

MEDIOBANCA

2Q20/6M RESULTS AS AT 31 DECEMBER 2019

Milan, 6 February 2020



MEDIOBANCA

Agenda

Section 1. Group results as at December 2019

Section 2. Divisional results

Section 3. Closing remarks

Annexes

1. Quarterly segmental reporting tables
2. Long Term Incentive Plan
3. Glossary



MEDIOBANCA

MB CONTINUES ON ITS GROWTH STORY WITH RECORD LEVELS OF COMMERCIAL ACTIVITY 4% GROWTH IN REVENUES & PROFIT DELIVERED

Strong commercial results

Distribution: WM sale force up to 1K (+140 YoY), Consumer direct franchise up to 206 (+14 YoY), Compass Quinto launched

NNM: €2bn of AUM/AUM in last 6M, with a record €1.6bn in last Q

New loans: €5bn in last 6M in mortgages and consumer, with record €2.8bn in last Q

fostered growth in revenue-generating assets,

TFAs at €64bn (up 10% YoY, up 2% QoQ), with AUM/AUA at 66% of TFAs, driven by both Affluent and Private segments

Loans at €46bn (up 8% YoY, up 3% QoQ)

delivering a 4% growth in revenues (to €1,325m)

NII growth at €722m (up 3% YoY, up 1% QoQ) driven by qualified loan growth and CoF under control

Fees rebounding at €329m (up 5% YoY, up 12% QoQ), driven by WM (up 12% YOY, up 27% QoQ) producing 1/2 of total fees

and a 4% growth in net profit (to €468m)

All divisions at high double digit profitability

Sharp increase in WM ROAC @23% (from 16%), Consumer @30%, CIB@16%

Group ROTE>10%, with CET1@14%

Asset quality/solidity among the best levels in Europe

CoR <50bps – Gross NPLs/Loans <4%

SREP CET1 requirement confirmed @ 8.25% vs CET1@14.1%¹

MREL requirement @21.6% of RWAs vs MREL liabilities > 40% RWA

LAST QUARTER TAKEAWAYS

6m results as at December 2019

Section 1

Record level of commercial activity

- ◆ **Franchise enlarged in Wealth Management and Consumer, in line with BP23 guidelines :**
 - ◆ WM sale force recruitment ongoing: >30 in last Q (mainly in Affluent) achieving ~1K professionals
 - ◆ Compass network up to 206 (7 agencies opened in 6M), 41 Compass Quinto agencies rebranded
- ◆ **Record level of activity in AUM/AUA gathering and in new loan business in mortgages and consumer**
 - ◆ NNM: record €1.6bn of AUM/AUA in last Q
 - ◆ New loans: record €0.8bn in mortgages and €2.0bn in Consumer in last Q

NII increased Fees rebounded driven by WM

- ◆ **NII at €362m, up 1% QoQ driven by**
 - ◆ Consumer (up 2% QoQ)
 - ◆ Liquidity optimization and CoF under control in HF
- ◆ **Fees at €174m, +12% QoQ, driven by K-light business (WM up 27% QoQ, CIB up 14% QoQ)**
- ◆ **WM producing 1/2 of total fee income – recurring profile confirmed**

Asset quality & CoR at best ever levels

- ◆ **NPLs down 7%** (incidence to loans at 3.9% gross and 1.8% net), **coverage up to 54%**
- ◆ **Group CoR below 40bps** after writebacks in CIB and low levels in Consumer (185bps)

Strong WM performance

- ◆ **AUM/AUA: stock up 5% QoQ to €42bn, at 66% of total TFAs**
- ◆ **Fees at €89m (up 27% QOQ), 90% recurring, being 50% of total group fee income**
- ◆ **Net profit at €29m (up 46% QoQ), ROAC up to 23% in 1H20**

SREP and MREL requirement confirmed

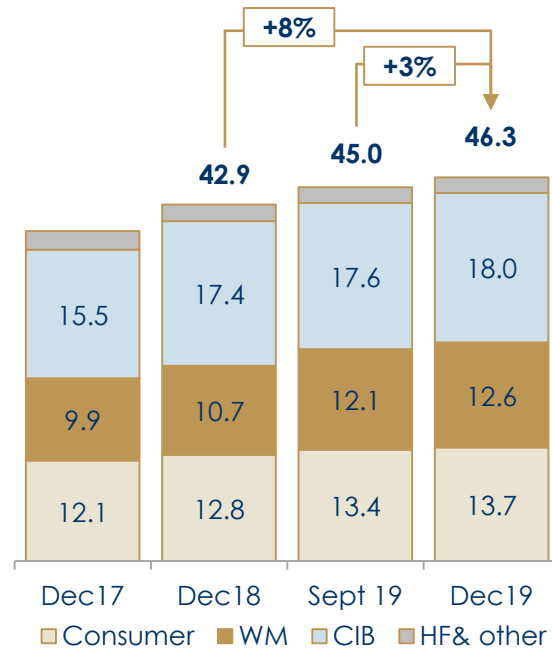
- ◆ **Buffers comfortably above requirements, confirmed for capital and funding through 2020:**
 - ◆ **SREP CET1 requirement confirmed @8.25% vs CET1 at ~14%**
 - ◆ **MREL @21.6% of RWAs (from 21.4%) vs MREL liabilities >40% RWA**

HIGHER REVENUE-GENERATING ASSETS FOSTERED 4% REVENUES GROWTH

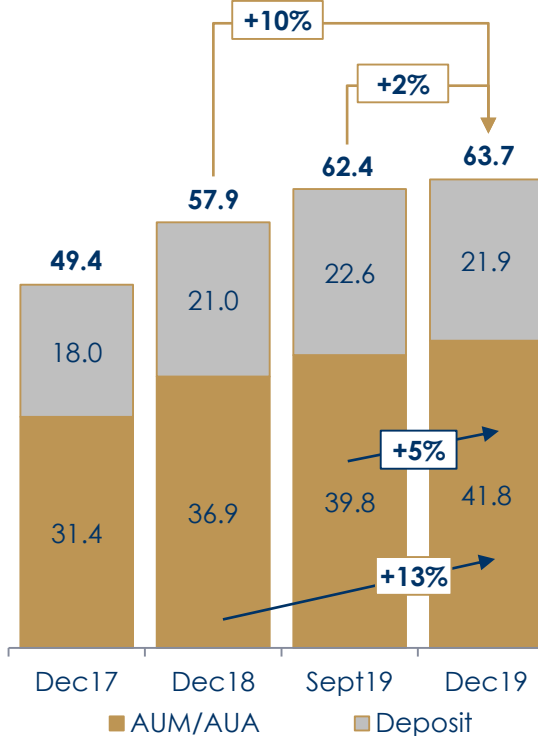
6m results as at December 2019

Section 1

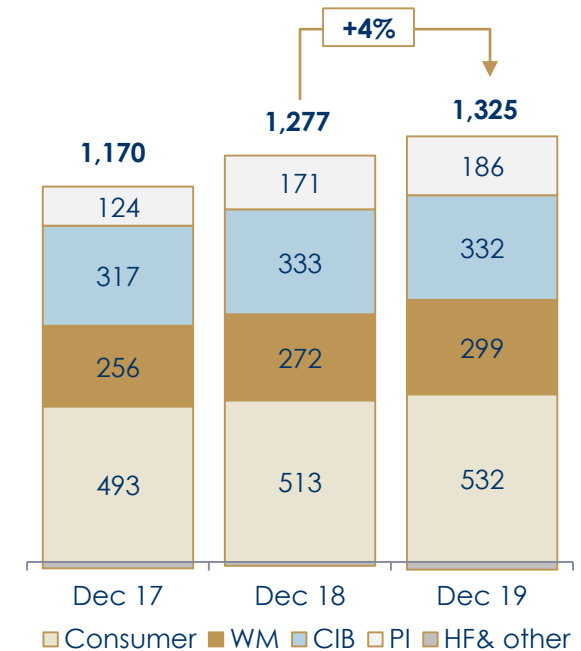
Steady loan book ...
(€bn)



... and robust TFAs growth ...
(€bn)



...generate sound revenue increase
(6m, €m)



◆ Asset-generating revenues increasing steadily and improving in mix

- ◆ loan book up 8% YoY (+3% QoQ), driven by mortgages (K-light) and consumer (highly profitable)
- ◆ TFAs up 10% YoY (+2% QoQ), qualified assets growing faster with AUM/AUA up 13% YoY, 5% QoQ
- ◆ **4% growth in revenues (at €1.3bn) driven by K-light revenues**

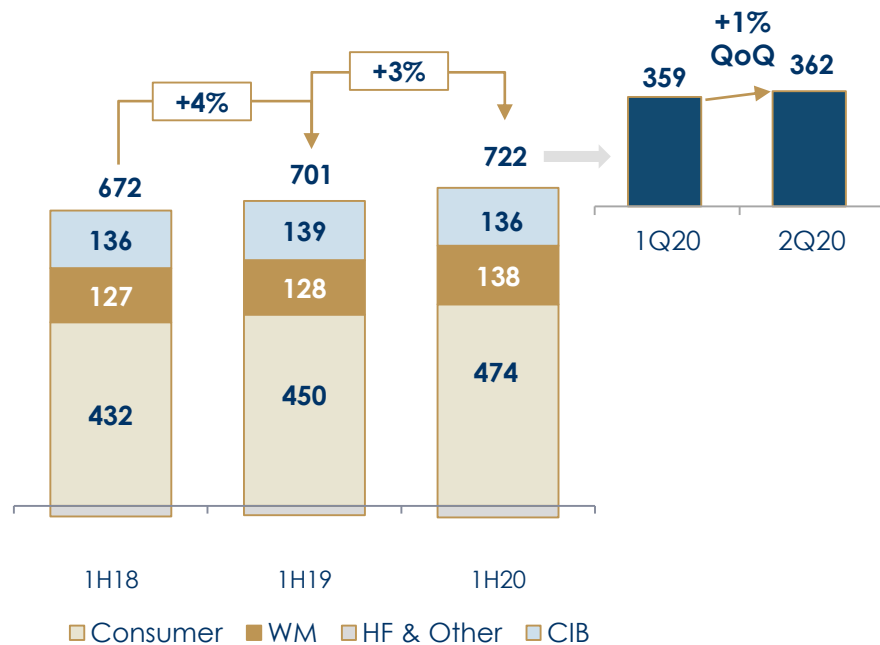
LONG-TERM NII GROWTH TREND CONTINUING

UP 3% YoY AND 1% QoQ

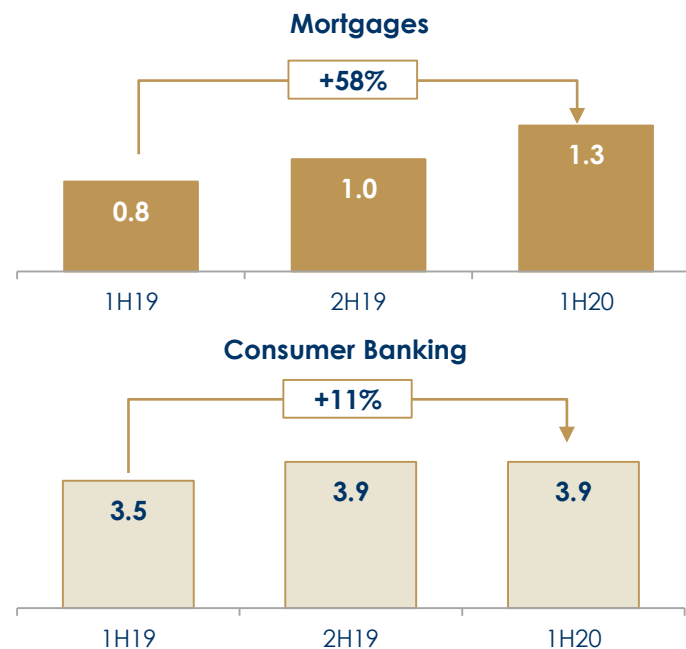
6M results as at December 2019

Section 1

NII by division (€m. 6M)



New loans by product (€bn, 6M)



- ◆ **NII up 3% YoY and 1% QoQ**, as result of
 - ◆ strong new loan business in mortgages (€1.3bn, +58% YoY) and Consumer (€3.9bn, +11% YoY, along with margin resilience)
 - ◆ cost of funding under control (stable at 80bps)
 - ◆ liquidity optimization

- ◆ **Group loans up 8% YoY to €46bn with retail and private businesses performing strongly**
- ◆ **Record new business in Q2 in Consumer (>€2bn) and mortgages (~€0.8bn)**
- ◆ Strong rating profile and selective approach in corporate

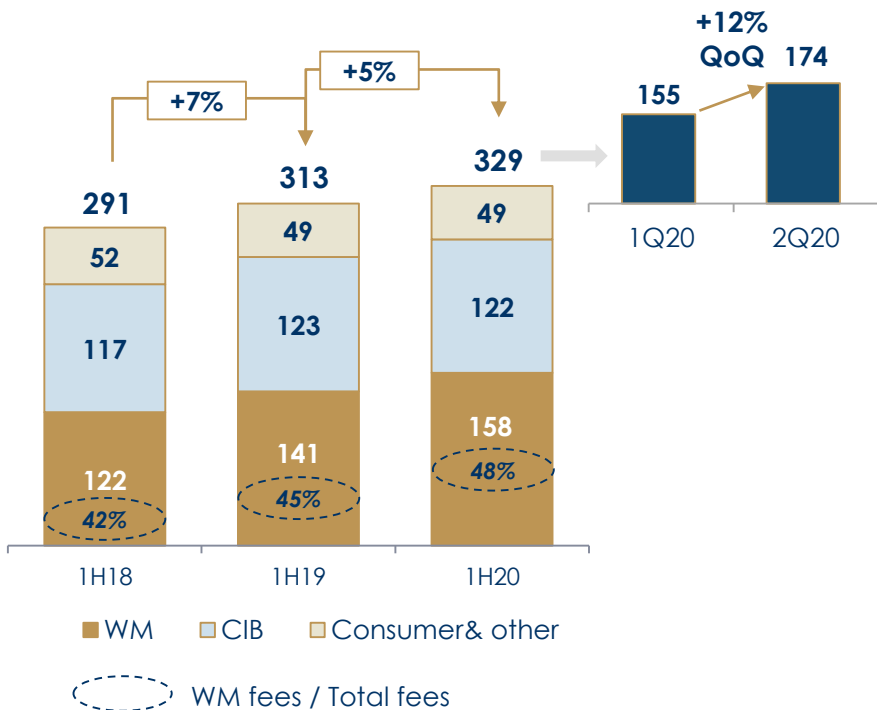
FEES REBOUNDED , ESPECIALLY IN 2Q, DRIVEN BY K-LIGHT BUSINESS

WM: THE MAIN CONTRIBUTOR TO GROUP FEES (48%)

