

1Q15 results as at 30 September 2014

Comprehensive Assessments Results



MEDIOBANCA

Milan, 27 October 2014

Agenda

Section 1. 1Q15 results as at 30 September 2014

Section 2. Comprehensive Assessment Results

Annexes. Quarterly segmental reporting tables

Note: numbers may not add up due to rounding

Growth resumed driven by strong banking results; net profit at €160m

1Q15 results as at September 2014

Section 1

Banking profitability enhanced

- ◆ Group net profit: €160m without gains from equity disposals
- ◆ Banking GOP almost tripled, to €164m (€60m), driven by higher revenues (up 31% to €470m), positive trading and normalized cost of risk (at 157 bps)

CIB resuming growth

- ◆ Loans up (up 2% QoQ to €13.6bn), treasury and funding optimization ongoing
- ◆ Revenues doubled (€219m) driven by fees (€112m) and positive trading (€51m)
- ◆ GOP risk adj. up to €126m (€28m), net profit at €84m

RCB resilient

- ◆ Consumer: steady growth, margins resilient
- ◆ CheBanca!: deposits remix and repricing ongoing

PI: disposals to come

- ◆ Income from AG down from €64m to €55m
- ◆ No disposals in 1Q15, but process to continue in next quarters

Low risk profile confirmed

- ◆ AQR/Stress tests passed
- ◆ CET1 phase-in: 11.0%, fully phased: 12.6% (1Q15 net profit not included)
- ◆ NPLs coverage ratio up to 53%

Banking GOP tripled, with fees up 74% plus positive trading/LLPs normalizing

1Q15 results as at September 2014

Section 1

€m	3Q Sept14	3Q Sept13	Δ YoY	2Q June14	1Q Mar14	4Q Dec13
Total banking income	470	358	+31%	462	350	386
Net interest income	267	271	-1%	278	274	265
Fee income	147	84	+74%	149	83	108
Net treasury income	56	3		36	(7)	14
Total costs	(185)	(169)	+10%	(228)	(193)	(201)
Labour costs	(92)	(85)	+8%	(105)	(95)	(94)
Administrative expenses	(93)	(84)	+11%	(123)	(98)	(108)
Loan loss provisions	(121)	(129)	-7%	(276)	(158)	(173)
Banking GOP risk adj	164	60	>2x	-42	-1	12
Equity accounted co.	56	64	-13%	89	44	67
Impairments, disposals	(2)	79		17	63	50
Income taxes & minorities	(57)	(32)	+79%	6	(14)	5
Net result	160	171	-6%	70	91	134
Cost/income ratio (%)	35%	40%	-5pp	41%	49%	44%
Cost of risk (bps)	157	154	+3bps	351	196	211
NPLs Coverage ratio ¹	53%	45%		50%	45%	46%
ROE (%)	8.2	9.9	-1.7pp	3.6	4.9	7.4

1) Net of Creditech

Loans back to growth, low risk profile confirmed

1Q15 results as at September 2014

Section 1

€bn	Sept14	June14	Sept13	Δ QoQ	Δ YoY
Funding	44.0	45.8	54.7	-4%	-20%
Bonds	21.1	22.6	27.3	-7%	-23%
Retail direct deposits	11.3	11.5	13.6	-2%	-17%
ECB	5.1	5.5	7.5	-8%	-32%
Others	6.5	6.2	6.2	+5%	+5%
Loans to customers	31.0	30.6	33.3	+2%	-7%
Wholesale	12.8	12.5	15.4	+3%	-17%
Private banking	0.8	0.8	0.8	-4%	-8%
Consumer	10.1	9.9	9.5	+2%	+6%
Mortgage	4.4	4.4	4.3	+0%	+3%
Leasing	2.9	3.0	3.3	-2%	-11%
Treasury+AFS+HTM+LR	17.4	19.8	25.5	-12%	-32%
RWA¹	59.0	58.7	53.2		
Loans/Deposits ratio	71%	67%	63%		
CET1 ratio: phase-in ¹	11.0%	11.1%	11.5%	-0.1pp	
CET1 ratio: fully-phased ¹	12.6%	12.5%			
TC ratio: phase-in ¹	13.9%	13.8%	15.4%	+0.1pp	

1) September14 and June14 figures: Basel 3 compliant; September13 figures: Basel 2.5 compliant



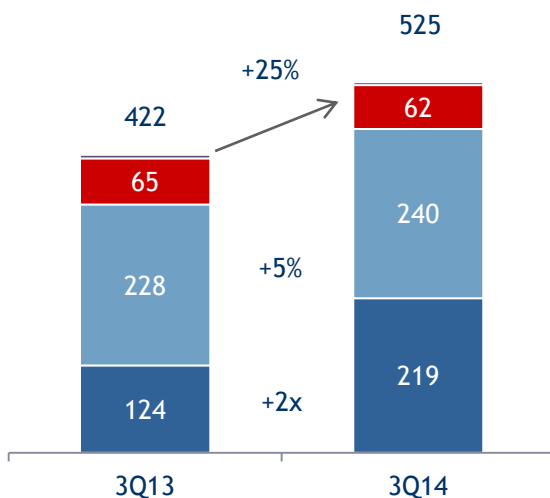
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Group revenues up 25%, driven by CIB doubling

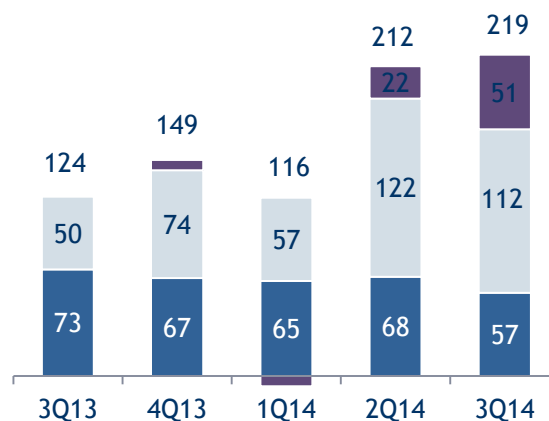
1Q15 results as at September 2014

Section 1

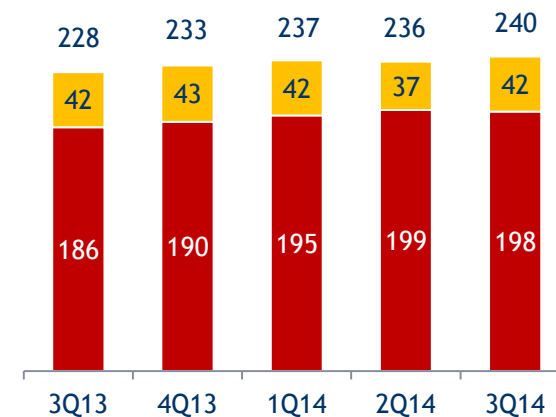
Group revenues (€m)



CIB revenues (€m)



RCB revenues (€m)



