



MEDIOBANCA A LONG-TERM VALUE PLAYER

STRATEGIC UPDATE 2016/19

16 November 2016



MEDIOBANCA

AGENDA

1. Leveraging on our strengths
2. Strategic ambitions
3. Divisional action plan
4. Group targets

Annexes



MEDIOBANCA

LEVERAGING ON OUR STRENGTHS

Mediobanca has emerged stronger after the crisis
in terms of resiliency, reputation and solidity
outperforming many EU banks by profitability and market performance

due to our

SPECIFIC STRENGTHS

1

Distinctive DNA and culture

2

Sound business positioning

3

Ability to adapt business model

4

Ability to grow while reshaping

**We are a business built on people,
using a client-centred approach to build trust**

WHAT MAKE US DIFFERENT

Specialization and Innovation

Reference IB for Italian corporates
Most profitable consumer bank
First human-digital bank

Strong Reputation built in 70 years of ethical business approach

Strong brand value
No conduct risk issues

Stable Board and management team in last 10 years

Indepth knowledge of business environment
Possibility to launch and develop innovative mid-/long-term initiatives

Strong Risks and Costs Control

Unrivalled asset quality
Low operational gearing
Material capital generation

Boutique-Type Organization

Lean structure
Attractive to talent
Faster decision-taking

Leveraging on our strengths

Section 1

CORPORATE & INVESTING BANKING

**“Mediobanca: the leading Italian investment bank,
established role in Southern EU”**

Client driven, highly specialized business
Cost-efficient, strong credit risk assessment,
45% revenues from outside Italy
Cyclical business

RETAIL BANKING

“CheBanca!: operating at digital-technological frontier”

Entrepreneurial project built from scratch
Set to become the AUM growth engine for the Group,
technology champion fee generator

CONSUMER BANKING

“Compass: top Italian consumer credit operator”

Distribution and scoring built in 50 years
Cost-efficient, strong credit risk assessment,
pricing margin driven
Countercyclical business

PRINCIPAL INVESTING

“13% stake in Ass.Generali”

Revenues, EPS, DPS stabilizer
Cost-tax free investment
Potential source of capital

WHERE MEDIOBANCA IS NOT PRESENT

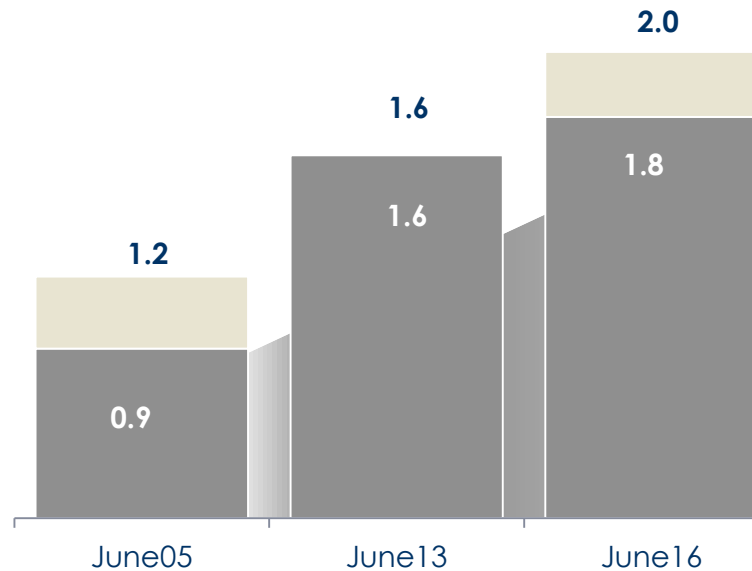
CIB: large FICC business to be heavily restructured, problematic sectors such as ITA small business,
shipping, real estate development

RETAIL: large and oversized traditional retail branches network, legacy IT/CRM system

In 2003 we embarked on a period of profound change, transforming Mediobanca from an equity holding company to a group of highly specialized banking businesses

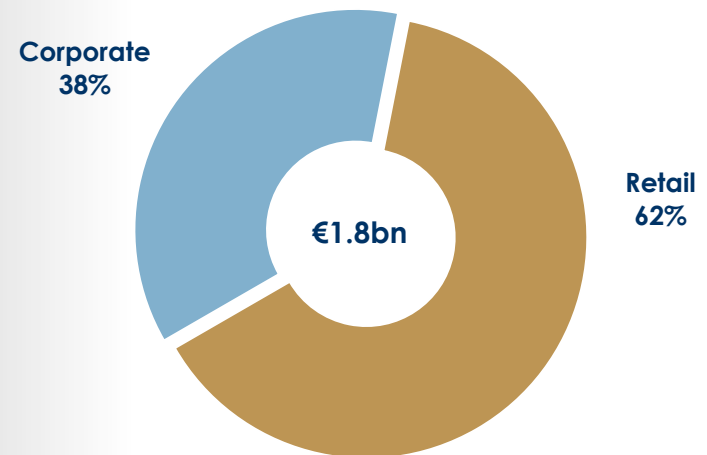
We focused on a business model that offers greater returns for a lower capital outlay, while retaining our prudent approach to risk management

Group revenues breakdown (€bn)



■ Banking revenues ■ Equity investments

Banking revenues breakdown (June16)

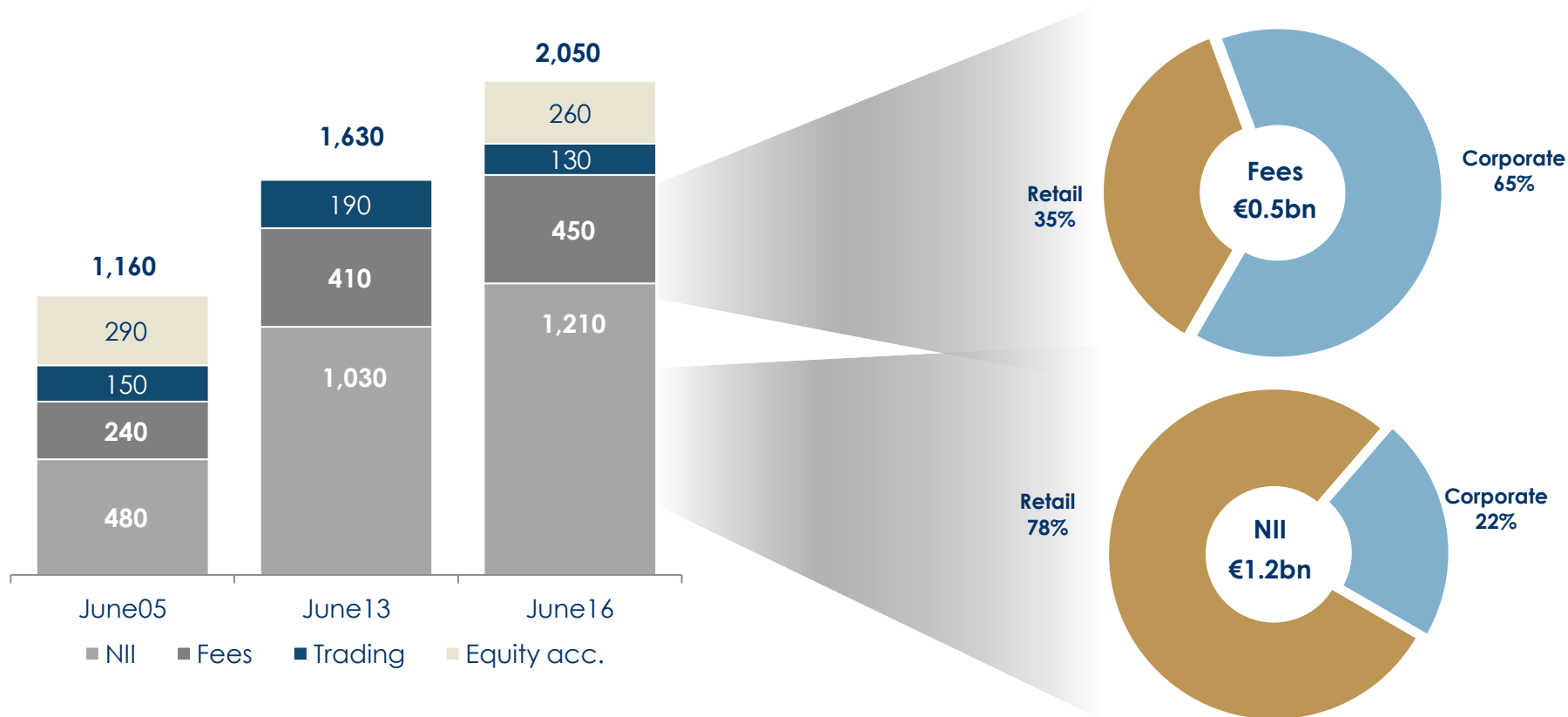


BANKING REVENUES DOUBLED AND DIVERSIFIED WITH EFFECTIVE CORPORATE/RETAIL MIX

Leveraging on our strengths

Section 1

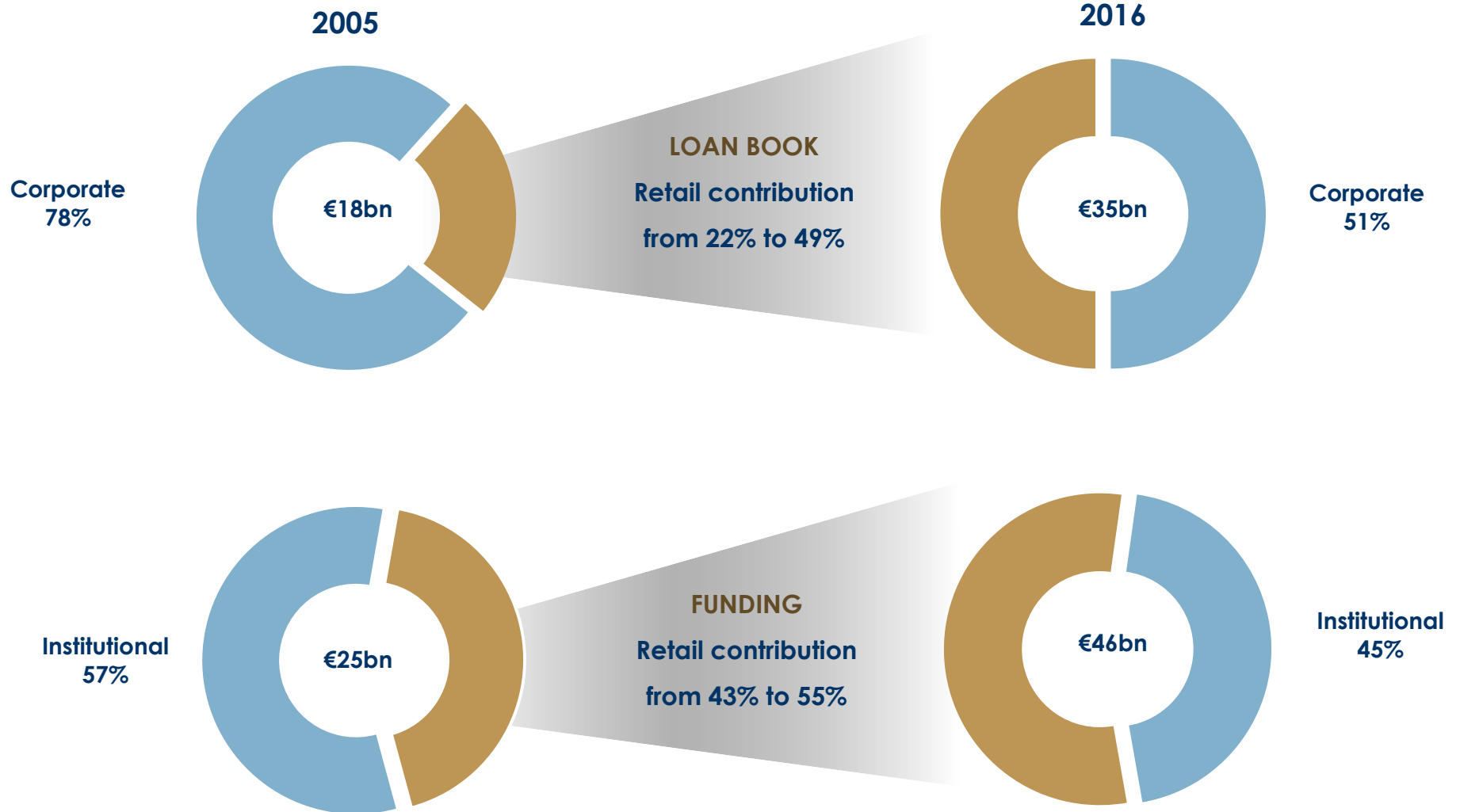
Group revenues by product and division (€m, %)



LOANS AND FUNDS DOUBLED AND ALSO RESHAPED

Leveraging on our strengths

Section 1



LAST 3Y BUSINESS PLAN SIMPLIFY, EXIT EQUITY

Leveraging on our strengths

Section 1

**Our 2014-2016 business plan gave further impetus to the disposal of equity investments
and the development of banking activities**

OBJECTIVES

**Create a
simpler, more valuable,
profitable business model**

**Focus on three specialized,
growing and diversified
banking businesses**

**Deliver
sustainable profitability
over the cycle**

ACTIONS

**Reduce
equity exposure**

**Resume growth
at the same level of risk
Assure K strength**

**Invest in fee-generating/
capital-light
banking businesses**

ABILITY TO GROW AND BE PROFITABLE WHILE RESHAPING

Leveraging on our strengths

Reduce equity exposure

- ◆ In last 3Y €1.5bn disposals, with €0.5bn capital gains
- ◆ Remove low earnings visibility linked to AFS equity valuation
- ◆ AG 3pp sale commenced then postponed, for market reasons

Resume growth at the same level of risk Assure K strength

- ◆ GOP risk adj. doubled in 3Y (from €370m to €736m)
- ◆ €1.7bn cumulated net profit created, ROTE>7%
- ◆ Approx. €600m in dividends distributed
- ◆ Outstanding asset quality preserved (Texas 16%, NPL/Ls 2.9%)
- ◆ CET1 ratio >12%, Leverage ratio 10%

Invest in fee-generating/ capital-light banking businesses

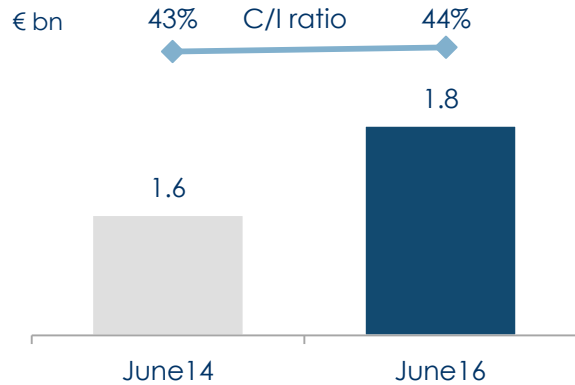
- ◆ Material investments in human resources and technology
- ◆ IB empowered in both domestic and international operations
- ◆ CheBanca! started its new mission of wealth manager
- ◆ AUM size doubled equally through organic growth and M&A