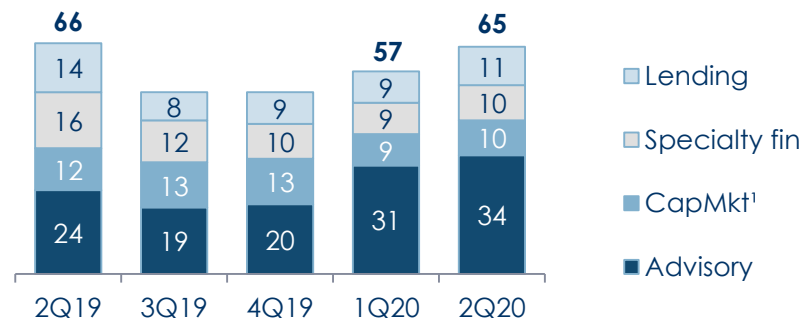
6m results as at December 2019

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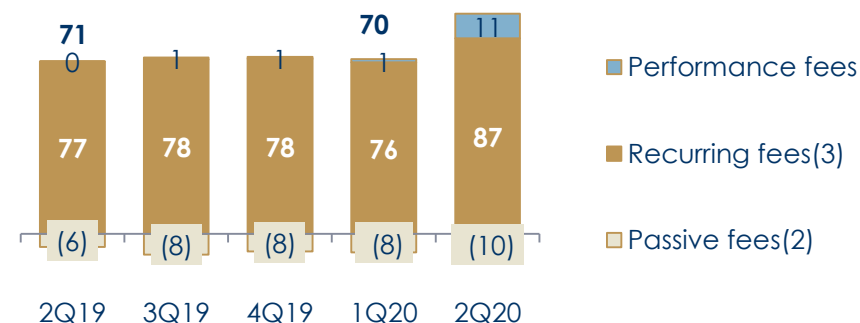
Fees by division (€m,6M)



CIB fees by product (€m, 3m)



WM fees by source (€m)



◆ Fees positive trajectory continuing, up 5% YoY and 12% QoQ, with:

- ◆ **Strong performance in K-light products**, i.e. management fees (on the back of distribution enhancement and product mix improvement) and CIB advisory (leveraging also MMA partnership)
- ◆ **Quality of fees confirmed**, with only 4% of Group fees represented by performance fees

1) CapMkt including ECM, DCM, sales
 2) Including custodian fees as well as FAs payout and acquisition costs
 3) Including management, advisory, banking and upfront fees.

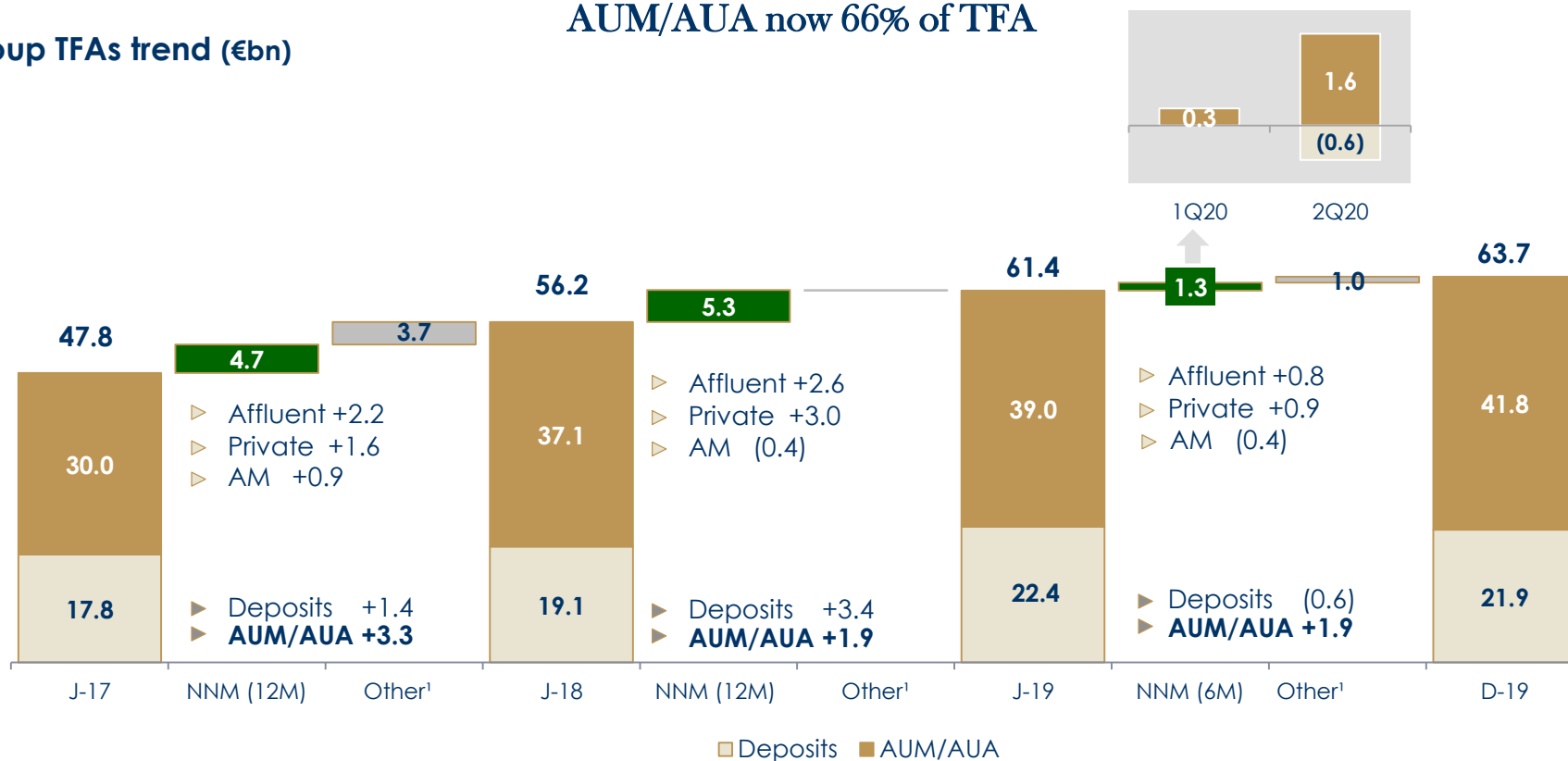


RECORD LEVEL OF ACTIVITY IN AUM/AUA GATHERING

€2bn NNM in last 6M, of which €1.6bn in last 3M

AUM/AUA now 66% of TFA

Group TFAs trend (€bn)



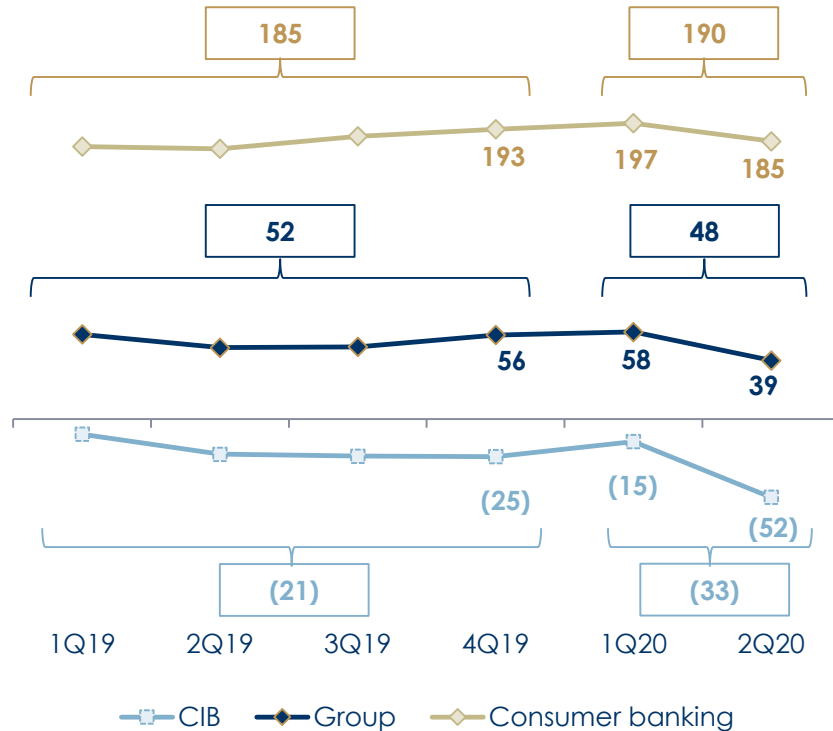
- ◆ TFA up to €64bn (up 4% HoH and up 10% YoY) and remixed (AUM up to 66% of TFA)
- ◆ €1.3bn NNM in last 6M of which €2bn of AUM/AUA and record €1.6bn in last 3M. In detail
 - ◆ Affluent/Private: strong pace kept (NNM: €1.7bn cumulated, ow €2.3bn in AUM/AUA), in Affluent split 45% proprietary network and 55% FAs
 - ◆ AM: outflows in systematic liquid strategies, consistent with asset class mkt trend, partially offset by the illiquid ones. Higher penetration of in-house products in MB distribution networks (up 19% to ~€10bn YoY)

ASSET QUALITY AT BEST HISTORICAL LEVELS

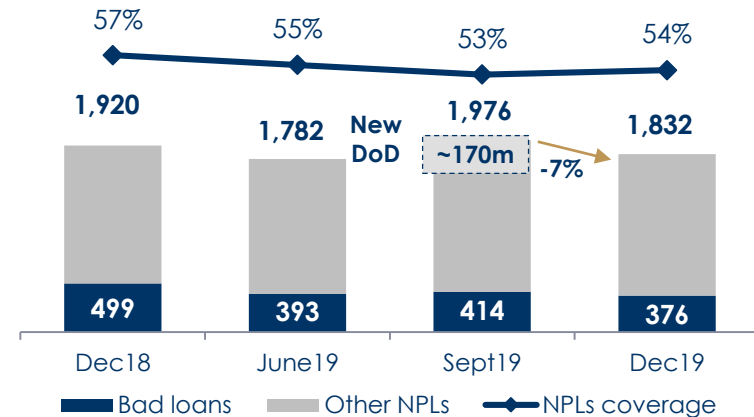
6M results as at December 2019

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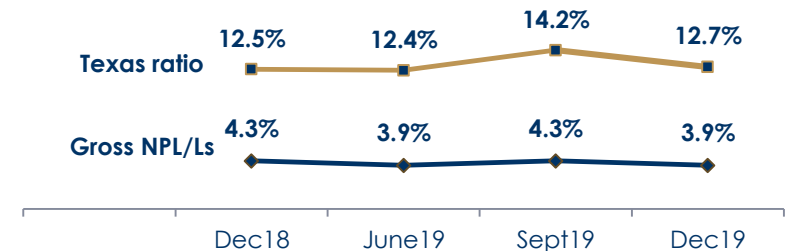
Cost of risk by division (bps)



Gross NPL ("deteriorate", €m) and coverage (%)



Gross NPL/Loans and Texas ratio (%)



- ◆ **Gross NPLs down 5% YoY to €1.8bn (3.9% of gross loans)**, despite the introduction of new definition of default in Sept.19 due to
 - ◆ €45m writebacks in 1H20 for reclassification from UTP to performing and/or partial reimbursement
 - ◆ Sound underlying asset quality trend in all divisions and regular Consumer NPL disposal

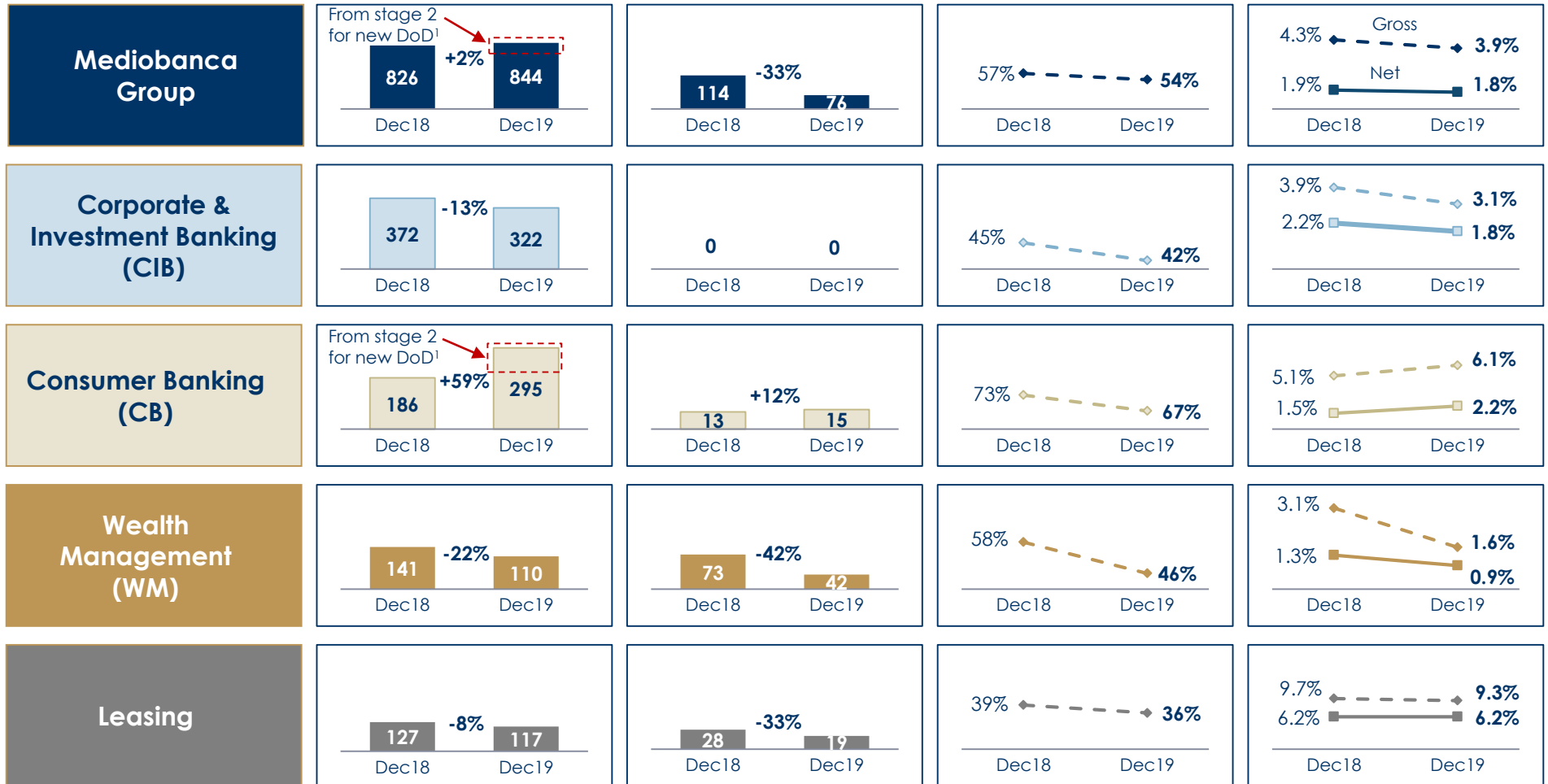
1) Starting from 1Q20 the MB Group has applied a new definition of default (on a voluntary basis and subject to prior authorization for the AIRB segments), fully aligned with the EBA Guidelines in this area (EBA/GL/2016/07), with the provisions of Commission Delegated Regulation (EU) 2018/171 of 19 October 2017, and of Regulation (EU) 2018/1845 of the ECB of 21 November 2018. The new regulations govern the classification of default based on stricter criteria for obligations which show non-payments or are overdrawn on an ongoing basis, "past due or overdrawn", and for the mechanisms for return to a non-default status. The introduction of the new definition of default (DoD) increased NPLs in Sept.19 (~€170m of gross exposure, 90% of which in Consumer Banking, has been moved from stage 2 to stage 3), with no major impact on LLPs as positions were already covered