■ CIB ■ RCB ■ PI ■ Other

■ NII ■ Fees ■ Trading

■ NII ■ Fees

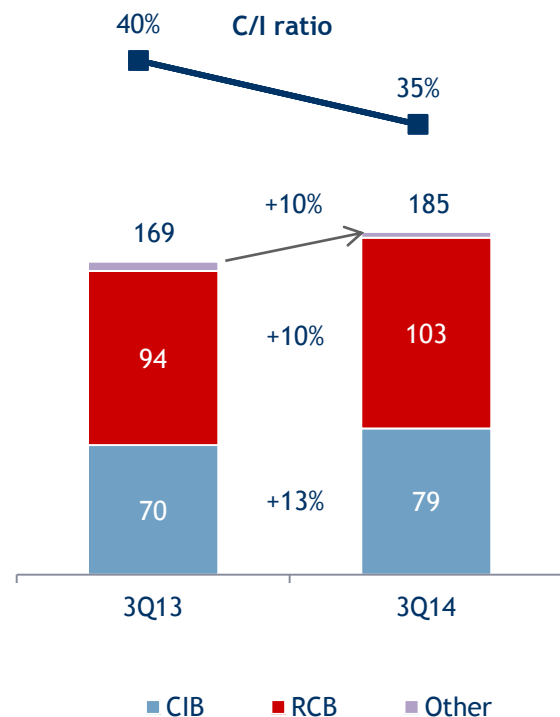
- ◆ Total revenues up 25% to €525m, with CIB up 77% (to €219m) and RCB up 5% (to €240m)
- ◆ CIB: revenues doubled, driven by strong fees (due as in 2Q14 to capmkt) and positive trading results. NII suffering lower avg. loan volumes (in part due to K management measures) and pressure on margins
- ◆ RCB: steady growth driven by consumer lending (up 5% YoY and 3% higher than FY14 average)

Efficiency preserved

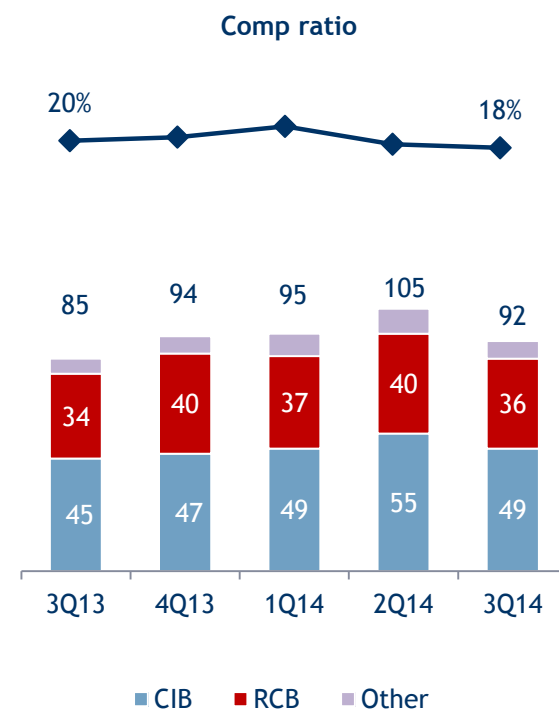
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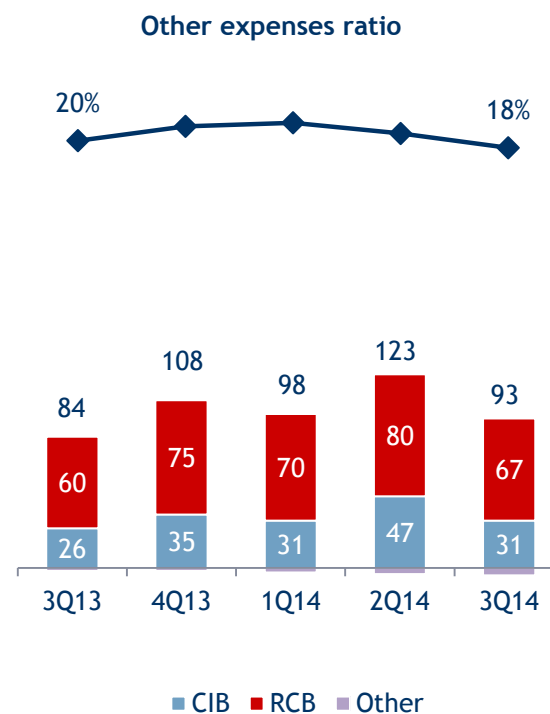
Total costs (€m)



Personnel costs (€m)



Administrative expenses (€m)



◆ High efficiency preserved despite cost increase

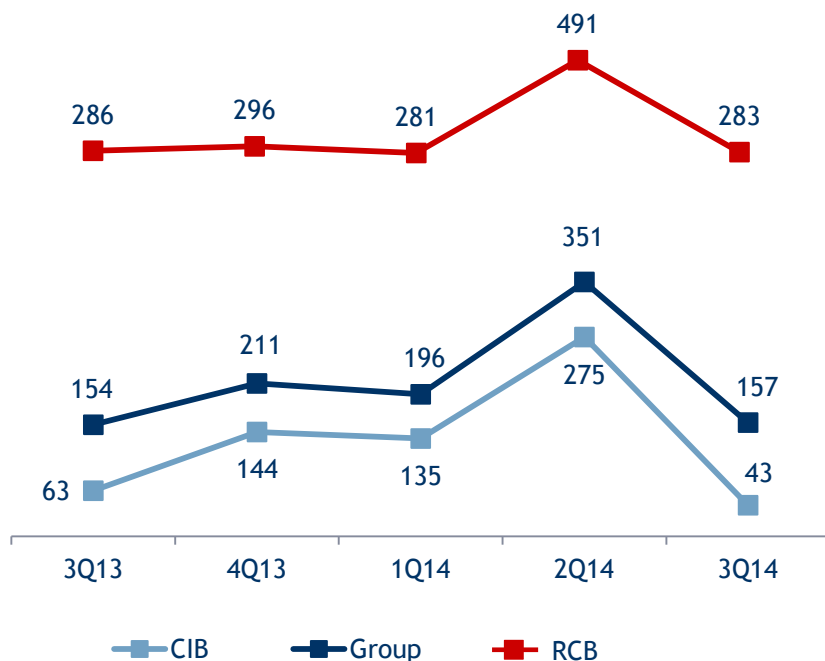
- ◆ Costs up 10%: senior hirings, IT/operating system enhancement in CIB; collection costs, higher volumes, marketing expenses related to the launch of new products in RCB
- ◆ Cost/income ratio down to 35%, with both comp. ratio and other expense ratio at 18%

Coverage ratios further enhanced, LLPs normalizing

1Q15 results as at September 2014

Section 1

Cost of risk by segment (bps)



Asset quality ratios trend

	Sept13	June 14	Sept14
Net bad loans (€m)	283	271	274
Net bad loans/loans	0.8%	0.9%	0.9%
Net bad loans/CT1	5%	4%	4%
Bad loans coverage ¹	66%	67%	70%
Net NPLs (€m)	1,018	1,158	1,125
Net NPLs /loans	3.1%	3.8%	3.6%
Net NPLs/CT1	17%	18%	17%
NPLs coverage	45%	50%	53%

- ◆ Group cost of risk down to 157 bps (halved from 2Q14), normalizing
 - ◆ CIB: down to 43 bps
 - ◆ RCB: down to 283 bps (consumer lending down to 385 bps from 460 bps in FY14)
- ◆ Coverage ratios increased further: NPLs up to 53%, bad loans up to 70%