GENERATE GROWTH BY LEVERAGING ON STRONG KPIS

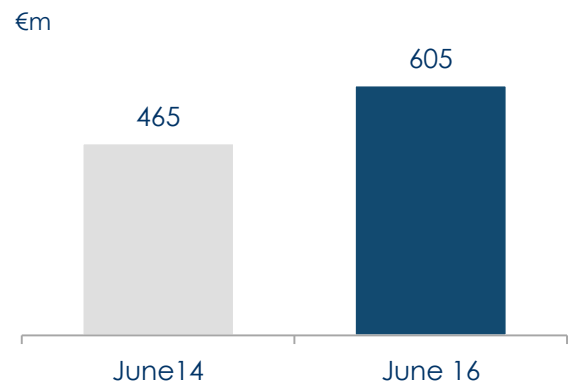
Leveraging on our strengths

Section 1

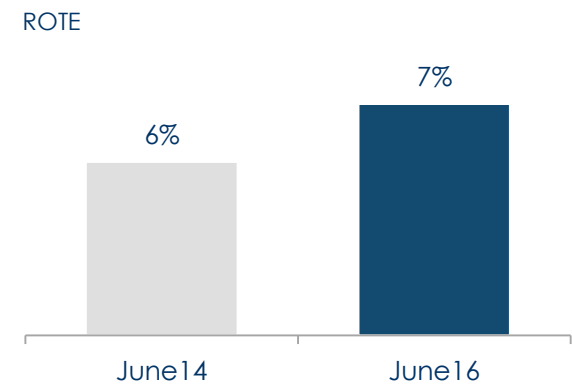
Growing banking revenues



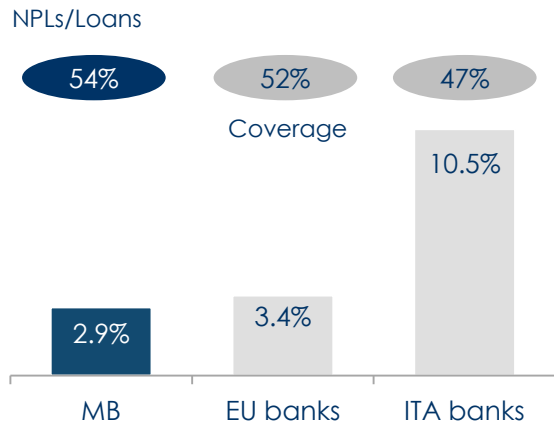
Growing net profit



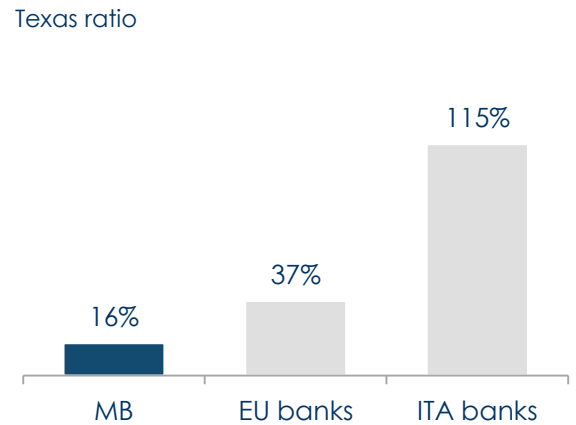
Growing profitability



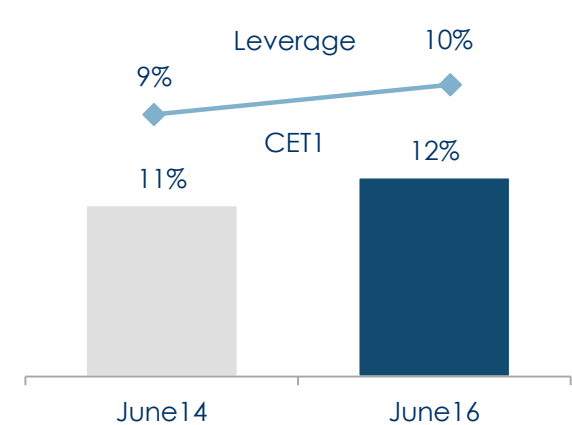
Superior asset quality



Superior asset quality



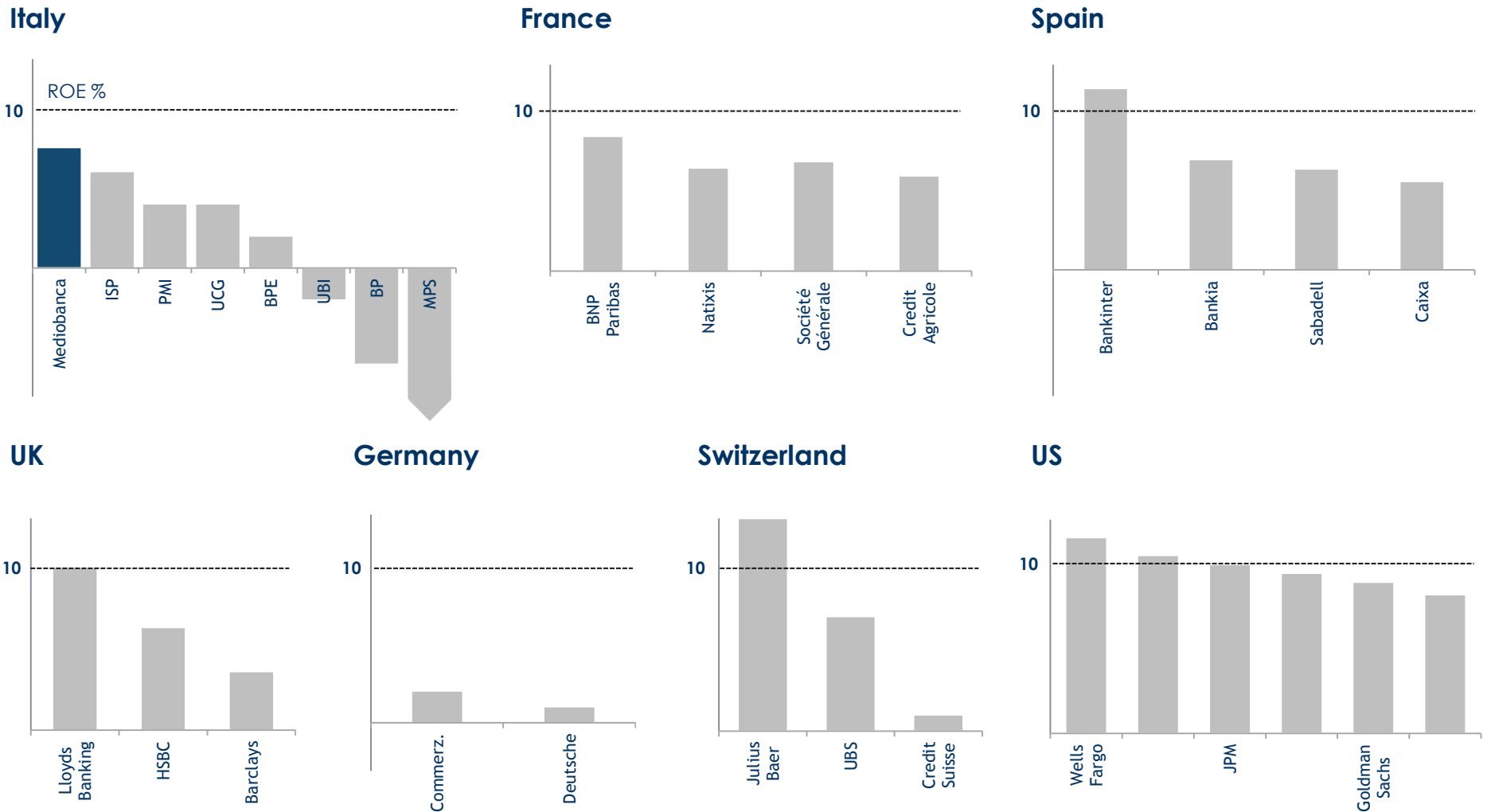
Strong capital ratios



MB OUTPERFORMED MOST EU BANKS BY PROFITABILITY...

Leveraging on our strengths

Section 1



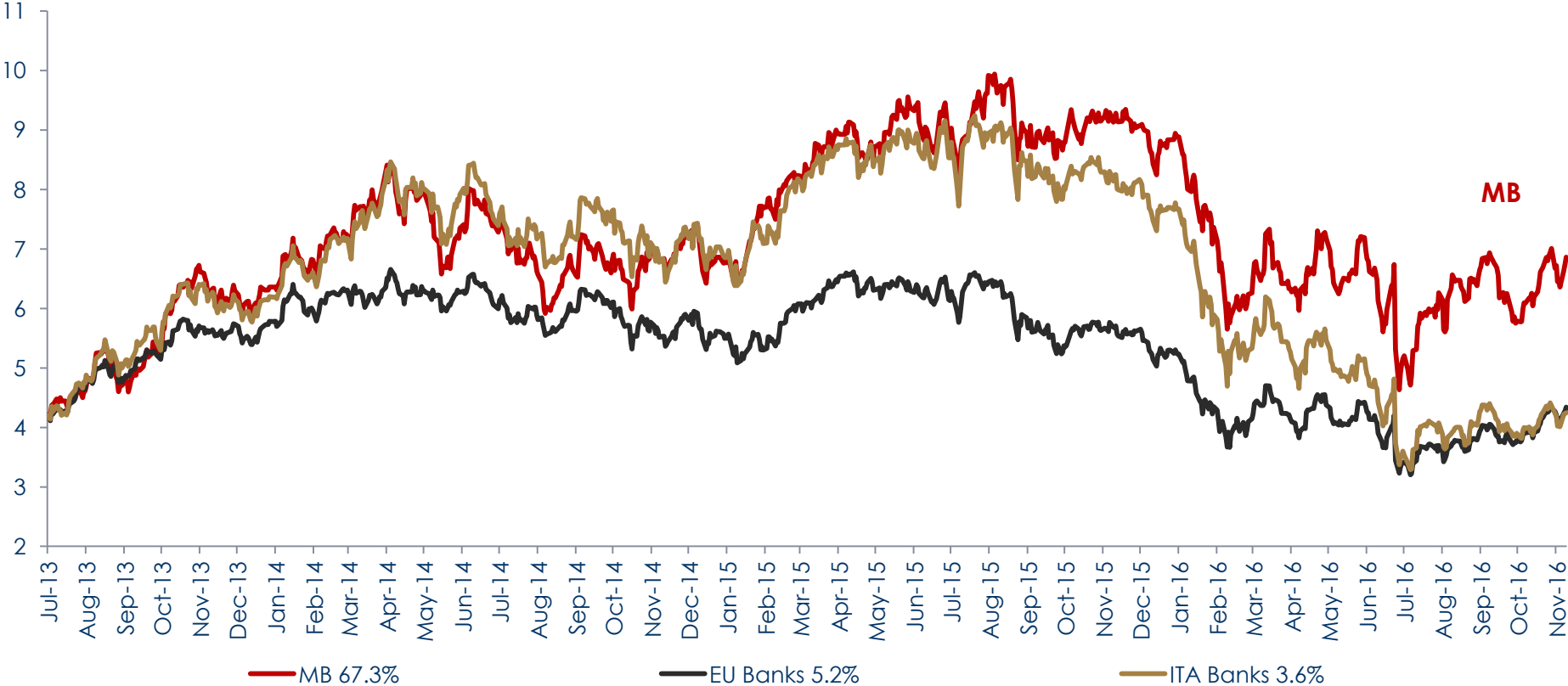
...AND MARKET PERFORMANCE...

Leveraging on our strengths

Section 1

Mediobanca market performance vs ITA and EU banks

Last 3Y



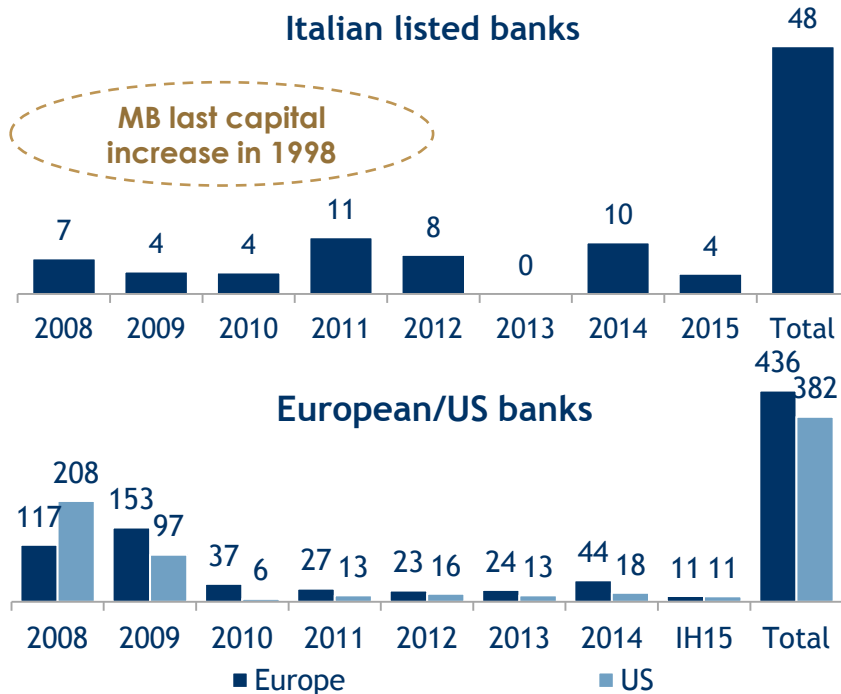
...WITHOUT CAPITAL INCREASES AND WHILE DISTRIBUTING DIVIDENDS

Leveraging on our strengths

Section 1

Right issues/cap. increases by banks (€bn)

Banking industry staff trends (/000)



	2008	2014	Chg.%
Mediobanca	3	4	+17%
Italy- large banks	272	216	-21%
US- large banks	1,504	1,315	-13%
Europe- large banks	2,903	2,430	-16%
UK	893	698	-22%
France	654	669	2%
Spain	343	326	-5%
Germany	234	185	-21%
Benelux	320	143	-55%

- ◆ Since 2008 Italian banks have raised €48bn of new capital, EU and US banks €436bn and €382bn respectively
- ◆ **MB has returned €1.4bn in dividends to shareholders deriving solely from internal K generation**, maintaining solid capital ratios
- ◆ Staffing levels in banking industry have shrunk considerably since 2008 while MB has increased by 17%

AGENDA

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Annexes



MEDIOBANCA

CURRENT ENVIRONMENT REQUIRES NEW COMPETITIVE SKILLS...

Strategic ambitions

Section 2

NEW competitive SKILLS for being SUCCESSFUL in BANKING

MACRO: adverse

Low GDP growth

Low interest rates

- ◆ Strong positioning in core businesses/countries
- ◆ High cost efficiency
- ◆ Strong risk selection capability

TECHNOLOGY IMPACT: disruptive

Increasing customer awareness

Changing consumer behaviour

- ◆ Distribution: more digital, with specialized sales force in IB & WM
- ◆ Customers: increase cross selling with value-adding products

REGULATION: severe

Capital requirement to rise

Consumer protection to increase

- ◆ High K buffer
- ◆ Low NPE and high coverage ratios
- ◆ Low conduct risk
- ◆ Correct and transparent product pricing
- ◆ Possibility to retain talent by sustainable business model and value proposition

...AND CREATES SUBSTANTIAL OPPORTUNITIES FOR MB

Strategic ambitions

Section 2

Corporate & Investment Banking Specialty Finance

- ◆ Sector concentration and restructuring
- ◆ Asia “buying” Europe
- ◆ Disposal of family-owned mid caps
- ◆ Capital markets gradually replacing lending
- ◆ Increasing value of product structuring capabilities
- ◆ Financing working capital/core goods
- ◆ NPLs management

Consumer Lending

- ◆ Market to expand, driven by changing customer behaviour and composition
- ◆ Progressive market normalization (liquidity and CoF) wiping out opportunistic operators
- ◆ M&A opportunities (from restructuring players)

Wealth Management

- ◆ Polarization of wealth, in part due to demographic trends
- ◆ Italian households' savings to remain high
- ◆ Increasing protection needs
- ◆ M&A opportunities (from restructuring players)

Different POSITIONING – Different CHANCES

SOLID banks set for GROWTH

WEAK banks focused on RESTRUCTURING

NEXT 3Y MISSION

POSITION MB AS A LONG-TERM VALUE PLAYER

Strategic ambitions

Section 2

Our 2017-19 business plan aims to enhance the MB Group business model, reshaping it with a view to definitively upgrading MB to become a LONG-TERM VALUE PLAYER

OBJECTIVES

Grow revenues,
notably K-light, fee businesses

Materially improve
banking ROAC

Confirm business model
resilience and sustainability

ACTIONS

1

Leveraging on strengths
and opportunities
in CIB and Consumer

2

Prioritize WM development,
incl. via disciplined M&A

3

Optimize capital
allocation and distribution

NEW BU SEGMENTATION CONSISTENT WITH CHANGE IN STRATEGIC PRIORITIES

Mediobanca Group

Holding Functions

Group ALM & Treasury

Corporate & Investment Banking (CIB)	Consumer Banking (CB)	Wealth Management (WM)	Principal Investing (PI)
<p>Corporate & Investment Banking</p> <p>Mediobanca Spa</p> <p>M&A, CapMkt Corporate Lending, Trading</p>	<p>Consumer Banking</p> <p>Compass</p>	<p>Affluent & Premier</p> <p>CheBanca!</p>	<p>Principal Investing</p> <p>Ass. Generali AFS stake ptf</p>
<p>Specialty Finance</p> <p>Factoring – MB Facta Credit Mgt - Creditech</p>		<p>Private & HNWI</p> <p>Banca Esperia CMB Spafid</p>	
		<p>Mediobanca AM</p> <p>Cairn, Duemme, CMG</p>	

*Corporate
client business*

*Consumer
client business*

*AUA/AUM driven
client business*

*Proprietary
equity stakes*



VISIBLE, VALUABLE, DIVERSIFIED BUS WM SIZEABLE AND SCALABLE

Mediobanca Group

Corporate & Investment Banking (CIB)			Consumer Banking (CB)			Wealth Management (WM)			Principal Investing (PI)		
Revenues	625m	28%	Revenues	870m	39%	Revenues	475m	21%	Revenues	280m	12%
GOP	350m	47%	GOP	245m	33%	GOP	50m	7%	GOP	280m	38%
Loan book	15bn	40%	Loan book	11bn	29%	Loan book	10bn	25%			
						TFA ¹	57bn	100%			
						of AUM	38bn	100%			
RWA	27bn	49%	RWA	11bn	20%	RWA	6bn	11%	RWA	7bn	12%
C/I ratio	38%		C/I ratio	31%		C/I ratio	85%		C/I ratio	nm	
ROAC	9%		ROAC	16%		ROAC	8%		ROAC	17%	

Holding Functions (HF)		
Revenues	-5m	n.m.
Loan book	2bn	6%
RWA	4bn	8%

MB Group

Revenues	2.2bn
GOP	0.7bn
Loan book	38bn
TFA ¹	57bn
RWA	55bn
C/I ratio	47%
ROTE	7.4%



PLAYING OUR NEXT 3Y PRIORITIES...