ASSET QUALITY DETAILS BY DIVISIONS

6M results as at December 2019

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1) Following the introduction of the new definition of default (DoD), as of September 2019 ~€120m of net exposure (90% of which in Consumer Banking) was moved from stage 2 to stage 3

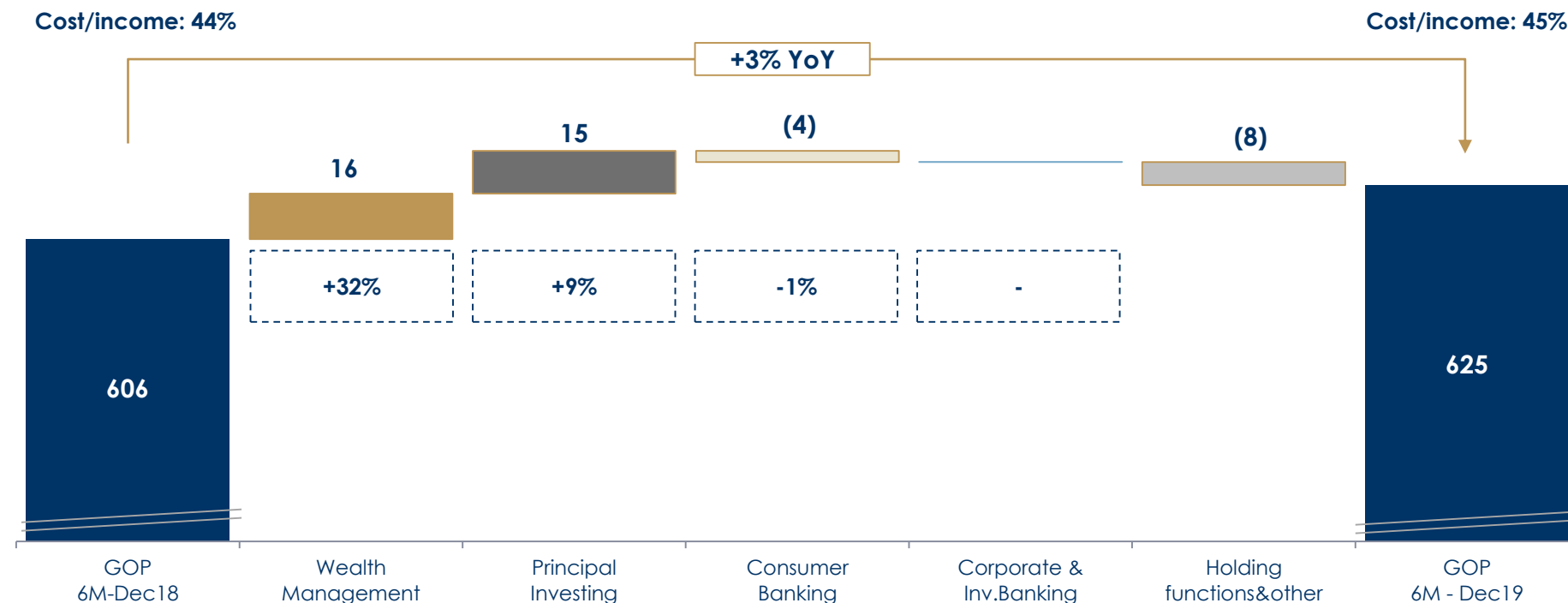


GOP UP 3% TO €625M - COST /INCOME @45%

6M results as at December 2019

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MB Group operating profit by division (YoY, 6M, €m)



6M GOP up 3% YoY with cost/income at 45%:

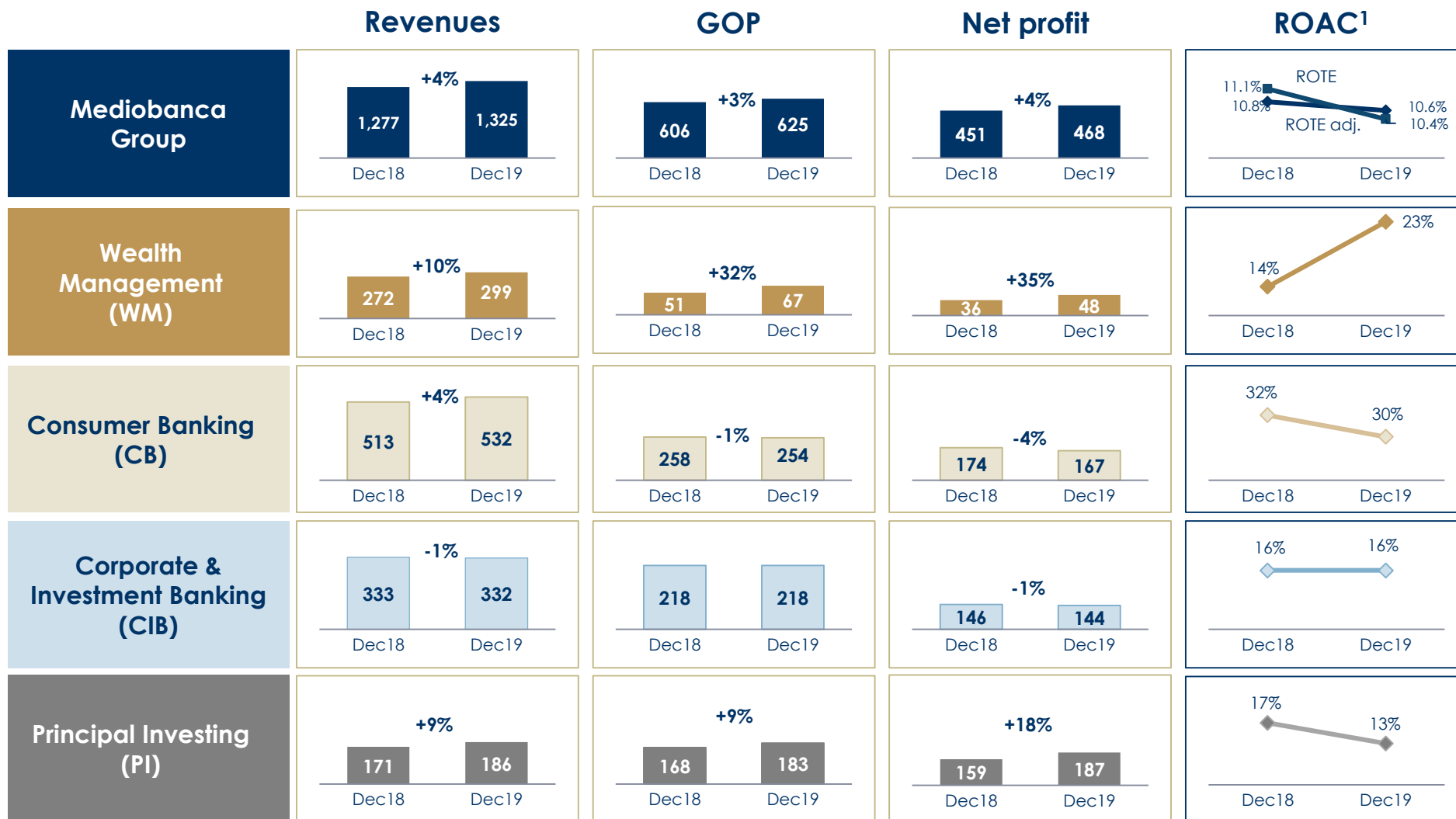
- ◆ **Double-digit growth in WM (up 31%)**, with strong performance in both Affluent and Private
- ◆ **High single-digit growth in PI (up 9%)**, supported by higher AG contribution due in part to non-recurring items
- ◆ **Consumer flat** with higher income absorbing distribution platform enhancement and marginal CoR increase
- ◆ **CIB flat**, with 2Q20 showing good Advisory and CapMkt solutions business and material loan writebacks

GROUP ROTE >10%

WM increasing ROAC to 23%

6M results as at December 2019

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1) ROAC adjusted: based on average allocated K = 9% RWAs. RWAs are calculated with STD, apart from CIB corporate portfolio calculated with AIRB in FY18 and mortgages portfolio since 3Q19. Gains/losses from AFS disposals, impairments and positive/negative one-off items excluded, normalized tax rate = 33%, 25% for PB



MB STRONG CAPITAL PROFILE CONFIRMED

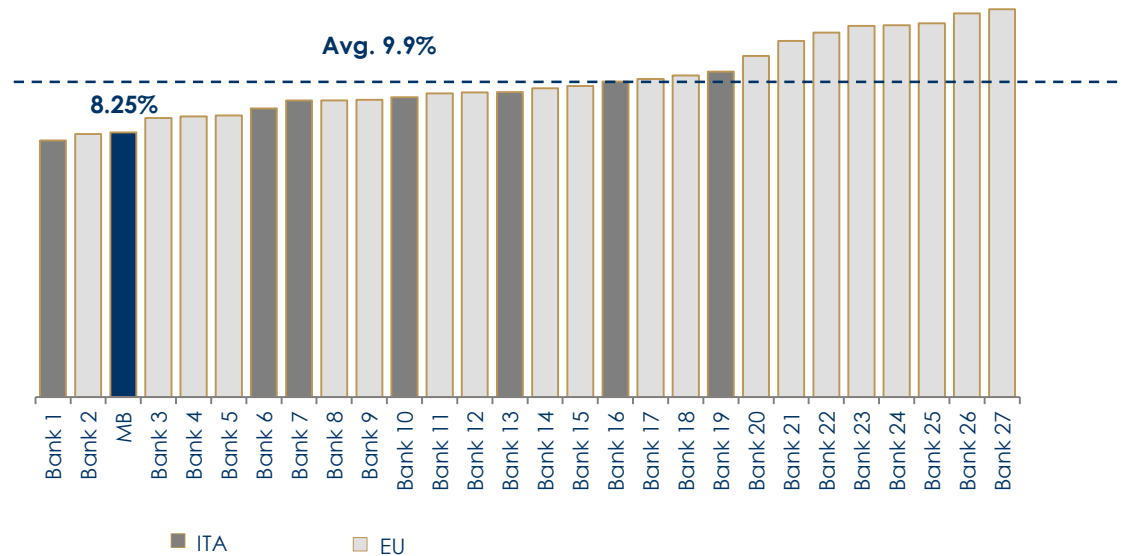
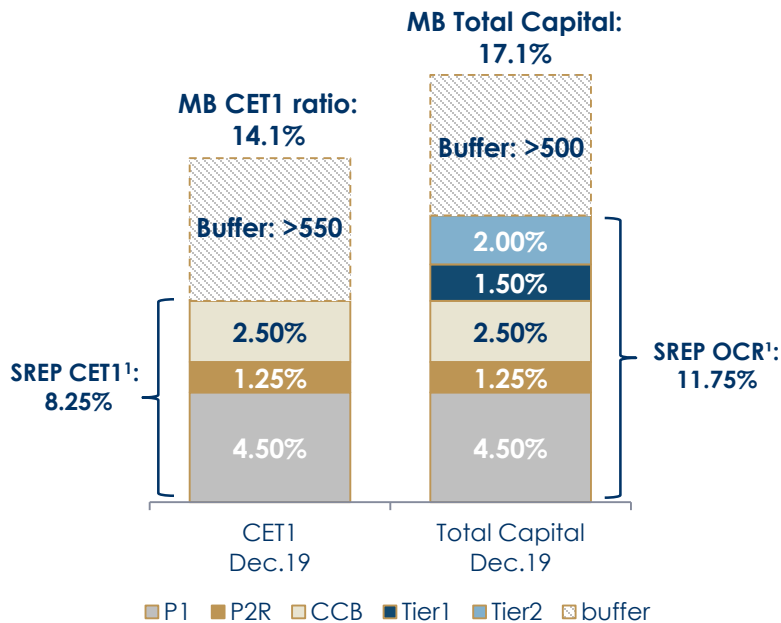
BUFFERS COMFORTABLY ABOVE SREP (>550 bps)

