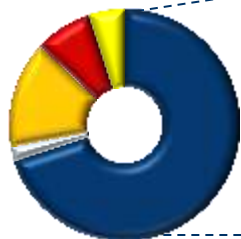
Needs of institutional investors

- ◆ Banking disintermediation, low-yield environment and sovereign debt crisis have enhanced the role of institutional investors, looking for yields
- ◆ MB to intermediate these needs by further exploiting CapMkts platform, setting MAAM and acting more as an asset-broker

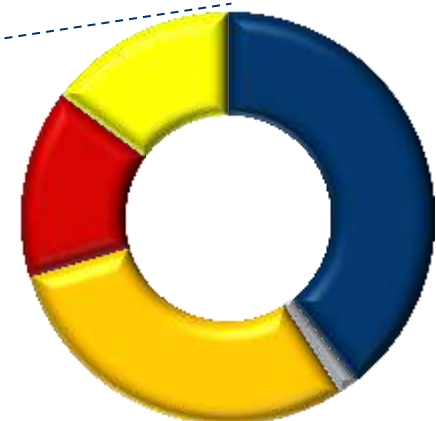
Talents flight to specialized operators

- ◆ Regulation to shift talents from global players to specialized operators
- ◆ MB well positioned to offer brand, products and network

MB customer base trend



- Large corporate
- SMEs
- FIG
- Institutional investors
- Upper mid corporates



Private banking

State of progress

- ◆ Capital-light business, generating recurrent fees and profits
- ◆ Contribution to Group revenue pool still too small but material at profit level
- ◆ Synergies to be exploited with CIB, CheBanca! and MAAM
- ◆ Wave of consolidation to take place in the industry to support profitability

Actions

- ◆ Consolidate market share in domestic market and existing offshore presence through:
 - ◆ hiring high profile bankers
 - ◆ Acquisitions of small, scalable, strong reputed operators
- ◆ Get the right mix between proprietary products/ open architecture
- ◆ Enhance product offering and improve managed/ administrated asset mix
- ◆ Cost management

ROAC 40%

Moving toward the right mix of capital & geographies

1. Our strengths
2. Positioning as a specialized operator
3. Group strategic guidelines
4. Targets



MEDIOBANCA

CIB targets: balanced business model to deliver growth and return

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%

Group Retail Strategy

Gian Luca Sichel, CEO Compass and CheBanca!



MEDIOBANCA

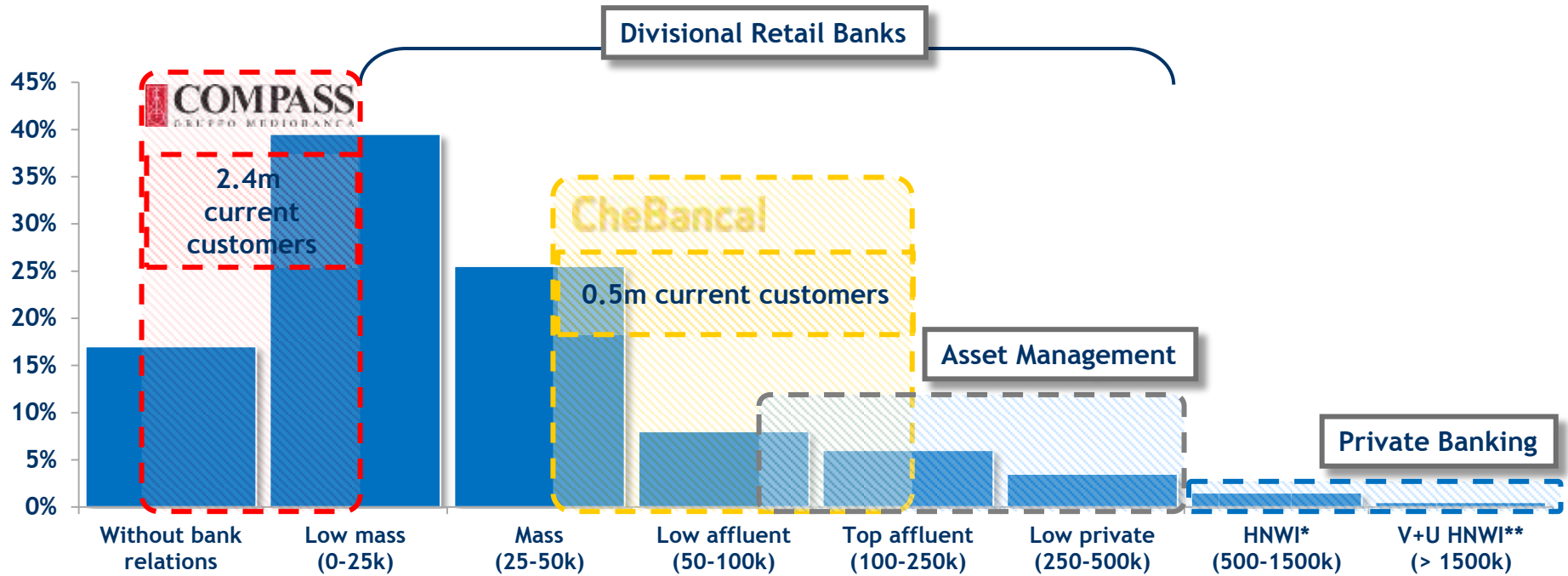
The Italian retail banking arena

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

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

Getting in with a distinctive and value driven positioning

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



No/Early Banking (28.3m)

Mass Banking (17.2m)

Family Banking (4.7m)

Private Banking (0.8m)

Products

- ◆ Payment accounts
- ◆ Pre-paid cards
- ◆ Personal loans

- ◆ Current accounts
- ◆ Time deposits/Gov. bonds
- ◆ Point-of-sale loans

- ◆ Current accounts
- ◆ Asset management
- ◆ Equity

- ◆ Total return AM
- ◆ Property management
- ◆ Best-in-class consultancy

Unbanked/Under-banked Target

* High Net Worth Individual
** Very + Ultra High Net Worth Individual

Source: Compass elaboration on ABI data



Compass

Leveraging on a unique franchise



▲ Business model and key success factors

▲ Strategic guidelines

▲ Closing remarks

Current business model has been shaped with "Linea" M&A



Acquisition

Merge

2006

2007

2008

2009

2010

2011

2012

2013

Compass stand-alone

- ▲ 100% of production via proprietary branches
- ▲ High risk / high return portfolio
- ▲ More profitable than the market average
- ▲ Not easily scalable for growth
- ▲ Monolithic approach

Integration

- ▲ IT migration
- ▲ Incorporation
- ▲ Credit policy
- ▲ Brand & products
- ▲ HR synergies

Slowing down

- ▲ Risky channels closure
- ▲ More stringent underwriting

New Compass

1

Goals

Growing in size

Increasing profitability/value

2

Strengths

Effective distributive model

Statistics driven business

Industrialized collection process

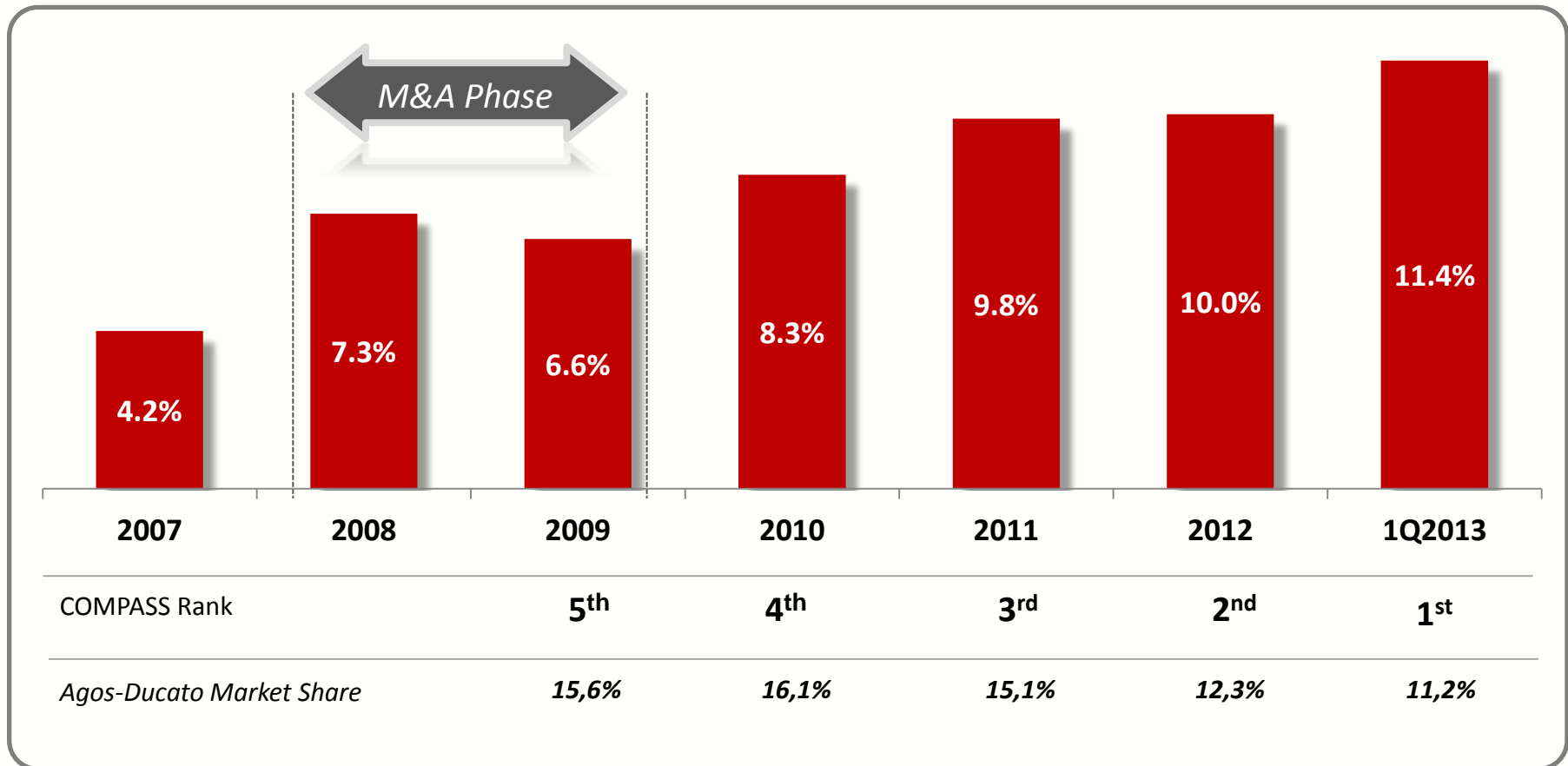
Value driven decisions

People championing

We delivered continuous business growth in these five years ...



Compass Market Share on Yearly New Volumes



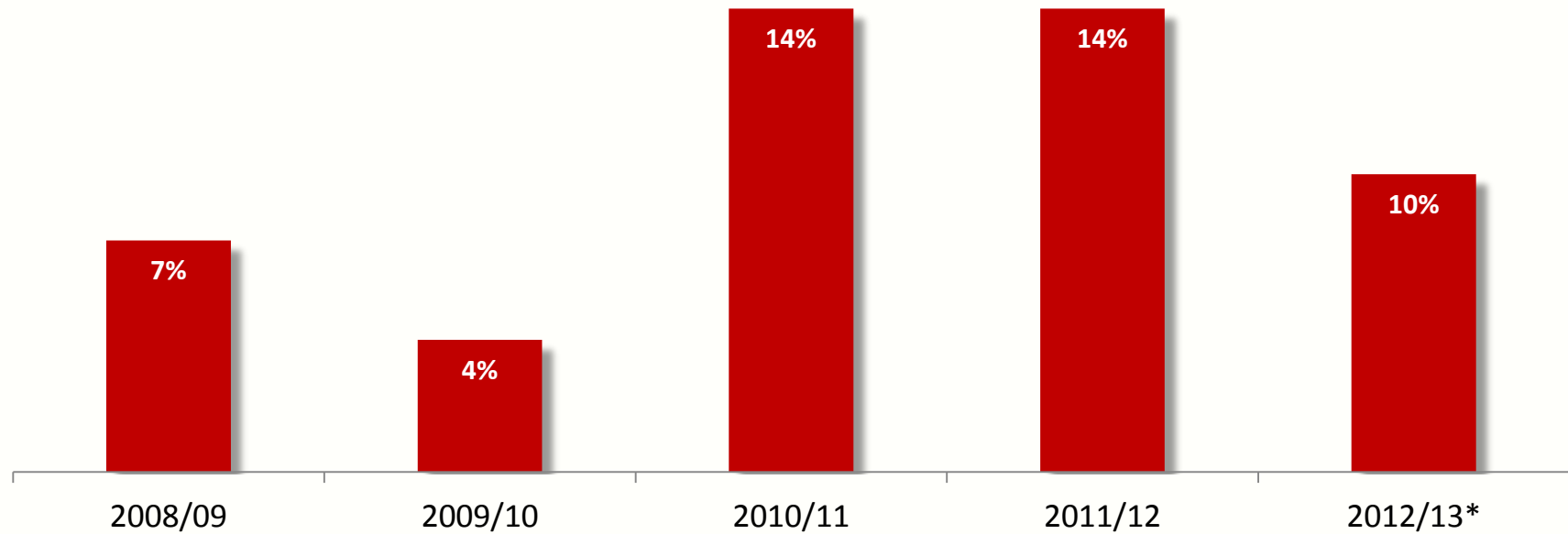
Source: Assofin Quarterly Observatory

Data of 2007 do not include Linea's Volumes (whose contribution would raise market share at 8,6%). Data of 2008 and 2009 do already include Linea's Volumes

... whit a good profitability over the cycle

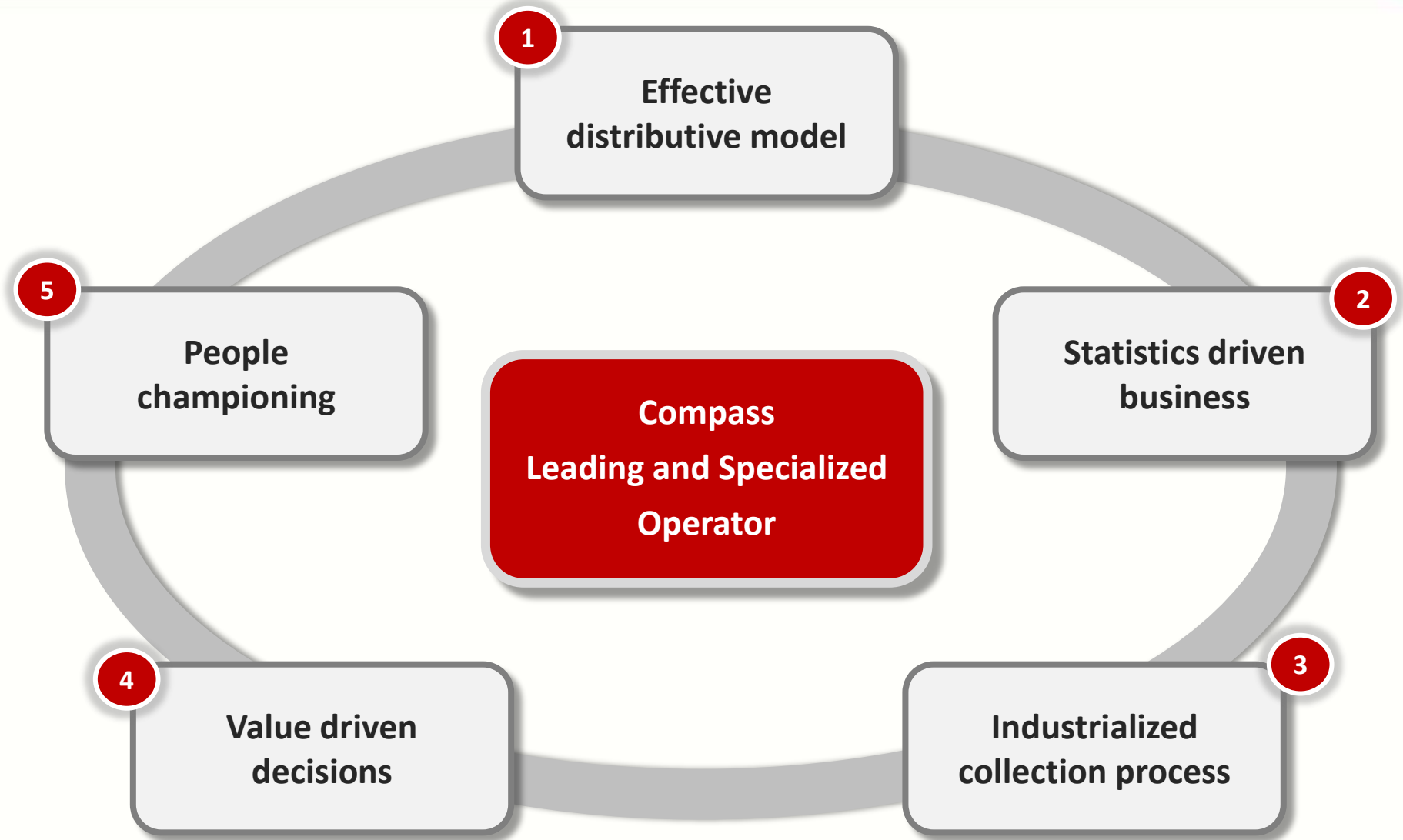


ROAC (%*)