Strategic ambitions

Section 2

1

**Leveraging on strengths
and opportunities
in CIB and Consumer**

- ◆ **CIB: enhance** client **coverage** in specific industries, sectors, customers segments
- ◆ **SF: exploit opportunities** in factoring and credit management
- ◆ **Consumer: enduring growth** with an enlarged distribution

2

**Prioritize WM development,
incl. via disciplined M&A**

- ◆ **Integrate** and **develop** recently-acquired companies
- ◆ **Serve Affluent & Premier clients of CB!** with innovative offering (both proprietary and building FAs) **and Private & HNWI with new brand MB Private, Spafid and CMB**
- ◆ **Create** and develop a **Group AM factory**
- ◆ **Investing up to 200bps of CET1 in M&A opportunities**

3

**Optimize capital
allocation and distribution**

- ◆ **Further reduce equity-stakes** (PI, especially AG)
- ◆ **Proactive ROAC-driven capital use** in all products and businesses
- ◆ **Adoption of Advanced Model** on large corporate, consumer credit, mortgage portfolios

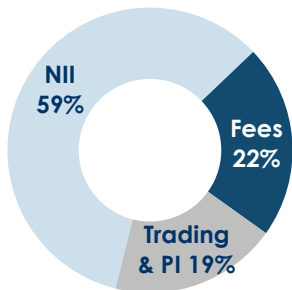
...WILL MAKE US STRONGER IN INCOME GENERATION & DIVERSIFICATION...

Strategic ambitions

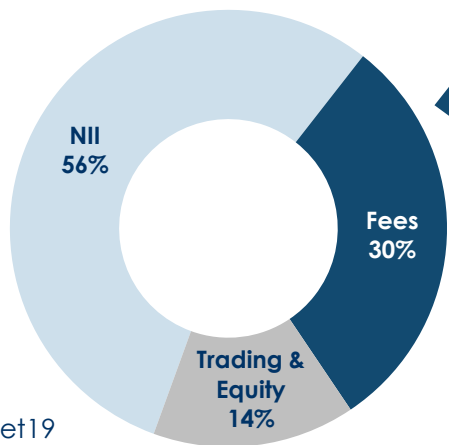
Section 2

Growing revenues

FY16:
€2bn



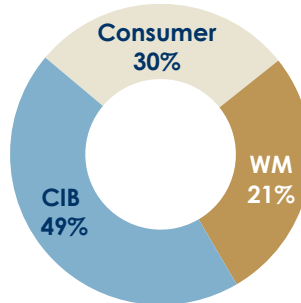
Fees up to 30% of total income



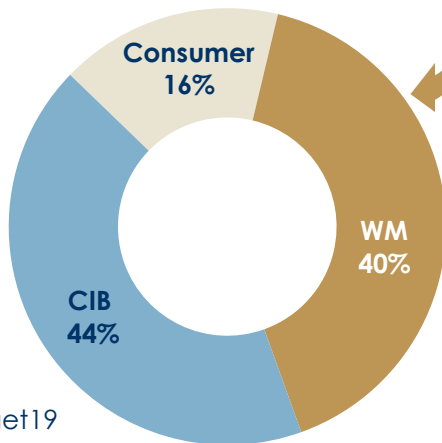
Target19

Growing fees contribution

FY16:
€0,5bn



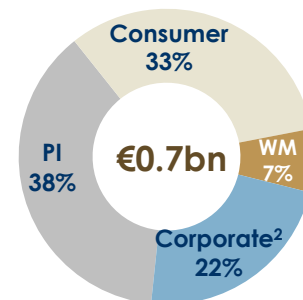
WM up to 40% of total fees



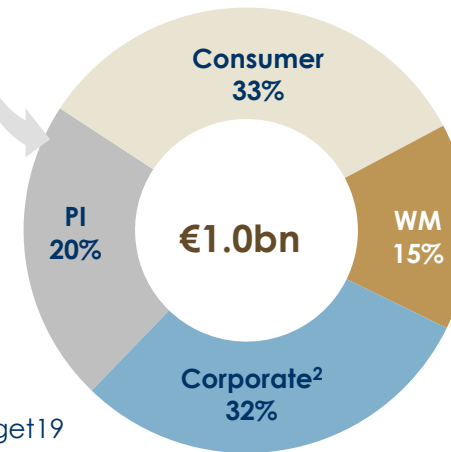
Target19

Growing GOP¹, more diversified

FY16



Wider GOP¹ diversification



Target19

...STRONGER IN PROFITABILITY AND SOLIDITY

Strategic ambitions

Section 2

ROAC ¹	FY16	FY19 target
GROUP RATE	7%	10%
BANKING ROAC²	5%	12%
CIB	9%	13%
Consumer Lending	16%	20%
Wealth Management	8%	20%
Principal Investing³	17%	12%
Holding Functions	neg	neg
RATIOS	FY16	FY19 target
CET1	12%	12% + 2%
Total Capital	15%	18%
Leverage	10%	9%
NSFR	>100%	>100%
LCR	>100%	>110%
NPLs/Loans	<3%	stable

1) ROAC: NP/allocated K (@9%RWA)

2) *Principal Investing excluded*

3) ROAC of PI: NP/allocated K (@9%RWA); AG net profit=consensus; K=9%*RWAs + deductions from CET1

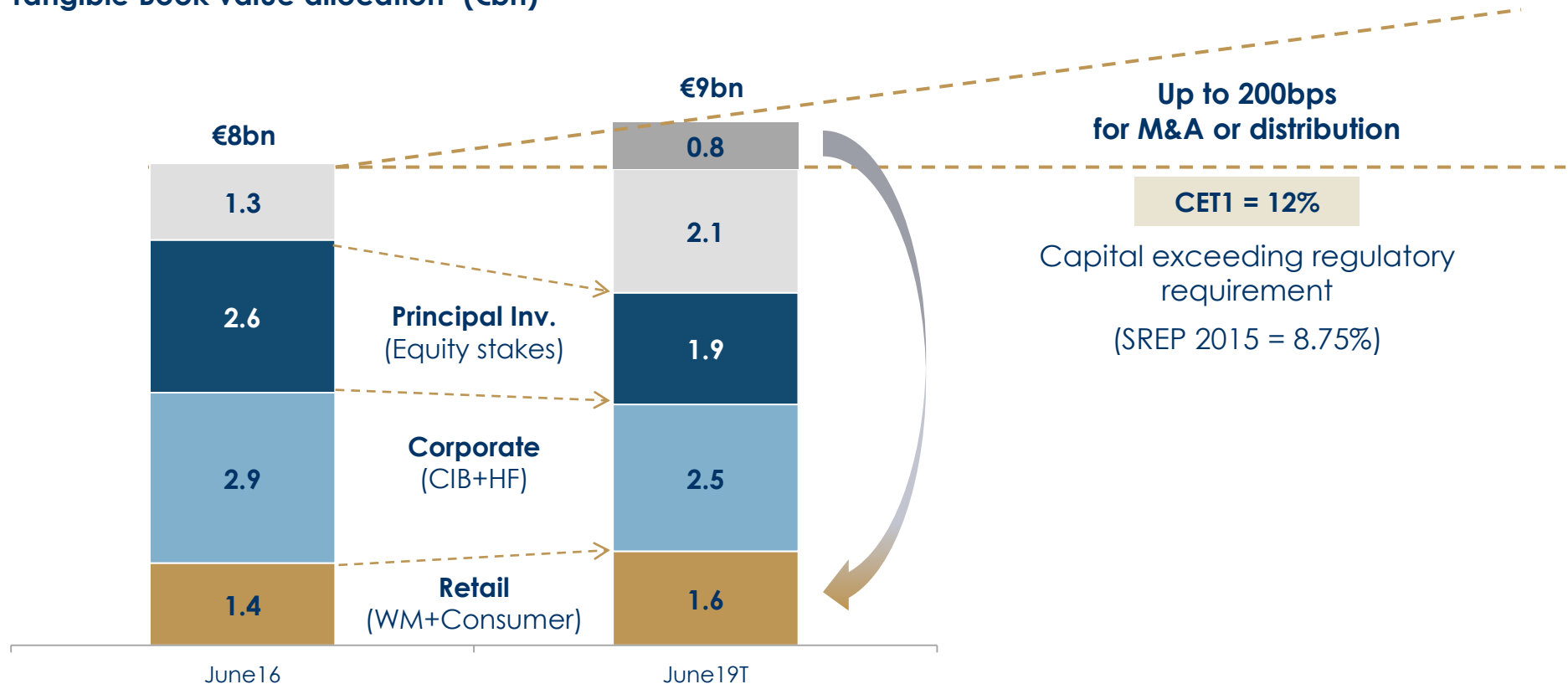


...STRONGER IN CAPITAL GENERATION & ALLOCATION

Strategic ambitions

Section 2

Tangible Book value allocation¹ (€bn)



- ◆ More capital allocated to WM and Consumer, less to Equity (PI), Corporate becoming more efficient
- ◆ Capital above regulatory buffers up to stay high, excess K to be reallocated

AGENDA

1. Leveraging on our strengths

2. Strategic ambitions

3. Divisional action plan

3A. Corporate & Investment Banking

3B. Consumer Banking

3C. Wealth Management

3D. Principal Investing

3E. Holding Functions

4. Group Targets



MEDIOBANCA

CORPORATE & INVESTMENT BANKING

Section 3B

**Corporate & Investment
Banking (CIB)**

**Corporate & Investment
Banking**

Specialty Finance

CIB

CLIENT-DRIVEN, PROFITABLE, SPECIALIZED BUSINESS

Divisional action plan. CIB

Section 3A

**For over 70 years MB has helped its clients to grow,
with high-quality advisory services and credit solutions**

Today, we are the leading IB in Italy and have an expanding presence in Europe and beyond

In recent years CIB client business has been highly resilient¹ despite the crisis

due to

SPECIFIC STRENGTHS

**Strong brand recognition
and trustworthiness**

**Client-centred organization:
lean structure, attractive to talent, fast
decision-taking**

**Senior and experienced client
coverage at CEO levels**

**Client-driven business¹
Focus on large-top/mid caps
Strong resiliency**

**Outstanding risk-assessment,
underwriting capabilities**

**Excellent asset quality²
Low operational gearing³**

1) In the last five years revenues from client business have always been in the €550m/€620m per annum range

Revenues from client business equal to 90% of total revenues for MB CIB

2) CIB: bad loans equal to zero

3) C/I ratio below 40% for MB CIB



NEXT 3Y IN CIB

INCREASE FURTHER PROFITABILITY

Divisional action plan. CIB

Section 3A

Our 2017-2019 business plan aims to increase CIB profitability further

OBJECTIVES

Strengthen MB positioning
in Italy and EU

Exploit
new market opportunities

Reduce
RWA density

ACTIONS

1

Empowered client coverage
Build up a MidCap platform

2

Higher integration
within MB Group business

3

Focus on high ROAC products
Intense RWA analysis
AIRB adoption

STRENGTHEN MB POSITIONING IN ITALY AND EU

Divisional action plan. CIB

Section 3A

MB aims to become a leading investment bank in Italy and in selected European countries, providing high quality advisory services, capital raising and financing solutions to support our clients in their domestic and cross-border transactions

ACTIONS

Take advantage of expected consolidation in sectors with specific expertise, such as FIG, Infrastructure, Energy, TMT, Branded Goods

**Increase mkt share in cross-border transactions
Capitalize on industry expertise
to cover non-domestic markets more effectively**

Prepare to exploit markets and rates rebound notably in acquisition finance

**Focus on high ROAC products
Shift to K-light ones,
asset-intensive focus on CMS**

**Increase product cross-selling with clients
within the MB CIB platform
within MB Group companies**

Maintain control of costs and asset quality

IMPROVE PROFITABILITY CAPITAL-LIGHT PRODUCTS

Divisional action plan. CIB

Section 3A

CF, ECM, DCM, Eq. Sales

Italy

- ◆ **New management responsibilities in place** (Country and Product Heads), streamlined organization across the company
- ◆ **Focus on client coverage** to increase wallet share/productivity and expand client base
- ◆ Exploit **synergies** with PB/WM and capital-intensive products

EU markets

- ◆ **New leadership to integrate countries and products teams more effectively**
 - ◆ Develop selected pan-European industry practices in addition to FIG to support coverage
 - ◆ Increase cross-border M&A activity and product cross-selling
- ◆ **Expand IPO and capital raising business in EU markets**
- ◆ **Take EU branches up to full speed**, with staff added during 2013-16 plan
- ◆ **Expand Equity Sales** in secondary markets

Other initiatives

- ◆ **Non-EU:** develop selected partnerships to support core clients (USA, China, Latam)
- ◆ **Financial Sponsors Coverage** across industries and countries on the back of team built during the 2013-16 Business Plan
- ◆ **FIG** to further develop outside Italy
- ◆ Maintain **strict control on cost/income**

IMPROVE PROFITABILITY CAPITAL-INTENSIVE PRODUCTS

Divisional action plan. CIB

Section 3A

Lending and Structure Finance (LSF), Capital Market Solutions (CMS)

Management actions

Regulatory-driven actions

Italy

- ◆ Maintain asset quality and increase ROAC
- ◆ New products development (CMS)
- ◆ **Expand event-driven business and synergies with Corporate Finance**

- ◆ **Re-focusing RWA use**
 - ◆ Towards more attractive risk-reward profiles
 - ◆ With shorter/lower balance-sheet absorption (higher focus on secondary market)
 - ◆ While cutting RWA consumption from legacy trades
 - ◆ CIB loan book CAGR +3% to €16bn
- ◆ **Adoption of Advanced Models by year-end 2017**