6m results as at December 2019

Section 1

Capital ratios vs capital requirements 2020

MB SREP requirement: among the lowest in EU and the second lowest in Italy²



- ◆ **SREP CET1 requirement confirmed at 8.25% for 2020, with P2R stable at 1.25%**
- ◆ **MB CET1 (as of Dec.19) @14.1% (14.1% as at June19) with buffer comfortably above SREP (>550bps)**
- ◆ **MB among the best top ten bank in Europe**

1) Requirement net of Countercyclical Capital Buffer calculated taking into account the exposures in the various countries as at 31/12/18
 2) Banks: ABN Amro, BancoBPM, Bank of Ireland, Bankia, Bankinter, BBVA, BNP Paribas, BPER, CaixaBank, Commerzbank, Credem, Credit Agricole, Erste, Deutsche Bank, ING, KBC, Liberbank, MPS, Natixis, RBI, Sabadell, Santander, SocGen, UBI, Unicaja, Unicredit
 3) CET1FL @12.9% without Danish Compromise (accounting for 105bps of CET1) and with IFRS9 fully phased (accounting for 16bps of CET1)



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MEDIOBANCA

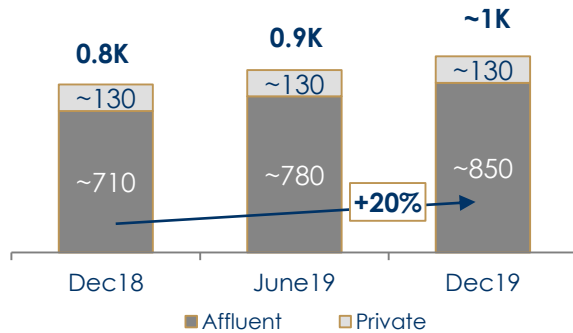
WEALTH MANAGEMENT



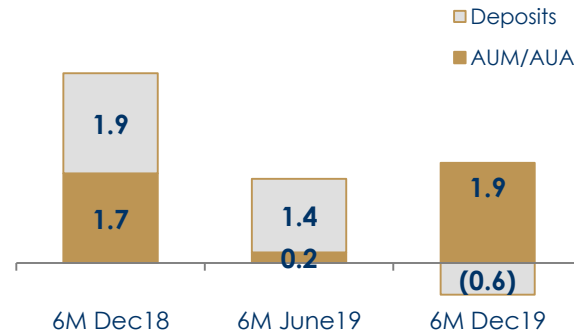
RECORD LEVEL OF ACTIVITY ...

€1.9bn NNM in AUM/AUA with AUM/AUA at €42bn (+13% YoY), New loan +58%, LOAN +18%

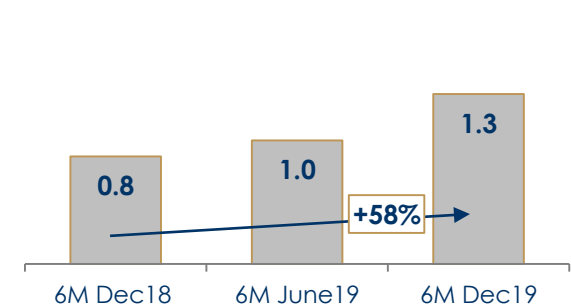
Franchise (no. of salespeople)



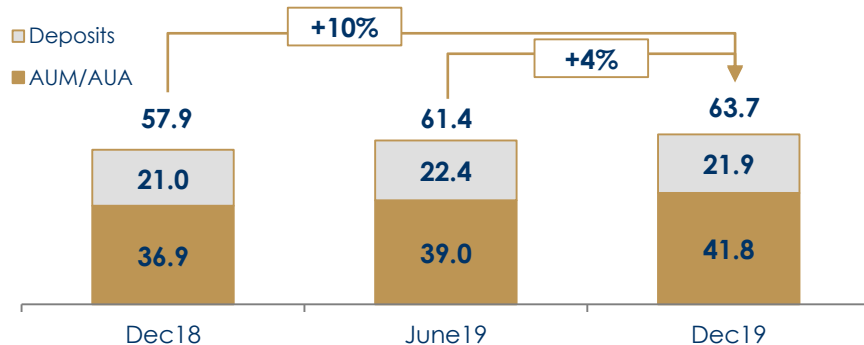
TFAs Net New Money (6M, €bn)



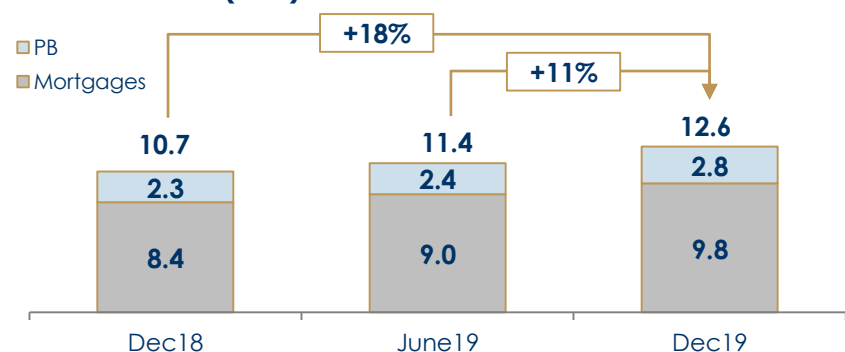
New loans (€bn, mortgages)



Group net TFAs stock (€bn)



Loans stock (€bn)



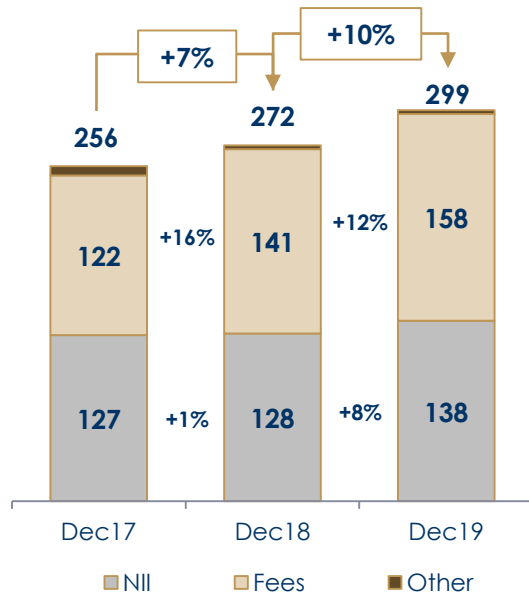
- ◆ **Strong investments in distribution (salesforce up to ~1K people) and commercial efforts translated to:**
 - ◆ **robust NNM in 1H20 (€1.3bn), driven by quality inflows of AUM/AUA (€1.9bn) and reflected in strong increase in TFA growth (up 4% HoH, up 10% YoY). AUM/AUA weight increased to 66% of total TFA**
 - ◆ **significant increase in the new mortgage business (up 38% HoH, up 58% YoY), reflected in a strong upward trend in loan book**

... DRIVING REVENUES (UP 10%) AND ROAC (UP TO 23%)

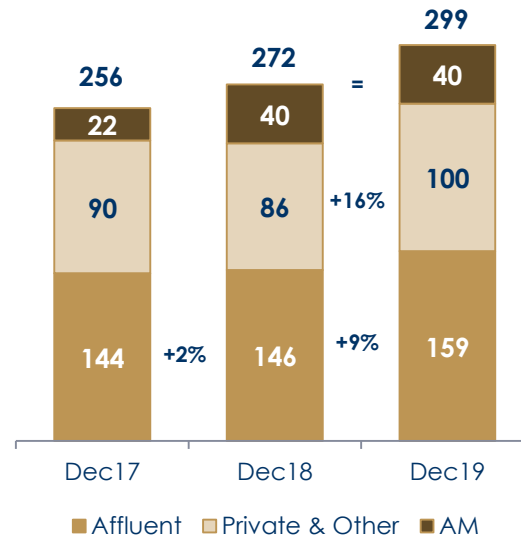
6M results as at December 2019

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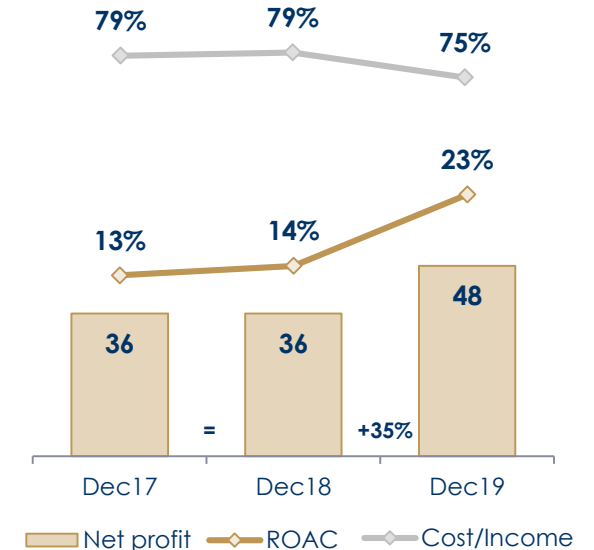
WM revenues by source (6M, €m)



WM revenues by segment (6M, €m)



Profitability and efficiency (6M, €m, %)



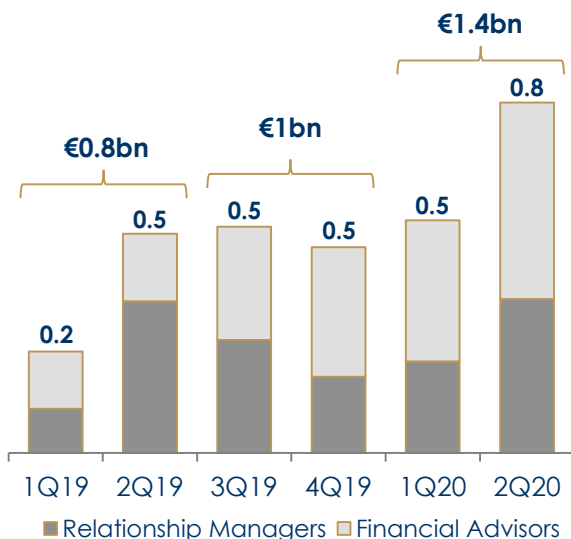
- ◆ Revenues up to €299m (up 10% YoY), backed by 8% increase in NII and 12% increase in fees; the latter achieved a quarterly record of €89m in 2Q20, benefiting from an increase in recurring management fees (following repricing in October) and performance fees (€12m in 1H20). **Good revenue diversification** by income source (~50% NII – 50% fees)
- ◆ Net income up 35% YoY to €48m, ROAC increased to 23%, up 9pp YoY, towards business plan target

AFFLUENT: ENLARGED DISTRIBUTION & FOCUS ON AUM/AUA

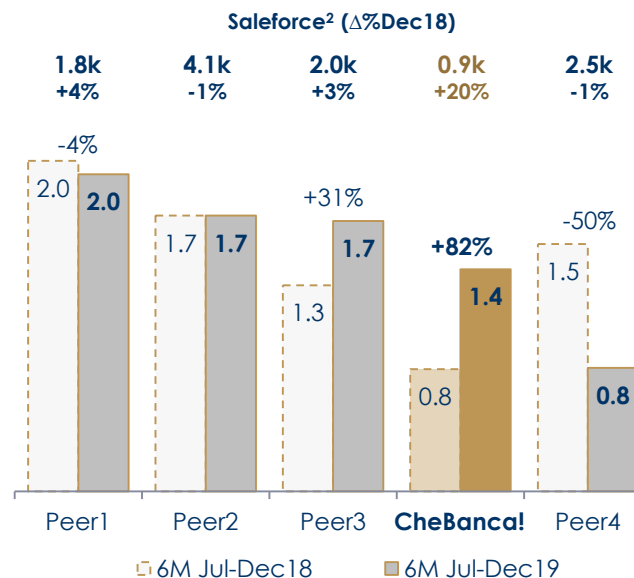
6M results as at December 2019

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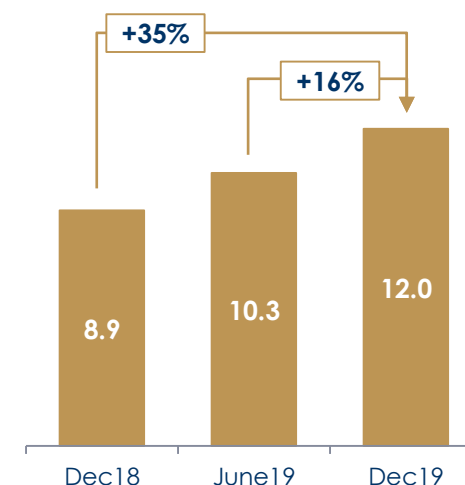
AUM/AUA NNM trend (3M,€bn)



AUM/AUA NNM: peer analysis¹ (€bn)



AUM/AUA stock trend (€bn)



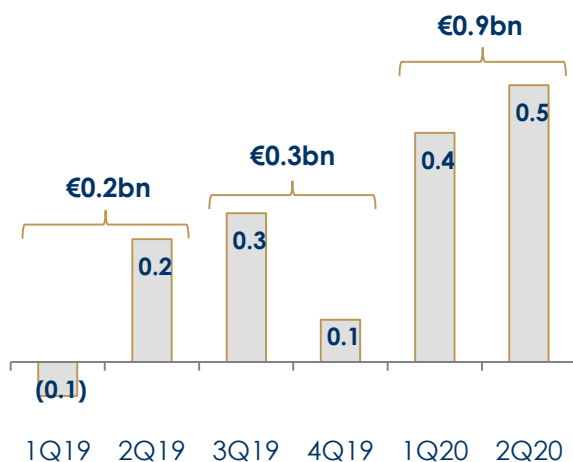
- ◆ **Top 5 positioning for AUM/AUA net inflows in last 3M with >10% mkt share in domestic asset gatherers market,³ recording the highest annual increase (up 82%) among peers**
- ◆ **AUM/AUA: up to €12bn (+16% HoH and +35% YoY), with record of €0.8bn NNM achieved in 2Q20 (€1.4bn in last 6M).Ongoing balanced contribution from both FAs and RMs (55%-45%)**
- ◆ **Actions started in line with BP23 strategy:**
 - ◆ **enlarge distribution: sale force increased by 20% YoY (to ~850 people), in last 6M 60 FAs (to 395) and 8 RMs (to 453) added;**
 - ◆ **conversion from deposits to AUM ongoing, associated with lower cost of funding;**
 - ◆ **launch of new products (pension funds and multi asset/manager funds), leverage on in-house products;**