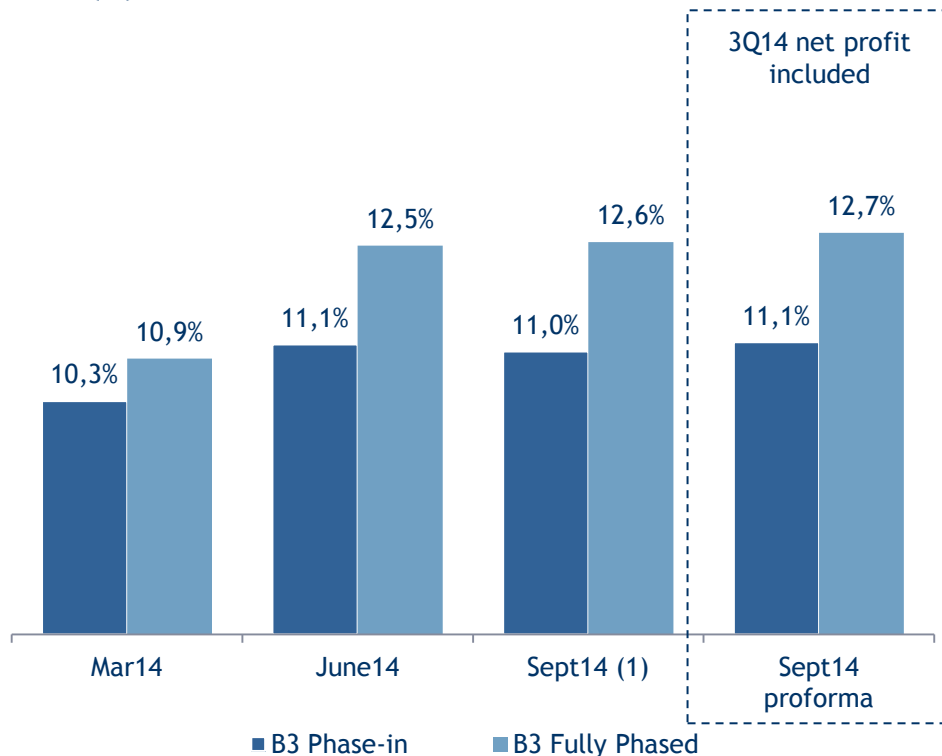
1) Net of Creditech

Comfortable capital and leverage position

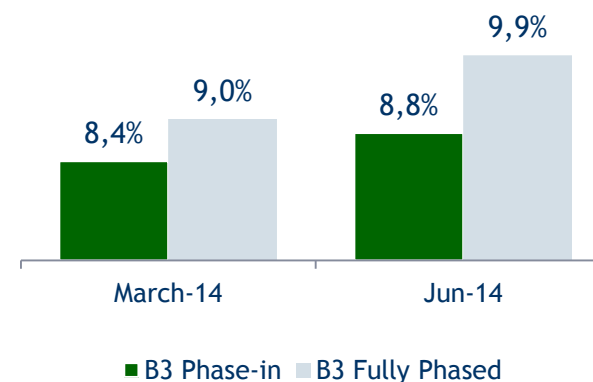
1Q15 results as at September 2014

Section 1

CT1 ratio (%)



Leverage ratio (%)



- ◆ Comfortable capital position: CET1 phased-in = 11.1%, fully-phased = 12.7%
TC phased-in = 13.9%, fully-phased = 15.04%
- ◆ Leverage ratio: 8.8% phased-in, 9.85% fully phased

1) Net profit for the period not included

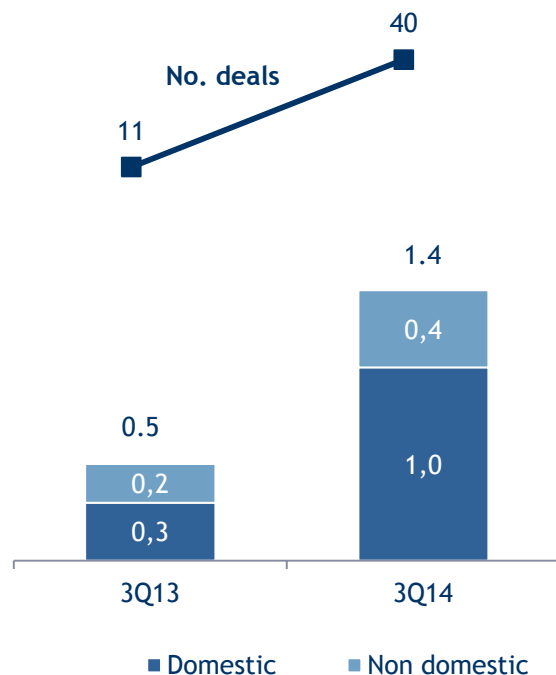


CIB: resuming loan growth, robust fee income

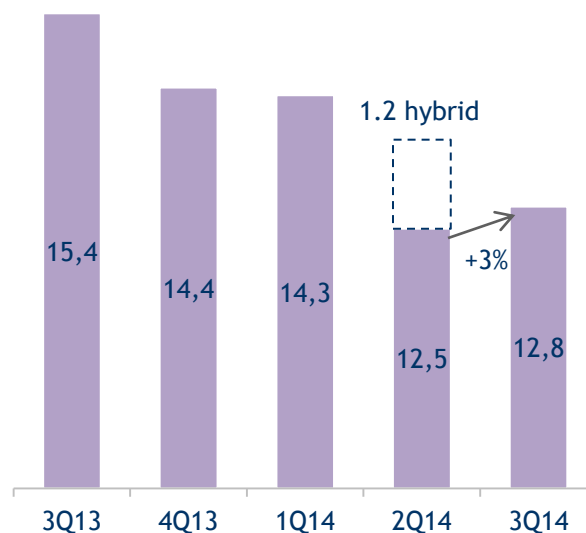
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Section 1

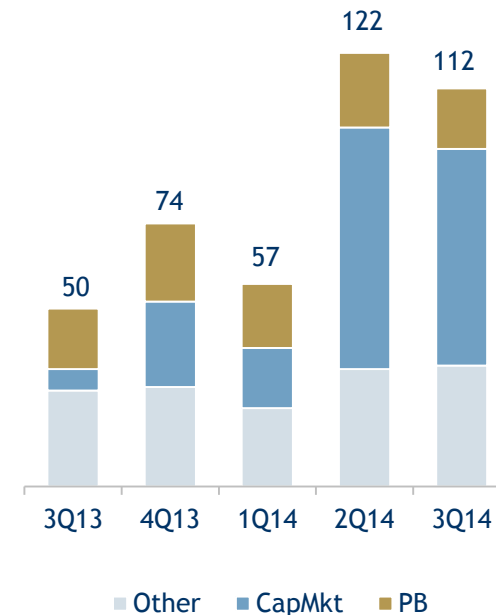
New corporate loans (€bn)



WB loan stock (€bn)