EU markets

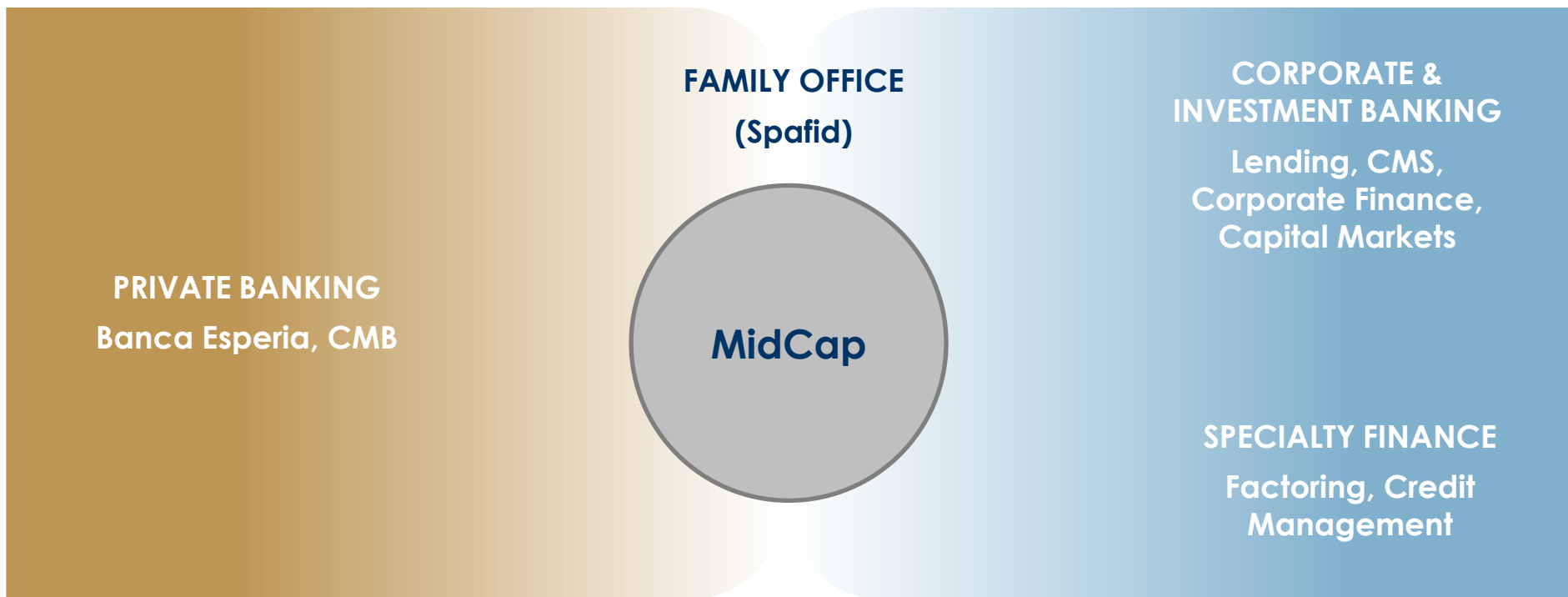
- ◆ **Exploit all cross-selling** opportunities descending from capital intensive products
- ◆ **Improve local product coverage** to originate and develop market opportunities
- ◆ **Expand event-driven business** and synergies with Corporate Finance

LEADING IB FOR MIDCAPS

COMBINING CORPORATE FINANCE & PERSONAL WEALTH SOLUTIONS

Divisional action plan. CIB

Section 3A



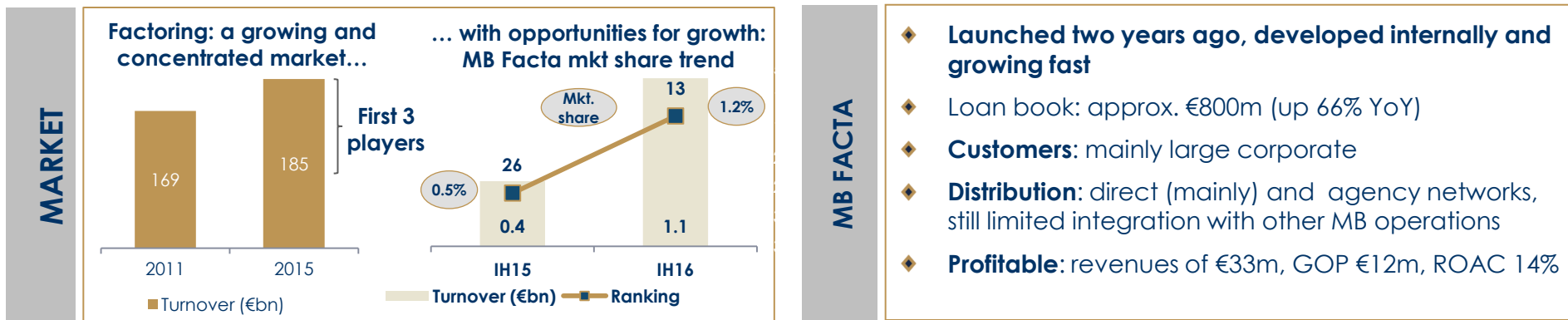
- ◆ **More pro-active and efficient client coverage exploiting the range of MB products and services**
- ◆ **Increase synergies within Mediobanca Group:** Family Office (Spafid), Private Banking (Banca Esperia, CMB), Specialty Finance (Factoring, Creditech, Leasing)
- ◆ **Leverage on EU advisory bankers and branches** to support Mid Caps in Inbound and outbound transactions

FACTORING

KEEP ON GROWING EXPLOITING MARKET OPPORTUNITIES

Divisional action plan. CIB

Section 3A



In next 3Y MB Facta aims to become a top ten operator leveraging on market space and its proven capabilities

OBJECTIVES

Increase volumes and size

From ancillary to valuable product for Mediobanca corporate clients

Seize new opportunities (clients/distribution/M&A)

ACTIONS

Full integration with MB lending offer

Enlarge distribution agreements (third-party networks and banks)

Enlarge customer base (Mids – PA)

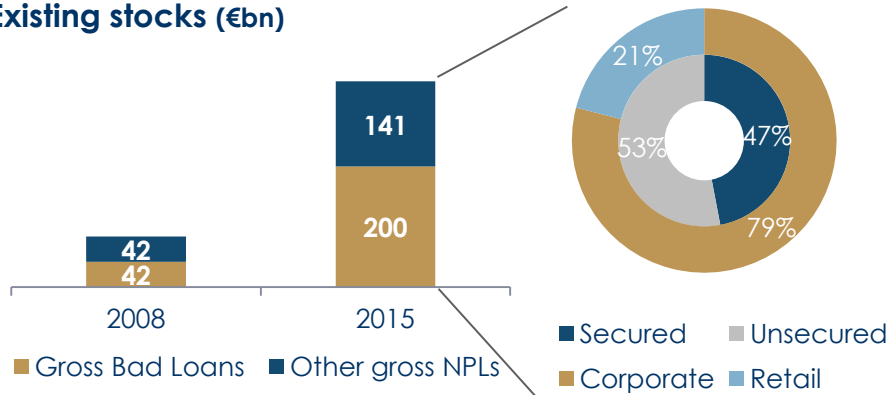
EXPLOIT SIZEABLE ITALIAN NPL MARKET: MB POSITIONING

Divisional action plan. CIB

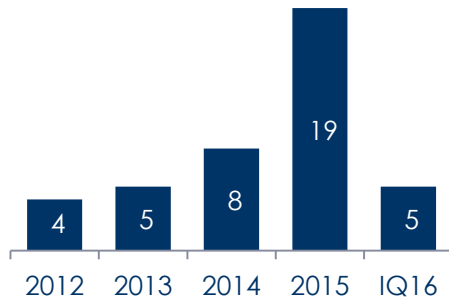
Section 3A

NPLs: the new Italian paradigm¹

Existing stocks (€bn)

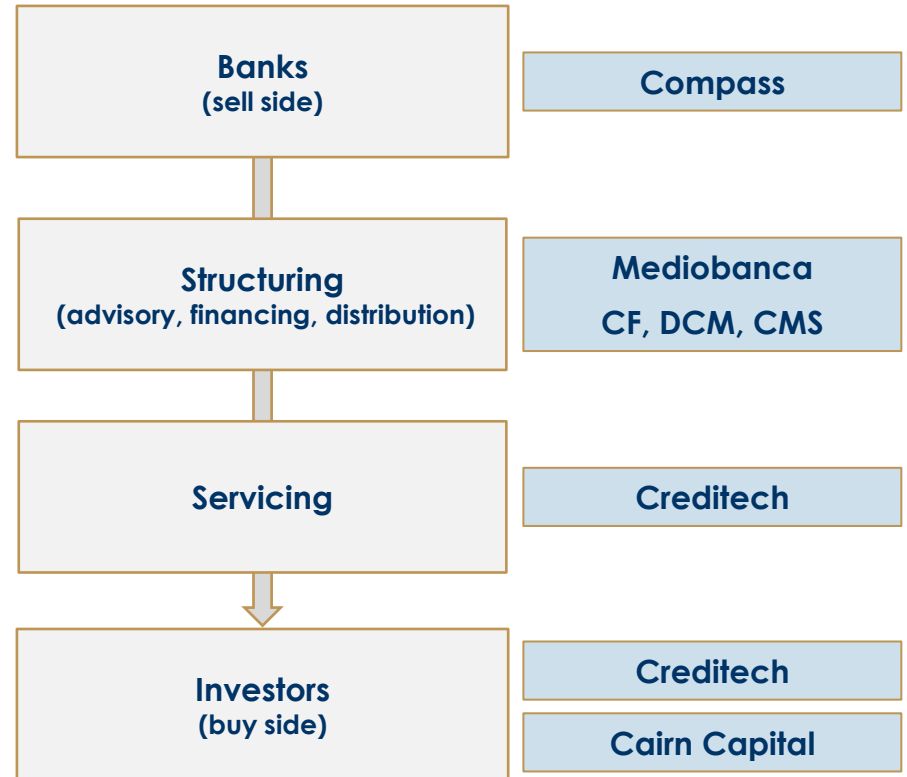


NPLs transaction in Italy (€bn)



■ NPLs transactions in Italy

... and opportunities for Mediobanca



1) PwC: "The Italian NPL market"



CREDIT/NPLS MANAGEMENT TIME TO LEVERAGE LONGSTANDING SKILLS

Divisional action plan. CIB

Section 3A

CREDITECH TODAY

- ◆ **Longstanding but still small business** both **captive** (Compass) and on **open market**
- ◆ Three areas of operations: **credit management, NPLs purchase, NPLs servicing**
- ◆ Current focus: retail unsecured loans
- ◆ **High profitable, low K-intensive business:** revenues €24m, GOP €10m, ROAC ~40%, PTF €70m, GBV €1,4bn

In next 3Y Creditech aims to become a specialized player in credit management and NPLs, leveraging on market space and its proven capabilities

OBJECTIVES

- ◆ **Exploit ITA NPLs long wave**
- ◆ **Enhance effectiveness**
- ◆ **Grow business with M&A**

ACTIONS

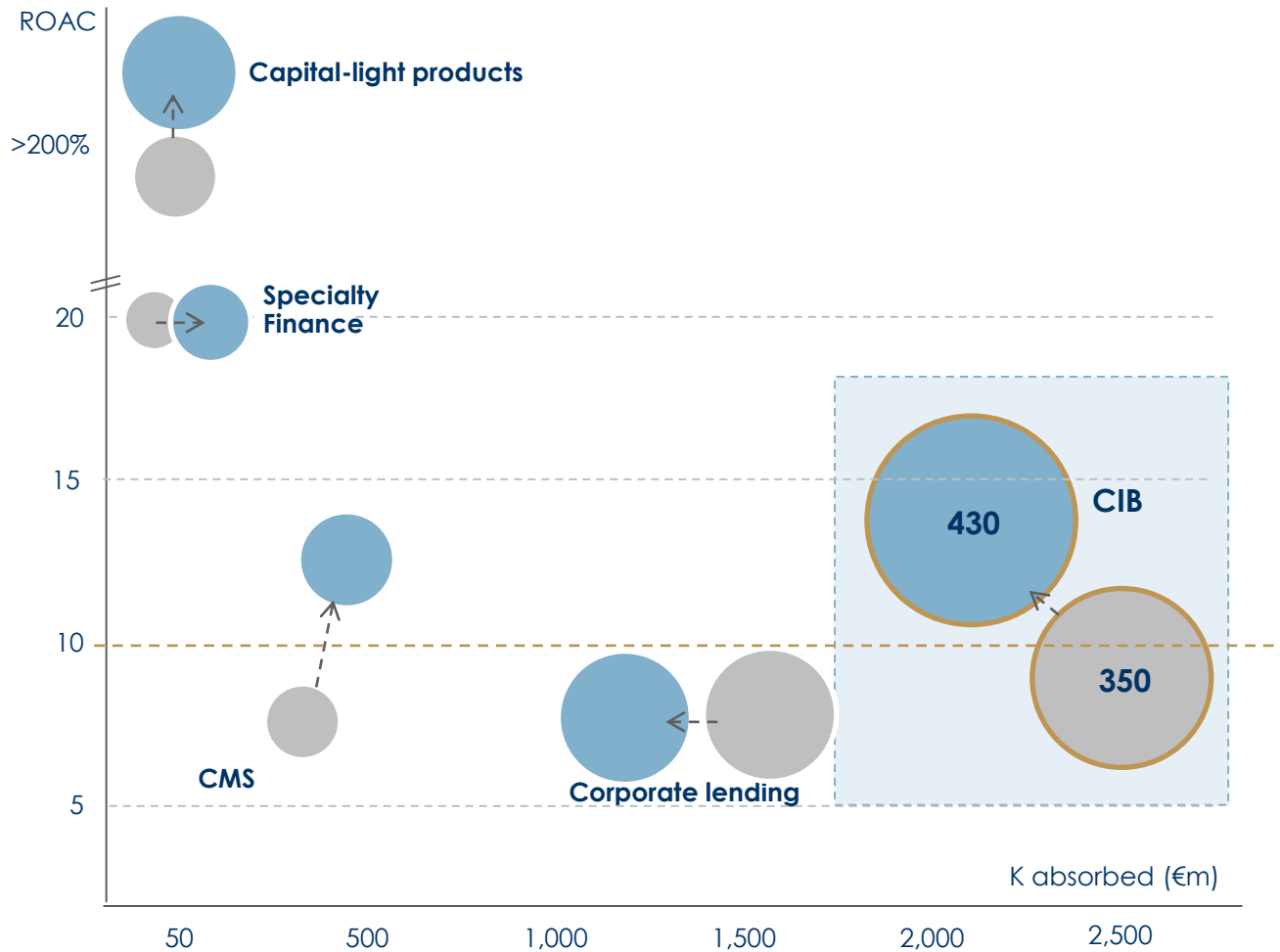
- ◆ **Entering secured market and corporate segment**
- ◆ **Increase inhouse phone collection, optimize third-party fee scheme**
- ◆ **Keep discipline and selective growth in NPLs acquisitions**

3Y CIB TARGETS

FOCUS ON ROAC AND K ALLOCATION

Divisional action plan. CIB

Section 3A



- ◆ **PROJECTED GROWTH for:**
 - ◆ **CF:** new fully integrated organization between industry teams and countries; specific focus on Italian mid-corporate
 - ◆ **CMS:** new products development, higher returns
 - ◆ **ECM:** consolidate expansion in selected other EU markets
 - ◆ **DCM:** bigger role in ABS market
 - ◆ **Equity Sales:** enlarged client base, deeper penetration
 - ◆ **Specialty finance:** boost NPLs management and factoring
 - ◆ **STABLE BUSINESS for LSF:** stable high single-digit ROAC with reduced RWAs

CIB FINAL TAKEWAYS

FURTHER BOOST PROFITABILITY

Divisional action plan. CIB

Section 3A

CIB TODAY

- ◆ Client-driven, highly specialized, niche business
- ◆ Leading Italian IB, established role in EU
- ◆ No downside risk given high cost efficiency, superior asset quality, no conduct risk
- ◆ Good profitability (ROAC 9%)
- ◆ Set for cycle rebound and new initiatives launch

CIB 2019 STRATEGIC GOALS

- ◆ Stronger positioning in core markets, primarily Italy, in IB services
- ◆ Become the leading full-service operator for Italian midcaps
- ◆ Exploit opportunities in Specialty Finance
- ◆ Improve profitability by boosting revenues and reducing RWA density (ROAC 13%)

	June16	June19T	3Y CAGR
GOP ¹ €m	350	430	+7%
Loans €bn	15	18	+6%
RWA €bn	27	25	-3%
CoR ²	25bps	45bps	+20bps
ROAC	9%	13%	+4pp

CONSUMER BANKING

Section 3B

Consumer Banking (CB)
Consumer Banking Compass



COMPASS

A PIONEER, INNOVATIVE, PROFITABLE OPERATOR...