PRIVATE: FOCUS ON PRODUCT MIX AND MARGINS

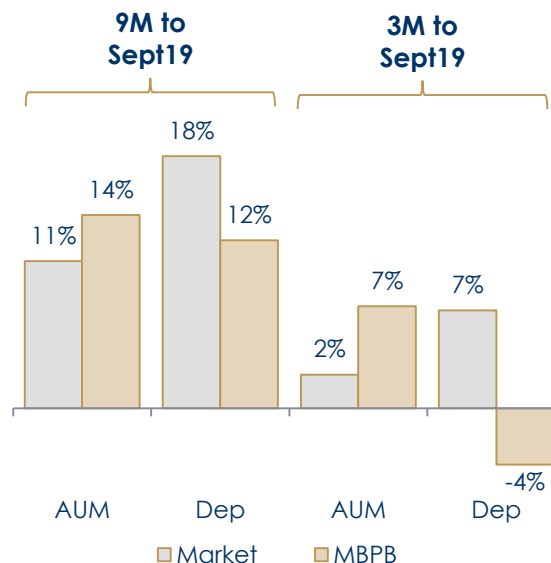
6M results as at December 2019

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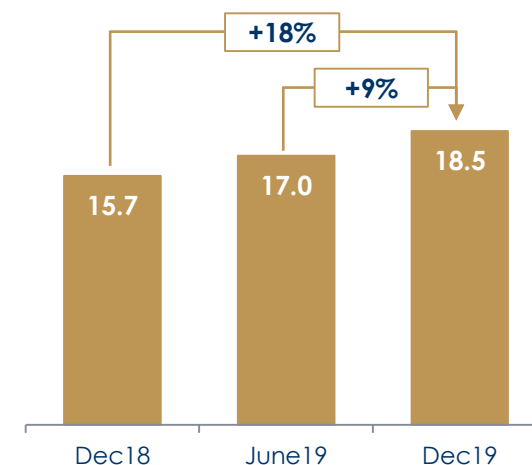
AUM/AUA NNM trend (3M,€bn)



TFA trend: peers analysis¹



AUM/AUA (€bn)



- ◆ **Strong positioning** (9% market share in the domestic PB market stock¹) **with above-average AUM growth rate**
- ◆ **NNM up to €0.9bn in 1H20 (x3 HoH), favouring robust growth in AUM/AUA (up 9% HoH, up 18% YoY)**
- ◆ **Actions started in line with BP strategy:**
 - ◆ **switch deposits into AUM;**
 - ◆ **offer re-pricing** according to level of services
 - ◆ launch of **new illiquid products** (MB Private markets II, Milan Trophy RE Fund I)
 - ◆ working jointly with corporate finance (double-coverage) in the **mid corporate space**

CONSUMER BANKING

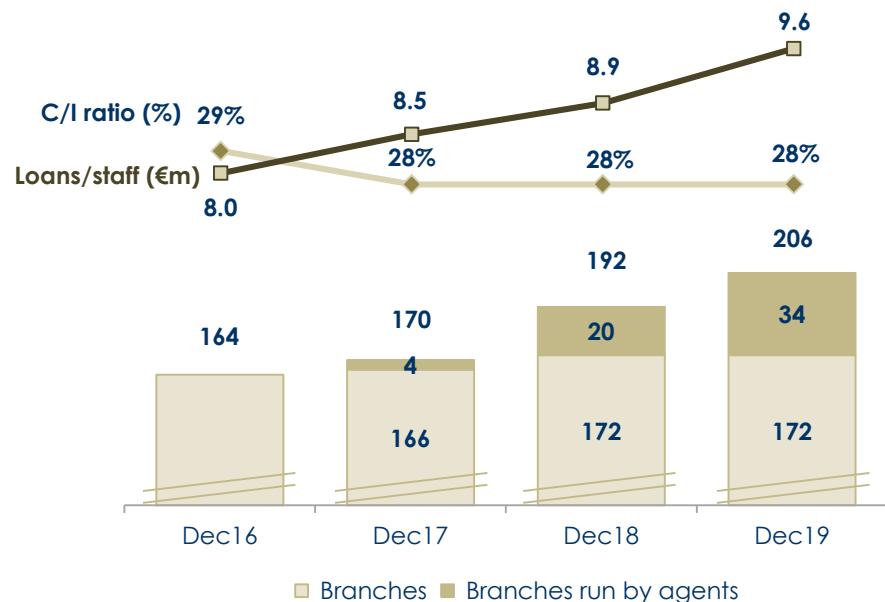


ENHANCED DISTRIBUTION DRIVING RECORD NEW BUSINESS

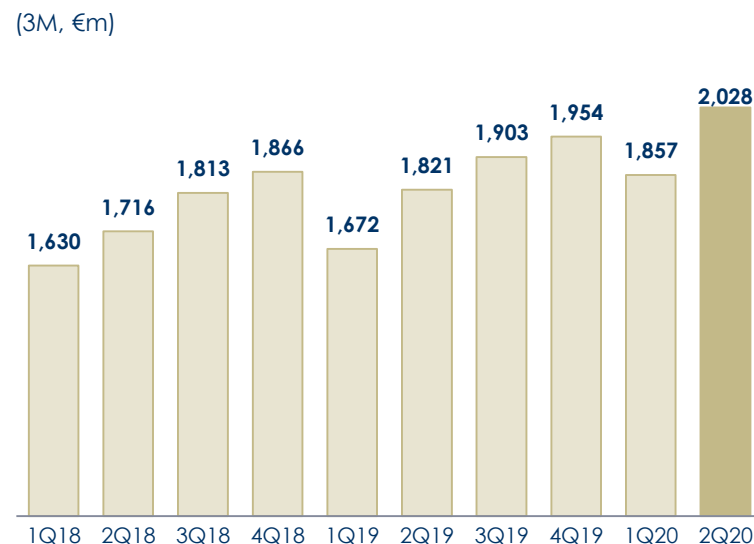
6M results as at December 2019

Section 2

Ongoing distribution enhancement to keep efficiency at top levels...



...and impacting positively on new business, above €2bn for the first time in 2Q



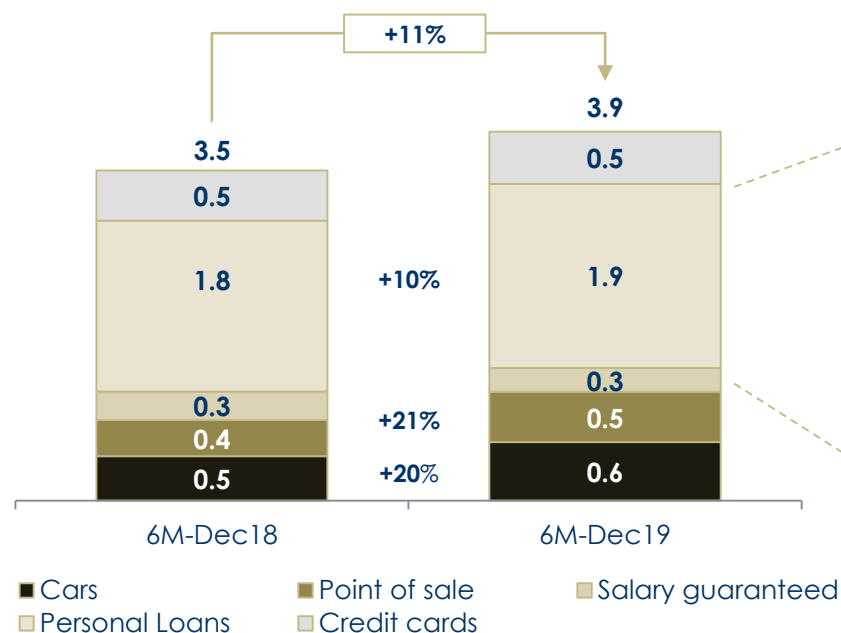
- ◆ **Enhanced distribution, especially through direct channel, in line with business plan:** branches up 7% YoY to 206, driven by 14 new openings of agencies which keep efficiency at the highest level
- ◆ **Compass Quinto** project launched with 41 agencies rebranded
- ◆ **Digital sales** up to 16% of direct channel (vs 13% last year)
- ◆ **Record quarterly new business:** new loans in 2Q20 above €2bn for the first time

STRONG NEW LOANS ACTIVITY, REBALANCING ONGOING

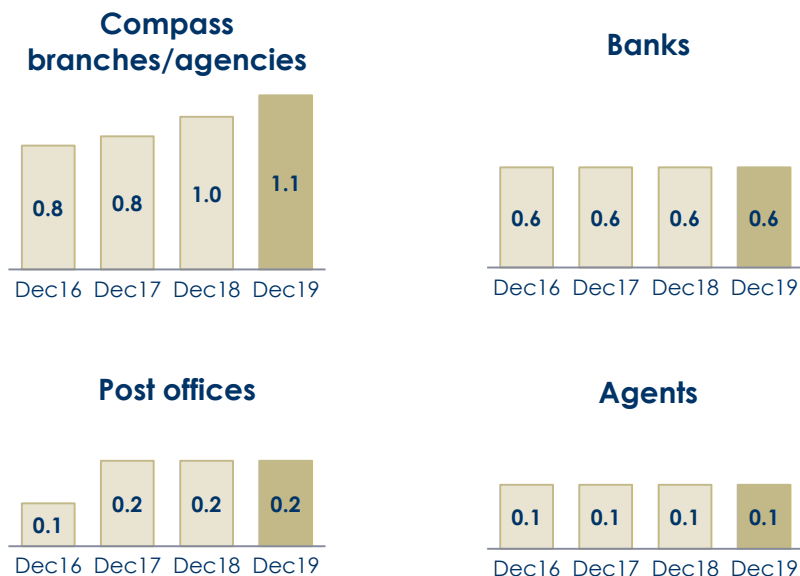
6M results as at December 2019

Section 2

Compass new business by product (6M, €bn)



Personal loans new business by channel (6M, €bn)



- ◆ **Material growth in new business, up 11% YoY to €3.9bn in 6M, with record new production (>€2bn) in last Q**
- ◆ **On-going rebalancing by**
 - ◆ **channel:** more personal loans sold through direct channel (up 14%) to retain margins, bank channel stable at €0.6bn
 - ◆ **products:** strong performance by POS (up 21%), key for future repeat business, and personal loans (up 10%), the most profitable product

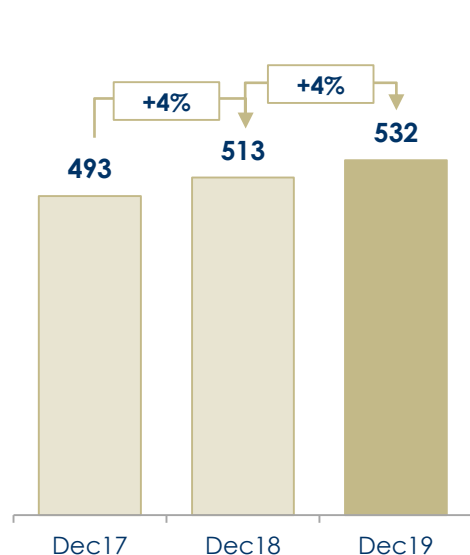
STRONG PROFITABILITY CONFIRMED @ 30%

REVENUES UP 4%, COR @190BPS

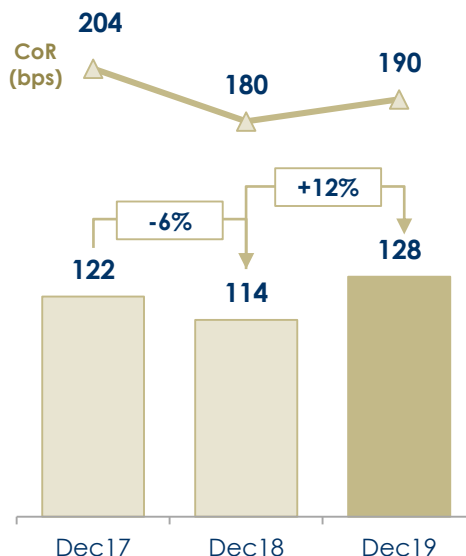
6M results as at December 2019

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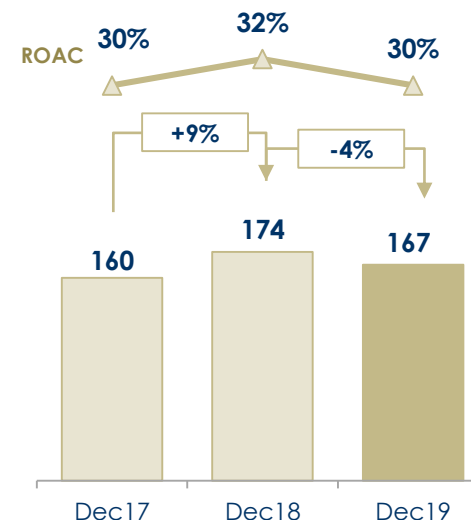
Revenues (6M, €m)



LLPs and CoR (€m, bps)



Net profit & ROAC (€m, %)



- ◆ **Unbroken growth trajectory** in revenues (up 4% YoY to €532m) backed by loan book growth (up 7% YoY, up 4% HoH)
- ◆ **NII up 5% to €474m; Consumer** confirmed to **be the first NII producer** for the Group (2/3 of total)
- ◆ Cost of risk slightly higher than the low recorded in Dec18, but still at very low levels (190bps)
- ◆ Net profit down 4% to €167m due to higher LLPs and non-recurring provisions (€4.7m fine from Antitrust)
- ◆ **ROAC confirmed at very high 30%**

CORPORATE & INVESTMENT BANKING



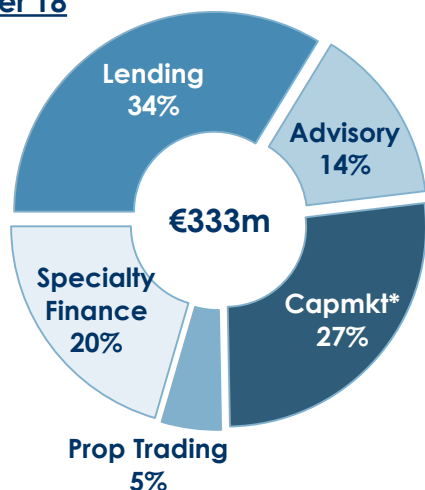
REVENUES RESILIENT DUE TO EFFECTIVE DIVERSIFICATION

6M results as at December 2019

Section 2

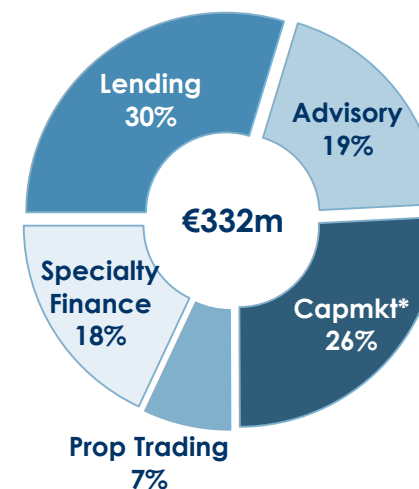
CIB revenues YoY trend (€m, 6M)

December 18



Improved mix
 <50% Financing
 ~45% Investment Banking
 ~5% Trading

December 19



◆ **6M revenues resilient at €332m due to effective diversification, with:**

- ◆ **Increased contribution from IB business (M&A and Capmkt) which represents ~45% of CIB revenues**, backed by strong performance in Advisory (up 35%), which now benefits from the contribution of MMA, and despite the delay in ECM market recovery. Revenues from Mid-corporate segment ~20% of domestic advisory
- ◆ **Slightly reduced contribution from financing activity which now represents <50% of CIB revenues:** NII reduction in Corporate affected by margin pressure and a more risk-selective approach towards high-rating counterparties, while Specialty Finance revenues impacted by reduced NPL purchases
- ◆ Positive but low contribution from **Prop Trading business which represents ~5% of CIB revenues**

LEADING POSITION IN M&A ...