CIB fee breakdown and trend



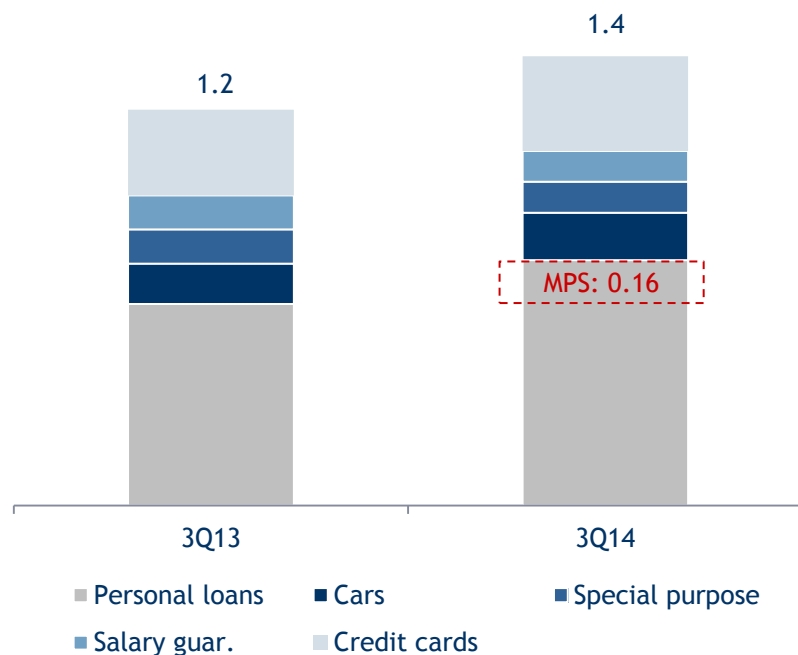
- ◆ New business tripled (from €0.5bn to €1.4bn), with positive impact on volumes (up from €12.5bn to €12.8bn)
- ◆ Focus on lower-size loans
- ◆ Fee income confirming previous quarter's high levels on the back of capital market rebound

Compass: new business up 14%, margins resilient

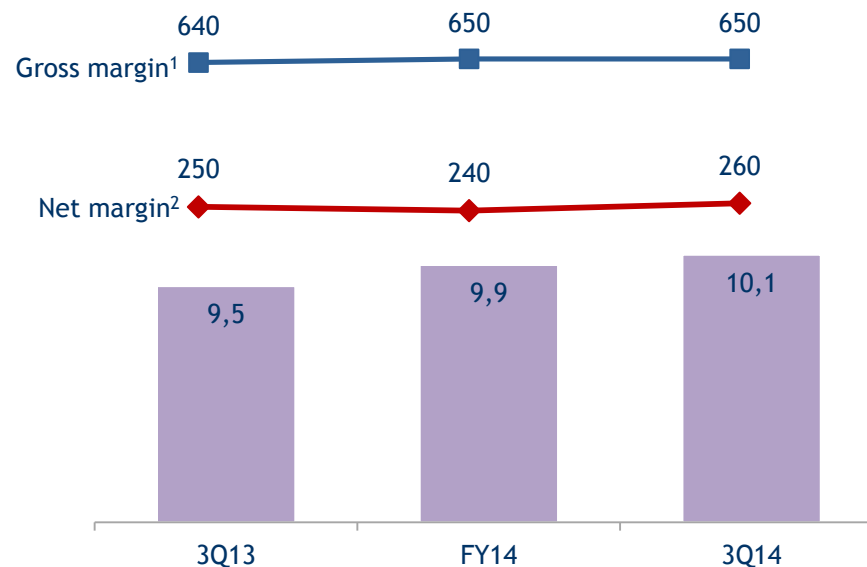
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Section 1

Compass new loans by product (€bn)



Consumer: loan stock and margins (€bn, bps)



- ◆ New loans up 14% to €1.4bn, driven by personal loans (up 22%, also due to MPS agreement), cars (up 10%) and credit cards (up 11%); loan stock up 7% YoY
- ◆ Focus on value: gross margins resilient, improving net of cost of risk

1) Gross margin = NII / Avg. loans

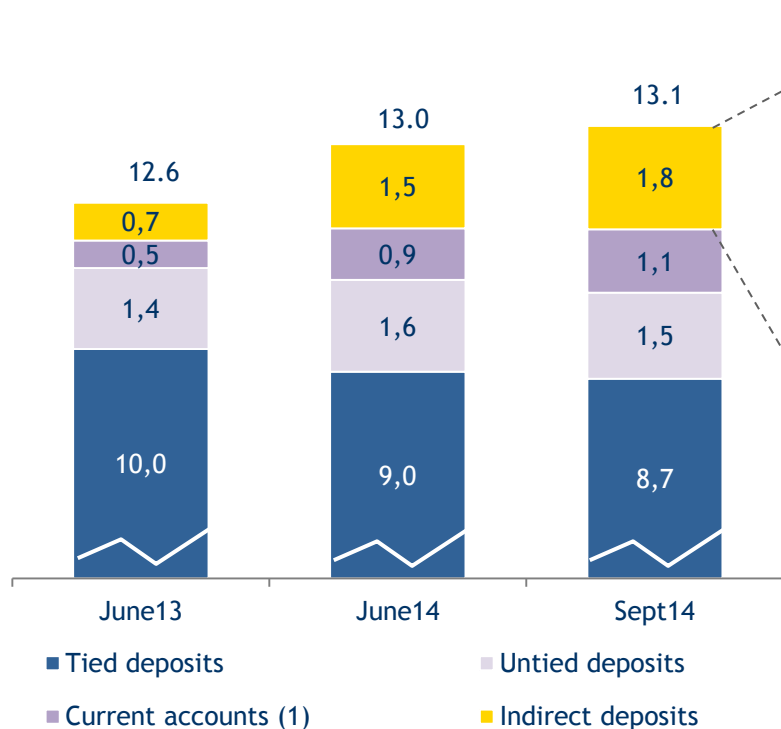
2) Net margin = (NII-LLPs) / Avg. loans, excluding one-offs in FY14

CheBanca!: deposits remix and repricing ongoing

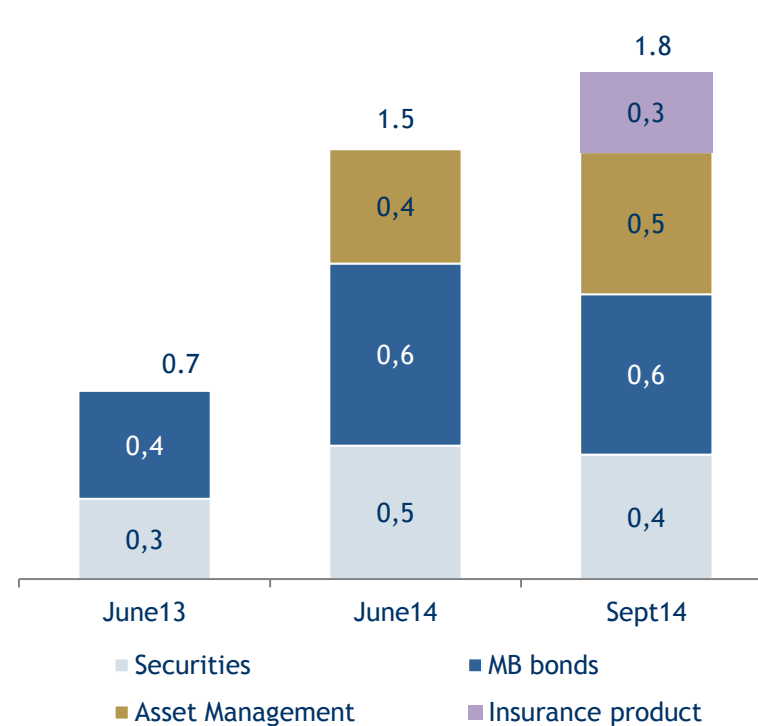
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Section 1