Divisional action plan. Consumer Banking

Section 3B

Compass Banca has been a pioneering force in consumer credit in Italy since 1951

Today it is among the top three operators in Italy, in a profitable and high entry barrier industry

In recent years Compass has delivered impressive growth

due to

SPECIFIC STRENGTHS

**Strong brand recognition
and trustworthiness**

**Sizeable customer base (2.2
million) with high level of
satisfaction**

**Strongly-integrated distribution
(direct and indirect)**

**Outstanding scoring
and pricing capabilities**

**Excellent asset quality
and industrialized collection**

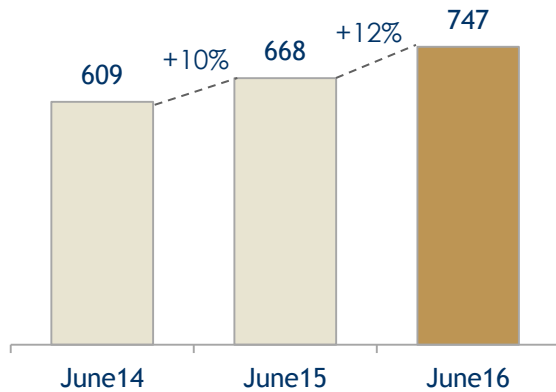
**Risk-adjusted returns the sole
relevant metric for decisions**

...STEADILY DELIVERING AMAZING GROWTH

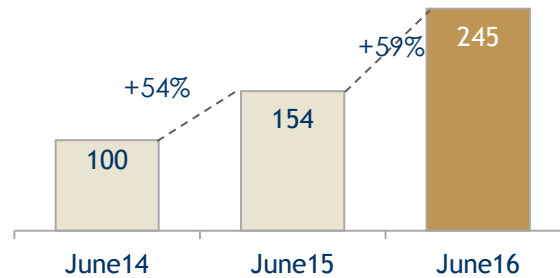
Divisional action plan. Consumer Banking

Section 3B

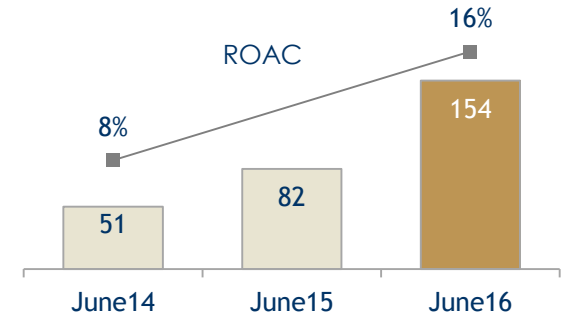
Compass: NII growth (€m)



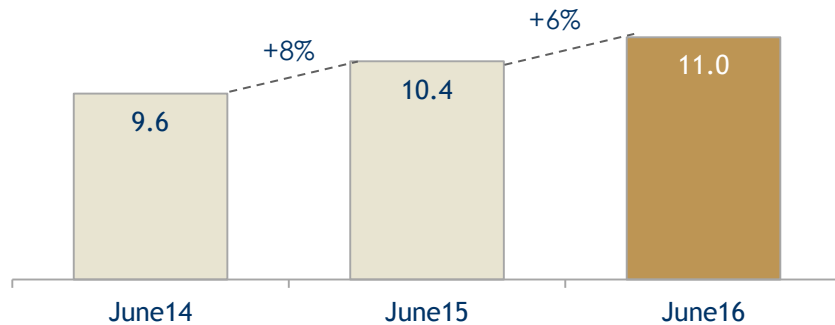
Compass: GOP risk adj² (€m)



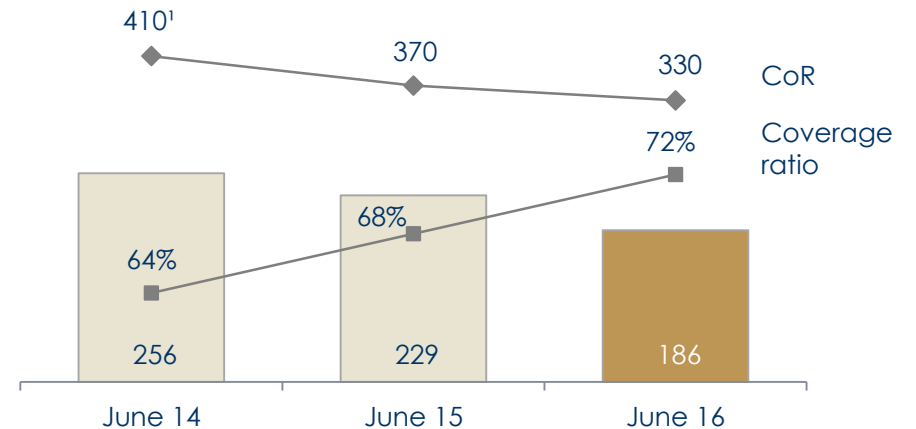
Compass: net profit (€m), ROAC



Loans (€bn)



Net NPLs, coverage ratio, CoR trend (€m, %)



1) $CoR = (LLPs - LLPs \text{ for AQR}) / \text{Avg. loans}$
 2) $GOP \text{ risk adjusted} = GOP - LLPs$



NEXT 3Y IN COMPASS KEEP GROWING

Divisional action plan. Consumer Banking

Section 3B

In next three year Compass aims to keep revenues and profitability steadily growing
leveraging on its proven strong capabilities

OBJECTIVES

**CONSOLIDATE
POSITIONING**

**EXPLOIT
NEW OPPORTUNITIES**

**IMPROVE
PROFITABILITY**

ACTIONS

1

Delivery

empower distribution network

2

Innovation

in product and channels

3

Value management

the sole guide

CONSOLIDATE POSITIONING INCREASING DIRECT DISTRIBUTION

Divisional action plan. Consumer Banking

Section 3B

PROPRIETARY - DIRECT DISTRIBUTION

OBJECTIVES

- ◆ Enlarge direct distribution...
- ◆ ...in an innovative way...
- ◆ ...at variable costs...
- ◆ ...preserving strong Compass pricing and risk assessment

ACTIONS: set up

- ◆ Franchising network (25)
- ◆ Light branches (10)
- ◆ Digital platform for
 - ◆ price-seekers customers
 - ◆ e-commerce market place

INDIRECT DISTRIBUTION

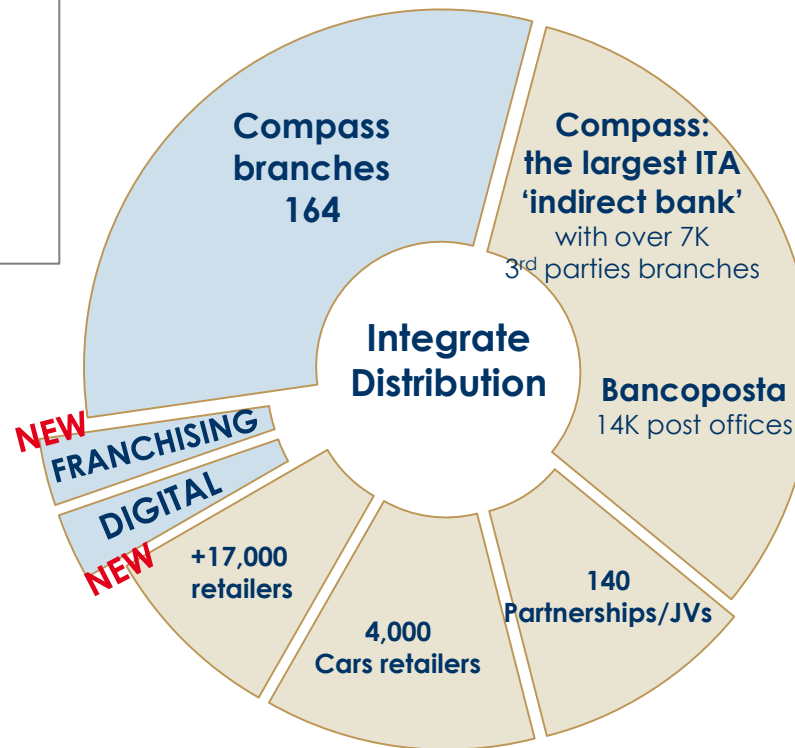
OBJECTIVES

- ◆ ring-fencing
- ◆ preserving loyalty

ACTIONS

Integrated commercial strategies based on:

- ◆ operational excellence (time-to-approval and approval rate)
- ◆ integration of Compass distribution with bank proprietary platforms



INNOVATION

New Products

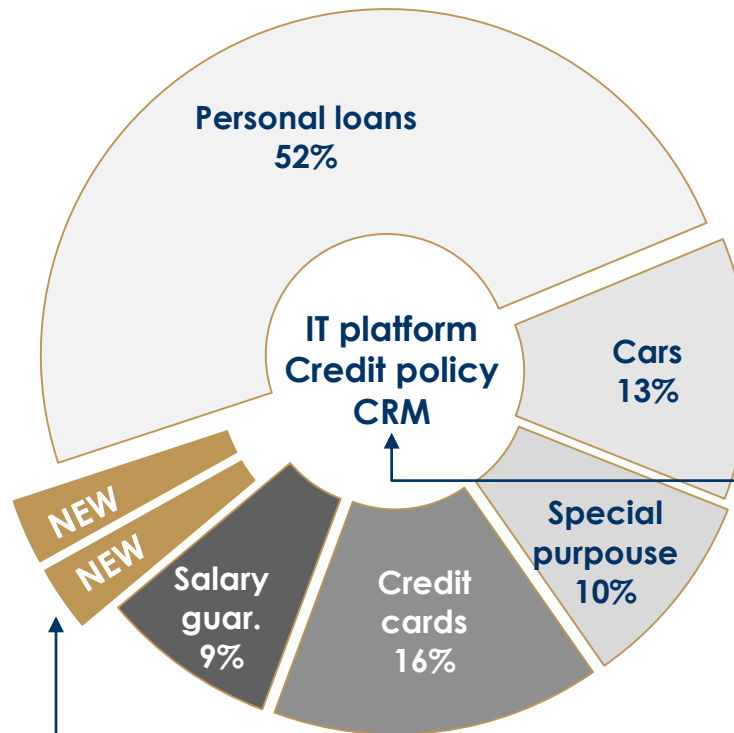
New products to:

- ◆ leverage direct channels
- ◆ increase customer experience
- ◆ attract new customers to fulfill credit policies

Services to large retailers
(also PayPal, Amazon, Ebay ..).
Guarantee/credit acquisition
on installment sales

“**Rechargeable loan**” to effortlessly
deliver top-up disbursements on
alive-loans

“**Ready at home**” loan to reach
and maximize profitability on
remote clients with direct
marketing



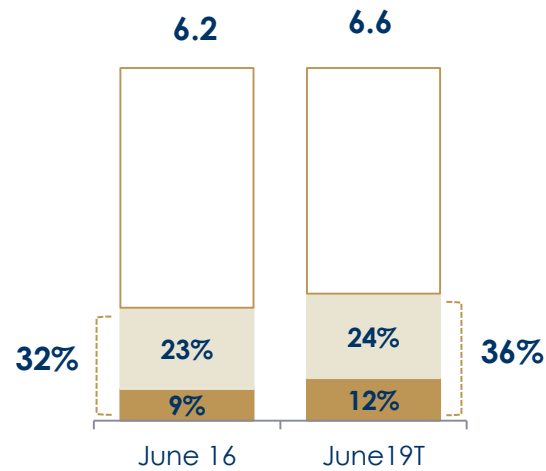
New tools

Continuous enhancement of risk assessment process:

- ◆ **new generation of credit scoring model** to maximize repeat business return
- ◆ **develop new score card on employer** (first in Italy)
- ◆ analyzing «**big data**» opportunities

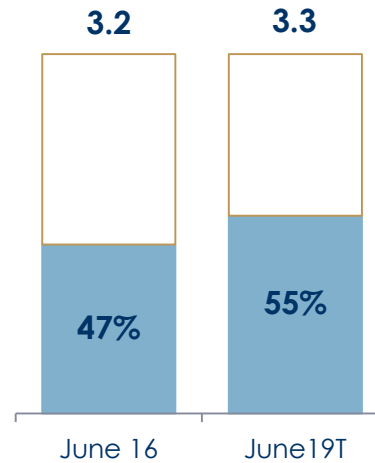
VALUE MANAGEMENT

New loans by product (€bn, %)



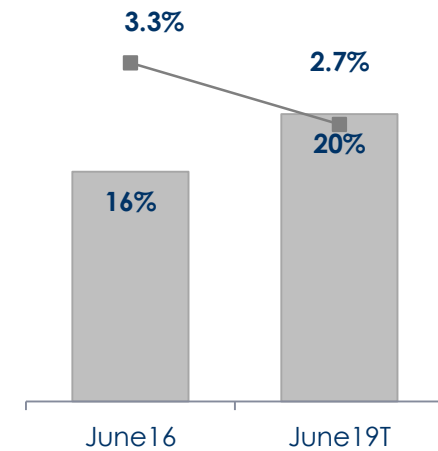
■ Salary guaranteed ■ Finalized & Car
□ Personal Ls & Cards

New personal loans by channel (€bn)



■ Direct □ Indirect

ROAC and CoR (€bn, %)



■ ROAC ■ CoR

◆ **Manage CoR incl. through higher proportion of lower risk loans** (salary guaranteed, finalized and car loans)

◆ **Increase value of PLS through direct channel higher contribution** ("value" of PL originated through direct channel 2x that of indirect)

◆ **Superior asset quality:** net Bad Loans / Loans at 0.15%
◆ **Clean balance sheet¹**

CONSUMER BANKING FINAL TAKEWAYS

KEEP GROWING

Divisional action plan. Consumer Banking

Section 3B

COMPASS TODAY

- ◆ Top Italian consumer credit operator
- ◆ Client-driven, highly specialized business
- ◆ Cost efficient structure, superior asset quality
- ◆ Countercyclical business
- ◆ Driver of Group NII growth (>60% of total)
- ◆ ROAC 16%¹

COMPASS 2019 STRATEGIC GOALS

- ◆ Keep revenues and profitability growing, leveraging primarily on excellent pricing capabilities
- ◆ Strengthen positioning in Italy
- ◆ Innovating in products and distribution
- ◆ Managing new IFRS 9 introduction
- ◆ ROAC 20%

	June16	June19T	3Y CAGR
GOP ¹ €m	245	330	+10%
Loans €bn	11.0	12.6	+5%
RWA €bn	11	12	+3%
CoR	330bps	270bps	-60bps
ROAC	16%	20%	+4pp

WEALTH MANAGEMENT

Section 3C

**Wealth Management
(WM)**

Affluent & Premier

Private & HNWI

Mediobanca AM

NEXT 3Y IN WM BECOME A SIZEABLE WM PLAYER

Divisional actions plan. WM

Section 3C

In next three years Mediobanca aims to prioritize the development of a sizeable WM platform leveraging on the existing and new customer base (affluent, premier, private and HNWI), selecting qualitative presence in the AM factory and further enhancing its innovative offering (fair, technology-driven, compliant with imminent stringent regulations)

OBJECTIVES

AFFLUENT & PREMIER
Innovative offer

PRIVATE & HNWI
Play the role in core markets

MEDIOBANCA AM FACTORY
Integrate and develop

ACTIONS

CheBanca!
Invest massively
in distribution and innovation

Leverage
- MB brand-new offer in Italy
- CMB presence in Monaco

Upgrade existing factories
Invest in new capabilities

INVEST UP TO 200BPS OF CAPITAL IN M&A

CHEBANCA!

Section 3C

**Wealth Management
(WM)**

Affluent & Premier
CheBanca!