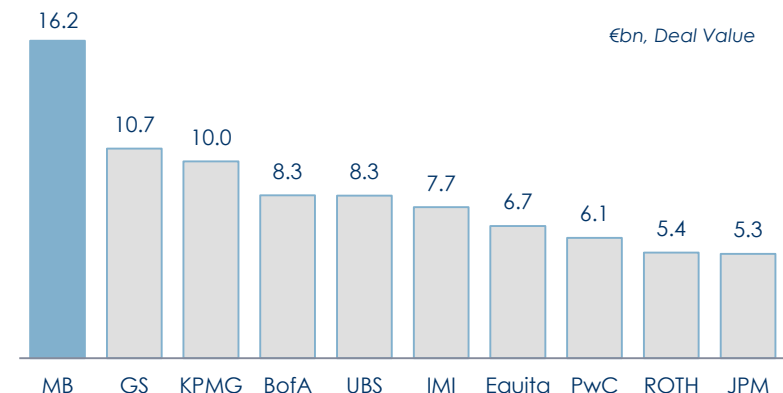
6M results as at December 2019

Section 2

Selected M&A Large Corp Transactions since January 2019



M&A Italy 2019 – Ranking by Deal Value¹



Selected M&A Mid Corp Transactions since January 2019



Selected M&A Sponsors Transactions since January 2019



Selected M&A International Transactions² since January 2019



◆ **Mediobanca M&A team has been involved in most industry-shaping deals of 2019**, including the UTP business strategic partnership between Prelios and Intesa Sanpaolo, the merger between ASTM and SIAS in the infrastructure space, and the integration between Inwit and Vodafone Tower

◆ **Increasing presence in financial sponsors & mid corporate transactions, due to the creation of a joint team within Corporate Finance and the ongoing co-operation with Private Banking.** Mediobanca provided advisory services to companies in sell-side processes and to financial sponsors for buy-side investments

◆ **Growing footprint in Europe**, through the strategic partnership with Messier Maris & Associés, combining local coverage and industry expertise

...DEBT AND EQUITY CAPITAL MARKETS

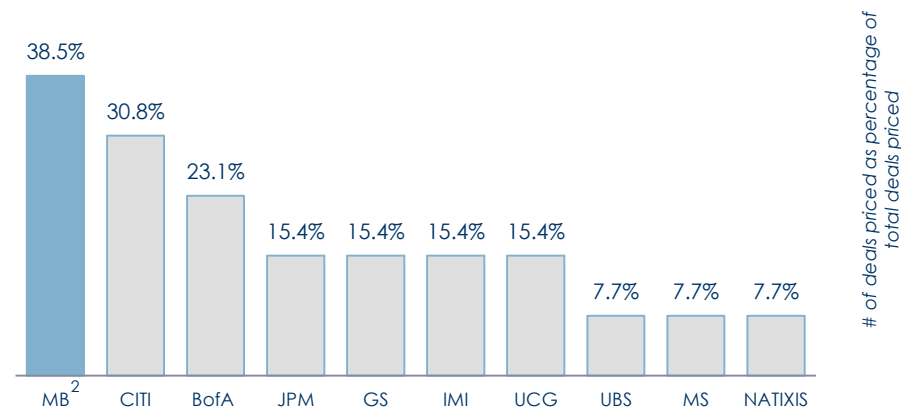
6M results as at December 2019

Section 2

- ◆ **Mediobanca's DCM and ECM team successfully completed several transactions for Italian and international clients**, including major roles in Unicredit's Tier 2 transaction, Snam Tender Offer, as well as some of the most important domestic ECM transactions such as the Unieuro ABB, Nexi ABB, Juventus rights issue, and Salini Impregilo non pre-emptive capital
- ◆ Over the last few years, Mediobanca has been **increasing its international presence**, as proved by recent Capital Markets deals such as EDP Green Hybrid and Santander's Inaugural Green bond
- ◆ Mediobanca has also been nominated "best Italian ECM bank of the year" by Global Capital for the past four years and is **widely recognized as the best Equity House for US, UK and European funds** who want to access top Italian issuers

Bookrunner Italy ECM¹

(From July 2019)

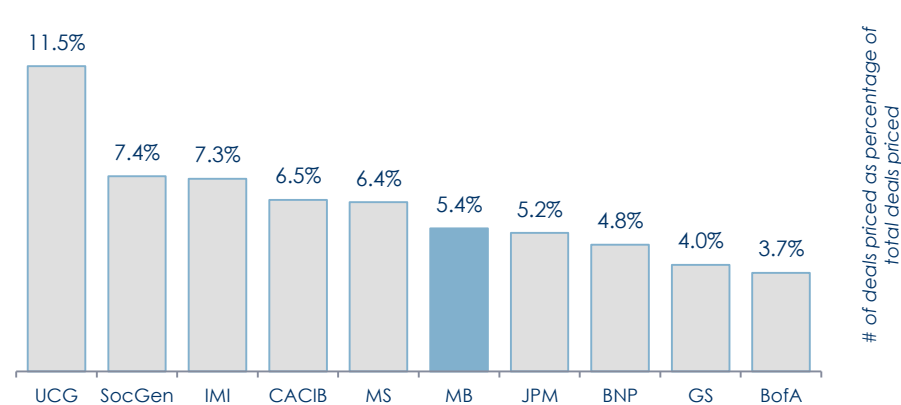


Selected DCM Transactions since July 2019



Joint Bookrunner Italy DCM

(From July 2019)



Selected ECM Transactions since July 2019

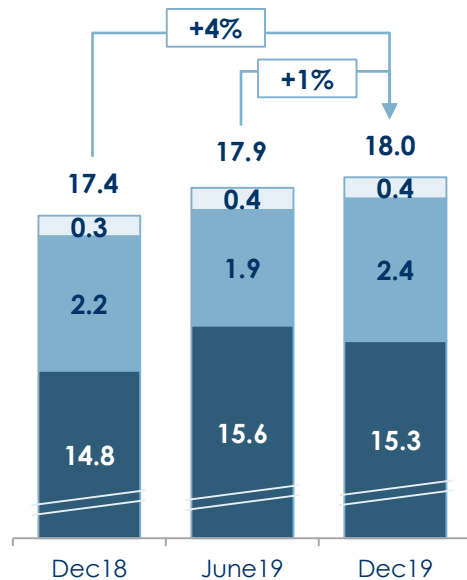


SOUND ASSET QUALITY AND ROAC RESILIENT AT 16%

6M results as at December 2019

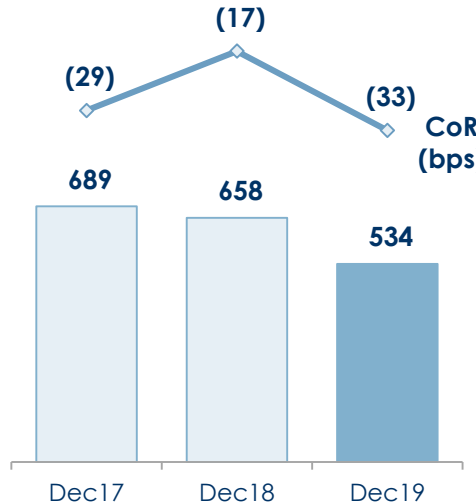
Section 2

Loan book by segment (€bn)

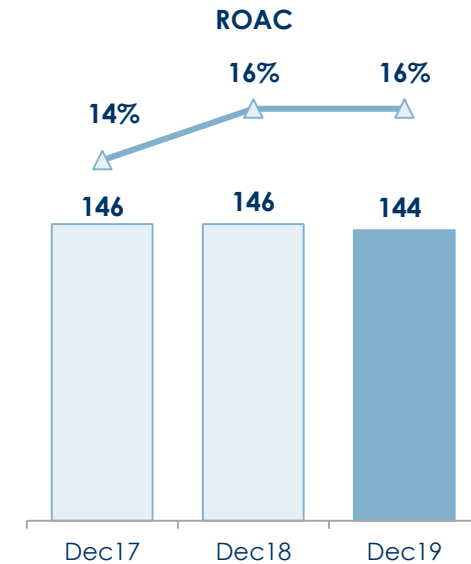


■ Corporate ■ Factoring □ NBV acquired NPL

Gross UTP loans and CoR (€m, bps)



Net profit & ROAC (€m, %)



- ◆ **Loan book up 4% YoY, but stable HoH:** corporate loans show limited growth YoY (up 3%) and were down slightly in the last 6M due to a more selective approach; factoring has been soundly growing and purchased NPLs were broadly stable due to limited new NPL acquisitions
- ◆ **Asset quality confirmed sound with no bad loans in corporate and UTP loans down 19% to gross €0.5bn** due to a single position being reclassified as performing, the amounts recovered from which kept the cost of risk negative (minus 33bps). The cost of risk for the new business was kept under control due to a risk-selective approach
- ◆ **Net profit stable at €144m with sound double-digit ROAC at 16%**

PRINCIPAL INVESTING



INVESTMENTS STABLE - ROAC @13%

6M results as at December 2019

Section 2

KPIs (€m)

PI - €m	Dec18	Dec19	Δ
Revenues	171	186	+9%
Gain from disposals/ impairments	(11)	8	n.m.
Net profit	159	187	+18%
BV bn	3.7	4.5	+21%
NAV bn	3.6	4.4	+22%
RWA bn	6.0	5.7	-4%
ROAC %	17%	13%	-4pp

Main equity investments as at Dec 19 (€m)

Company (€m)	%	Book value €m	HTC&S reserve
Ass.Generali	12.9%	3,790	n.m. ¹
Other listed equities		114	64
Other unlisted equities		77	14
Seed capital		370	n.m. ¹
Private equity		66	n.m. ¹
Other funds		59	n.m. ¹
Total		4,476	78

- ◆ PI portfolio BV up to ~€4.5bn with Ass.Generali BV up from €3.0bn to €3.8bn due to net profit generation and FVOCI reserve increase (up ~€600m)
- ◆ In 1H20 net profit up to €187 (up 18%) with AG contribution up 9% to €186m (including gains on disposal of Generali Leben in 1Q20 and one-off expense for the liability management)
- ◆ ROAC 13%

HOLDING FUNCTIONS

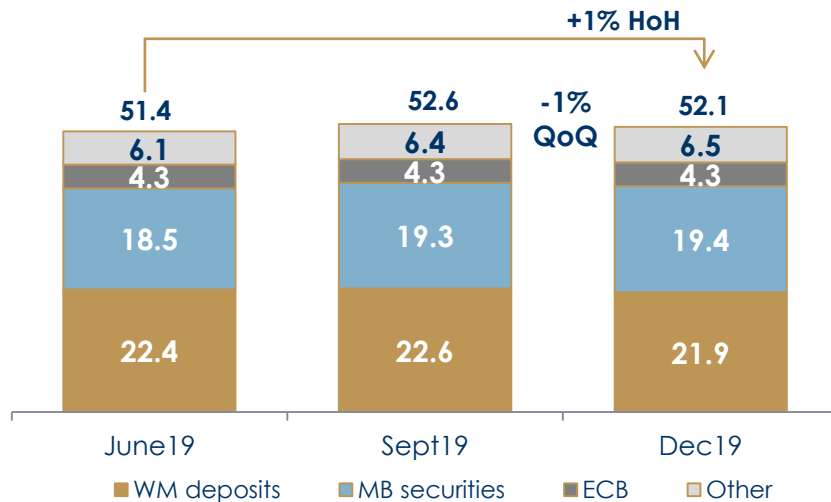


FUNDING STABLE AT €52BN, COF UNDER CONTROL

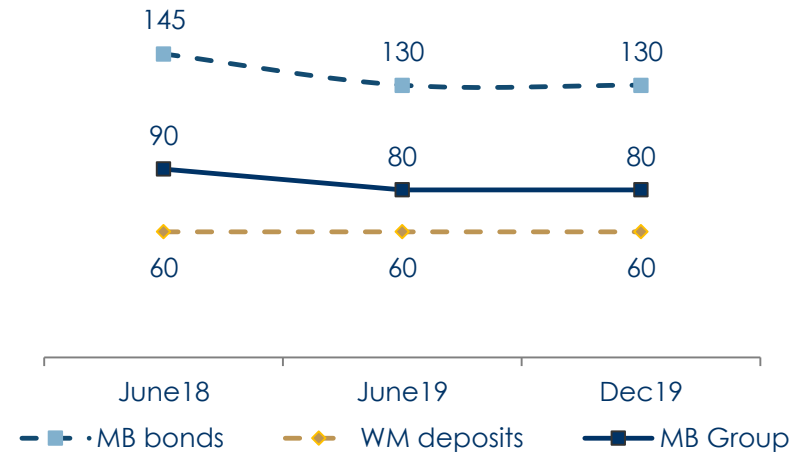
6M results as at December 2019

Section 2

Funding stock breakdown (€bn)