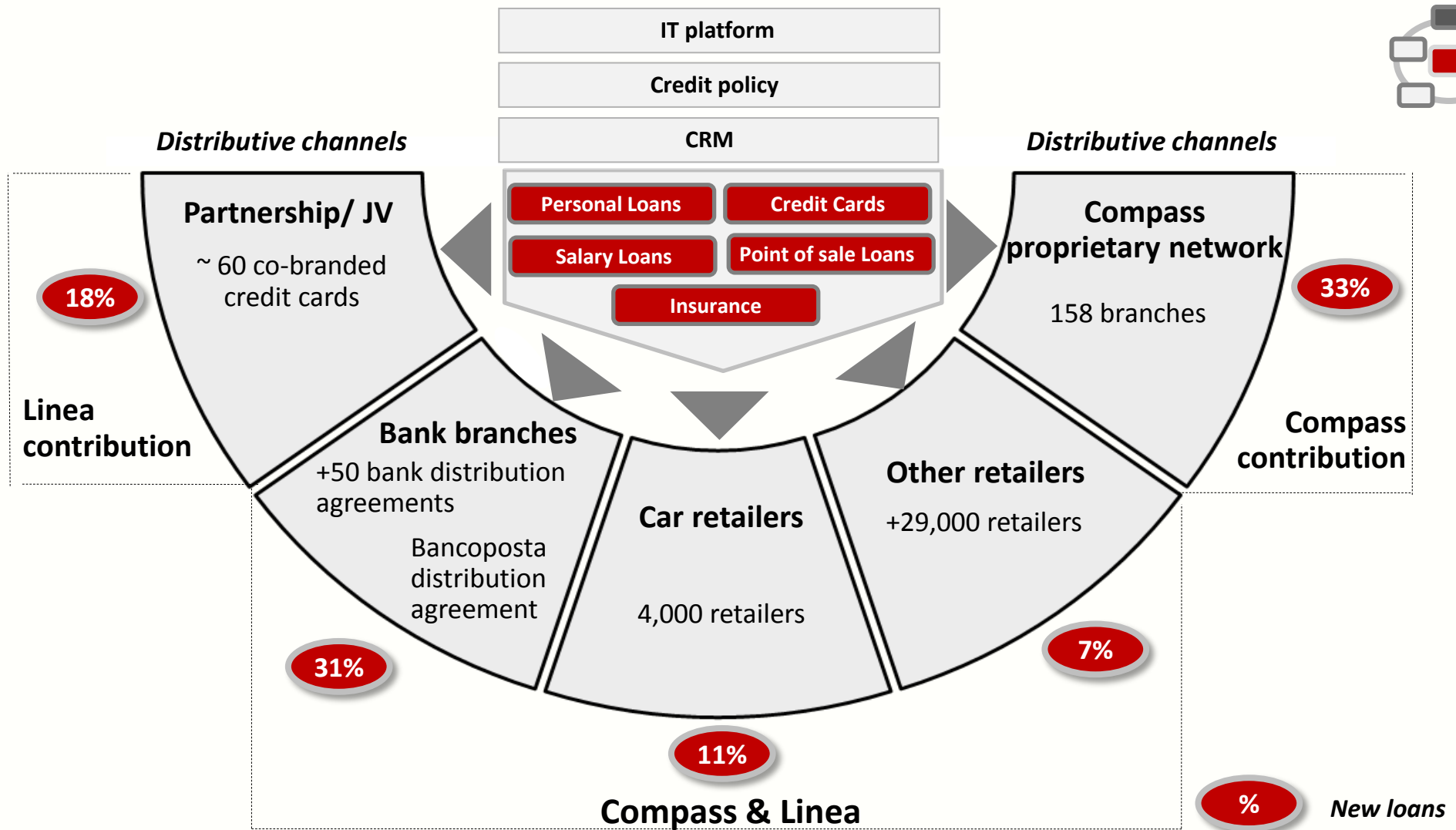
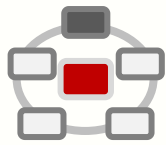


*Allocated K = 8% RWAs; 9m annualised

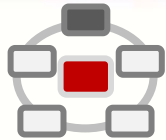
Growth and profitability delivered on the back of five strengths



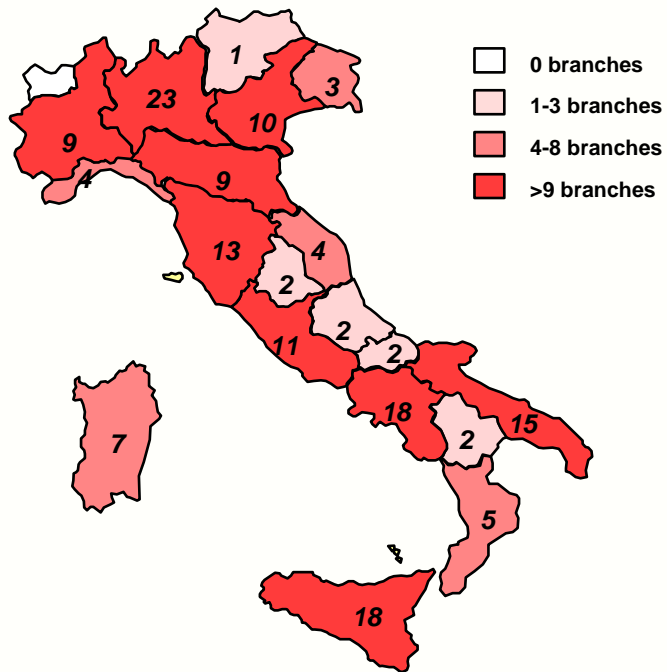
Effective distributive model ...



... based on a strong proprietary branch network ...



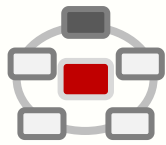
Compass Branch Network



- ▲ **158 branches** covering all of Italy:
 - 54 in northern Italy
 - 46 in central Italy
 - 58 in southern Italy
- ▲ Branch locations are constantly monitored and evaluated via **geo-marketing tools**
- ▲ Branch based **organization optimized for both B2C and B2B** deals (branches sell loans and cards directly, which also fuels relationship with partners and affiliates)
- ▲ **Customers' satisfaction index** has been **over 75** for last 3 years (while banks stably averaging at 68) (*)

(*) Source: Compass yearly customer satisfaction study

... and Compass's ability "to deal" with key partners ...

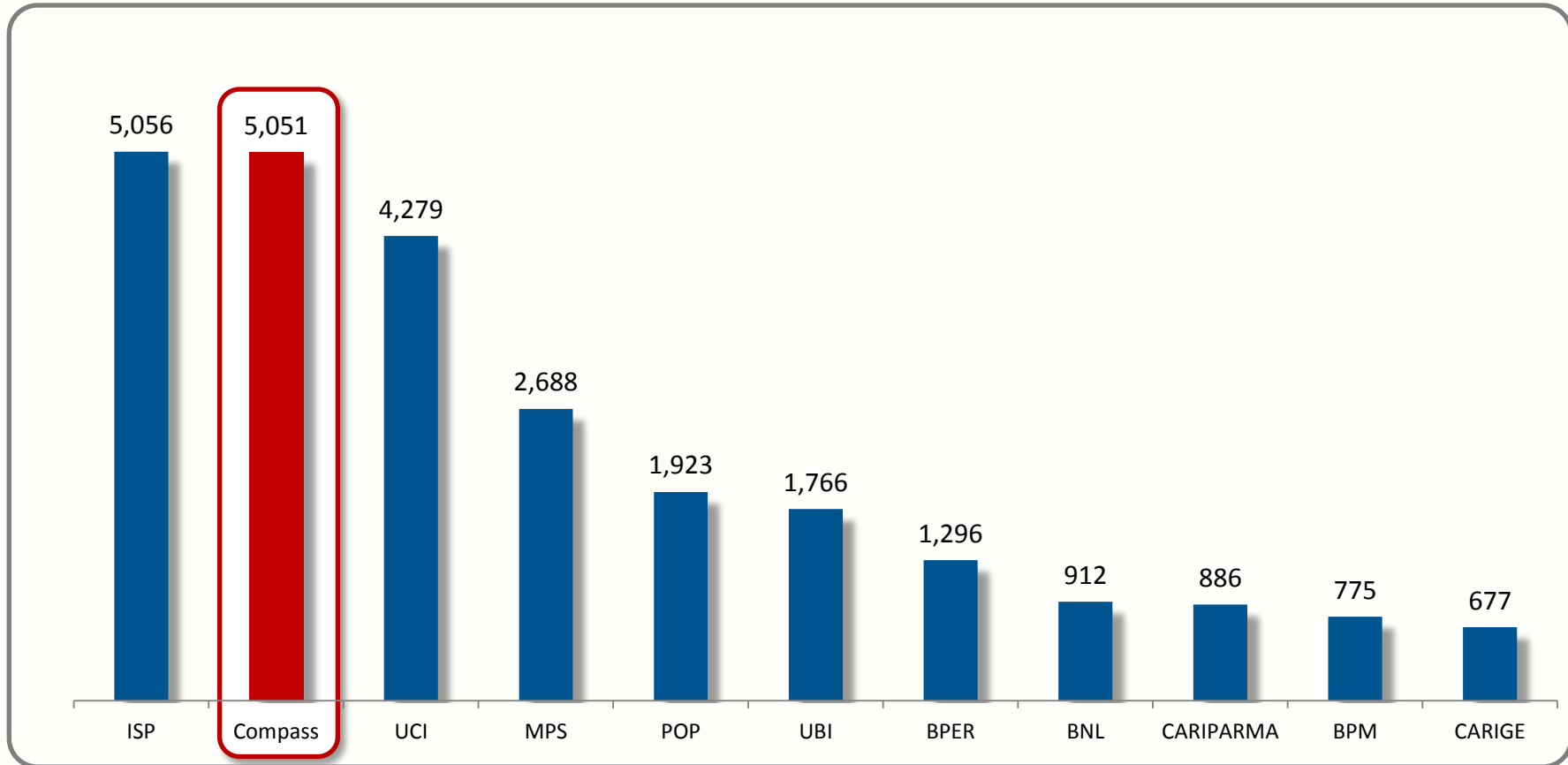
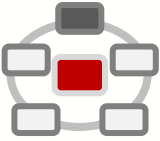


Channels	1 Banks	2 Distribution & Automotive	3 Agents	4 Insurance network
Key numbers	<ul style="list-style-type: none"> ▲ 50 banks partnered ▲ +5,000 bank branches ▲ +14,000 Poste branches 	<ul style="list-style-type: none"> ▲ 30 distribution agreements ▲ 25,000 retailers 	<ul style="list-style-type: none"> ▲ 30 distribution agreements ▲ 2,000 agents 	<ul style="list-style-type: none"> ▲ 12 distribution agreements ▲ 1,200 brokers
Key partners			<ul style="list-style-type: none"> ▲ Barclays ▲ IBL Banca Family ▲ Kiron ▲ Credipas 	
Products	<ul style="list-style-type: none"> ▲ Credit cards ▲ Personal loans ▲ Salary loans 	<ul style="list-style-type: none"> ▲ Point-of-sale loans ▲ Car loans 	<ul style="list-style-type: none"> ▲ Personal loans ▲ Credit cards 	<ul style="list-style-type: none"> ▲ Credit cards ▲ Personal loans ▲ Point-of-sale loans

... allowing Compass to obtain distribution power equivalent to 5,000 bank branches

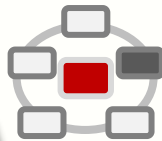


Top 10 banks by number of branches (*)



(*) Source: Bank of Italy. Only domestic branches are considered. BPER Group is served by Compass

Business is driven by an in-depth statistical approach ...



Direct marketing

- ▲ Short-term **redemption**
- ▲ **Customer-life-time cross-selling**
- ▲ **Price sensitivity**
- ▲ **Psychological profile** (Eurisko)
- ▲ **Retention**

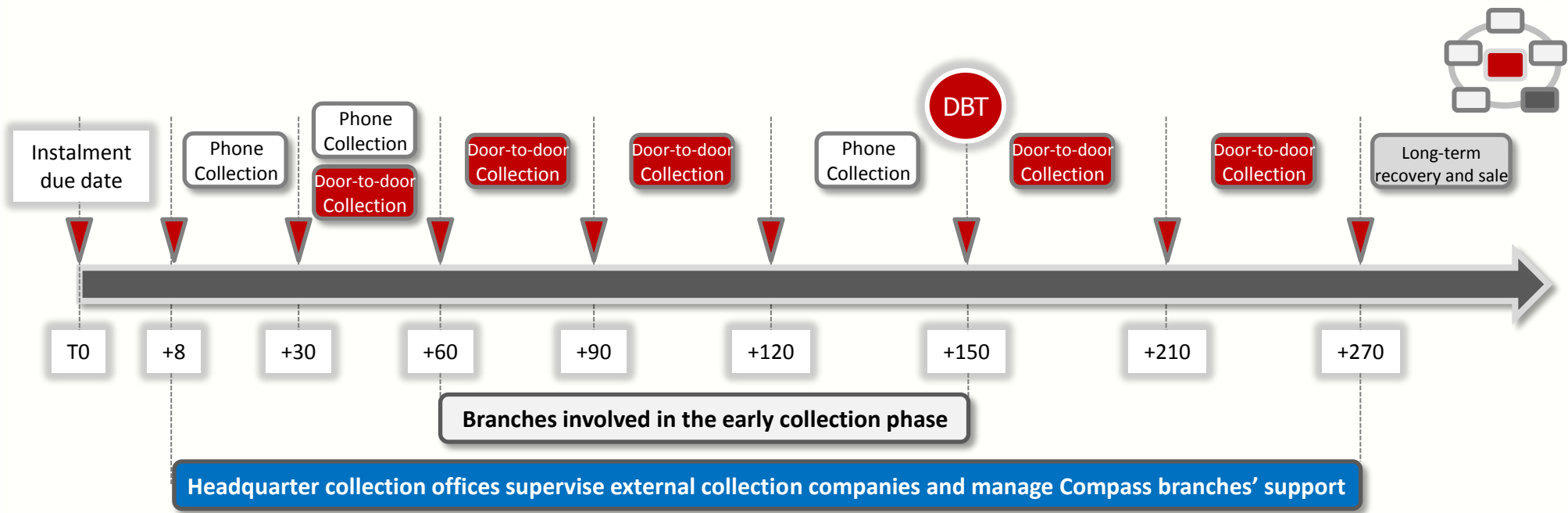
Underwriting score

- ▲ **30 acceptance scorecards** with differentiated **cut-off triggers**
- ▲ **Heavy use of sub-module** (credit history, channel, etc.)

Collection strategy

- ▲ **Collection strategy scorecards** based on:
 - expected **collection income**
 - **past due rolling behaviour**
 - possible **price of disposal**

...and a highly industrialized collection process ...