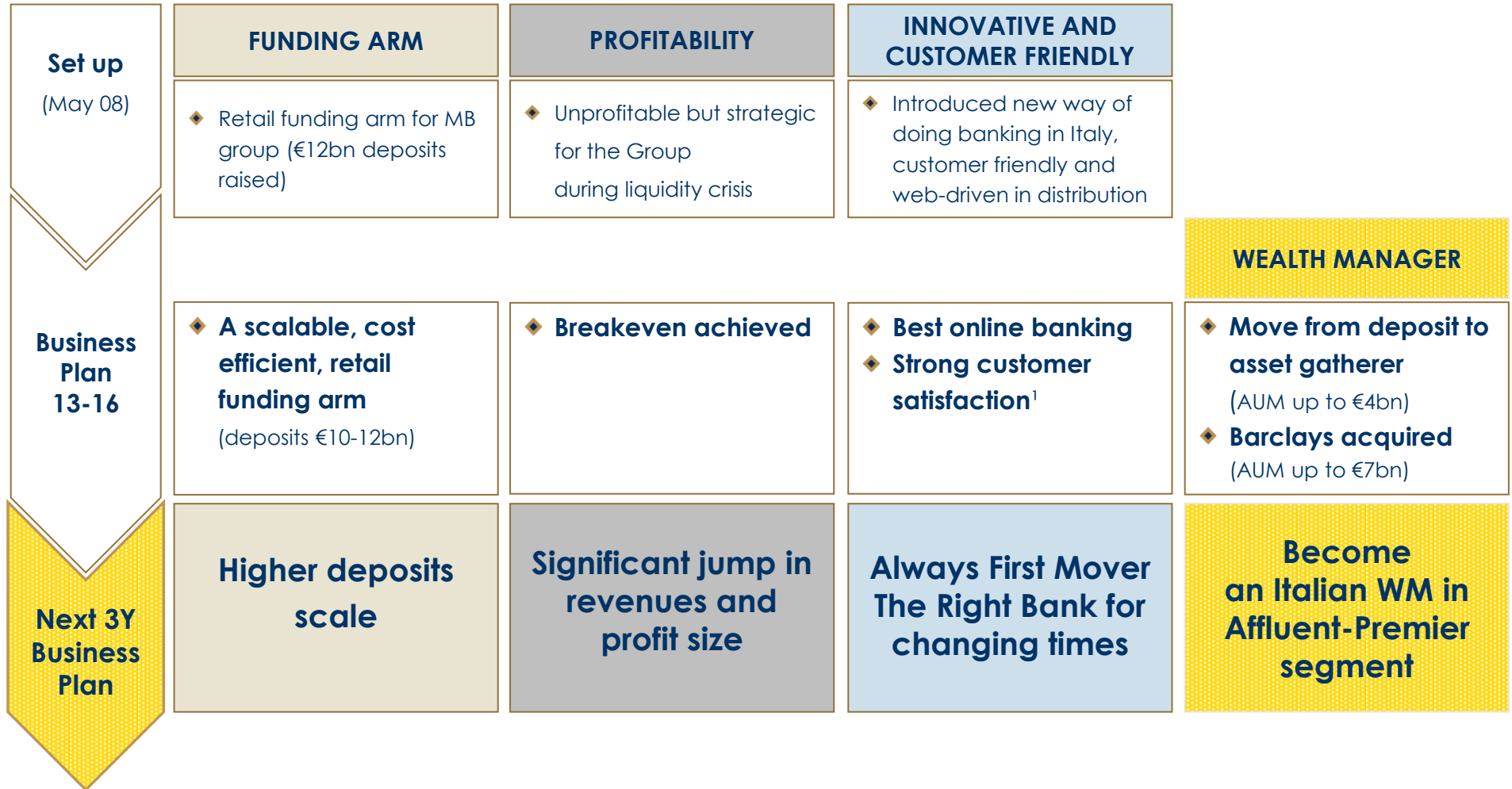
Private & HNW

Mediobanca AM

CHEBANCA! CHANGE IN MISSION SINCE START-UP PHASE

Divisional action plan. CheBanca! (WM)

Section 3C



MULTIPLE NEEDS – MULTIPLE CHANNELS

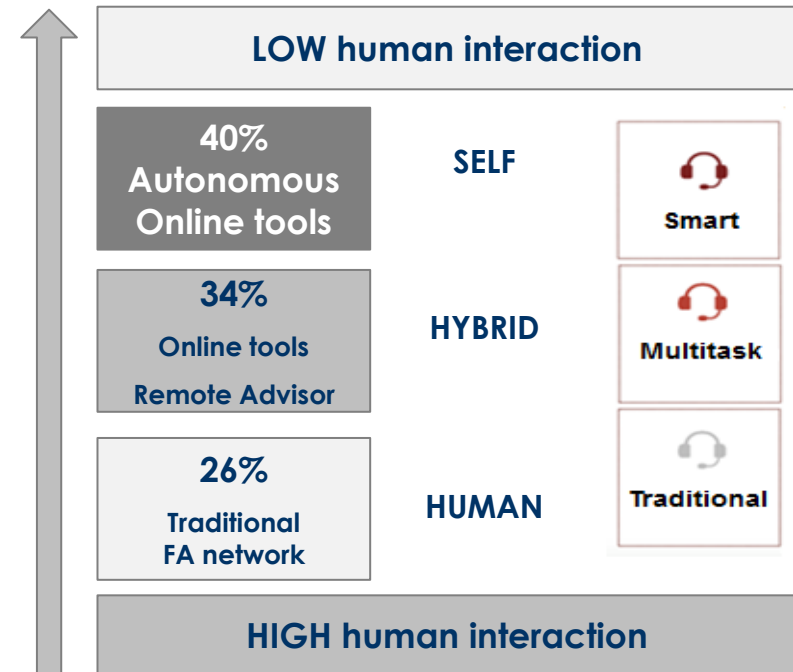
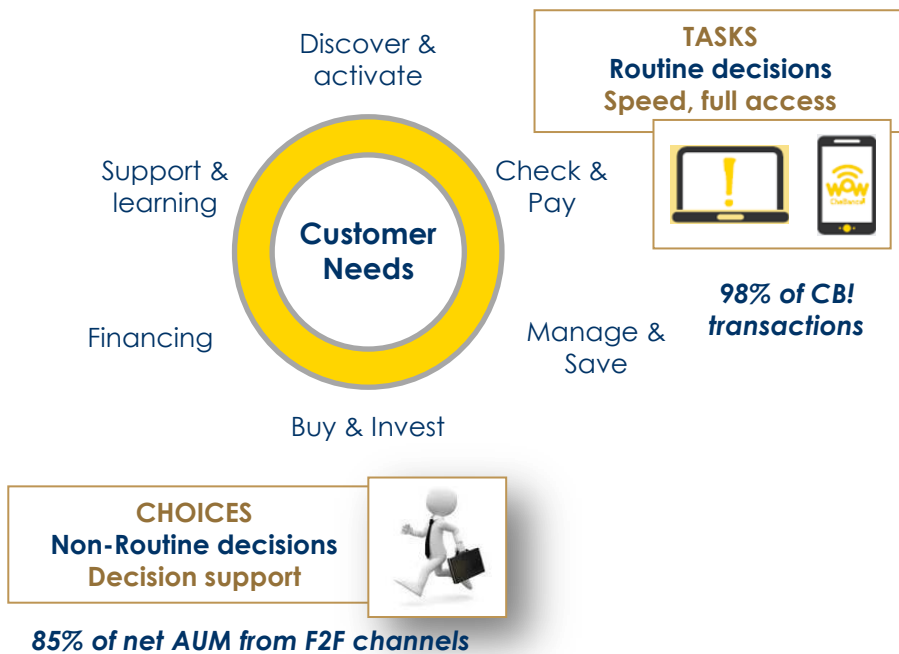
CHEBANCA! RESPONSE: «THE HUMAN DIGITAL BANK»

Divisional action plan. CheBanca! (WM)

Section 3C

CheBanca! clients already looking increasingly for “multichannel journey” ...

... and in the near future a higher % of advice seekers will shift towards digital-based advice¹



CheBanca! enjoys sizeable “first mover advantage”
Already Omni-channel - Mainly digital

NEXT 3Y IN CHEBANCA! EXPLOITING OPTION VALUE

Divisional action plan. CheBanca! (WM)

Section 3C

In next 3Y CheBanca! aims to fully exploit its **OPTION VALUE**,
significant earnings growth (g) associated with low volatility,
embedded in the innovative, digitally enabled, distribution platform.
The question is “when”, not “if” customer habits will shift more clearly toward digital

OBJECTIVES

Grow fast with low volatility
Visible at MB group level

On top of innovation for
distribution, advisory tools

Get scale, incl. through M&A,
leveraging on brand and
sector consolidation

ACTIONS

1

Build a wealth sales force in
order to serve large customer
base better (800,000)

2

Execute
Barclays integration

3

Confirming
digital leadership

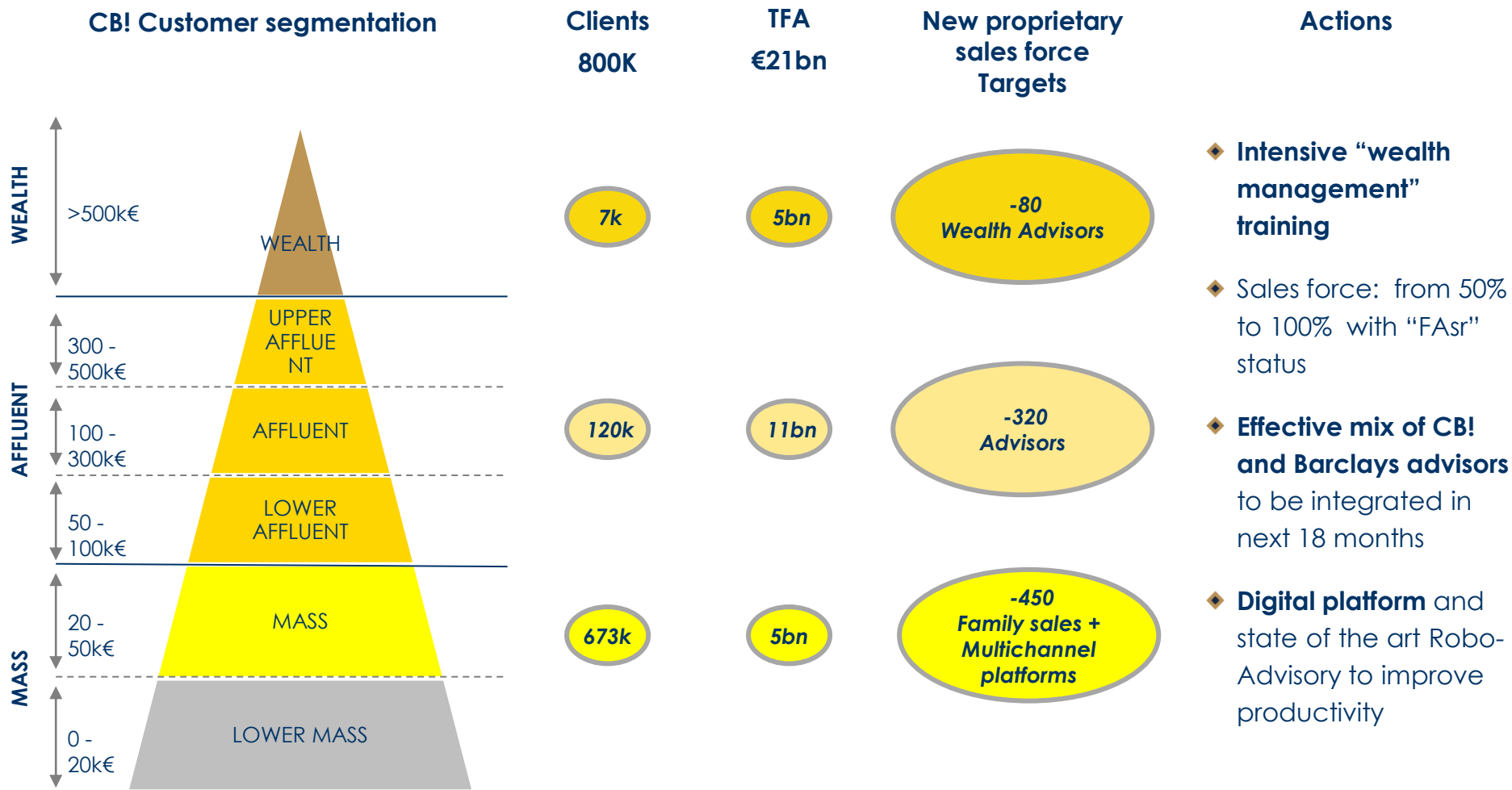
BUILD WEALTH SALES FORCE, IN ORDER TO SERVE LARGE CUSTOMER BASE BETTER. PROPRIETARY AND...

1

3

Divisional action plan. CheBanca! (WM)

Section 3C

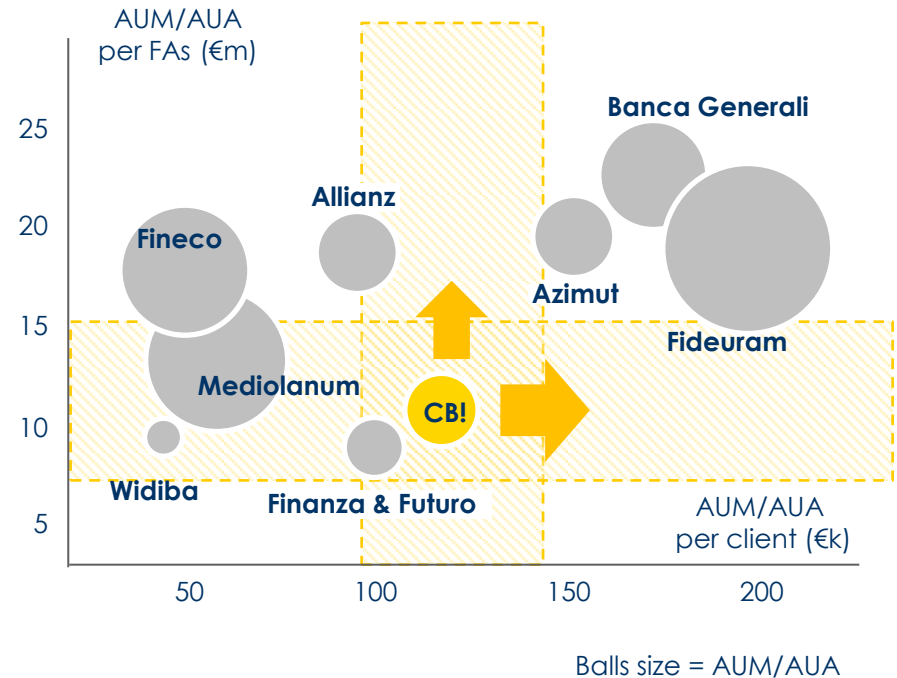
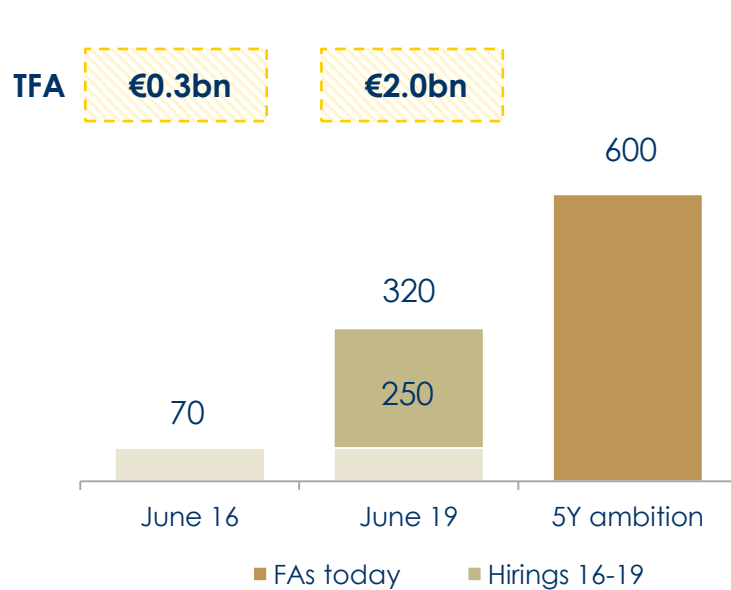


...FAS NETWORK: VISIBLE IN SIZE, INNOVATIVE IN CLIENTS RELATION

Divisional action plan. CheBanca! (WM)