CheBanca! deposits breakdown (€bn)



Indirect deposits breakdown (€bn)



- ◆ Total deposits up to €13.1bn, €11.3bn of which direct and €1.8bn indirect (up 20% QoQ)
- ◆ Remix towards “low-cost funding” ongoing (current accounts exceeding €1bn, up 22% QoQ) as well as cost of funding reduction (from 1.7% to 1.6%)
- ◆ Indirect deposits: asset management up 25% QoQ and insurance products (€0.3bn of new money raised in 3M)

1) Including “conto tascabile” and cash to be invested in securities accounts

2) Combination of life insurance and investment funds

Closing remarks

1Q15 results as at September 2014

Section 1

1Q15
Banking enhanced

- ◆ CIB: growth resumed in loans, fees and trading
- ◆ RCB: steady and sustainable growth achieved
- ◆ Cost of risk: back to normalized levels in all segments

Comprehensive
Assessment

- ◆ AQR/Stress Test passed
- ◆ No action necessary, either on capital or on provisioning

Coming quarters

- ◆ CIB recovering
- ◆ Compass: value-driven growth continuing
- ◆ CheBanca!: focus on savings
- ◆ PI: redeploying capital, further AFS stakes to be sold

Agenda

Section 1. 1Q15 results as at 30 September 2014

Section 2. Comprehensive Assessment Results

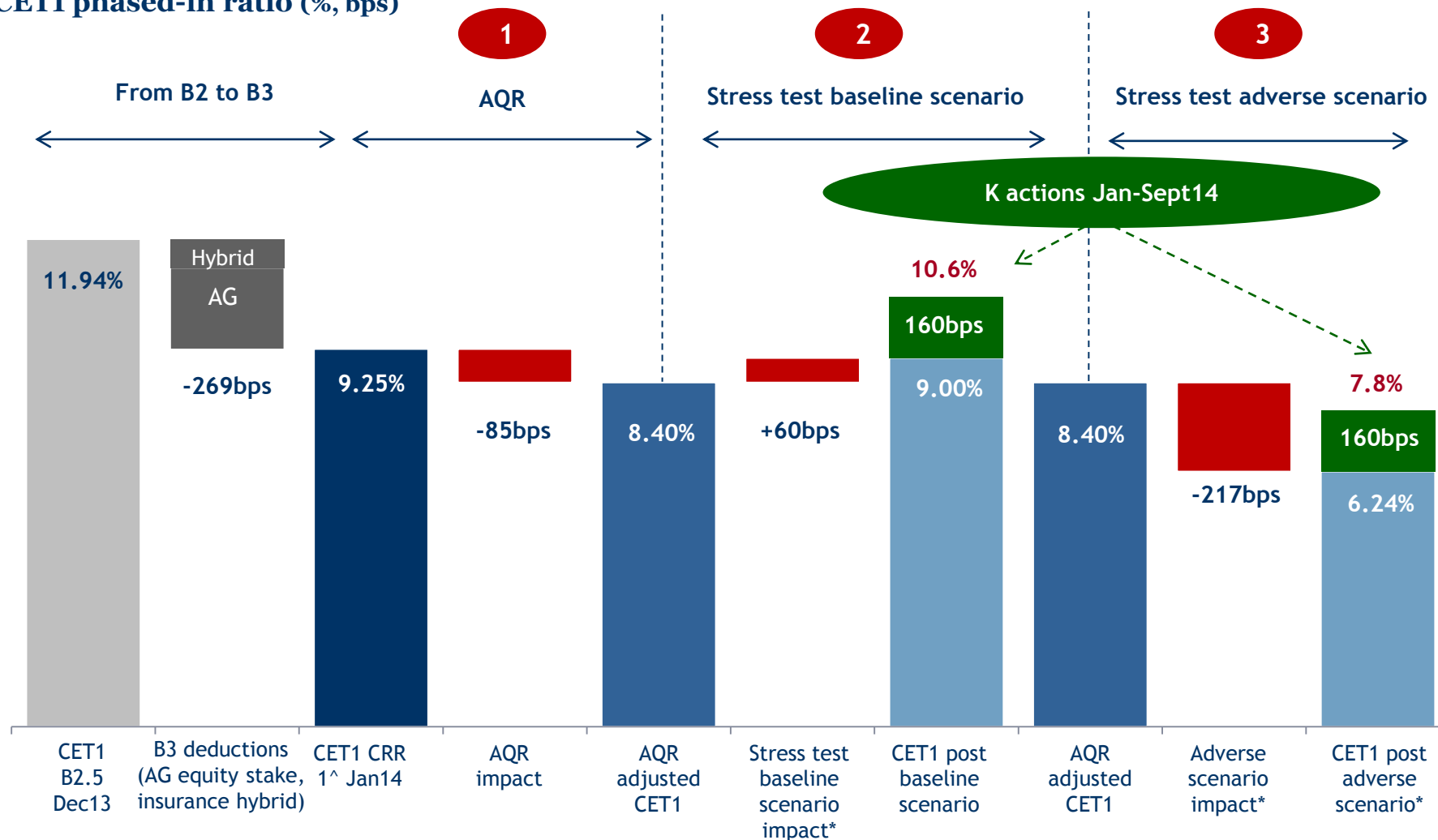
Annexes. Quarterly segmental reporting tables

Comprehensive Assessment results

Comprehensive Assessment Results

Section 2

CET1 phased-in ratio (% , bps)



* Aggregate adjustment due to the outcome of the baseline/adverse scenario of the joint EBA ECB Stress Test to the lowest capital level vs threshold over the period of 3 years