▲ **Phone collection** companies always **compete with each other** on a **casual basis**

▲ **Door to door companies** always compete at a geographical level

▲ At each next phase, **collectors** are always **different from the previous ones**

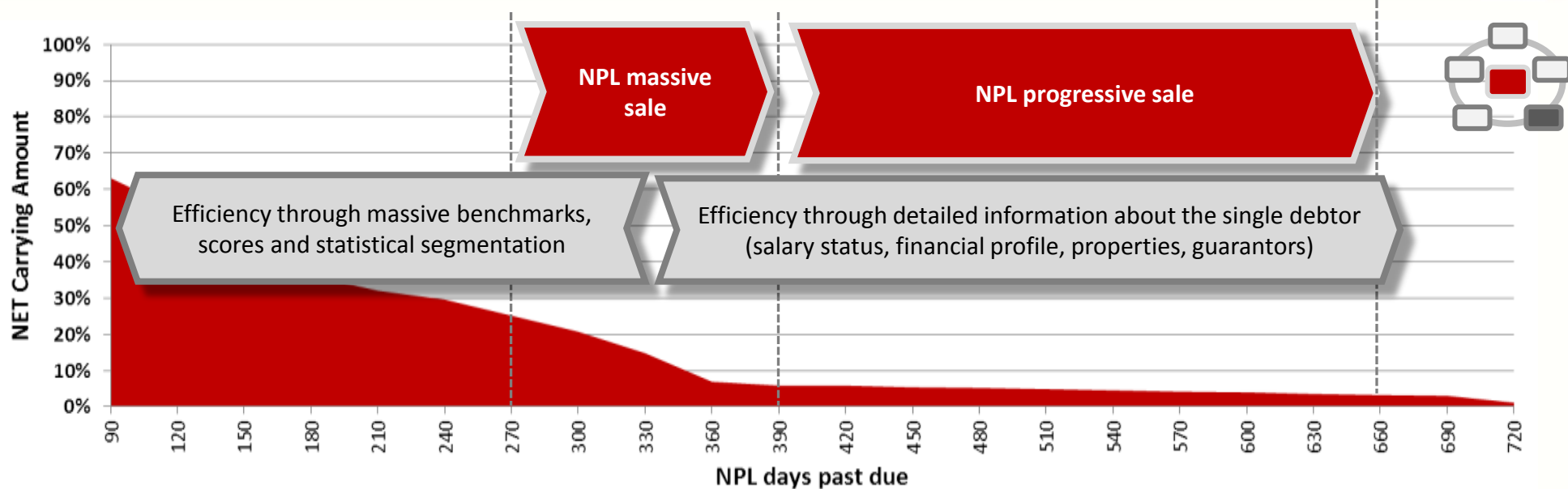
▲ **Early collection start** (first action at day 8) **increases efficiency** of the whole process

▲ **High number** of external **agencies** allows for a **continuous benchmarking**

▲ By **switching NPL assignment** to different agencies, the **product chain is kept taut**

▲ **Branches** made **responsible** for **credit quality**

... and efficient NPL management process allows for a clean book



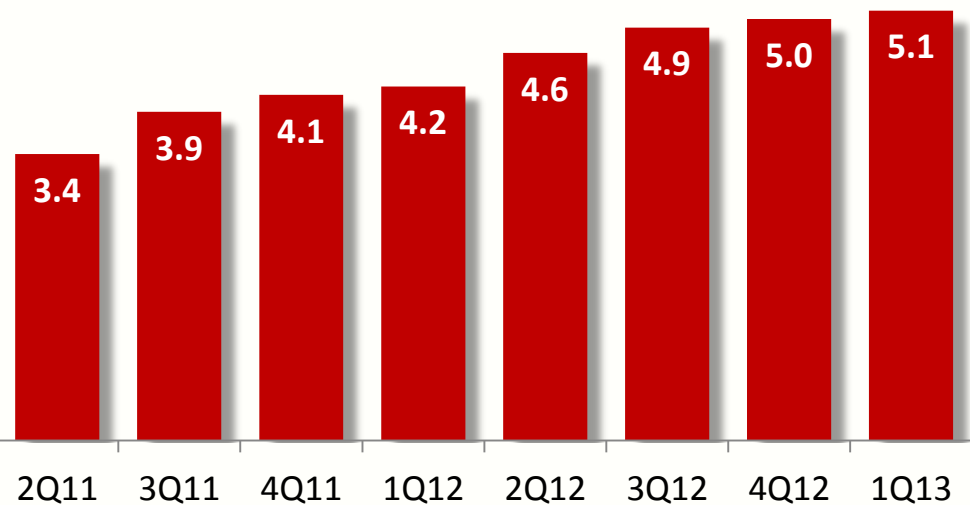
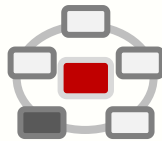
- ▲ **Collection** evolves with **ageing** from **massive** statistical approach to **one-by-one** customer management
- ▲ **Provisions** are automatically **updated**: 75% at 270dpd, 94% at 390dpd, 98% at 660dpd ...
- ▲ ... and in any case at 720 dpd, **NPL** will be **sold** or **provisioned** at **100%**

- ▲ **Balance structurally clean**
- ▲ **Cost of risk set “objectively”**

The ultimate decision is “value-right price” (not “volume”) driven



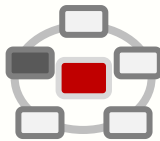
Value progression ¹(%)



- ▲ Risk due to its implicit volatility **managed** with **conservative approach** in the value equation
- ▲ Pricing decisions based on **target value**
- ▲ **Minimum value required** per product/channel

¹ Value: gross return net of risk, funding and distribution costs

Last but not least, capable of championing in people management



- 1 **Strong investments** aimed at **training professionals** coupled with providing them with **credible career paths** (here facts matter!)
- 2 A large **basin of internal talent** complemented by **few** specific **external hires** (know-how gap filling approach)
- 3 "**Proprietary branches academy**" (50 years of expertise are priceless)
- 4 **Succession planning** for all **key managers** ... new **General Manager** appointed through **promotion** from **within** the **company** and immediately integrated and recognized
- 5 **Management team** fully change-oriented and **ready** for whatever **discontinuous change** the market asks for in the coming years



- ▲ Business model and key success factors

- ▲ **Key highlights of 2013-16 Business Plan**

- Core Business
- New Projects

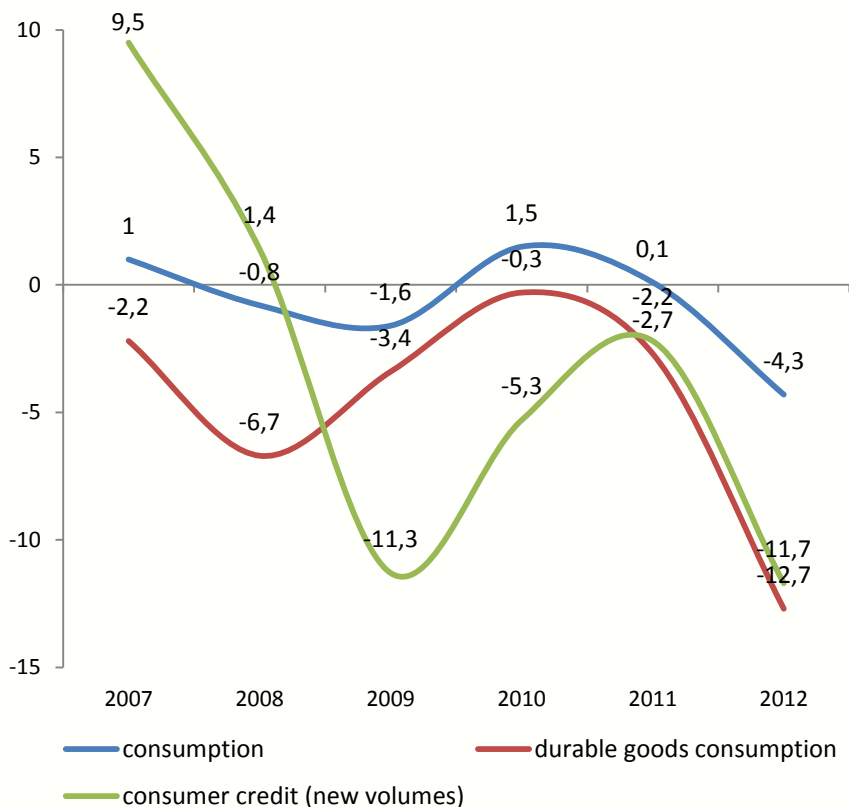
- ▲ Closing remarks

The consumer finance market has been declining for 5 years and slight recovery is expected in 2014



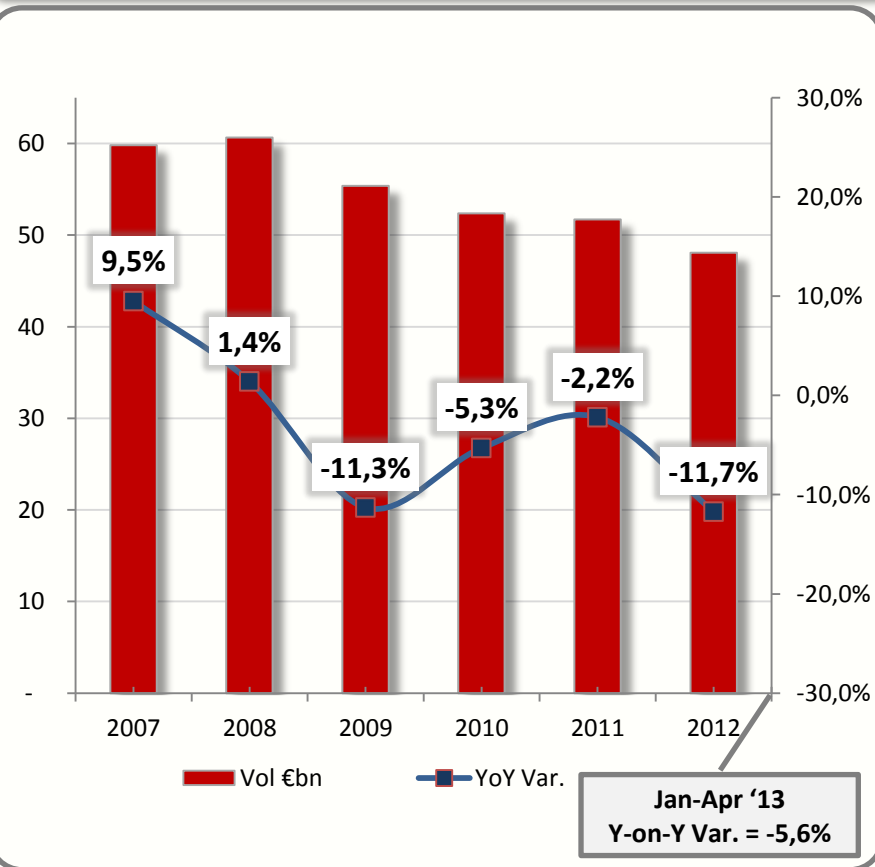
Consumption and Consumer Credit

Y-on-Y variations (%)



Consumer Credit

Volumes and Y-on-Y variations (€bn, %)



Strategic Plan Guidelines

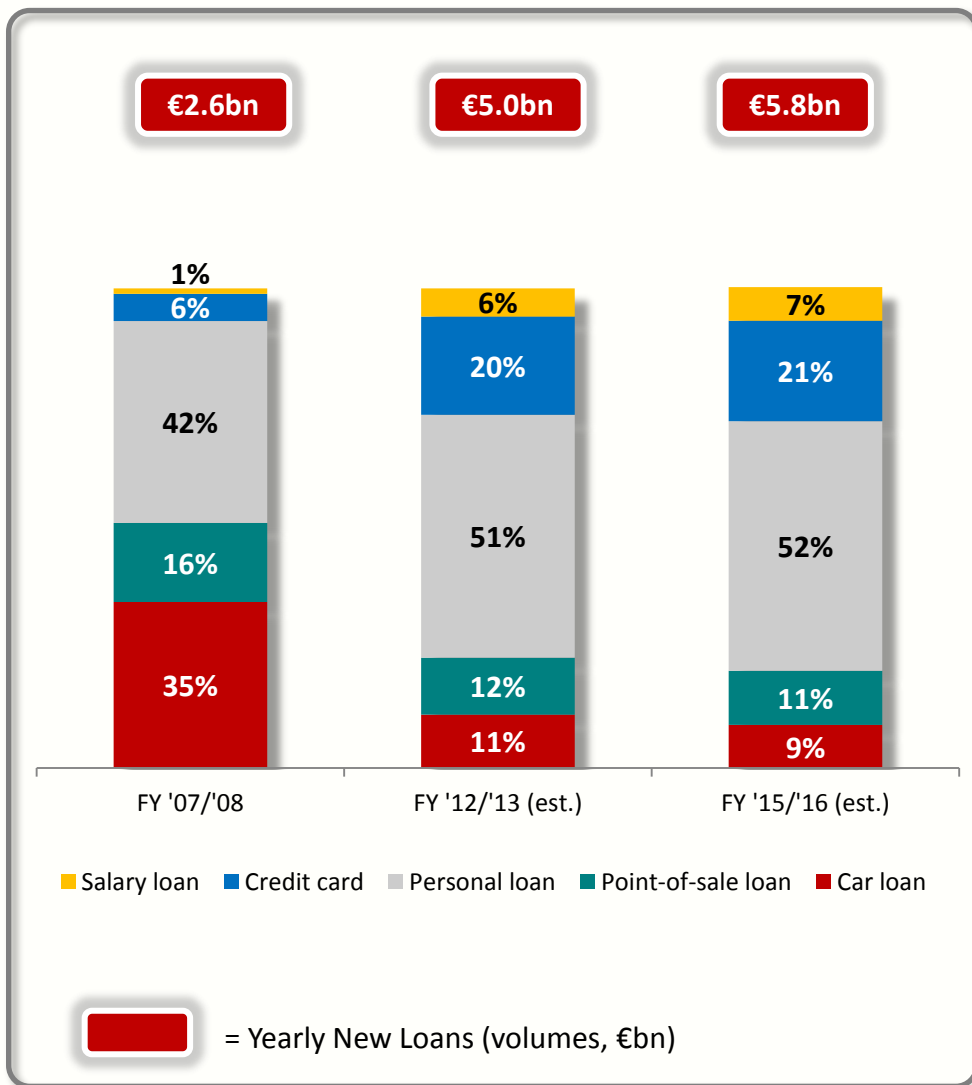


Scenario	Consumer Credit Market	Regulatory Market
Economic cycle is weak and market volatility expected to persist	Declining for 5 years, expected slight recovery as of 2014	Increased pressure and stricter distribution boundaries expected



- 1 Launch **new products** to **diversify revenue** streams and **deepen** some **partnership** channels
- 2 **Set commercial targets** based on “**risk adjusted returns**” (not on new volumes only)
- 3 **Increase customer** base and “**protect**” **current** customer **portfolio**
- 4 Preserve **high efficiency** both on **current** and **new business**
- 5 **Keep cautious risk** approach

Current product breakdown will be maintained ...