Section 3C

CheBanca! Financial Advisors network set up, trend and positioning

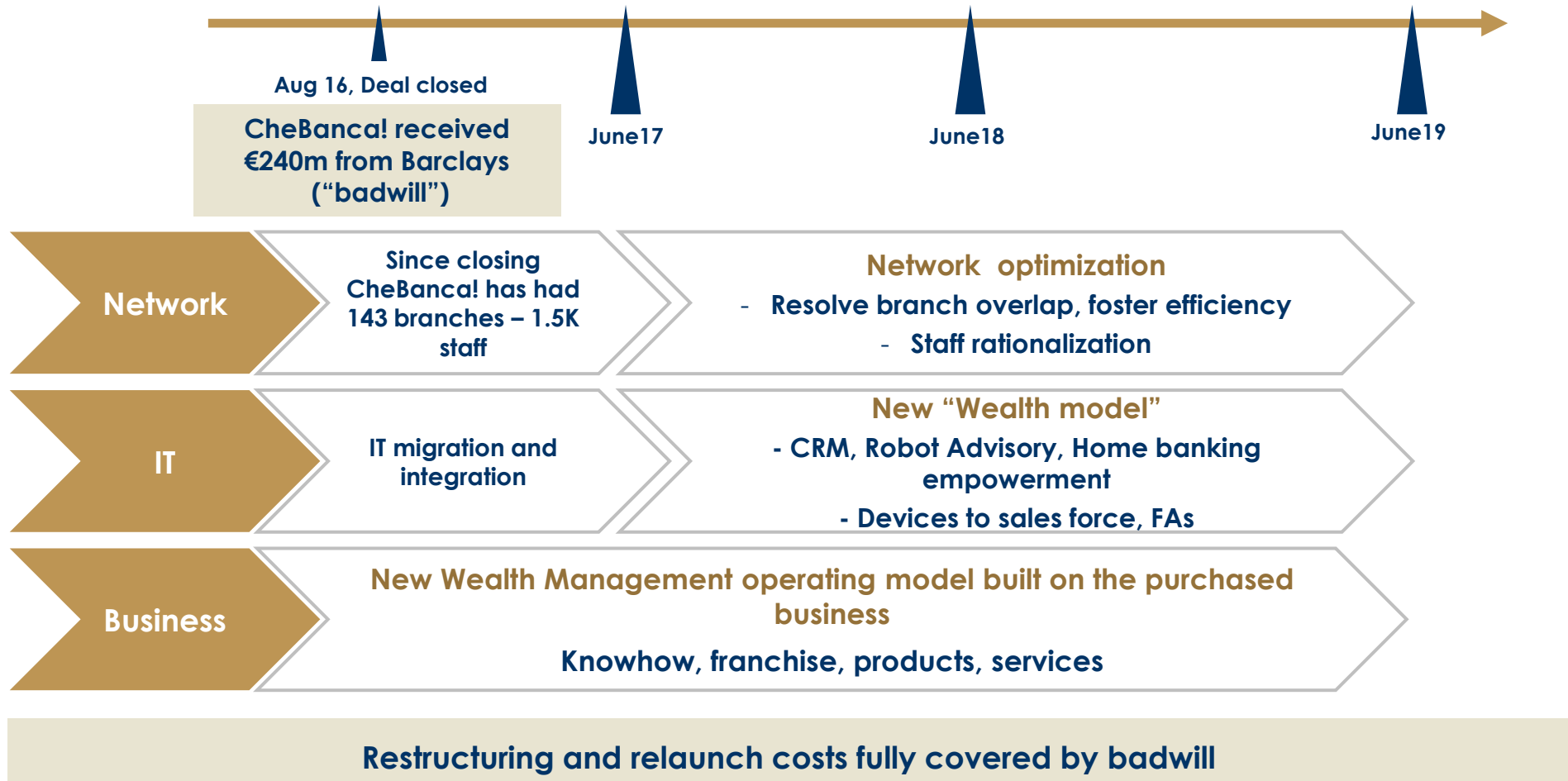


- ◆ KPIs of new FAs: fair and transparent with customers, technologically supported
- ◆ Relaunch of existing Barclays FAs network (70 FAs) plus strong recruitment

INTEGRATING BARCLAYS REAPING THE BENEFITS OF THE TRANSACTION

Divisional action plan. CheBanca! (WM)

Section 3C



PRIVATE BANKING

Section 3C



NEXT 3Y IN PRIVATE BANKING A DEFINITELY DIFFERENT OFFERING

Divisional action plan. Private (WM)

Section 3C

In the next three years we want substantially reshape our presence in Italian Private Banking.

Now that the governance issues in Banca Esperia have been resolved, the bank will be rebranded and major synergies exploited within the Group on both the Mid-Corporate and WM side

OBJECTIVES

**Build up
Mediobanca Private Banking**

**SPAFID
Multi Family Officer &
Corporate Services operator**

**CMB
Leverage
presence in Monaco**

ACTIONS

**Banca Esperia
Integrate, rebrand,
launch new offering**

**Empower positioning
becoming a clear leader in
the market**

**Consolidation in local market
More integrated in AM Group
production platform**

ITALIAN PRIVATE BANKING MARKET

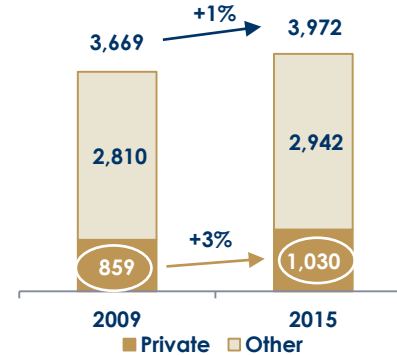
Divisional action plan. Private (WM)

Section 3C

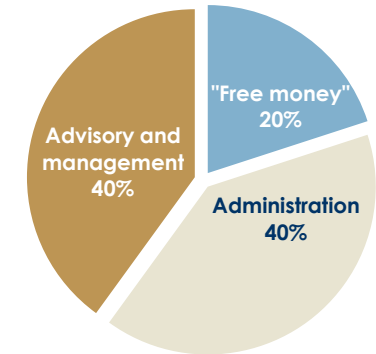
MARKET

- ◆ **GROWING:** in last 5Y Private Banking has grown 3 times faster than total family wealth, due mainly to liquidity events such as company disposals
- ◆ **UNDER EXPLOITED:** ≈ 20% of private wealth (i.e. €230bn) "avoids" Private Banking services, approx. 40% (€400bn) under administration mandates only

Private wealth: +3% (6Y CAGR) with stable GDP (nominal value: +0.3%)



Only 40% of Private wealth is under advisory/management mandate



COMPETITION

- ◆ **COMPETITION:** international players partially exiting Italian market to increase focus on emerging markets (higher growth and interest rates than in the EU)
- ◆ **CONSOLIDATION:** size is critical for sustainability and many banking operators are restructuring

- ◆ *Merrill Lynch – BofA: PB Italian operations closed (Oct. 2014)*
- ◆ *Barclays Wealth & Investment Management: all Italian operations closed*
- ◆ *Morgan Stanley: PB EMEA sold to Credit Suisse (2013)*
- ◆ *Credit Suisse: upper affluent business sold to Banca Generali*

PB & IB - STRONG FIT

Divisional action plan. Private (WM)

Section 3C

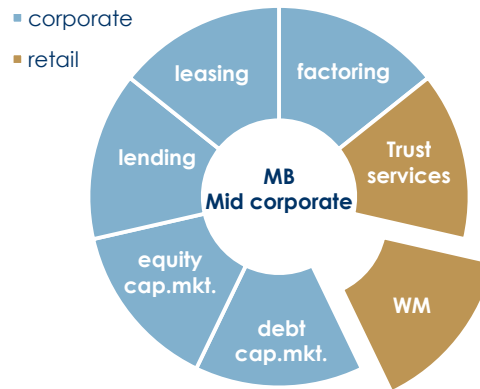
Positioning

Most of the banks specialized in wealth management to high-end customers also perform investment banking activities



Products

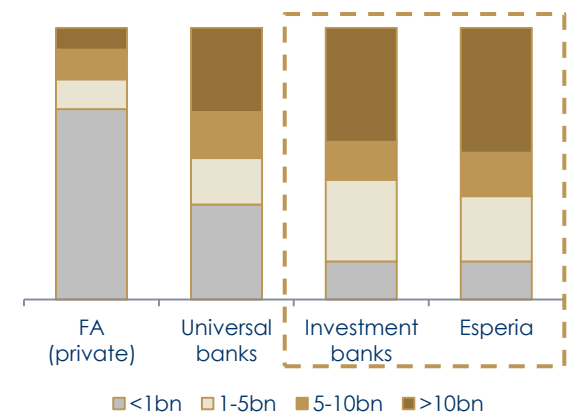
Wealth management services to be integrated in the offering to entrepreneurs to increase origination efficiency and loyalty (one stop shop)



Customers

Banca Esperia client asset composition and client distribution profile highly consistent with investment banking features

Asset distribution by wealth cluster



New entity, rebranded and with new governance, ready to
 improve offer
 attract talent
 aggregate other players

BANCA ESPERIA – NOW FULLY (100%) CONTROLLED INTEGRATE, REBRAND, LAUNCH NEW OFFERING

Divisional action plan. Private (WM)

Section 3C

**Fully exploit strengths and potential
within MB Group**

Deliver synergies

STRENGTHS

**Privileged
positioning in
upper-end,
UHNWI segment**

- ◆ 70% of AUM (or €12bn) by Private clients, of which
 - ◆ UltraHNWI¹: 55% of AUM (>€5m)
 - ◆ Premier clients: 15% of AUM
- ◆ 30% of AUM (or €5bn) by Institutional clients

**Valuable
franchise**

- ◆ Distribution: 75 bankers and 11 branches
- ◆ Staff: 260

WEAKNESSES

Inefficient scale

- ◆ Small in size (€17bn AUM) with high cost/income ratio
- ◆ Asset manager capabilities not fully saturated

**Business model
inconsistent**

- ◆ Sub-optimal corporate governance
- ◆ Product offering undiversified with high cost-to-serve

STRONG SYNERGIES

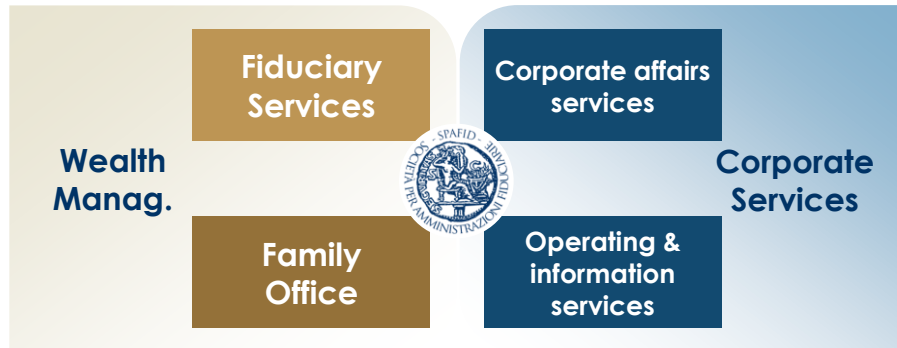
- ◆ **Revenue synergies** achievable by integrating customer offering into **CIB, Specialty Finance** and **WM**
- ◆ **Cost synergies achievable by integrating BE in MB, rationalizing legal entities and operation costs.** Preliminary estimates:
 - 20% cost synergies in 3Y
 - 15% restructuring costs (first 2Y)

SPAFID

A BRIDGE BETWEEN PRIVATE & CORPORATE

Divisional action plan. Private (WM)

Section 3C



Unique integrated administration platform serving:

- ◆ **Private:** from fiduciary services to multi-family office
- ◆ **Corporate:** from shareholders & bondholders corporate books management to integrated offer of corporate affairs and information services

OBJECTIVES

Obtain scale via M&A and organic growth (B2B commercial model)

Independent multi-family office: role-based, risk management-driven

Issuer services (from IPO to delisting) for legal formalities & operational needs

ACTIONS

Fast track to CIB services

Set up advisory platform with limited number of focused hirings

Enhance corporate service proprietary IT platform with issuer web-based services

COMPAGNIE MONEGASQUE DE BANQUE FEED CONSISTENT AND PROFITABLE BUSINESS

Divisional action plan. Private (WM)

Section 3C

MARKET

- ◆ **Increasing attractiveness of Monaco** (expected to exit blacklisted countries)
- ◆ **Relevant players (i.e. Credit Suisse, HSBC) abandoning the arena**
- ◆ **Opportunities linked to increasing wealth**

CMB

- ◆ **Longstanding presence in Monaco. Top 5 ranking**
- ◆ **Diversified customer base** with focus on Monaco residents (>50% of total)
- ◆ **Comprehensive product offering**
- ◆ **Solid balance sheet, ROAC 25%**

In next 3Y CMB aims to strengthen its top-five positioning in Monaco by leveraging on its valuable customer base and exploiting Group synergies

OBJECTIVES

Strengthen positioning in Monaco

Enhance efficiency

Exploit Group synergies

ACTIONS

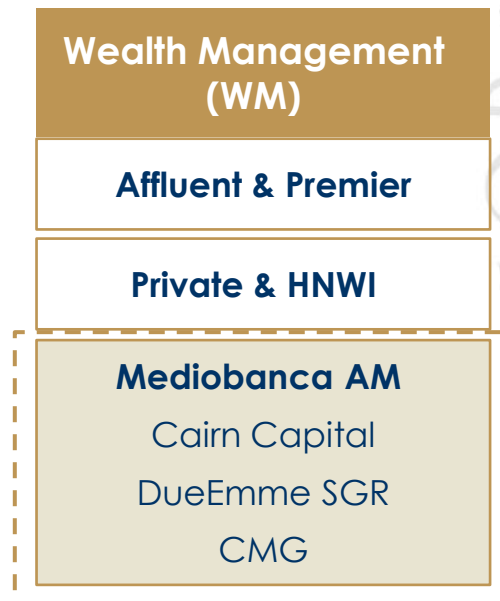
Integration of recently acquired client portfolios
Small opportunistic acquisitions

New IT and operating platform
Cost discipline

Cross selling within WM division
AM factory rationalization

MEDIOBANCA ASSET MANAGEMENT

Section 3C



NEXT 3Y IN MEDIOBANCA AM

SET UP AN EFFICIENT AND SPECIALIZED GROUP AM FACTORY

Divisional action plan. MB AM (WM)

Section 3C

In next three years we want to develop Mediobanca's Asset Management factory
focusing on specialized capabilities
and able to serve customers and increase AUM and WM profitability

OBJECTIVES

Leverage on Mediobanca brand and existing capabilities in AM space

Serve retail and institutional MB Group sales network leveraging on new technology

Increase AUM and WM profitability

ACTIONS

Optimize existing structures

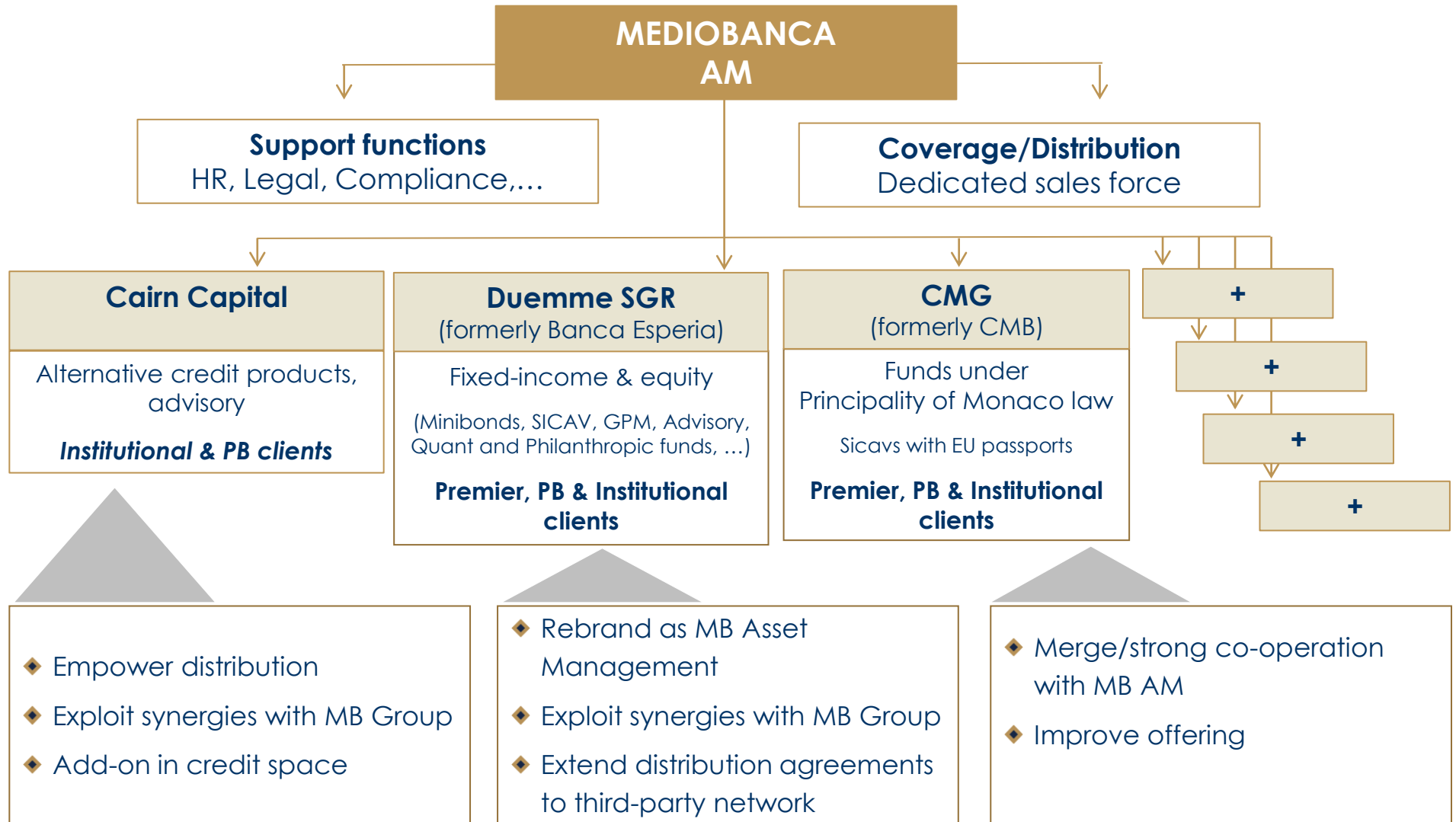
Attract talents and managers

Invest in new asset classes

MEDIOBANCA ASSET MANAGEMENT

Divisional action plan. MB AM (WM)