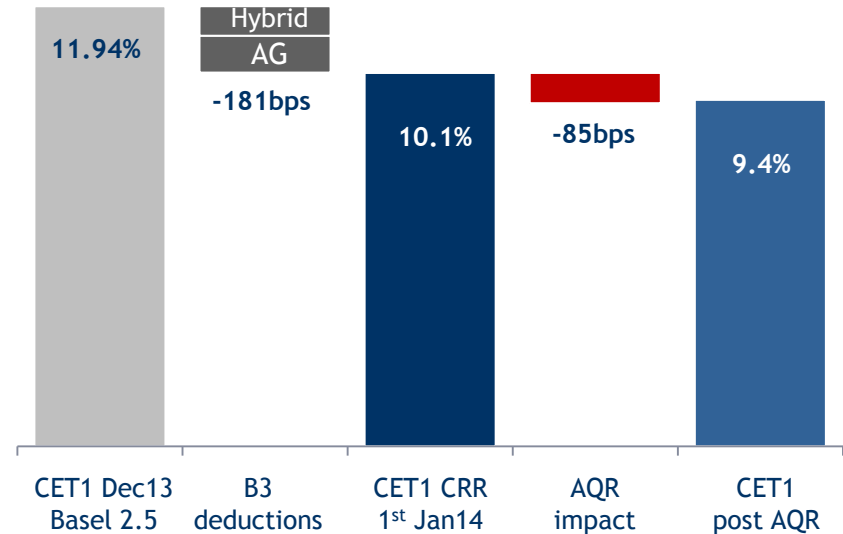
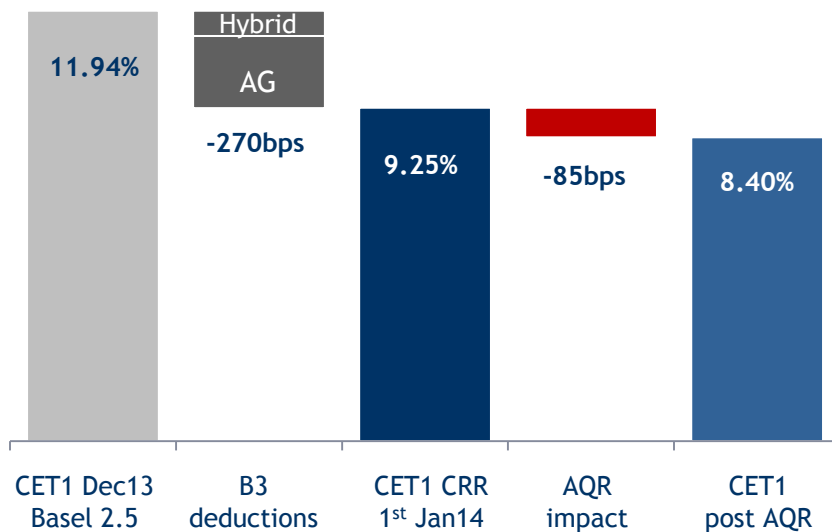
CET1 post AQR: 8.4% rising to 9.4% with AG 3.7x weighted

Comprehensive Assessment Results

Section 2

CET1 ratio trend, AG deducted (% , bps)

CET1 ratio trend restated, AG 3.7x weighted (% , bps)



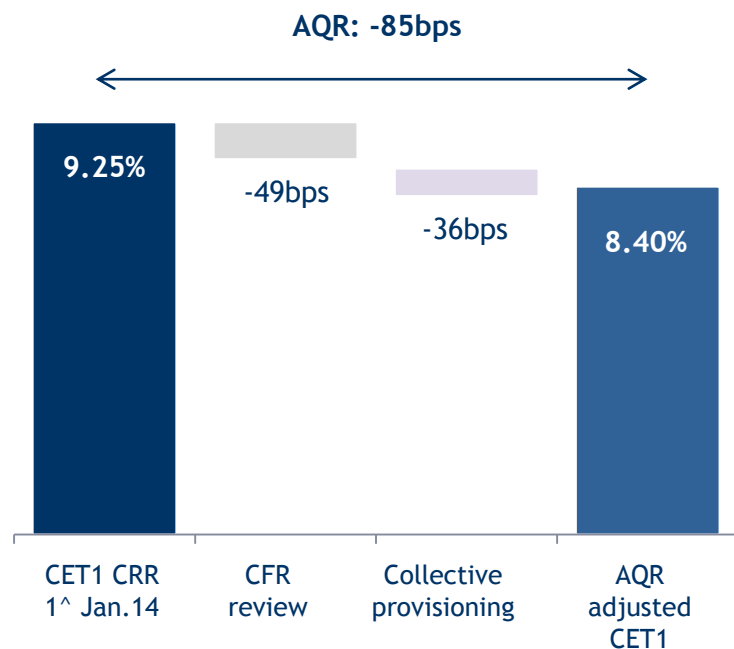
- ◆ In AQR exercise AG investment was deducted from CT1 rather than 3.7% weighted, as authorization was obtained in June 14

AQR impact: -85 bps; no additional LLPs needed given ...

Comprehensive Assessment Results

Section 2

CET1 ratio trend (% , bps)



Breakdown of AQR impact (€m, bps)

	€m	bps	
AQR impact*	613	85	
--- Credit File Review (100% corporate)	351	49	Almost entirely expensed in P&L in first 9m 2014
--- Collective Provisioning	262	36	Conservative criteria and point in time valuation Material increases in coverage ratios in 9m 2014 already implemented
<i>ow corporate</i>	54	7	
<i>ow consumer**</i>	208	28	

- ◆ AQR impact is 85 bps deriving from:
 - ◆ 49 bps Credit File Review (corporate): almost entirely expensed in P&L in 9m014 and related to the reclassification of €542m to NPE
 - ◆ 36 bps from Collective Provisions, for which no further P&L impact is expected

* *CheBanca mortgages portfolio not included in AQR*

** *Of which €52m on NPE (Non Performing Exposures) and €152m on PE (Performing Exposures)*

... coverage ratio enhancements implemented in last 9m

Comprehensive Assessment Results

Performing loans coverage trend

	Dec 13	Jun 14	Sep 14
MB Group	0.7%*	0.8%	0.8%
---ow WB	0.9%*	0.9%	0.9%
---ow Consumer	0.2%	0.8%	0.8%

- ◆ Group collective provisioning process is fully compliant with current accounting rules (IAS39)
- ◆ ECB benchmark model (Challenger Model) is based on very conservative criteria:
 - ◆ Point in time parameters: downturn phase resulting in very high risk parameters
 - ◆ CFR impact on Corporate: NPE reclassified counterparties increase provisions on residual portfolio at aggregated level, regardless of credit quality
 - ◆ NPE entrances are calculated at exposures level amplifying the impact of the single NPE reclassification on large corporate portfolio (low default and concentrated)
- ◆ Considering that CA generates regulatory outcomes and that ECB criteria do not replace current accounting rules, no further P&L impacts are expected, given increased coverage ratios in 9m 2014

* One single position excluded from PE and included in NPS for comparison purposes