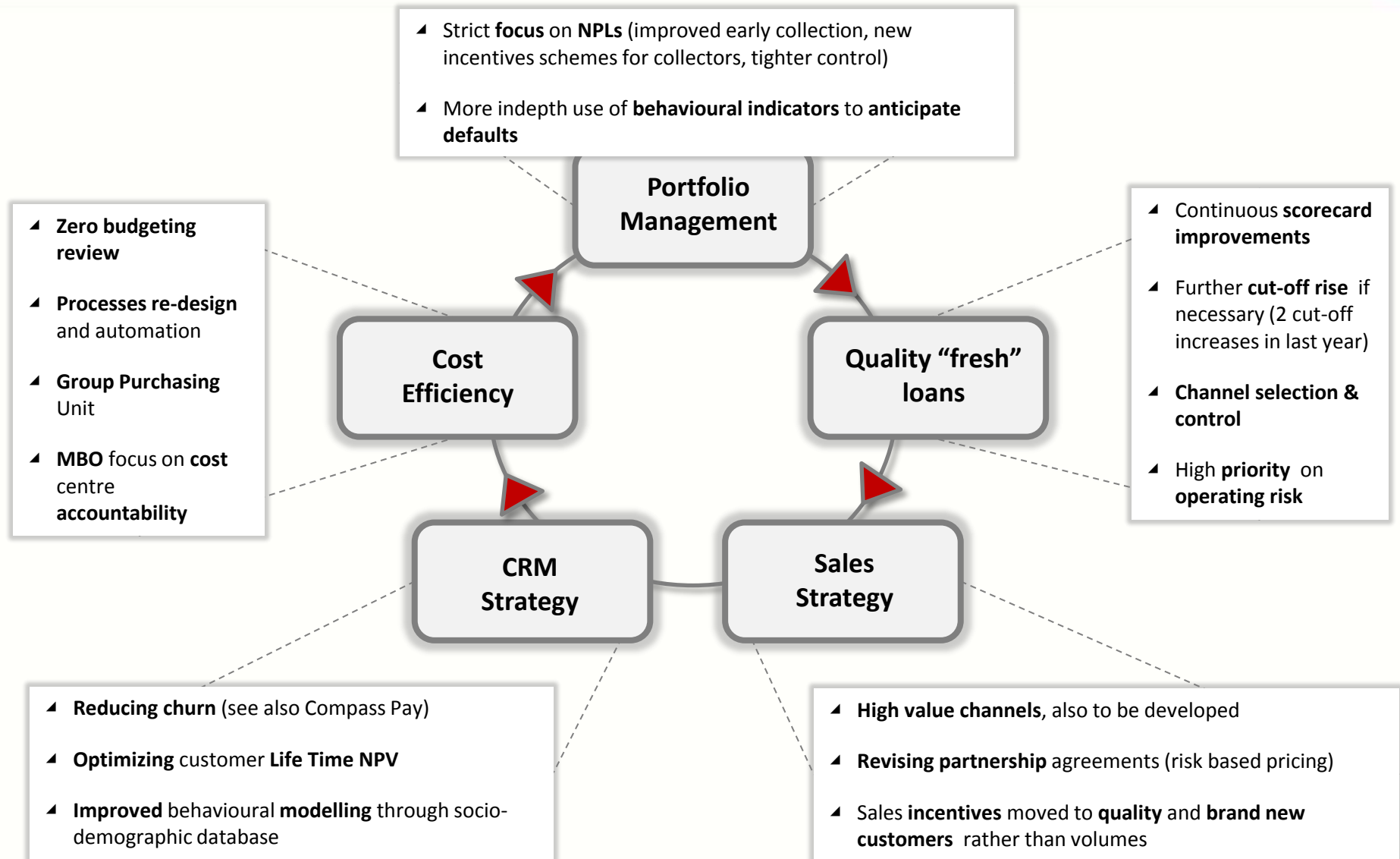


Key Drivers

- ▲ **Personal loans** have **gained** and will keep the “half-total” position as they **account for largest risk adjusted return (RAR)**.
- ▲ **Credit cards** have more than **tripled in weight** due to their **increased contribution to RAR** as a result of “**technology**” and “**claim discontinuity** vs previous years
- ▲ **Car loans** will maintain a **limited weight** as **shrinking margins** in this market cause their “value” to fall behind that of other products
- ▲ **Point-of-sale loans** will **no longer be reduced** as – due to definitely smaller tickets – they give the **highest contribution to acquiring “brand new” customers**
- ▲ **Salary loans** will continue to increase, as the outlook for next few years shows **increasingly improving margins**

Data for FY 2007/08 refer to Compass “stand-alone”

... and core business profitability optimized by 5 key levers





- ▲ Business model and key success factors

- ▲ **Key highlights of 2013-16 Business Plan**

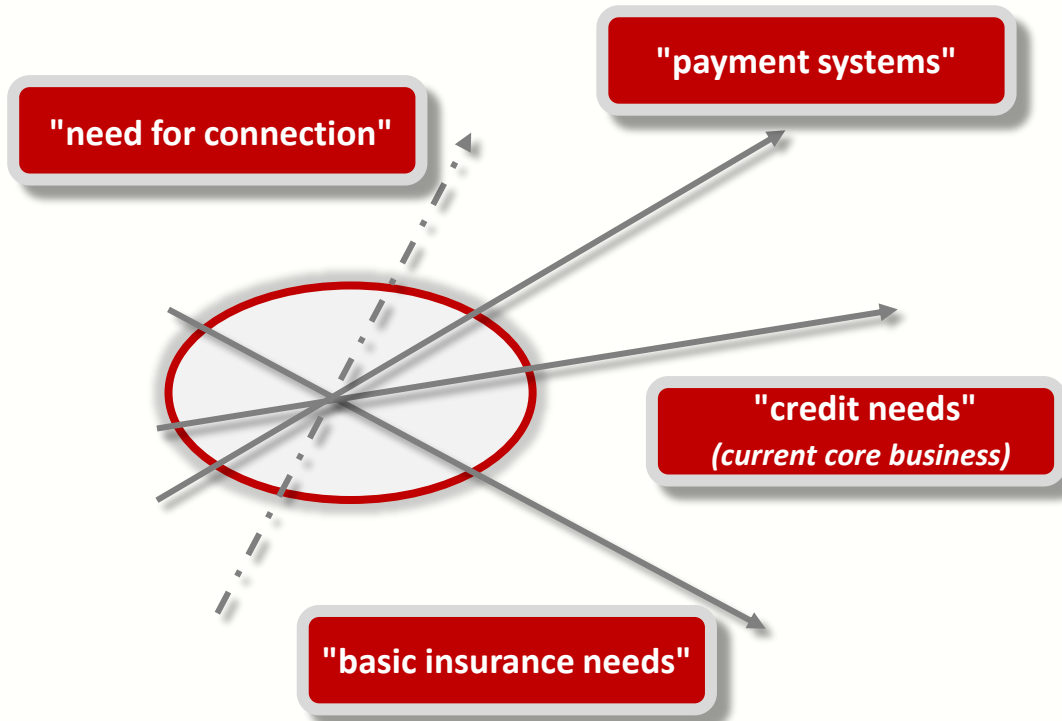
- Core Business
- **New Projects**

- ▲ Closing remarks

Business paradigm change: from current “transaction based” to “relationship based”



- ▲ A **dominant market position** will be granted to those who can **occupy this strategic crossroads** ...
- ▲ ... players from **different sectors** (telecoms, large retailers, dot-com companies and social networks) will **compete** ...
- ▲ ... the **winning model** has still to be defined!



Compass's vision

- ▲ "... become the **preferred partner** for Italian **customers** ... for their **borrowing**, **transactional** and **protection** needs ..."

Compass's leadership

- ▲ Customer **lending** with consistent **quality**
- ▲ Customer **relationships** with high percentage of “**repeaters**”
- ▲ **Ability** to **craft** new **relevant partnership**
- ▲ **Innovation** and **discontinuity** in **product** technology and consumer **modelling**

Compass Pay: targeting a huge market potential ...

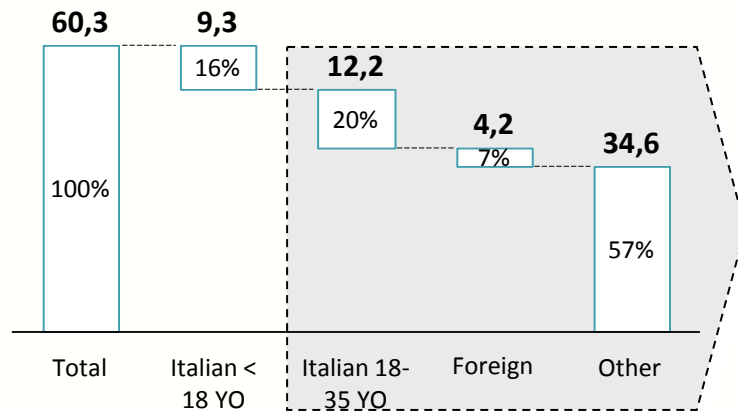


Scenario

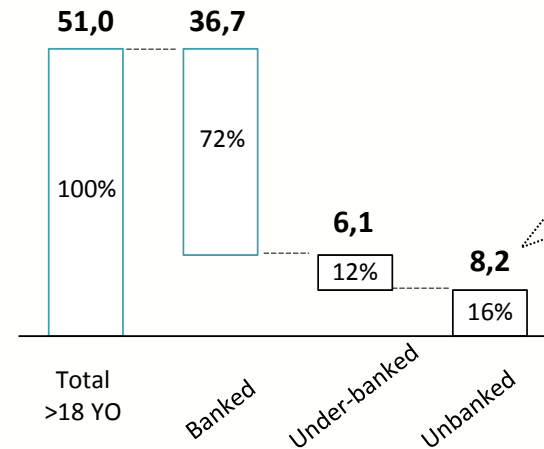
8 million customers are unbanked (16% of the adult population compared to a European average of 7%)

6 million customers have less than €10,000 of assets and are under-banked

Italian population (% , millions)



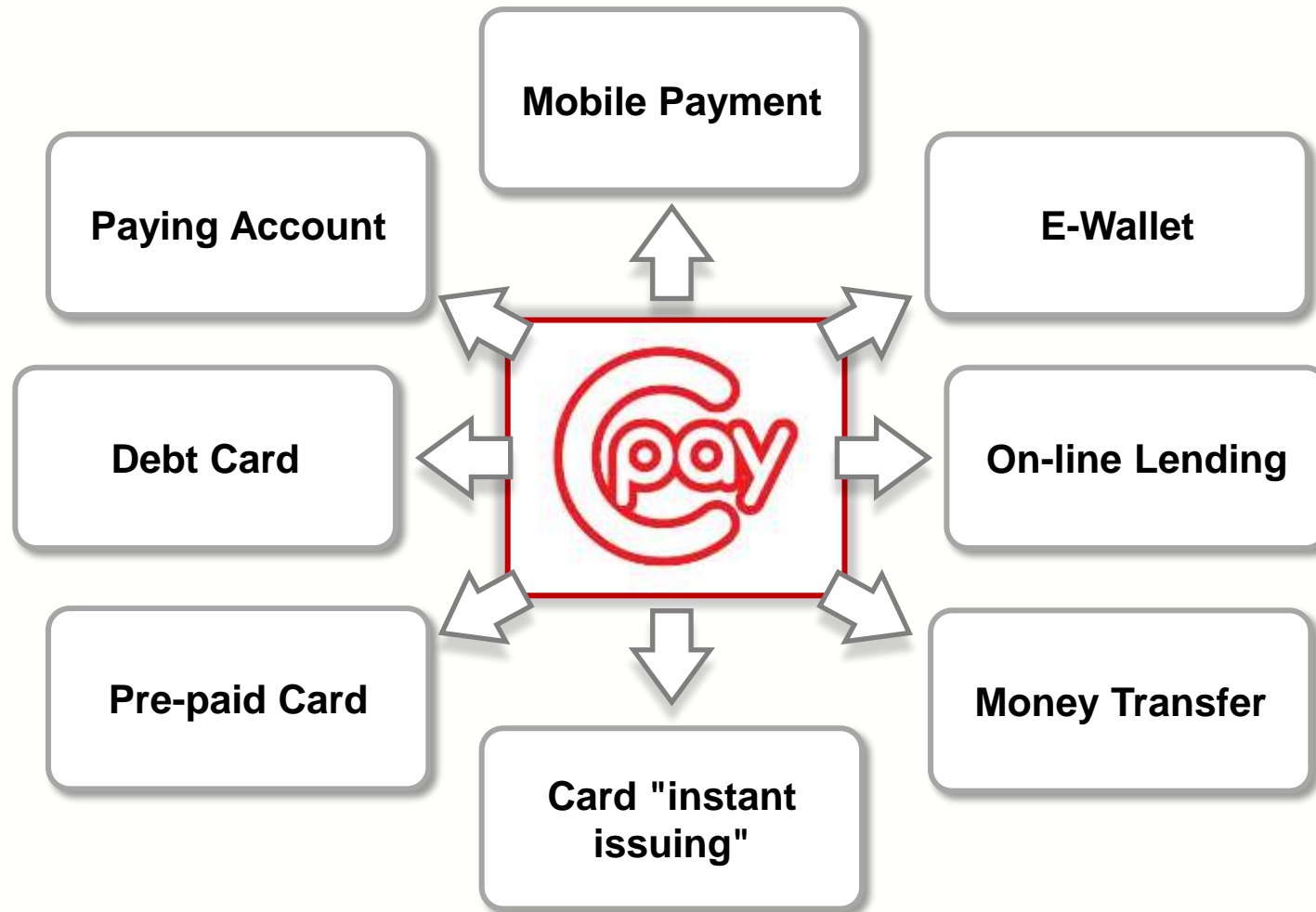
Italian customer segmentation (% , millions)



Potential target of over 14 million customers

4.9m between 18 to 35 years old and 1.3m foreigners

... seeking financial inclusion at low cost, with embedded lending opportunities and on-line functionalities





- ▲ Business model and key success factors
- ▲ Key highlights of 2013-16 Business Plan
- ▲ **Closing remarks**

To conclude, we have set challenging targets in terms of profitability and sustainable growth, which will be met thanks to our recognized assets ...



1

Strong **brand** recognition

2

Large **client base** with absolute levels of **satisfaction**

3

Widespread network distribution with unique expertise

4

Outstanding scoring and credit management

5

Genetically **able to create long-lasting partnership**

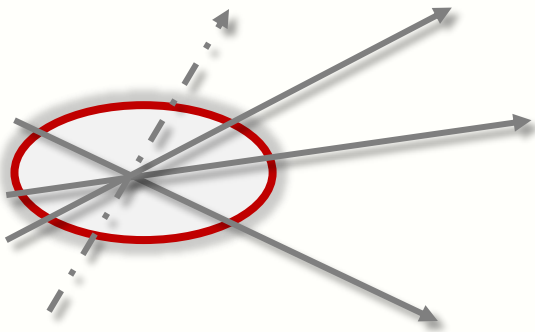
6

Efficient **CRM** and **cross-selling machine**

... while the new model reduces corporate risk at 360° ...



Occupying the crossroads
=
Owning the relationship



Long-term value drivers

1

- ▲ Reinforce our **core business** ... by “ring-fencing” our **customers**
- ▲ Address **new customers’ needs** starting from “**unbanked**” targets

2

- ▲ Reduce **credit risk** due to **wider behavioural** data set and even **more accurate controls** on flows
- ▲ Reduce risk of **churn** of both **customers** and **retailers** by **reducing opportunities for interaction** with our **competitors**

3

- ▲ Increase **revenues without** calling for **higher capital absorption** or **funding** needs

... all this at a limited execution risk!



Strong leverage on existing platforms

- ▲ **Building blocks** based on **existing database** and operating systems
- ▲ **Sales strategy** starting from **owned customers**
- ▲ Adapting **current lending know-how** and workflows to the **new customers' interfaces**
- ▲ **Exploiting cards** and **collection** operation
- ▲ **Leveraging high motivated employees** and **50+ years of expertise** on Italian mass market

+

Smart Execution

- ▲ **Running projects** with "modular" framework
- ▲ **Variable costs** structure
- ▲ **Self-financed** by **core business** (whose profitability remains our obsession)
- ▲ **Scalable** and **adaptive strategy**: we will use **accelerator** based on the **actual data** from **customers response** and behaviour

Huge market potential ...

... with mainly variable investment requirement ...

... with a limited execution entrepreneurial risk



Compass

Leveraging on a unique franchise

CheBanca!