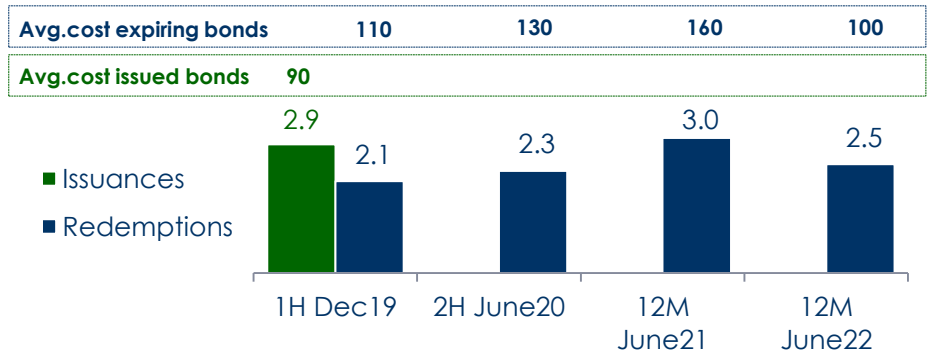
Avg. cost of funding trend (bps vs Eur3M)



◆ **Comfortable funding position**, with stock increasing to €52.1bn at Dec19 (up 1% HoH) and CoF under control:

- ◆ bonds up to €19.4bn, due to a well balanced mix of secured and unsecured issuances (~€2.9bn issued @ 90bps, below CoF of expiring bonds)
- ◆ WM deposits resilient at €22bn, despite conversion to AUM
- ◆ ECB funding stable at €4.3bn; TLTRO2 due to expire from 4Q20 (€1.2bn) and be replaced by TLTRO3 (€4bn across business plan)

MB securities issuances & redemptions (€bn, CoF bps vs Euribor3M)



EFFECTIVE ACCESS TO MARKETS, LIQUIDITY OPTIMIZED

6M results as at December 2019

Section 2

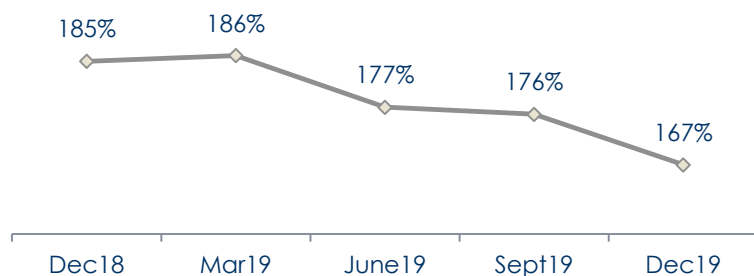
KPIS

- ◆ **Effective access to funding markets** in all market conditions through variety of channels, with a good balance between secured and unsecured funding
- ◆ **M/L term funding plan for FY20 90% completed** at Jan.20, including the issuance of the inaugural €0.5bn SNP ahead of BP19-23 timeline, to take advantage of favourable market conditions
- ◆ **Liquidity optimized**, down by 54% HoH to €1.8bn, in view of the lower volatility and uncertainty in the domestic market
- ◆ **Banking book stable at €6.8bn**, keeping exposure to Italian govies at €2.8bn with 3Y duration
- ◆ LCR optimized YoY, but still above industry average
- ◆ NSFR well above >100% at all times

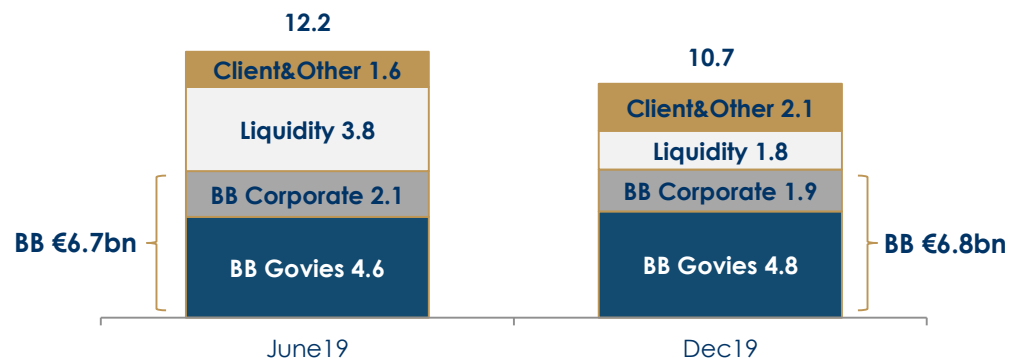
Key funding issuances since June19

Issue date	Bond type	Size (€m)	Spread at issue	Investor
Jul-19	Covered	750	MS+53bps	Institutional
Jul-19	Senior Pref.	500	MS+137bps	Institutional
Nov-19	ABS	600	3mE+57bps	Institutional
Dec-19	Senior Pref.	500	MS+103bps	Institutional
Jan-20	SNP	500	MS+130bps	Institutional

LCR (12m average)



Treasury position (€bn)



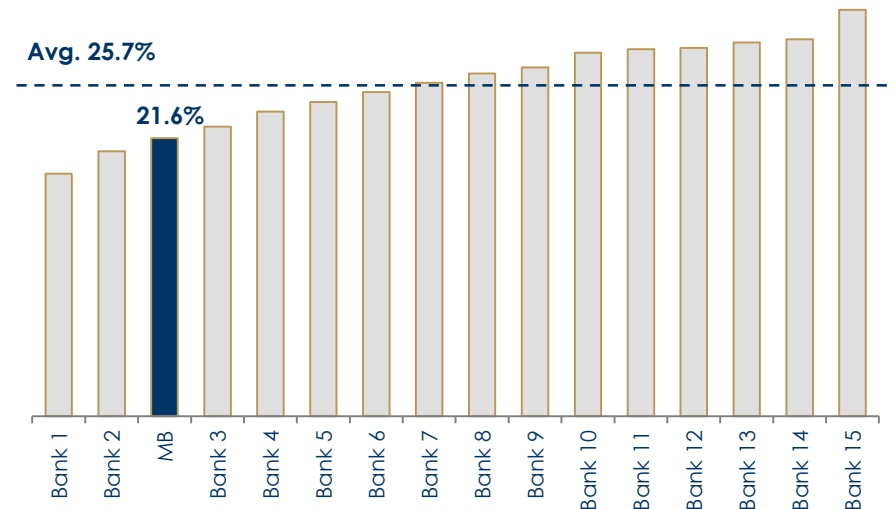
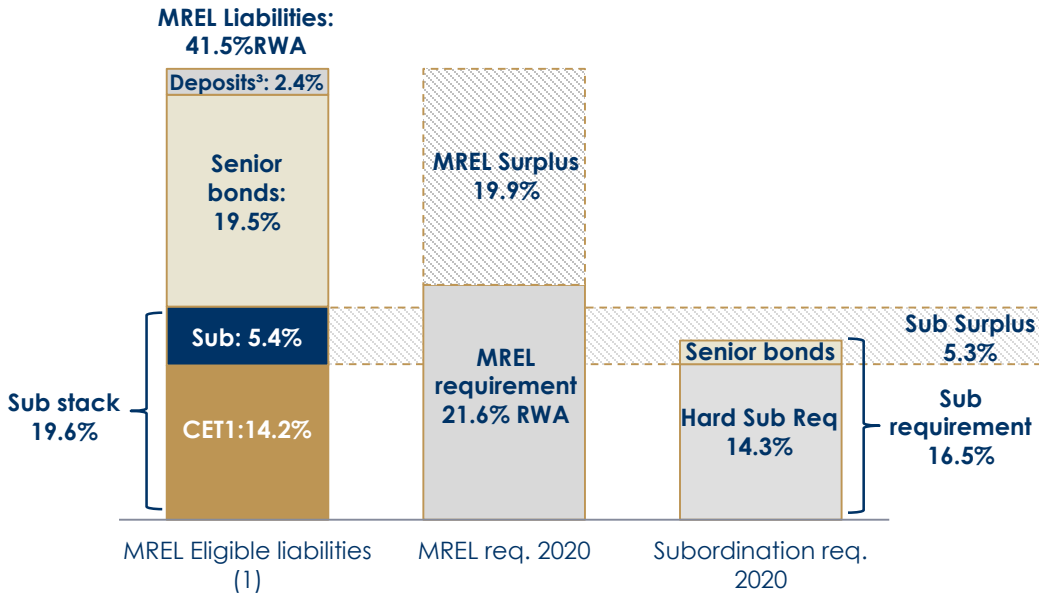
MREL REQUIREMENTS CONFIRM MB AMONG BEST IN EUROPE

6m results as at December 2019

Section 2

MREL liabilities vs MREL requirements

MREL requirement: MB and peers²



- ◆ **MREL requirement confirmed at 21.6% of RWA (from 21.4%) for 2020** (13.13% of TLOF, based on Dic.18 data), **one of the lowest in EU**
- ◆ **MREL eligible liabilities (~€19.1bn as of September 2019) @41.5% of RWAs with a surplus of 19.9% of RWAs**
- ◆ **New subordination requirement for 2020 set at 16.5%** (ow 2.2% senior allowance and **14.33% of hard subordination requirement**)
- ◆ **As of Sept19, CET1 and sub bonds totalling @19.6% of RWA with a surplus of 5.3% of RWAs** (compared with 14.33% hard sub requirement)
- ◆ **SNP issuance in Jan.20 (€500m) to optimize capital structure** in view of T2 expiring starting from Nov.20 (€1.5bn T2 expiring in BP19-23 horizon)

1) Calculated on Sept.19 data. It does not include the €500m SNP issuance executed in Jan.20
 2) Peer comparison include banks which have disclosed MREL requirement so far: ABN Amro, Allied Irish Banks, Bankia, Bankinter, BBVA, Belfius, Bank of Ireland, CaixaBank, Deutsche Bank, ING, KBC, Santander, SocGen, Unicredit, Unicaja
 3) Deposits not covered, not preferential



Agenda

Section 1. Group results as at December 2019

Section 2. Divisional results

Section 3. Closing remarks

Annexes

1. Quarterly segmental reporting tables
2. Long Term Incentive Plan
3. Glossary



MEDIOBANCA

CLOSING REMARKS

**Intense business activity
fostered by robust capital, strong business positioning and investment in distribution
delivered growth
in revenue-generating assets
in revenues (+4% to €1,325m)
in net profit (+4% to €468m)
Group ROTE >10%**

LTI plan approved linked to BP2023 targets

**Leverage current momentum in BP23 strategic roadmap
implementation in all business segments
Implement further improvements in governance framework**



MEDIOBANCA

2Q20/6M RESULTS AS AT 31 DECEMBER 2019

Milan, 6 February 2020



MEDIOBANCA

Agenda

Section 1. Group results as at December 2019

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Annexes

1. Quarterly segmental reporting tables
2. Long Term Incentive Plan
3. Glossary



MEDIOBANCA

MEDIOBANCA GROUP P&L

6M results as at December 2019

Annex 1

€m	1H Dec19	2H June19	1H Dec18	Δ YoY ¹	2Q Dec19	1Q Sept19	4Q June19	3Q Mar19	2Q Dec18
Total income	1,325	1,248	1,277	4%	641	684	641	607	639
Net interest income	722	695	701	3%	362	359	349	346	357
Fee income	329	298	313	5%	174	155	150	149	158
Net treasury income	92	99	98	-6%	57	35	46	53	57
Equity accounted co.	184	156	166	11%	48	136	96	59	68
Total costs	(591)	(600)	(562)	5%	(309)	(283)	(309)	(291)	(290)
Labour costs	(304)	(300)	(282)	8%	(159)	(145)	(154)	(145)	(144)
Administrative expenses	(288)	(301)	(279)	3%	(150)	(138)	(155)	(146)	(146)
Loan loss provisions	(110)	(113)	(110)		(44)	(65)	(61)	(52)	(51)
GOP risk adjusted	625	535	606	3%	288	337	271	264	298
Impairments, disposals	9	9	(11)		5	4	4	5	(15)
Non recurring (SRF/DGS contribution)	(16)	(43)	(11)	42%	(16)	0	(17)	(26)	(11)
PBT	618	501	584	6%	277	341	258	243	272
Income taxes & minorities	(150)	(128)	(133)	13%	(80)	(70)	(61)	(67)	(67)
Net result	468	373	451	4%	197	271	197	176	205
Cost/income ratio (%)	45	48	44	+1pp	48	41	48	48	45
LLPs/Ls (bps)	48	52	52	-4bps	39	58	56	48	48
ROTE (%)	11	9	11	-					

MEDIOBANCA GROUP A&L

6M results as at December 2019

Annex 1

€bn	Dec19	Sept19	June19	Dec18	Δ QoQ ¹	Δ HoH ¹	Δ YoY ¹
Funding	52.1	52.6	51.4	50.8	-1%	+1%	+3%
Bonds	19.4	19.3	18.5	19.2	+0%	+4%	+1%
Direct deposits (retail&PB)	21.9	22.6	22.4	21.2	-3%	-2%	+3%
ECB	4.3	4.3	4.3	4.3			
Others	6.5	6.4	6.1	6.0	+2%	+7%	+9%
Loans to customers	46.3	45.0	44.4	42.9	+3%	+4%	+8%
CIB	18.0	17.6	17.9	17.4	+3%	+1%	+4%
Wholesale	15.3	15.4	15.6	14.8	-	-2%	+3%
Specialty Finance	2.7	2.2	2.3	2.6	+23%	+19%	+6%
Consumer	13.7	13.4	13.2	12.8	+2%	+4%	+7%
WM	12.6	12.1	11.4	10.7	+4%	+11%	+18%
Mortgage	9.8	9.5	9.0	8.4	+4%	+9%	+17%
Private banking	2.8	2.6	2.4	2.3	+6%	+20%	+20%
Leasing	1.9	1.9	2.0	2.0	-1%	-4%	-8%
Treasury and securities at FV	11.4	13.6	12.8	13.3	-16%	-11%	-14%
RWAs	47.1	46.0	46.3	47.5	+2%	+2%	-1%
Loans/Funding ratio	89%	86%	86%	85%			
CET1 ratio (%)²	14.1	14.2	14.1	13.9			
TC ratio (%)²	17.1	17.4	17.5	17.4			