Section 2

Non performing loans coverage ratios trend

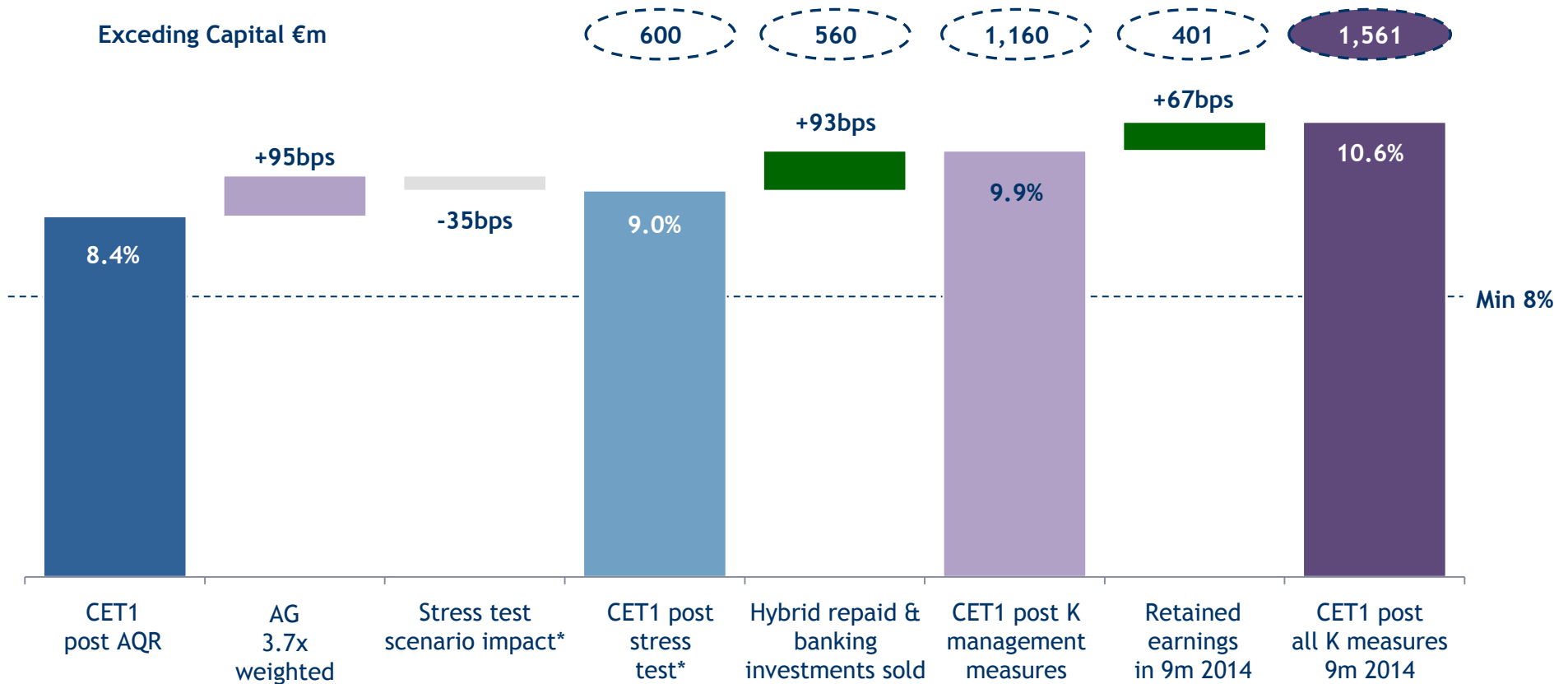
Group figures	Sept13	June 14	Sep14
Net NPLs (€m)	1,018	1,158	1,125
Net NPLs/loans	3.1%	3.8%	3.6%
NPLs coverage	45%	50%	53%
-- ow WB	40%	49%	50%
-- ow Consumer	57%	64%	68%
-- ow Mortgage	47%	47%	47%
-- ow Leasing	27%	30%	31%
Net bad loans (€m)	283	271	274
Net bad loans/loans	0.8%	0.9%	0.9%
Bad loans coverage	66%	67%	70%
-- ow Wholesale	76%	100%	100%
-- ow Consumer	87%	88%	91%
-- ow Mortgage	52%	52%	52%
-- ow Leasing	48%	47%	48%

ST base scenario: CET1 up to 9.0% or to 10.6% incl. 9M14 actions

Comprehensive Assessment Results

Section 2

CET1 ratio trend (% , bps)



◆ K management actions: €750 insurance hybrid repaid (+81bps); €132m disposal of Cashes (+12bps); € 401m 9m retained earnings (+67bps)

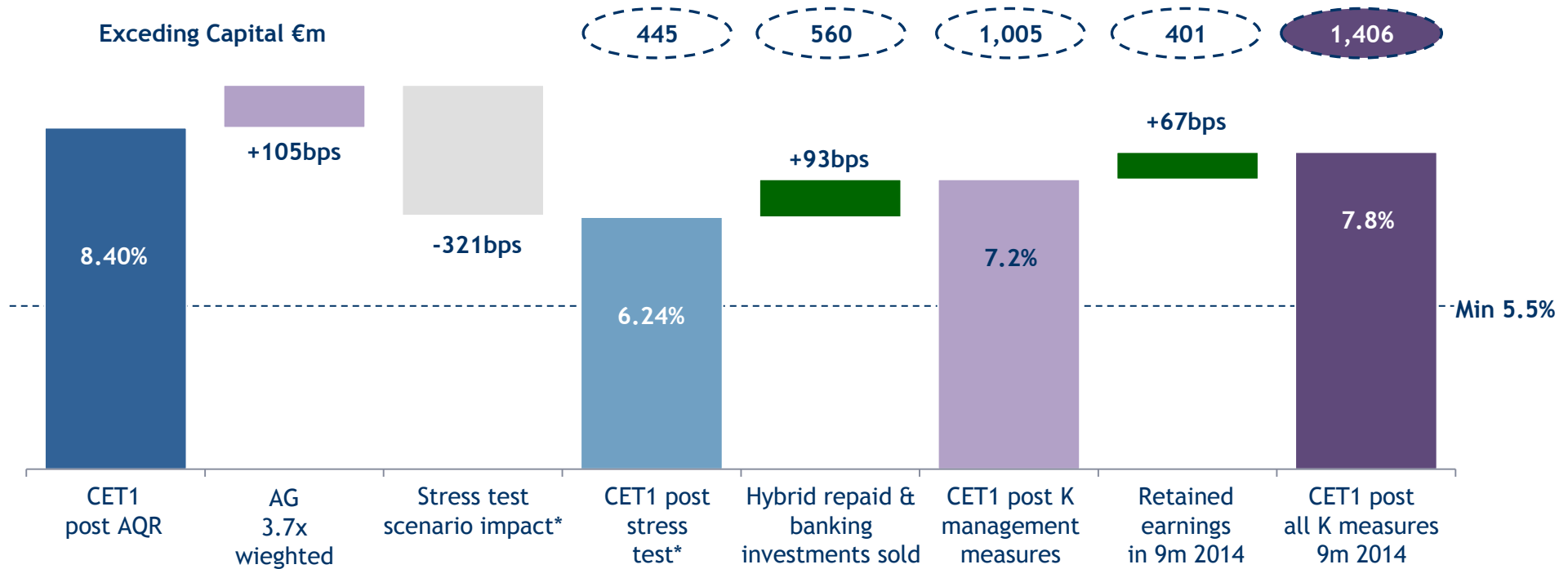
* Aggregate adjustment due to the outcome of the baseline/adverse scenario of the joint EBA ECB Stress Test to the lowest capital level vs threshold over the period of 3 years, AG 3.7x weighted

ST adverse scenario: CET1 up to 7.2% or to 7.8% incl. 9M14 actions

Comprehensive Assessment Results

Section 2

CET1 ratio trend (% , bps)



Very strong/negative assumptions resulting in:

- ◆ NII almost 50% down vs actual data
- ◆ Trading losses, doubled vs baseline scenario
- ◆ LLPs amplified by “point in time” methodology as at 31/12/13 (€2.9bn cumulated over 3y)
- ◆ Other revenues (fees, equity-accounted) stable at the weak levels of 12m 2013

* Aggregate adjustment due to the outcome of the baseline/adverse scenario of the joint EBA ECB Stress Test to the lowest capital level vs threshold over the period of 3 years, AG 3.7x weighted