Set to be the leading digital omni-channel bank

AGENDA

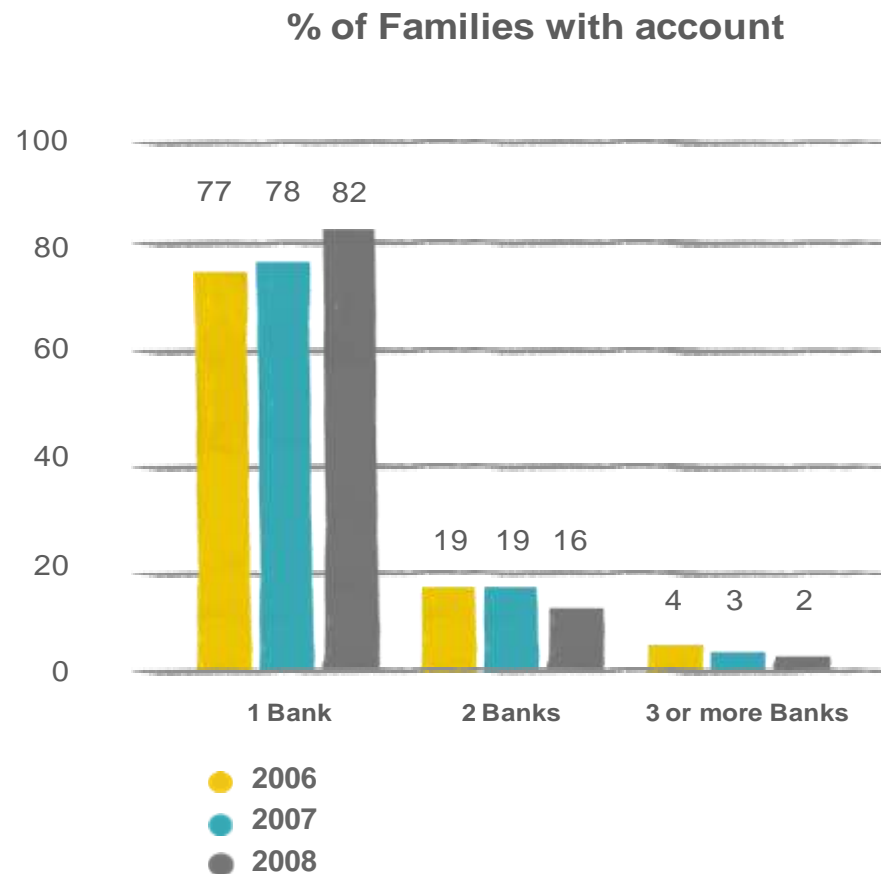
Business model and key success factors

Key highlights of 2013-16 Business Plan

Closing remarks

BACK IN 2008... LAUNCHING ANOTHER "ME TOO" BANK WOULD HAVE BEEN MADNESS ...

- 800 brands (<10 genuinely online)
- 34,000+ branches
- 33 million bank accounts
- 92%+ families with at least 1 account
- < 10% of customers change brand



... WE NEEDED A BREAKTHROUGH POSITIONING (BLUE OCEAN)



Area

Traditional Bank

CheBanca!

PRICING

- Negotiated & not transparent

- Standard & transparent yet competitive

SERVICE

- Branch-centric
- Other channels to **support**

- Customer-centric
- Digitally evolved
- New branch model

CUSTOMER
RELATIONSHIP

- Decentralized to branch-level

- **Centralized and CRM driven**

EMPLOYEE

- Specialist & old-fashioned

- “Services & sales” oriented coming from street retailing

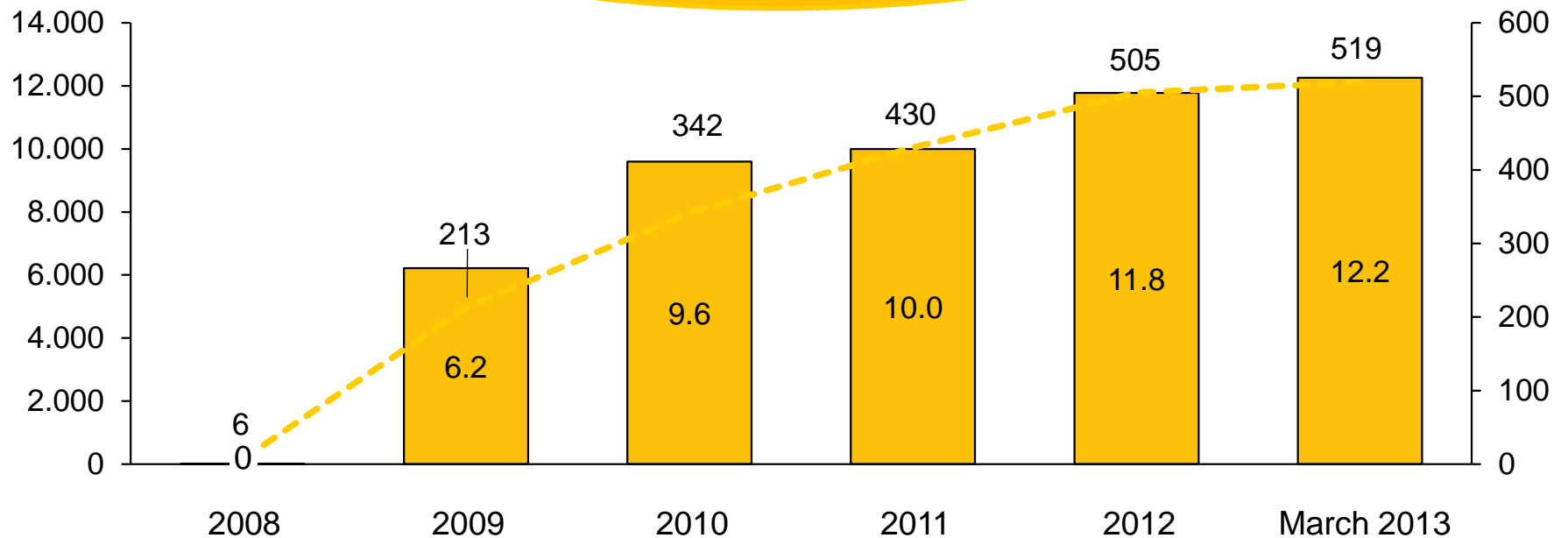
DID IT WORK? YES!

AuM (€bn)

--- Clients Direct funding

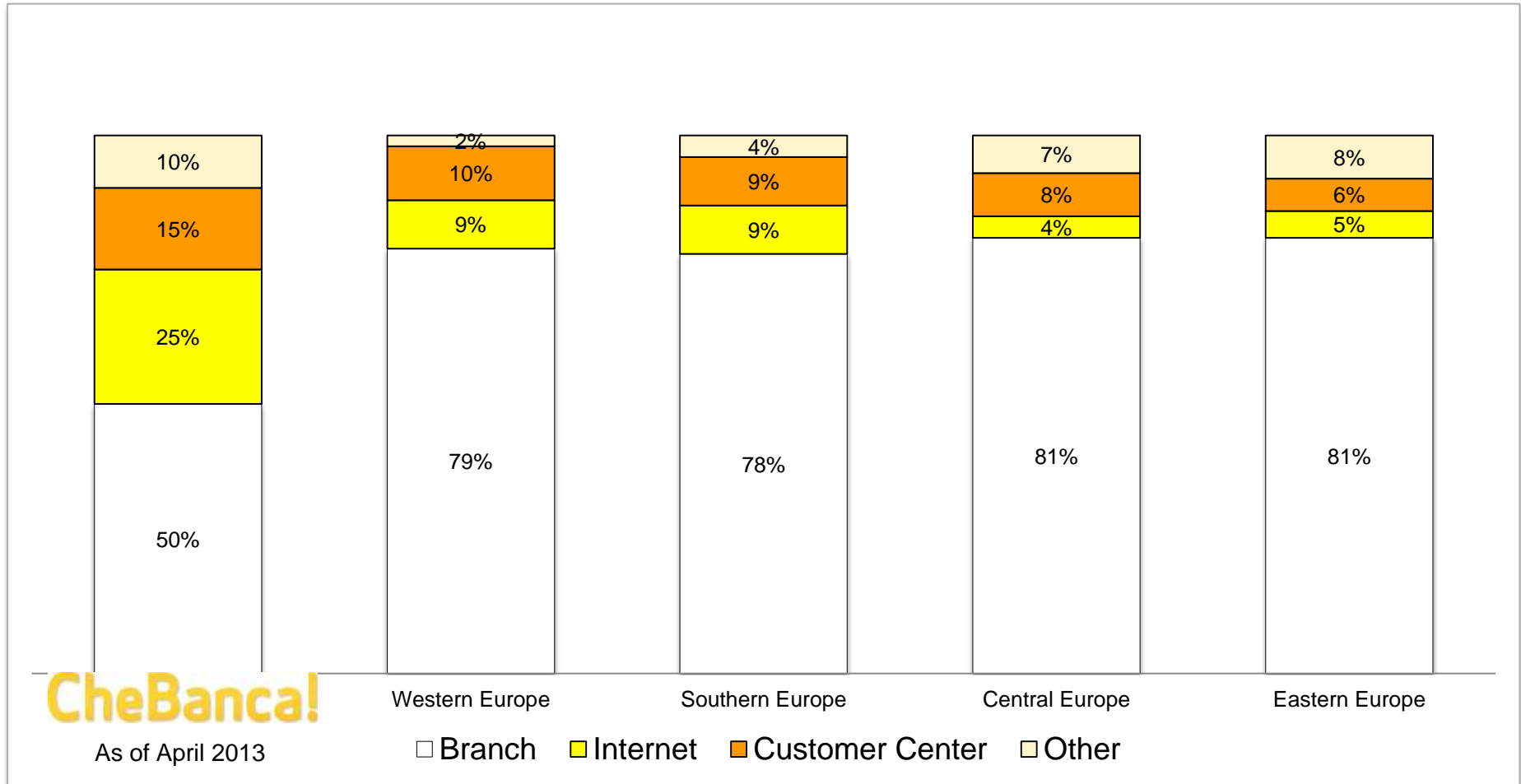
No. of clients (K)

€12bn deposits with more than 500,000 clients!



1. THANKS TO A REAL MULTYCHANNEL PROPOSITION...

2012 product sales split by channel



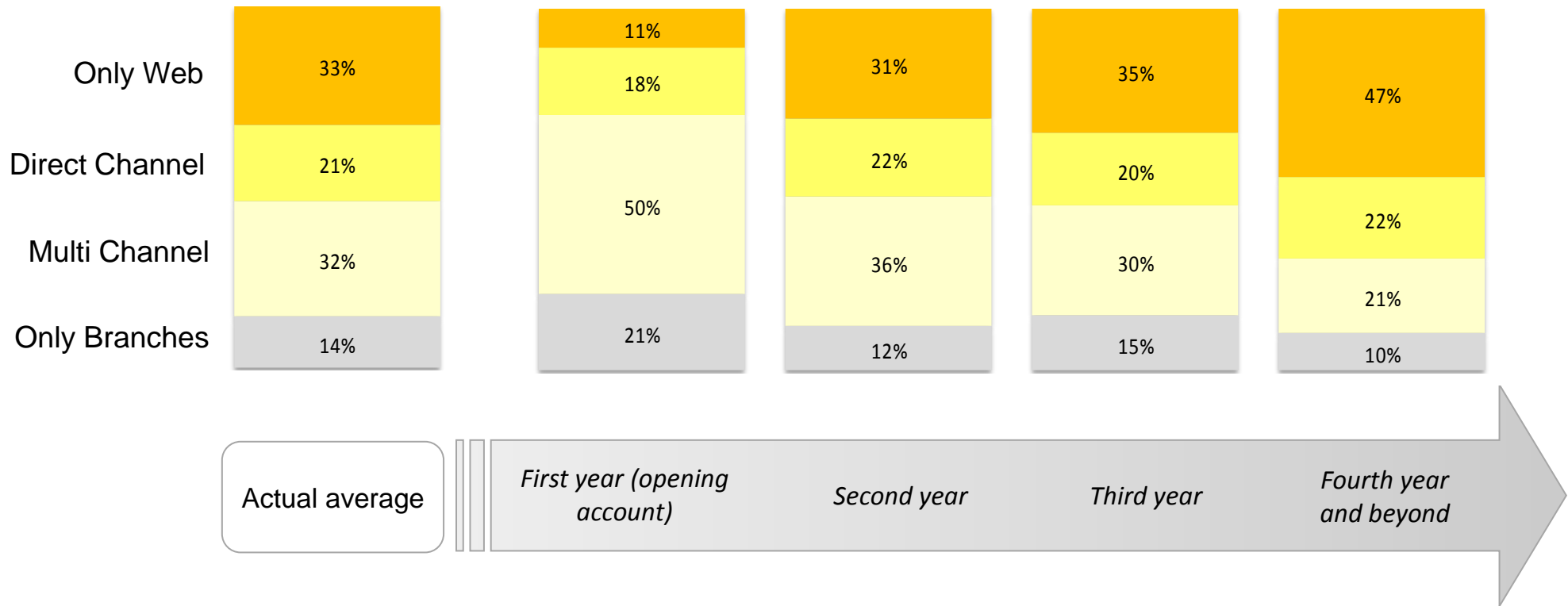
Source: Multichannel Banking in Europe 2012 (Efma, Finalta) – CB! Internal Data as of April 2013

2. AN INNOVATIVE BRANCH CONCEPT AND STAFF QUALITY



3. A GROWING USAGE OF REMOTE CHANNEL OVER TIME

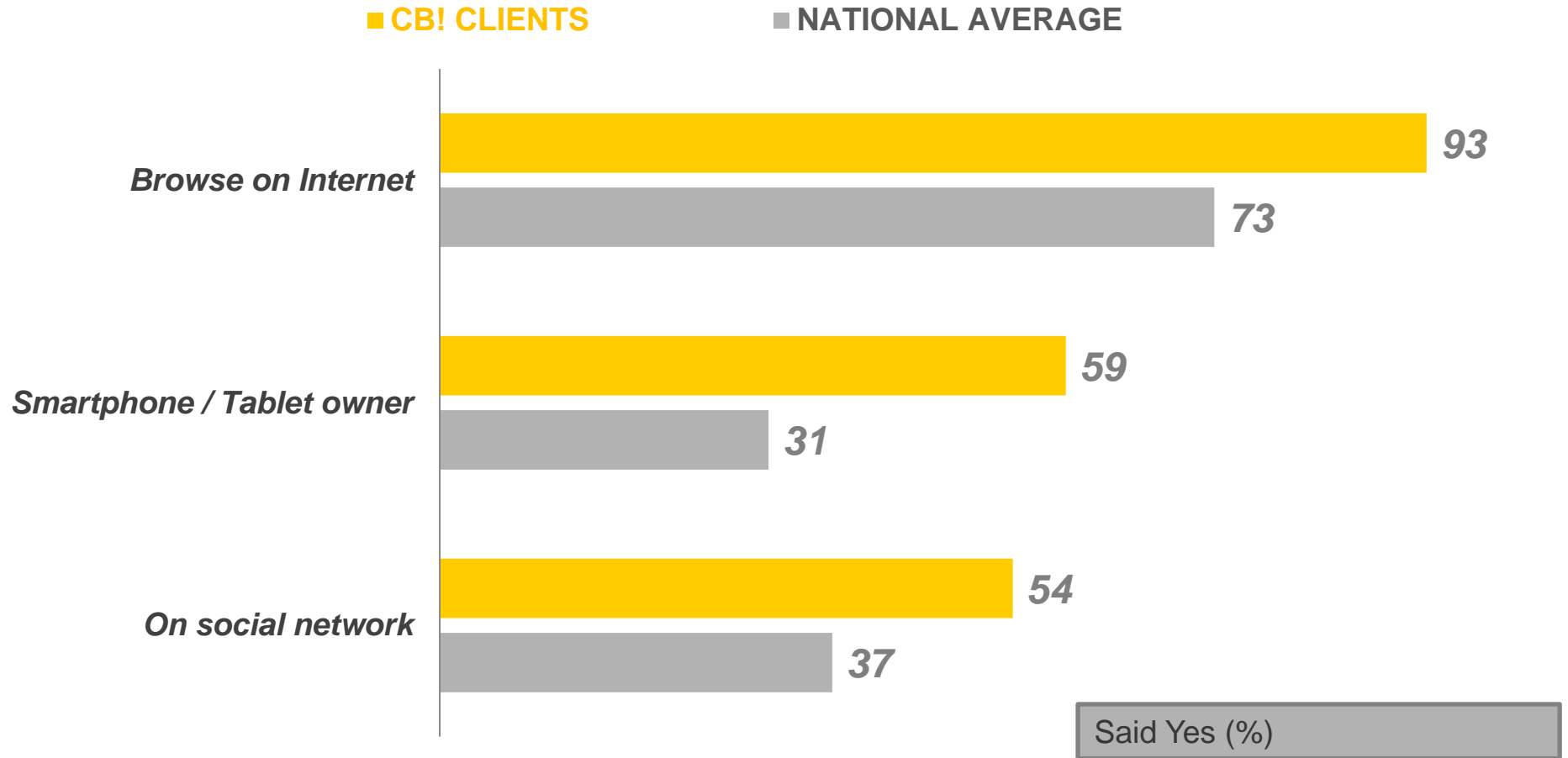
Channels usage over time



Direct Channel = Web + Call centre
 Multi Channel = Web + Call centre + Low branch interaction