WEALTH MANAGEMENT RESULTS

6M results as at December 2019

Annex 1

€m	1H Dec19	2H June19	1H Dec18	Δ YoY ¹	2Q Dec19	1Q Sept19	4Q June19	3Q Mar19	2Q Dec18
Total income	299	275	272	+10%	159	140	138	137	137
Net interest income	138	132	128	+8%	69	69	66	66	64
Fee income	158	140	141	+12%	89	70	71	69	71
Net treasury income	3	2	4	-26%	1	2	1	2	2
Total costs	(225)	(219)	(215)	+4%	(117)	(108)	(112)	(107)	(109)
Loan provisions	(8)	(5)	(7)	+17%	(4)	(4)	(5)	(0)	(3)
Operating profit	67	51	51	+32%	38	28	21	30	25
Other	2	1	0		2	1	(0)	1	0
Income taxes & minorities	(21)	(16)	(15)	+38%	(12)	(9)	(6)	(10)	(6)
Net profit	48	36	36	+35%	29	20	15	20	19
Cost/income ratio (%)	75	80	79	-4pp	74	77	81	78	80
LLPs/Ls (bps)	13	9	13		11	14	18	1	10
Loans (€bn)	12.6	11.4	10.7	+18%	12.6	12.1	11.4	11.0	10.7
TFA (€bn)	63.7	61.4	57.9	+10%	63.7	62.4	61.4	61.3	57.9
AUM/AUA	41.8	39.0	36.9	+13%	41.8	39.8	39.0	39.1	36.9
Deposits	21.9	22.4	21.0	+4%	21.9	22.6	22.4	22.2	21.0
NNM (€bn)	1.3	1.6	3.7		1.0	0.3	(0.1)	1.8	1.7
AUM/AUA	1.9	0.2	1.7		1.6	0.3	(0.1)	0.3	1.3
Deposits	(0.6)	1.4	1.9		(0.6)	0.0	(0.0)	1.5	0.4
RWA (€bn)	4.7	4.5	5.7	-18%	4.7	4.7	4.5	4.3	5.7
ROAC (%)	23	14	14	+9pp					

CONSUMER BANKING RESULTS

6M results as at December 2019

Annex 1

€m	1H Dec19	2H June19	1H Dec18	Δ YoY ¹	2Q Dec19	1Q Sept19	4Q June19	3Q Mar19	2Q Dec18
Total income	532	514	513	+4%	264	267	257	257	256
Net interest income	474	449	450	+5%	239	235	224	224	227
Fee income	58	65	63	-9%	25	33	33	32	29
Total costs	(150)	(152)	(142)	+5%	(79)	(70)	(77)	(75)	(74)
Loan provisions	(128)	(124)	(114)	+12%	(63)	(65)	(63)	(61)	(57)
GOP risk adjusted	254	238	258	-1%	123	132	117	121	125
Other	(5)	0	0		(5)	0	0	0	0
Income taxes	(82)	(76)	(83)	-1%	(39)	(44)	(36)	(40)	(41)
Net profit	167	162	174	-4%	79	88	80	82	85
Cost/income ratio (%)	28	30	28	-	30	26	30	29	29
LLPs/Ls (bps)	190	191	180	+10bps	185	197	193	188	180
New loans (€bn)	3.9	3.9	3.5	+11%	2.0	1.9	2.0	1.9	1.8
Loans (€bn)	13.7	13.2	12.8	+7%	13.7	13.4	13.2	13.0	12.8
RWAs (€bn)	12.9	12.6	12.0	+7%	12.9	12.7	12.6	12.2	12.0
ROAC (%)	30	29	32	-2pp					

CIB RESULTS

6M results as at December 2019

Annex 1

€m	1H Dec19	2H June19	1H Dec18	Δ YoY ¹	2Q Dec19	1Q Sept19	4Q June19	3Q Mar19	2Q Dec18
Total income	332	294	333	-1%	182	150	149	145	174
Net interest income	136	134	139	-2%	67	69	68	66	70
Net treasury income	74	55	72	+2%	50	24	28	27	38
Fee income	122	105	123		65	57	53	52	66
Total costs	(144)	(139)	(130)	+11%	(74)	(69)	(72)	(68)	(68)
Loan loss provisions	30	22	14	110%	23	7	11	11	10
GOP risk adjusted	218	176	218		131	87	89	88	116
Other	(0)	0	1		(1)	0	(1)	1	1
Income taxes & minorities	(73)	(57)	(72)		(43)	(30)	(30)	(27)	(39)
Net result	144	120	146		87	57	57	63	78
Cost/income ratio (%)	43	47	39	+4pp	41	46	48	47	39
LLPs/Ls (bps)	(33)	(21)	(17)	-16bps	(52)	(15)	(25)	(25)	(23)
Loans (€bn)	18.0	17.9	17.4	+4%	18.0	17.6	17.9	17.3	17.4
RWAs (€bn)	20.3	20.1	19.8	3%	20.3	19.7	20.1	20.0	19.8
ROAC (%)	16	13	16						

PRINCIPAL INVESTING RESULTS

6M results as at December 2019

Annex 1

€m	1H Dec19	2H June19	1H Dec18	Δ YoY ¹	2Q Dec19	1Q Sept19	4Q June19	3Q Mar19	2Q Dec18
Total income	186	162	171	9%	49	137	102	60	72
Impairments	8	8	(11)		5	3	3	4	(15)
Net result	187	156	159	18%	51	136	95	60	60
Book value (€bn)	4.5	3.9	3.7	21%	4.5	4.2	3.9	3.7	3.7
Ass. Generali (13%)	3.8	3.2	3.0	26%	3.8	3.5	3.2	3.1	3.0
Other investments	0.6	0.7	0.6		0.6	0.7	0.7	0.6	0.6
Market value (€bn)	4.4	4.0	3.6	22%	4.4	4.3	4.0	4.0	3.6
Ass. Generali	3.7	3.3	3.0	26%	3.7	3.6	3.3	3.3	3.0
RWA (€bn)	5.7	5.6	6.0	-4%	5.7	5.5	5.6	6.1	6.0
ROAC (%)	13	14	17	-4pp					

HOLDING FUNCTION RESULTS

6M results as at December 2019

Annex 1

€m	1H Dec19	2H June19	1H Dec18	Δ YoY ¹	2Q Dec19	1Q Sept19	4Q June19	3Q Mar19	2Q Dec18
Total income	(11)	12	(7)		(5)	(6)	(1)	13	1
Net interest income	(31)	(24)	(24)		(15)	(16)	(10)	(13)	(8)
Net treasury income	12	33	12		6	6	10	23	8
Fee income	7	3	5		3	4	-1	4	1
Total costs	(80)	(96)	(81)	-2%	(42)	(38)	(50)	(46)	(43)
Loan provisions	(4)	(6)	(3)	+15%	(2)	(2)	(4)	(2)	(1)
GOP risk adjusted	(95)	(90)	(91)	+4%	(49)	(46)	(56)	(35)	(43)
Other (incl. SRF/DGS contribution)	(12)	(43)	(12)		(12)	0	(15)	(28)	(12)
Income taxes & minorities	31	31	37	-18%	15	16	19	12	17
Net profit	(77)	(102)	(66)	+16%	(46)	(31)	(51)	(51)	(39)
LLPs/Ls (bps)	40	53	32	+8bps	33	46	63	44	21
Banking book (€bn)	5.6	5.6	6.5	-13%	5.6	5.7	5.6	6.9	6.5
New loans (€bn)	0.2	0.2	0.2	-31%	0.2	0.1	0.1	0.1	0.1
Loans (€bn)	1.9	2.0	2.0	-8%	1.9	1.9	2.0	2.0	2.0
RWA	3.4	3.5	3.9	-14%	3.4	3.4	3.5	3.9	3.9

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MEDIOBANCA

LONG-TERM INCENTIVE PLAN: MAIN CHARACTERISTICS

6M results as at December 2019

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Aspects	Comments
Performance evaluation timeframe	The four financial years from FY 2019-20 to FY 2022-23, in tandem with the strategic plan
Beneficiaries	<ul style="list-style-type: none"> ◆ CEO, Mediobanca ◆ General Manager, Mediobanca ◆ CEO CheBanca!/Compass
STI/LTI pay mix	<ul style="list-style-type: none"> ◆ On an annual basis, pay mix maximum 80% STI -20% LTI ◆ Given the 2:1 cap approved by shareholders in AGM, on an annual basis, maximum of 160% STI/40% LTI
Gateways	<p>The same as provided in the Remunerations Policies, to be assessed over the course of the strategic plan as follows:</p> <ul style="list-style-type: none"> ◆ Review at closing date of each financial year for capital and liquidity adequacy indicators contained in the RAF; ◆ Assessment on an aggregated basis at the end of the plan for earnings indicators.
KPIs	<p>The financial/quantitative KPIs have been selected from among the plan's objectives and are linked to the objective of creating value. Non-financial/qualitative objectives have also been set.</p>
Means of payment	<p>In accordance with the deferral mechanisms provided in the Remunerations Policies in force (i.e. 60% deferred over a five-year time horizon, 47% cash/ 53% equity). The value of the MB shares has been established based on the average price in the 30 days prior to the LTI plan's approval by the BoD.</p>
Malus and clawback	Malus and clawback as per Remuneration Policies

FINANCIAL/QUANTITATIVE INDICATORS, LTI 2019-23

6M results as at December 2019

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	KPI	Weighting	Target KPI Plan 2023	Assessment criteria	
				KPI threshold	% fixed annual salary – plan time horizon ¹
Growth	EPS Growth	33%	4%	> 5%	40%
				4-5%	30-40%
				4%	30%
				3-4%	20%
				< 3%	0
Profitability	Group ROTE	34%	11%	> 12.1%	40%
				11-12.1%	30-40%
				11%	30%
				10-11%	20%
				< 10%	0
Capitalization	CET 1 ²	33%	13.5%	>13.5%	40%
				13-13.5%	20-40%
				< 13%	0

1) Where a range is stated, the figure is quantified by linear interpolation
 2) Conditional upon shareholder remuneration of up to €2.5bn over four years (€1.9bn cash dividends and €0.3-0.6bn share buyback with cancellation) and assuming no change in regulatory requisites











NON-FINANCIAL/QUALITATIVE INDICATORS, LTI FY 2019-23

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The variable LTI component linked to achievement of the financial/quantitative objectives may be adjusted by the Board of Directors based on the achievement of the non-financial/qualitative objectives, by a percentage that ranges from -10% to +15%. The non-financial/qualitative objectives have equal weighting, to be assessed individually. The adjustment to the non-financial/qualitative objectives is applied without prejudice to the annual 40% cap in relation to achievement of the financial objectives.

	KPI	Assessment criteria
Corporate Social Responsibility Targets (Global Goals SDG UN)	 Average hours training up 25%  AM: 100% of new investments selected using ESG and financial criteria  €700m to be invested in outstanding Italian SMEs  30% increase in ESG products in clients' portfolios  €4m per annum earmarked for projects with positive social/environmental impact  Customer satisfaction: CheBanca! CSI in core segments @73, NPS @25 - Compass: CSI @85, NPS @55  Energy: 92% from renewable resources, CO ² emissions to be cut by 15%; hybrid cars @90% of MB fleet  CheBanca! green mortgages up 50%	- 5% / +7.5% quantitative financial results
Relative performance Total shareholder return	MB stock relative performance vs Total Shareholder Return index (TSR: assumes dividends are reinvested) for 26 leading European banks (Euro Stoxx Banks – code SX7GT-STX), of which Mediobanca is part	- 5% / +7.5% quantitative financial results

MEANS OF PAYMENT AND DEFERRAL STRUCTURE FOR LTI PLAN

6M results as at December 2019

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Instrument	Long-term incentive plan							Total
	Performance evaluation	Payment						
	FY 2019-20 - FY 2022-23	2023	2024	2025	2026	2027	2028	
Cash		20%		13%			14%	47%
Equity			20%		11%	11%	11%	53%

The diagram below the table illustrates the deferral periods for the LTI plan components. A bracket under the 'Cash' row indicates a 4-year deferral period. A bracket under the 'Equity' row indicates a 5-year deferral period. A larger bracket under the 'Total' column indicates a 9-year deferral period for the entire LTI plan.

The equity component is valued on the basis of the Mediobanca stock market price at the time when the LTI plan is approved (average price in the 30 days prior to the Board of Directors' meeting held on 19 December). The actual number of shares to be awarded, subject to the other performance/malus conditions and/or holding periods stipulated in the Remunerations Policies in force, will be defined and adjusted when the plan is completed and the variable remuneration component actually accruing has been established.

The maximum number of shares allocated are as follows:

- ◆ Alberto Nagel: 150,597
- ◆ Francesco Saverio Vinci: 125,496
- ◆ Gianluca Sichel: 62,748

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MEDIOBANCA

GLOSSARY

MEDIOBANCA BUSINESS SEGMENT

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

PROFIT & LOSS (P&L) and BALANCE SHEET

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

PROFIT & LOSS (P&L) and BALANCE SHEET

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

Notes

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

DISCLAIMER & DECLARATION OF HEAD OF FINANCIAL REPORTING

Disclaimer

Some declarations included in this document are forward-looking statements and are based on information available to the bank as of today. These forward-looking statements include any information other than statements of historical facts, including, without limitation, the bank's future financial position, its results of operations, strategy, plans and objectives. Forward-looking statements are subject to risks, uncertainties and other events, which may fall outside the bank's control, that may lead actual results to differ, even materially, from any projections and estimates. Because of these risks and uncertainties, readers must not place undue reliance on the fact that future results will reflect the forward-looking statements. Except where required by applicable regulations, the bank undertakes no obligation to update forward-looking statements as new information becomes available, future events or other circumstances occur.

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

Emanuele Flappini

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