Annexes



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Milan, 27 October 2014

Quarterly segmental reporting tables

Annex 1

€m	3Q Sept14	2Q June 14	1Q Mar14	4Q Dec13	3Q Sept13	Δ QoQ ¹	Δ YoY ¹
Total income	219	212	116	149	124	+3%	+77%
Net interest income	57	68	65	67	73	-16%	-23%
Fee income	112	122	57	74	50	-8%	
Net treasury income	51	22	(7)	7	1		
Total costs	(79)	(102)	(80)	(82)	(70)	-22%	13%
Loan loss provisions	(15)	(98)	(51)	(57)	(26)	-85%	-44%
GOP risk adj.	126	13	(16)	11	28		
Other	1	(12)	1	2	1		
PBT	126	1	(15)	13	29		
Net result	84	(1)	(10)	11	17		
Cost/income ratio (%)	36%	48%	69%	55%	57%	-12pp	-21pp
Cost of risk (bps)	43	275	135	144	63	-232bps	-20bps
Loans (€bn)	13.6	13.3	15.1	15.2	16.3	+2%	-16%
RWA ² (€bn)	33.9	33.8	33.9	35.1	35.3		-4%

1) QoQ = Sept14/June14; YoY= Sept14/Sept13

2) September14, June14 and March14 figures: Basel 3 compliant; December13 and September13 figures: Basel 2.5 compliant

PI

Quarterly segmental reporting tables

Annex 1

€m	3Q Sept14	2Q June14	1Q Mar14	4Q Dec13	3Q Sept13	Δ QoQ ¹	Δ YoY ¹
Total income	62	110	45	68	65	-44%	-6%
Gains from disposals	4	20	69	72	80		
Impairments	(7)	(1)	(3)	(21)	(1)		
Net result	53	109	95	108	137	-51%	-61%
Book value (€bn)	4.1	4.0	3.9	3.9	4.1		
Ass. Generali (13.24%)	2.9	2.8	2.6	2.5	2.5		
AFS stakes	1.1	1.2	1.3	1.4	1.6		
Market value (€bn)	4.6	4.6	4.6	4.9	4.7		
Ass. Generali	3.4	3.3	3.3	3.5	3.0		
RWA² (€bn)	11.5	11.3	10.9	4.1	4.2		

1) QoQ = Sept14/June14; YoY= Sept14/Sept13

2) September14, June14 and March14 figures: Basel 3 compliant; December13 and September13 figures: Basel 2.5 compliant

RCB

Quarterly segmental reporting tables

Annex 1

€m	3Q Sept14	2Q June14	1Q Mar14	4Q Dec13	3Q Sept13	Δ QoQ ¹	Δ YoY ¹
Total income	240	236	237	233	228	+2%	+5%
Net interest income	198	199	195	190	186		+6%
Fee income	42	37	42	43	42	+13%	+1%
Net treasury income	0	0	0	0	0		
Total costs	(103)	(120)	(107)	(115)	(94)	-14%	+9%
Loan provisions	(102)	(174)	(99)	(102)	(98)	-42%	+4%
GOP risk adj.	36	(58)	31	16	36	-162%	-1%
Other	0	0	(3)	(2)	0		
PBT	36	(58)	27	14	36		-1%
Net profit	24	-34	17	21	19		+24%
Cost/income ratio (%)	43%	51%	45%	49%	41%	-8pp	+2pp
Cost of risk (bps)	283	491	281	296	286	-208bps	-3bps
Total deposits (€bn)	13.1	13.0	13.2	14.3	14.5	+1%	-10%
of which direct	11.3	11.5	11.8	13.3	13.6	-2%	-17%
Loans (€bn)	14.5	14.3	14.1	13.9	13.7	+2%	+5%
RWA² (€bn)	11.1	11.2	11.0	10.8	10.6		+5%

1) QoQ = Sept14/June14; YoY= Sept14/Sept13

2) September14, June14 and March14 figures: Basel 3 compliant; December13 and September13 figures: Basel 2.5 compliant

Consumer banking

Quarterly segmental reporting tables

Annex 1

€m	3Q Sept14	2Q June14	1Q Mar14	4Q Dec13	3Q Sept13	Δ QoQ ¹	Δ YoY ¹
Total income	203	195	196	192	187	+4%	+8%
Net interest income	165	163	159	156	151	+1%	+10%
Fee income	38	32	36	36	37	+19%	+3%
Total costs	(66)	(78)	(67)	(73)	(60)	-15%	+11%
Loan provisions	(96)	(167)	(92)	(95)	(91)	-43%	+6%
GOP risk adj.	41	(50)	37	23	37		+11%
PBT	41	(50)	37	23	37		+11%
Net profit	28	(27)	26	29	22		+29%
Cost/income ratio (%)	33%	40%	34%	38%	32%	-7pp	+1pp
Cost of risk (bps)	385	681	380	399	385	-296bps	
ROAC (%)	15	(14)	14	16	12		+3pp
New loans (€bn)	1.4	1.4	1.4	1.3	1.2	-1%	+14%
Loans (€bn)	10.1	9.9	9.8	9.6	9.5	+2%	+6%
RWA ² (€bn)	9.5	9.5	9.3	9.0	8.9		+6%

1) QoQ = Sept14/June14; YoY= Sept14/Sept13

2) September14, June14 and March14 figures: Basel 3 compliant; December13 and September13 figures: Basel 2.5 compliant



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Retail banking

Quarterly segmental reporting tables

Annex 1

€m	3Q Sept14	2Q June14	1Q Mar14	4Q Dec13	3Q Sept13	Δ QoQ ¹	Δ YoY ¹
Total income	37	41	41	42	41	-8%	-9%
Net interest income	33	35	36	35	36	-6%	-7%
Fee income	4	5	6	7	5	-23%	-18%
Net treasury income	0	0	0	0	-		
Total costs	(37)	(42)	(41)	(42)	(34)	-13%	+7%
Labour costs	(14)	(16)	(15)	(16)	(14)	-14%	+0%
Administrative expenses	(23)	(26)	(26)	(26)	(20)	-13%	+12%
Loan provisions	(6)	(7)	(7)	(7)	(7)	-16%	-19%
GOP risk adj.	(5)	(9)	(6)	(7)	(1)		
Other	0	0	(3)	(2)	0		
Net result	(4)	(7)	(8)	(8)	(3)	-34%	
Cost/income ratio	98%	104%	100%	100%	84%	-6pp	+14pp
Cost of risk (bps)	53	63	60	68	67	-10bps	-15bps
Total deposits (€bn)	13.1	13.0	13.2	14.3	14.5	+1%	-10%
of which Direct	11.3	11.5	11.8	13.3	13.6	-2%	-17%
Loans (€bn)	4.4	4.4	4.3	4.3	4.3		+3%
RWA ² (€bn)	1.6	1.7	1.8	1.8	1.7	-1%	-4%

1) QoQ = Sept14/June14; YoY= Sept14/Sept13

2) September14, June14 and March14 figures: Basel 3 compliant; December13 and September13 figures: Basel 2.5 compliant

Disclaimer

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

Declaration by Head of Company Financial Reporting

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

Head of Company Financial Reporting

Massimo Bertolini

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