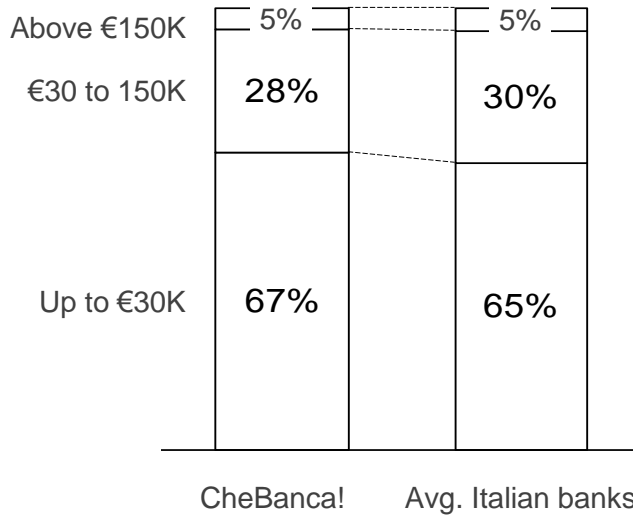
4. OUR CLIENTS ARE: "SMART"

Web, new devices and social networks



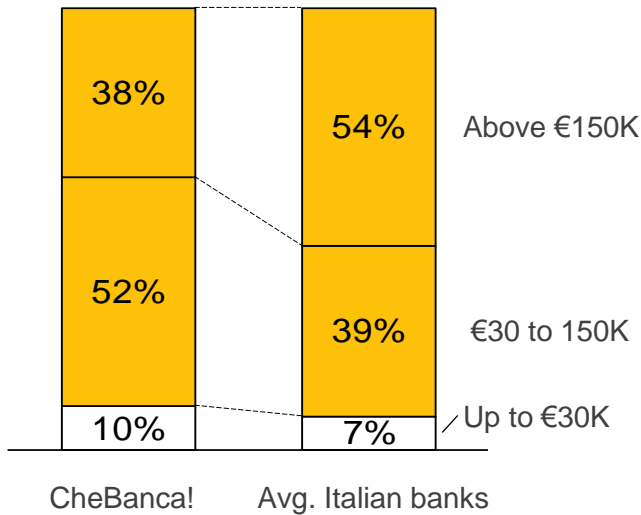
... AFFLUENT ...

Client distribution (%)



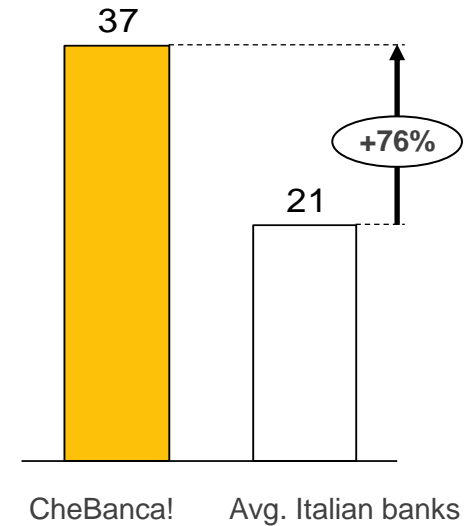
Similar distribution

Deposit distribution (%)



Already concentrated on affluent clients

Average Deposit/Client (€K)



With bigger average client portfolio

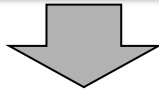
Great opportunity for
ADVISORY SERVICES AND INVESTMENTS

...HIGHLY SATISFIED WITH US AND WITH STRONG CROSS-SELLING POTENTIAL

Higher satisfaction...



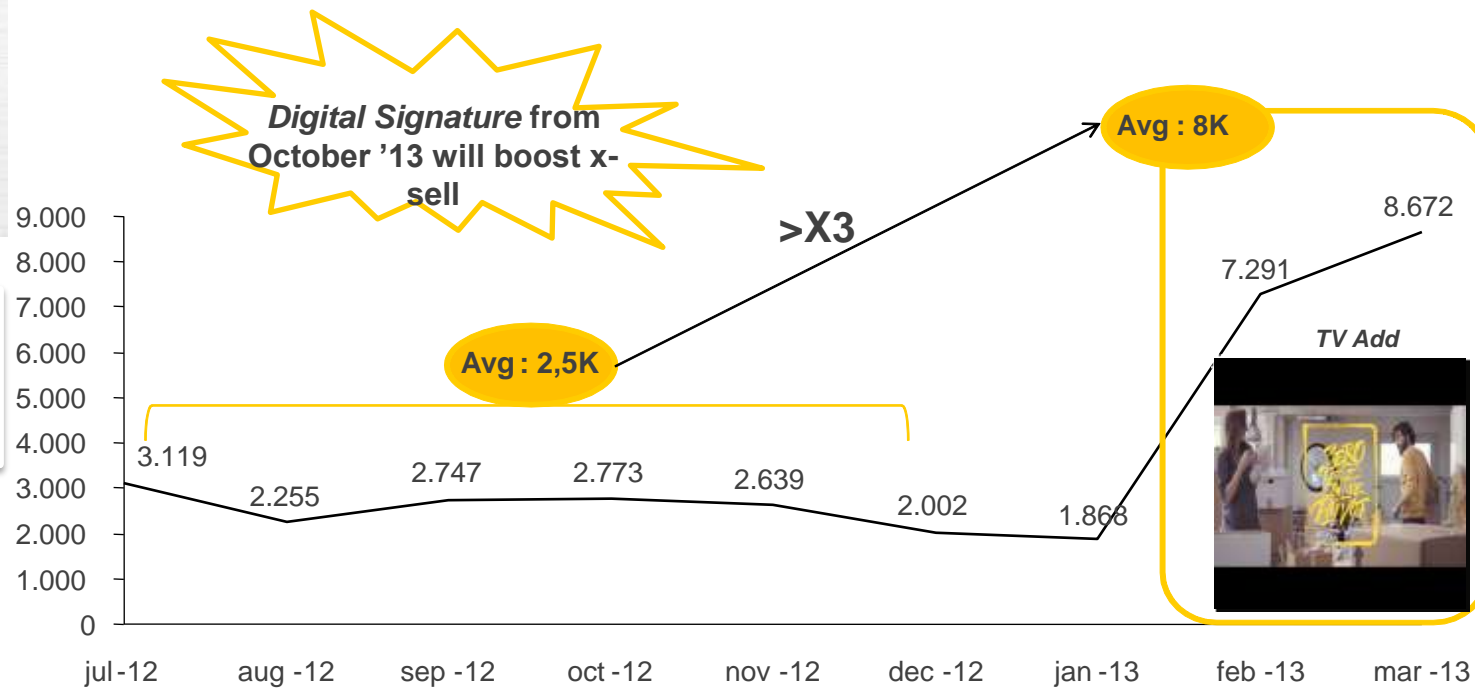
**BEST ONLINE* BANK
FOR CUSTOMER
SATISFACTION**



**Great opportunity for
ADVOCACY AND
CROSS-SELLING**

...results in increasing cross-selling

Feb2013: launching new **WEB Current Account** (zero cost on-line): **great success** among **existing customer (45% of sales)** and **new ones (sales volume >X3!)**



AGENDA

□ Business model and key success factors

□ **Key highlights of 2013-16 Business Plan**

□ Closing remarks

MISSION: TO BE THE LEADING DIGITALLY OMNI-CHANNEL ITALIAN BANK

FIVE STRATEGIC PILLARS

1

Leverage on Retail industry **new trends**

2

Growing **digital omni-channel** banking customers

3

Complete **products** and **services** offering

4

Increase **efficiency**

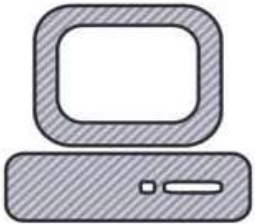
5

Exploiting group **synergies**

STRONG OPTIONS VALUE FOR MEDIOBANCA GROUP

In Italy...

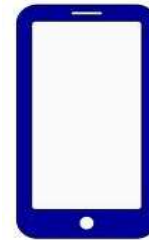
60% of families have
a **PC**



45mln people have
a **cell phone**



25mln people connect
via **smartphone**



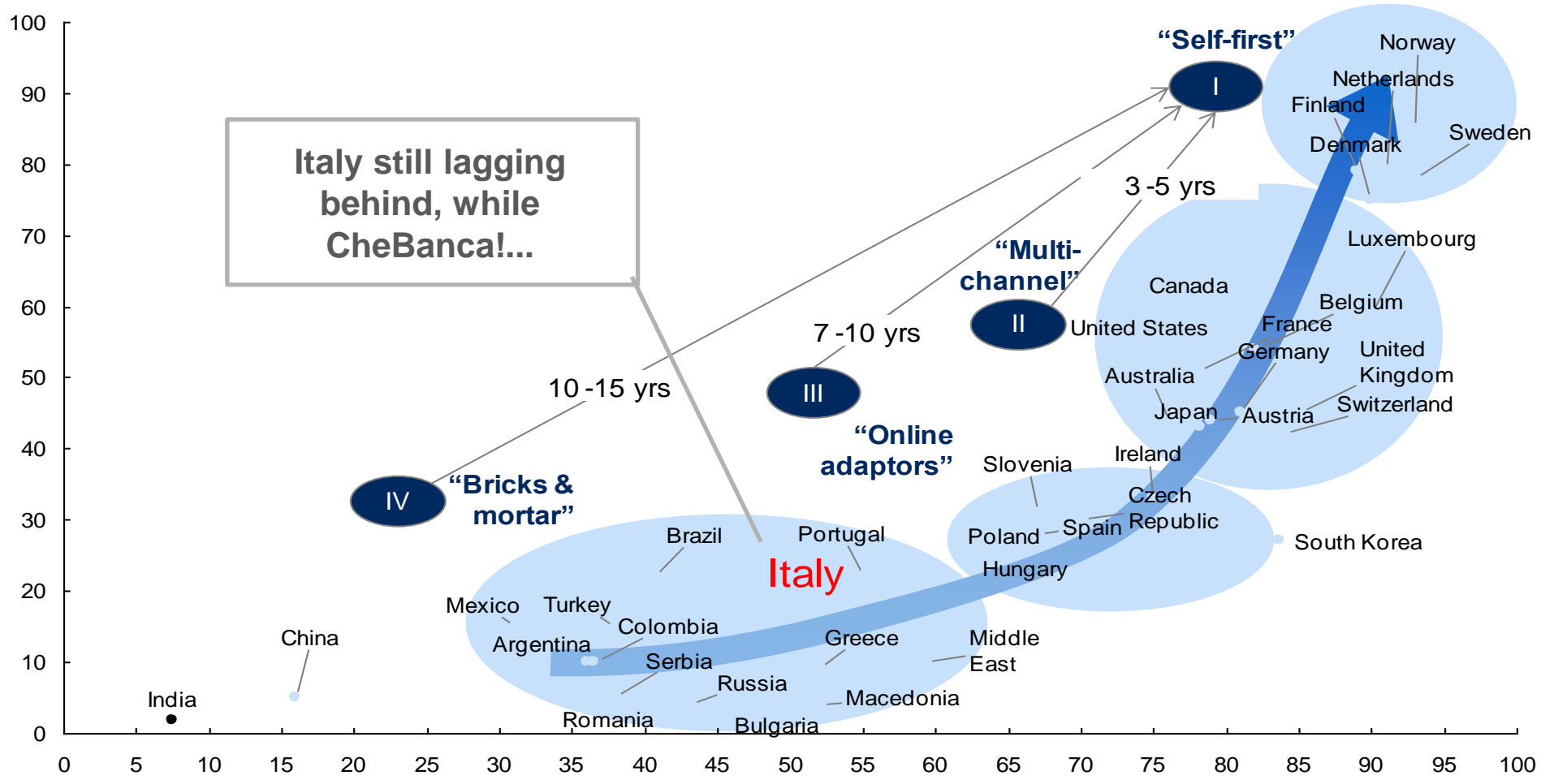
3 mln people connect
via **tablet**



...AND THE WAY WE DO BANKING

Online banking usage

Percentage¹, 2011 or latest available



¹ Percentage of individuals that used the internet / online banking at least once in the past three months

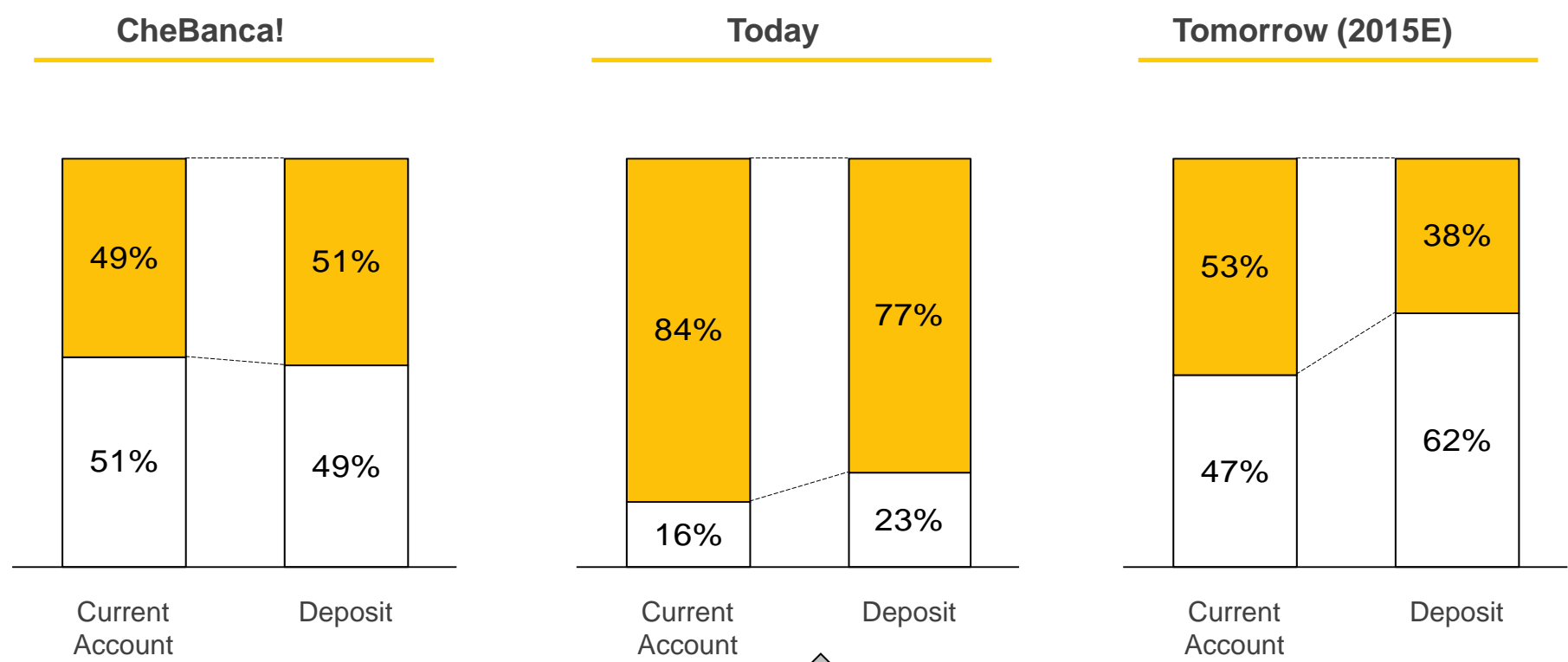
Internet usage Percentage¹, 2011 or latest available

Source: McKinsey analysis based on Eurostat; national statistics

CHEBANCA! IS WELL AHEAD IN THE DIGITAL BANKING REVOLUTION ...

Sales split by channel: ■ Branch Direct channels*

European Retail banking Benchmark

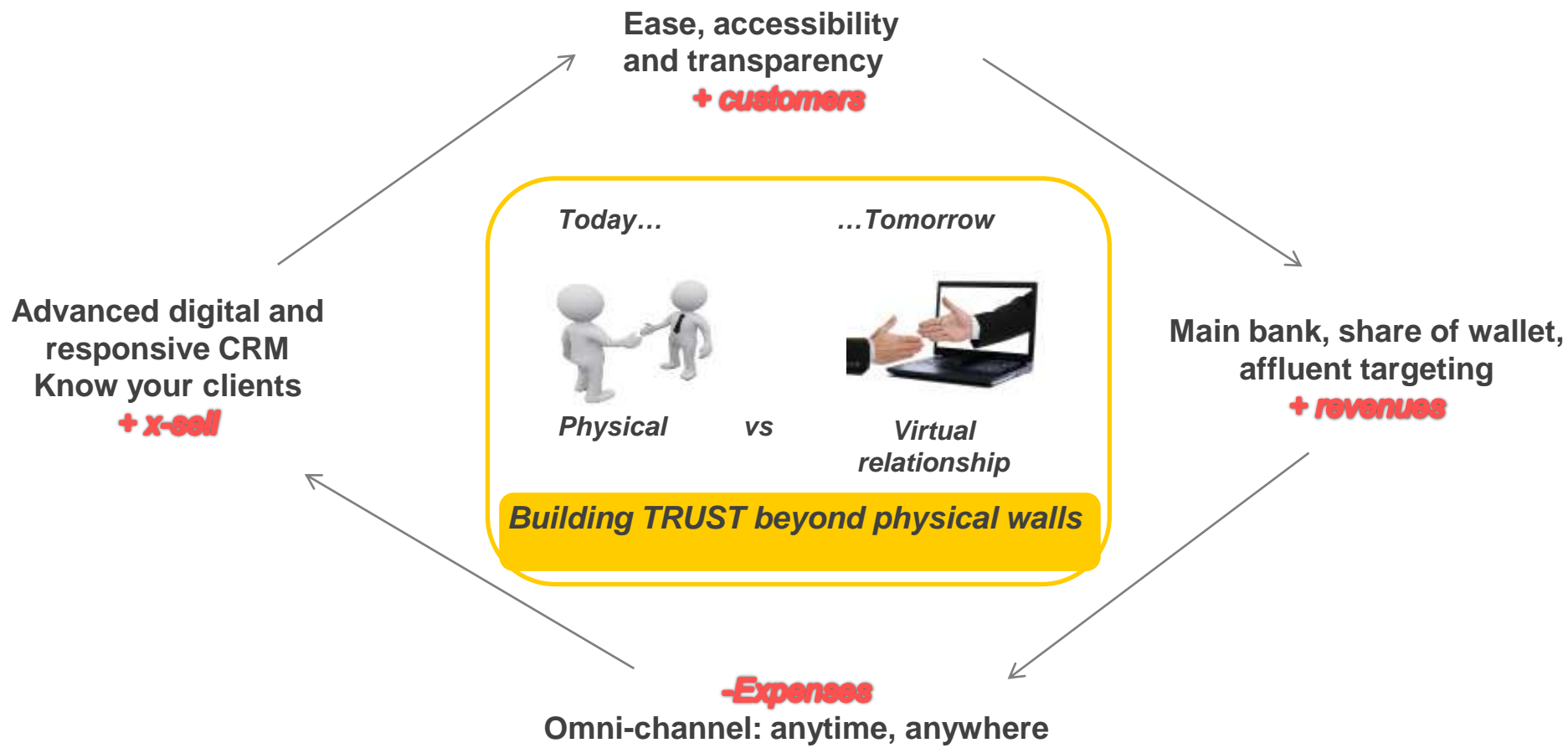


- Already **outperforming current benchmark**
- **Better result in C/A**, room for **improvement on deposits**

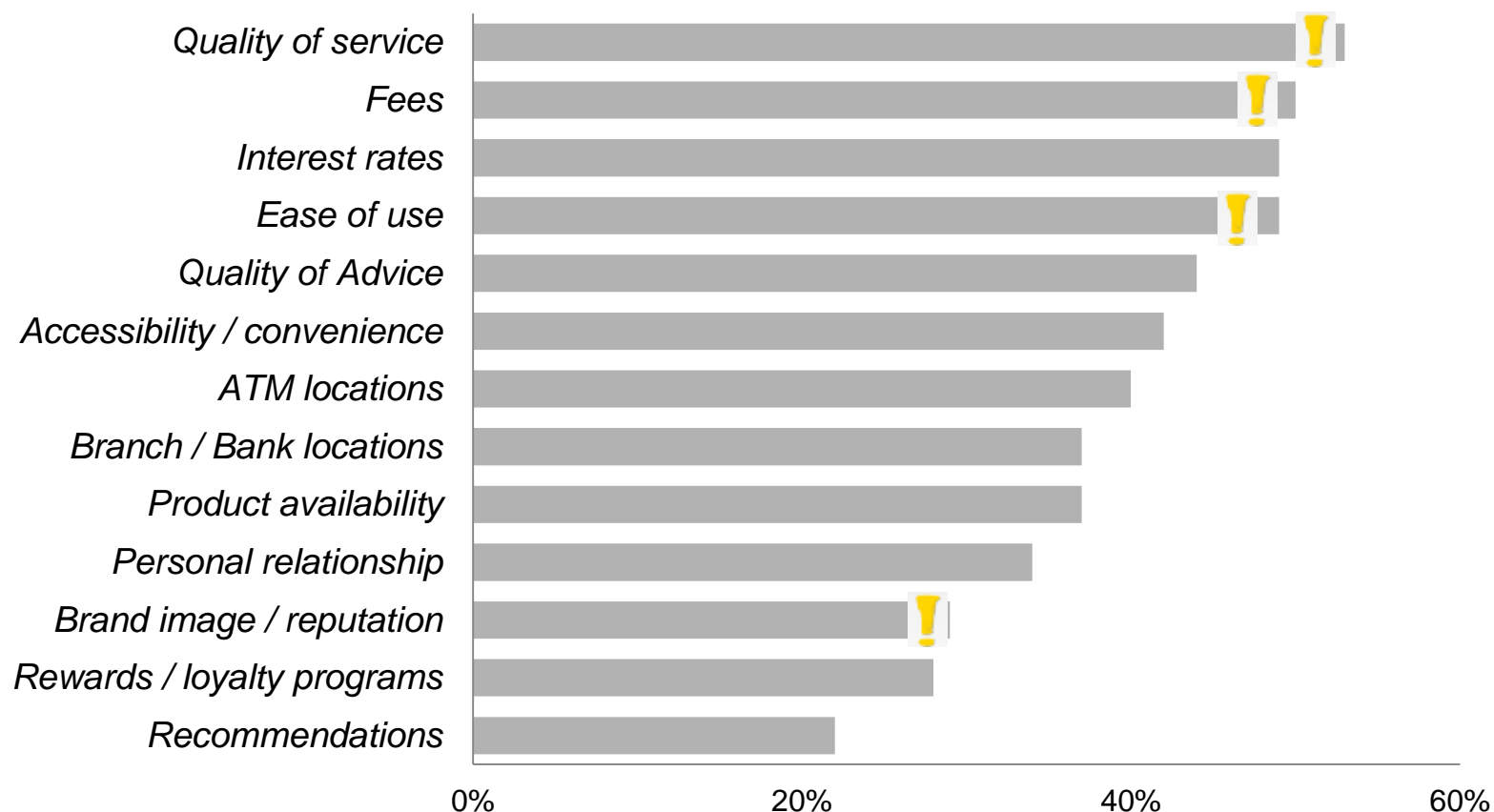


*: Includes web, customer center, agent and other channels
 Source: McKinsey analysis EFMA online survey across 150+ European banks;

MISSION

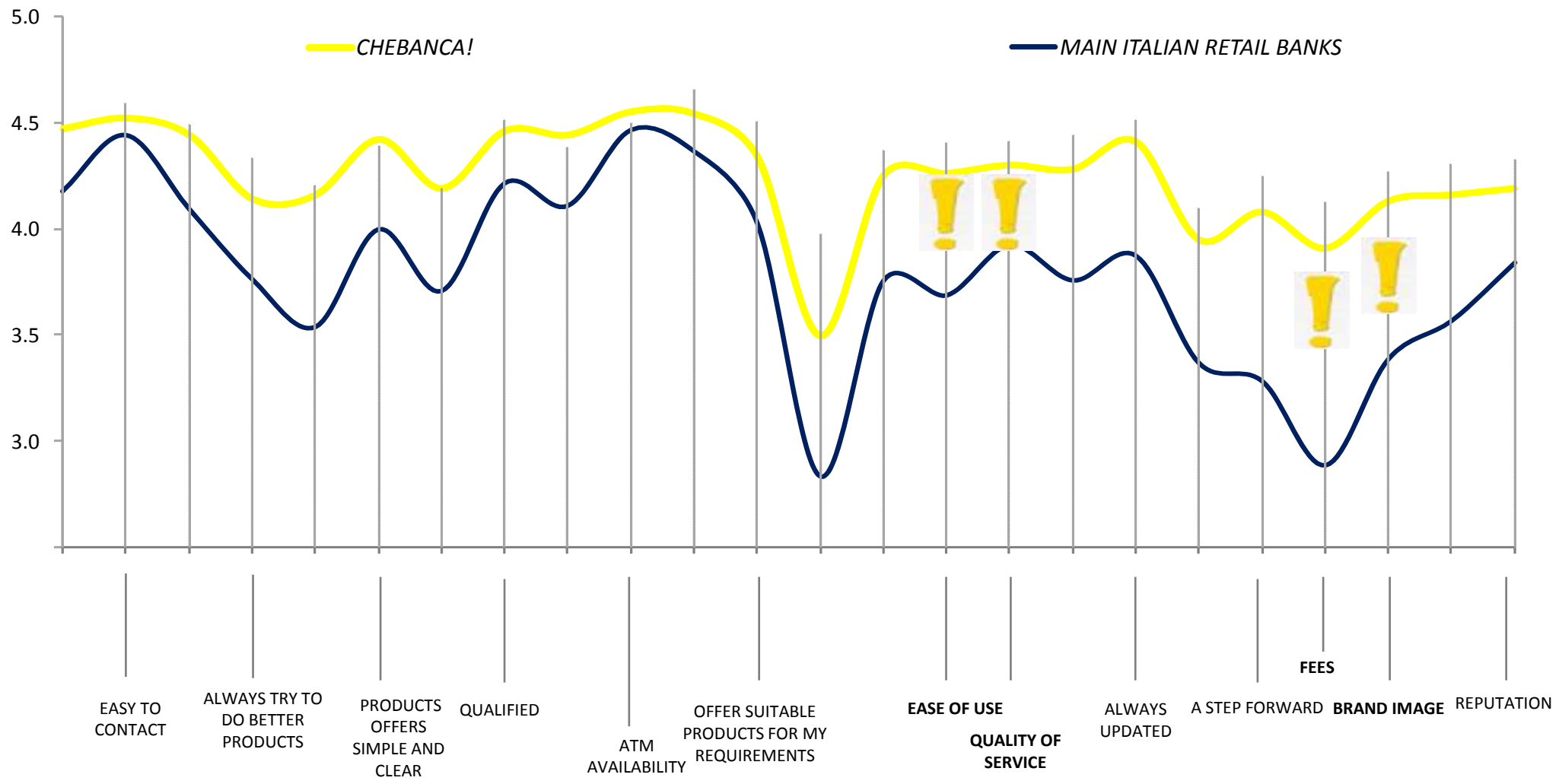


Key driving factors when choosing to switch bank



... TO FISH IN THE BLUE OCEAN!

CheBanca! scores much higher results on key driving factors when choosing to switch bank



Source: MPS Marketing Research, March 2013 customer survey (scale 0-5)

Re-design business processes and technology for the new “*consum’attore*”

Enhance customer experience



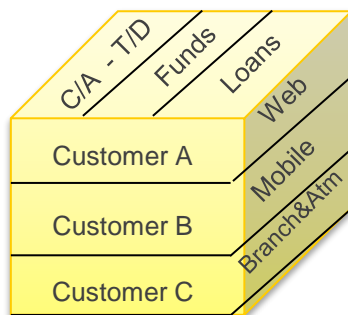
Each customer is unique

- **Personalized** home banking interface
- **Responsive** direct campaign

Offer the best product for each customer




“The Campaign Cube”



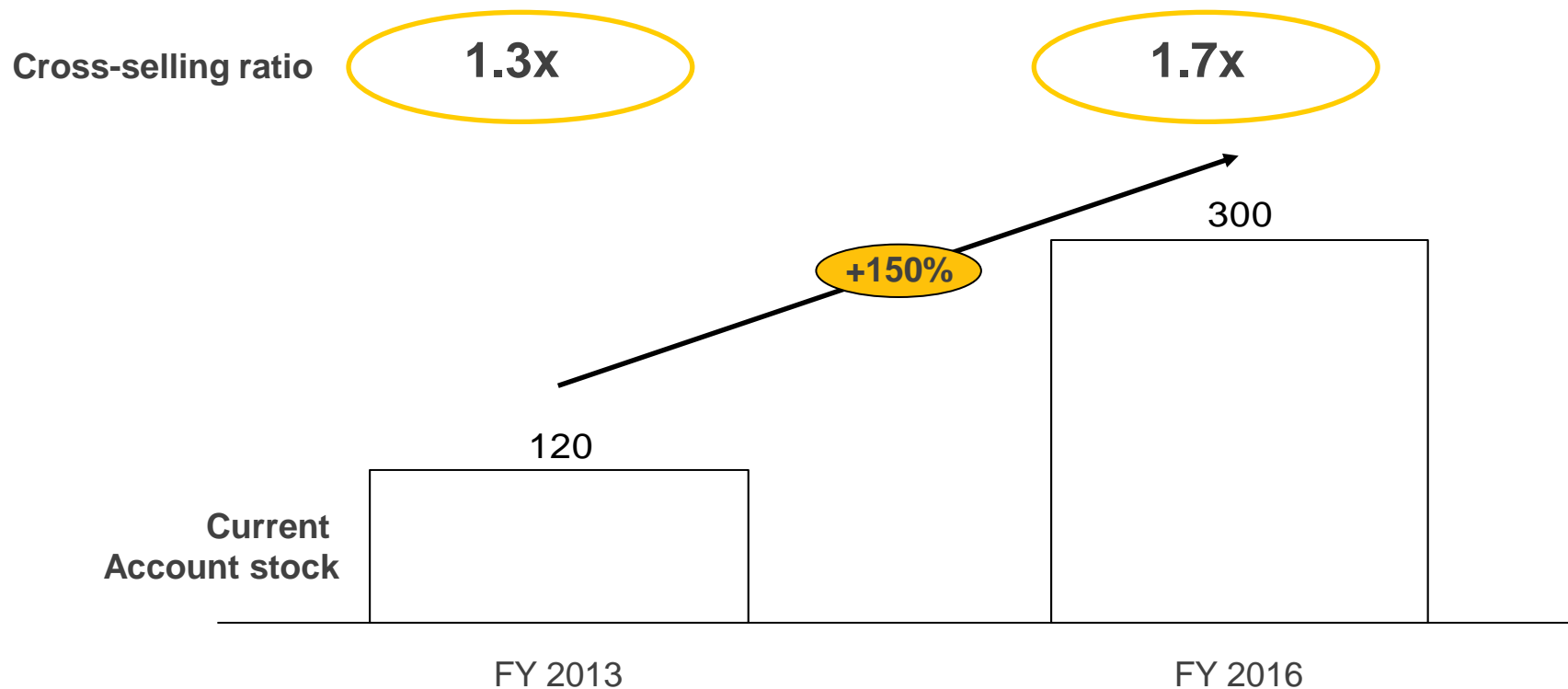
Allow real omni-channel where mobility is key



Project “ **Mobile**”: **leadership** in Italy in **P2P** payments, payments through **NFC/MPOS** technology, and remote digital **wallet** for e-commerce

Current accounts stock and cross-selling ratio

(# thousands, percentage)

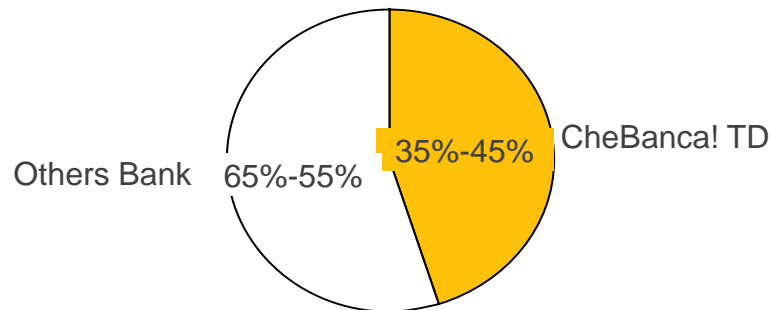


... WHILE INCREASING OUR SHARE OF WALLET ...

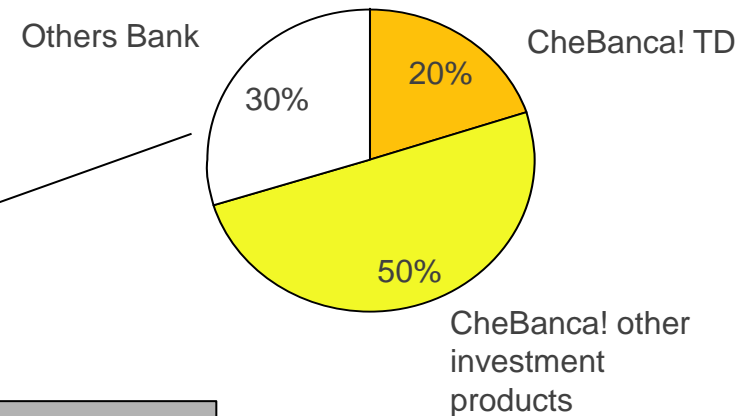
- Until now, the **crisis** has forced customers to look for **safe returns, thus favoring term deposits**
- The amount **invested** in TD represented more than just **excess liquidity**

- In a "back-to-normal" scenario the amount invested in TD will be **limited to excess liquidity**
- Therefore the priority is to **develop other forms of investment** to meet needs

Share of wallet (today)



Share of wallet (tomorrow)



- Customer CB! largely **multi-banked**
- **Difficult to aim at 100% share of wallet**

Objective 1:
“Increase new customers and
/ or new AuM”



Products

- Web current account
- Term deposit
- Mortgage

Hook:
for
acquisition

Push:
for x-selling
activities

Objective 2:
“Increase share of wallet of our
customers”



Products

- Investment products **NEW!!**
- Mediobanca and third party bonds
- Loans and overdraft **NEW!!**
- Investment account 2.0 **NEW!!**
- ...

Key to strength loyalty and
increase customer value

Guidelines

- **Leverage** existing **affluent** and **satisfied** customer base to **build** an **open platform** for **investment** products
- **Quick start** with sales focused on **multi-channel** model
- Phase 2: **start remote full advisory model**

WHO? WHAT? HOW?

Open-
architec-
ture

+

Partner 1

Partner 2

Inhouse

Asset management selection

Light advisory model focused on simple investment products building on long-term reputation

Branches



Digital/
remote



Customer
Center



Toolkit:

- Unique navigation tools
- MiFID exploitation (segmentation / guidance)
- Responsive H-B and digital campaign



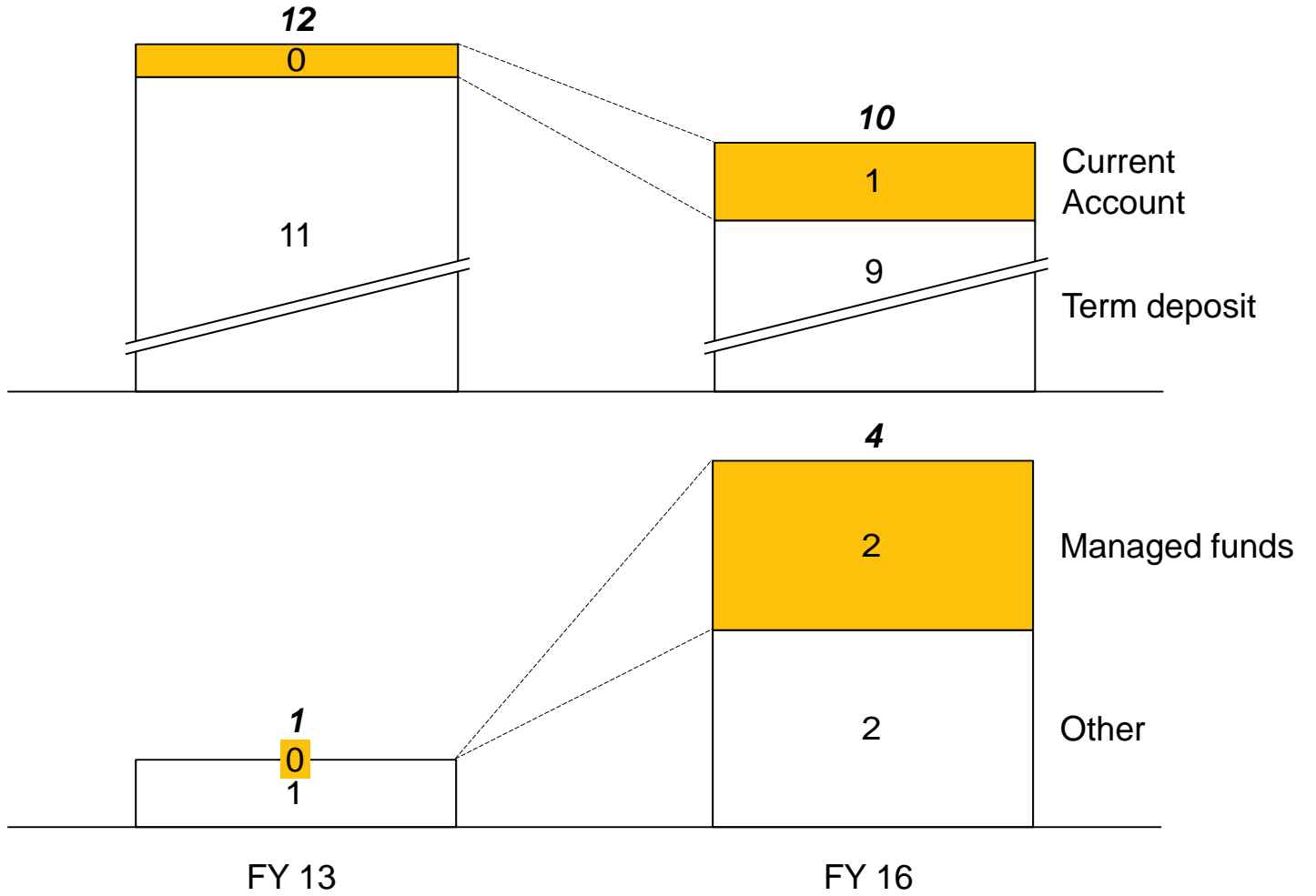
€2 bn AuM by 3rd year

Assets evolution

€bn

Deposits
Focus on “current account” growth

AUM
Developing a managed fund offering

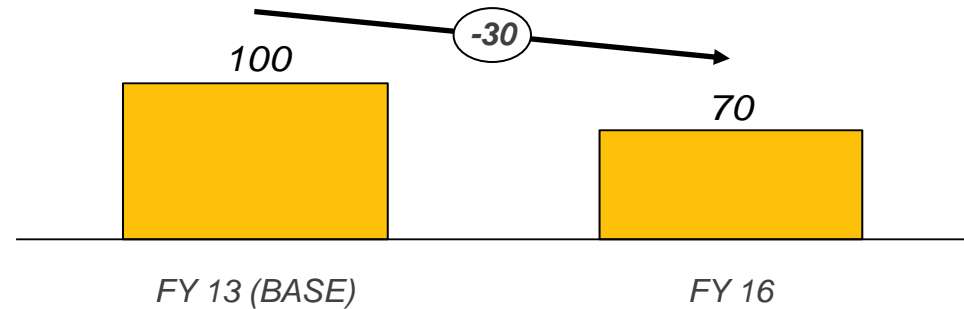


Guidelines

- Refocus of sales force
- Strong focus on efficiency and processes optimization across the whole bank:
 - ✓ exploiting **scale economies**
 - ✓ reducing **variable operating costs**

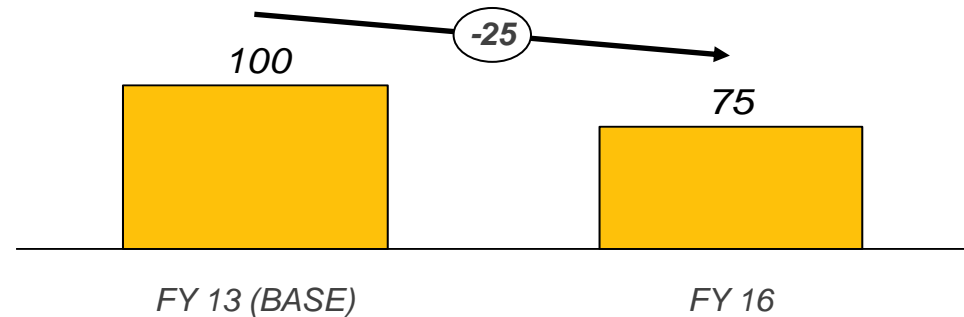
Exploiting scale economies

Fixed cost per product in stock



And improving efficiency

Variable cost per new product openings

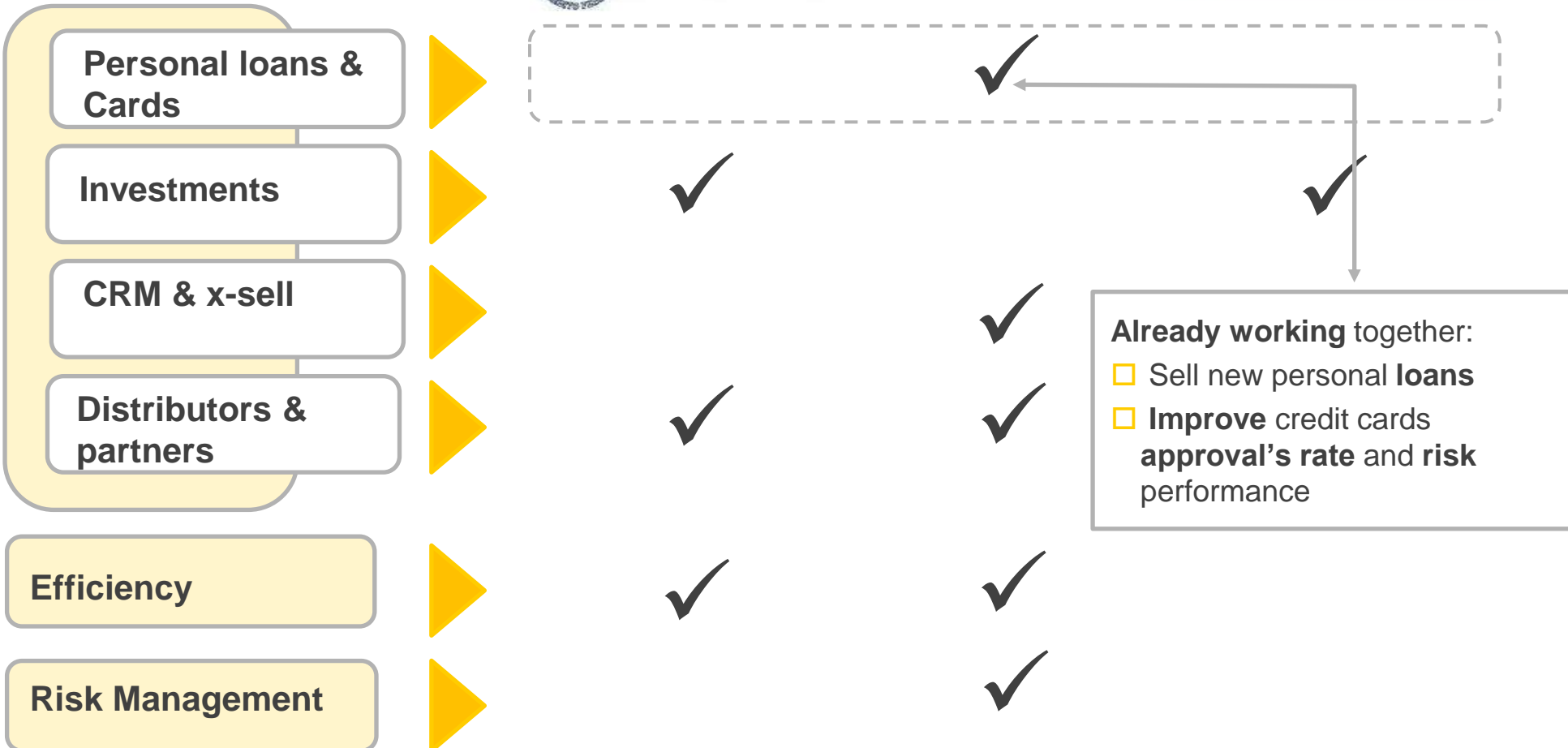


5 EXPLOITING GROUP SYNERGIES TO BOOST REVENUES AND GAIN EFFICIENCY

Area of synergy

Leveraging existing capabilities in the Group:

Revenues



AGENDA

□ Business model and key success factors

□ Key highlights of 2013-16 Business Plan

□ **Closing remarks**

CHEBANCA!: A STRAIGHT AND SCALABLE SOURCE OF VALUE FOR THE GROUP

1. **CheBanca!** represented a radical new departure in the way retail banking is perceived and managed in Italy
2. The **trajectory** started in 2008 **was the right one** ...
 - creating a **new brand** and market **positioning**
 - attracting **new clients** and **flows**
 - delivering a **scalable platforms** in terms of know-how and products
3. ... we are now **well positioned for the second phase**, the pattern of which will be driven by fast-changing customer behaviour and disruptive innovation.

These days good things do not come to those who wait but to those who move ... and we are moving, with the following agenda:

- growing as a **digital omni-channel** bank to **serve** our clients in **all** their **banking needs**
- **delivering** fair **profitability** to the Group as a stand-alone bank ...
- ... while **confirming** our **role as strategic funding arm** for the Group over time

Consumer & Retail: increasing size and depth of the retail franchise

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

Closing remarks

Alberto Nagel, Mediobanca Group CEO



MEDIOBANCA

Main steps envisaged in the plan

Reduce equity exposure and optimize use of capital

Develop non-domestic CIB revenues

Invest in human talent and technology innovation to grow fee-generating/capital-light businesses

Maintain strong focus on risks and asset quality

Main goals to be achieved

Simpler, more valuable banking group ...

... focused on 3 specialized profitable businesses (CIB, Retail, WM) ...

... generating growing, cost/risk efficient, diversified revenue pool ...

... able to deliver sustainable profitability over the cycle

Mediobanca 2016 main targets

**Mediobanca
Group**

Banking revenues: €2.1bn, CAGR +10%

Cost of risk = 150bps

ROE = 10-11%

B3 CT1¹ = 11-12%, payout 40%

NSFR > 100%

CIB & PB

Revenues €1bn, CAGR +10%

ROAC = 12-13%

Consumer & Retail

Revenues €1bn, CAGR +7%

ROAC = 10-11%

MAAM²

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

¹ Internal estimates, subject to Bank of Italy authorization: AG RWAs: weighting from 1x B2 to 3.7x B3

² MAAM contribution not included in BP targets



Mediobanca Group Strategic guidelines update



MEDIOBANCA

Milan, 21 June 2013

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 targets because they relate to future events and circumstances which are beyond our control including, among other things, economic forecasts, sector conditions, regulatory environment.

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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