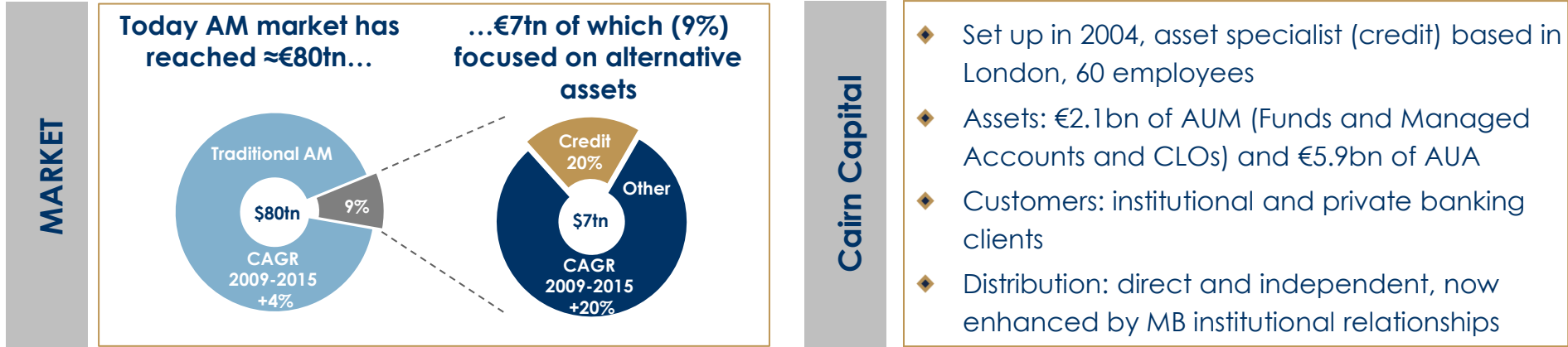
Section 3C



CAIRN CAPITAL - ALTERNATIVE AM CONTINUE BUILDING

Divisional action plan. MB AM (WM)

Section 3C



**In next 3Y Cairn Capital/Alternative AM division aims
to carry forward MB acquisition strategy
in alternative AM while increasing Cairn Capital AuM size**

OBJECTIVES / ACTIONS

**Launch of new funds and SMAs,
coupled with new CLOs issue**

Discretionary AuM growth

**Joint analysis with MB on Real Estate
NPLs fund feasibility**

**Enhance marketing structure to
increase distribution capabilities**

**Keep on screening
external growth opportunities**

WEALTH MANAGEMENT FINAL TAKEWAYS

BECOME A SIZEABLE PLAYER – EXPLOIT THE OPTION VALUE

Divisional action plan. WM

Section 3C

WM TODAY

- ◆ CheBanca! Strong positioning in the Affluent-Premier segment, at forefront of digital frontier
- ◆ Private banking: valuable presence in Italy but fragmented offering, governance issues in Banca Esperia. Strong positioning of CMB in Monaco
- ◆ Cairn: strong product capabilities, track record
- ◆ TFA: €57bn, ROAC 8%

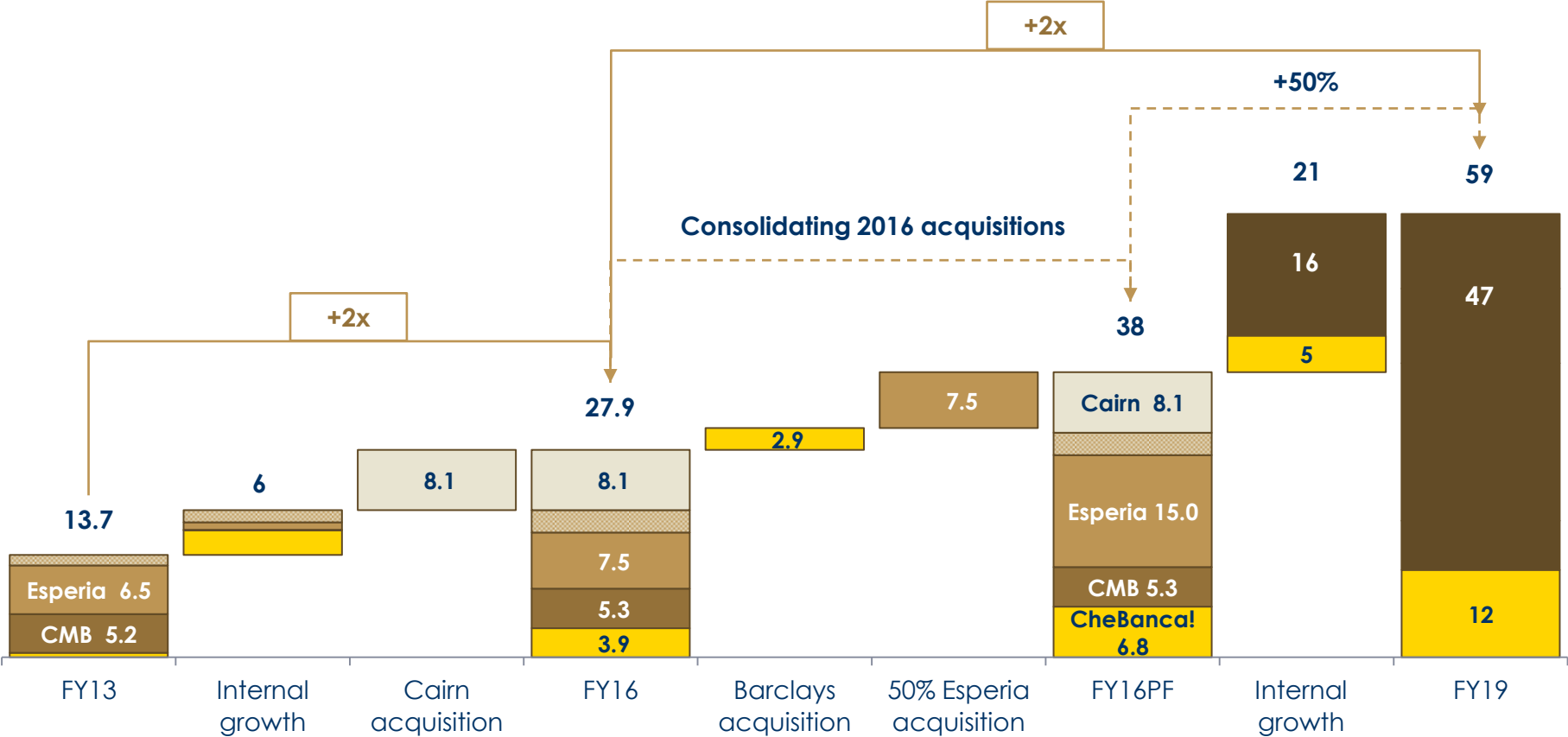
WM 2019 STRATEGIC GOALS

- ◆ Leverage on existing and new customer base, extracting synergies from Barclays and Banca Esperia acquisition
- ◆ Upgrade existing AM factories, invest in new ones
- ◆ Invest massively in distribution
- ◆ Focus on future M&A
- ◆ TFA: €79bn; ROAC: 20%

	June16PF	June19T	3Y CAGR
GOP €m	50	140	+40%
TFA €bn	57	79	+12%
AUM/AUA €bn	38	59	+15%
of which CheBanca!	7	12	+18%
RWA €bn	6	6	-
ROAC	8%	20%	+12pp

STRONG TREND IN ASSETS LIKE IN LAST 3Y, SET TO DOUBLE AGAIN IN NEXT 3Y

MB Group AUM/AUA trend (€bn)



PRINCIPAL INVESTING

Section 3D

**Principal Investing
(PI)**

Principal Investing

Ass. Generali

AFS stake ptf

NEXT 3Y IN PRINCIPAL INVESTING

KEEP DELEVERAGING

Divisional action plan. PI

Section 3D

In next three years we want to reduce further capital allocated to the Principal Investing division
reallocating redeployed capital into banking and being efficient in terms of regulation
Targeting double-digit ROAC

OBJECTIVES

Continue disposal process

Optimize capital

Value management

ACTIONS/TARGETS

€1.3bn BV disposals

- AG stake from 13% to 10%
- €0.6bn AFS stake disposals

**RWA reduction
from €7bn to €2bn**

**GOP¹ reducing to €225m
Contribution to Group GOP halved
ROAC target 12%**

HOLDING FUNCTIONS

Section 3E

Holding Functions

Group ALM & Treasury

Leasing

NEXT 3Y IN HOLDING FUNCTIONS KEEP OPTIMIZING

Divisional action plan. HF

Section 3E

In next 3y we want to reduce capital allocated to Holding Function and definitely exhaust negative flows related to legacies of the crisis and increased regulation

OBJECTIVES

Treasury / ALM
Reduce absorbed capital
Improve NII

Leasing
Continuing ordered deleverage
and refocusing
New production supporting
MidCaps platform

Central costs
Keep efficiency

ACTIONS/TARGETS

Market risk RWA optimization
Exhausting expensive bond stock

RWA down €0,9bn
GOP from €(180)m to €(110)m

Special project costs normalizing
(ie internal models validation,...)

AGENDA

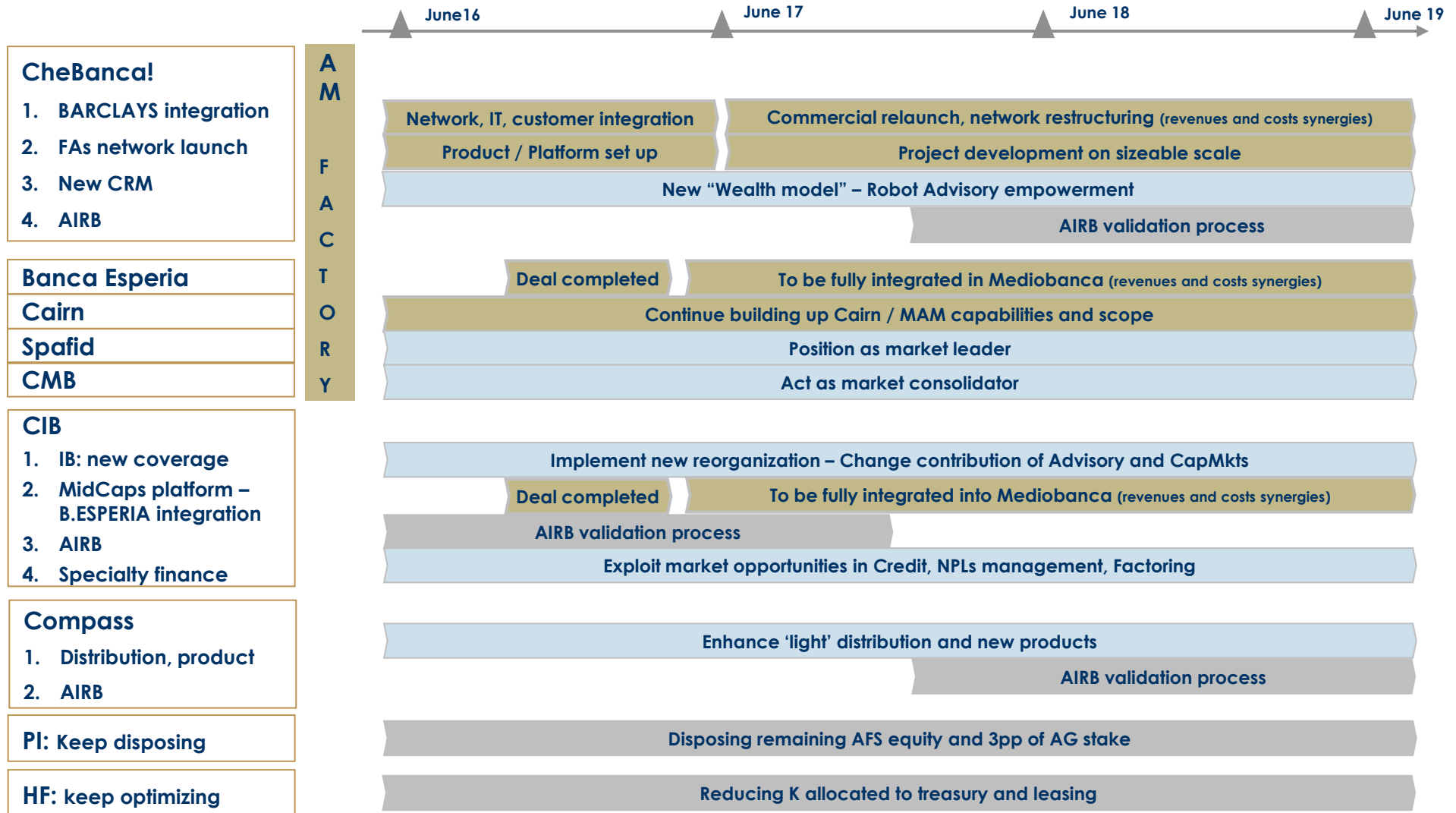
1. Leveraging on our strengths
2. Strategic ambitions
3. Divisional action plan
4. Group targets

Annexes



MEDIOBANCA

PLAYING SEVERAL NEW PROJECTS IN 3 KEY AREAS...

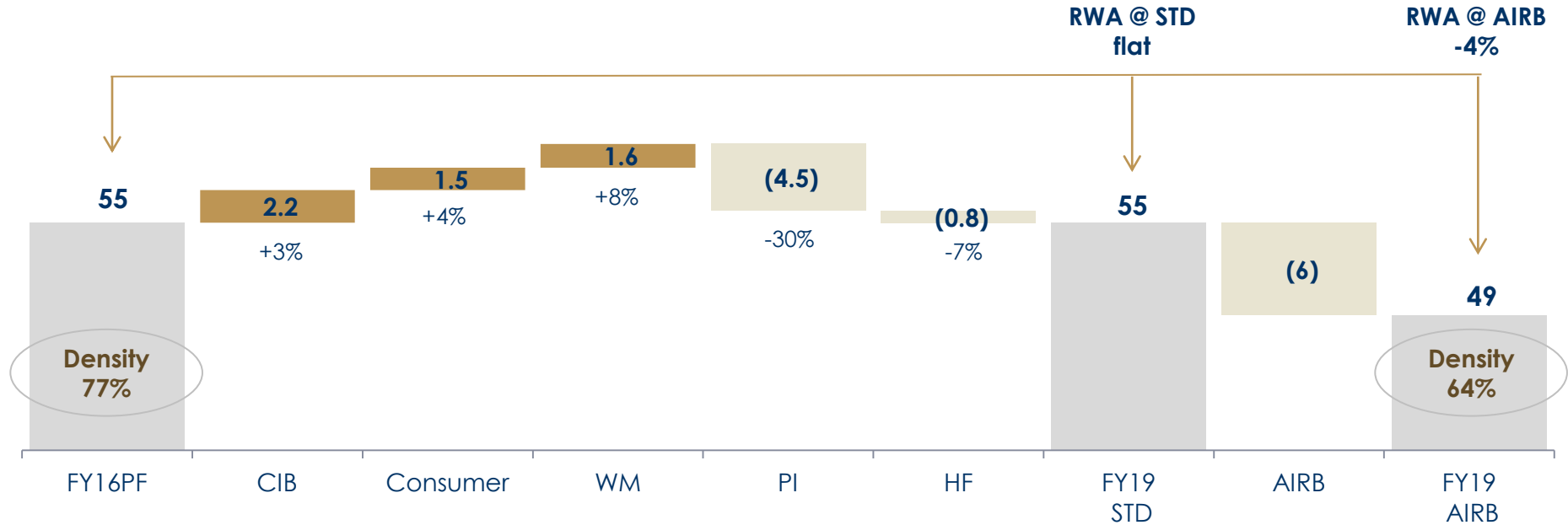


...AND WITH EFFECTIVE RWA MANAGEMENT...

Group targets

Section 4

3Y MB Group RWA trend by division (€bn, 3YCAGR %)



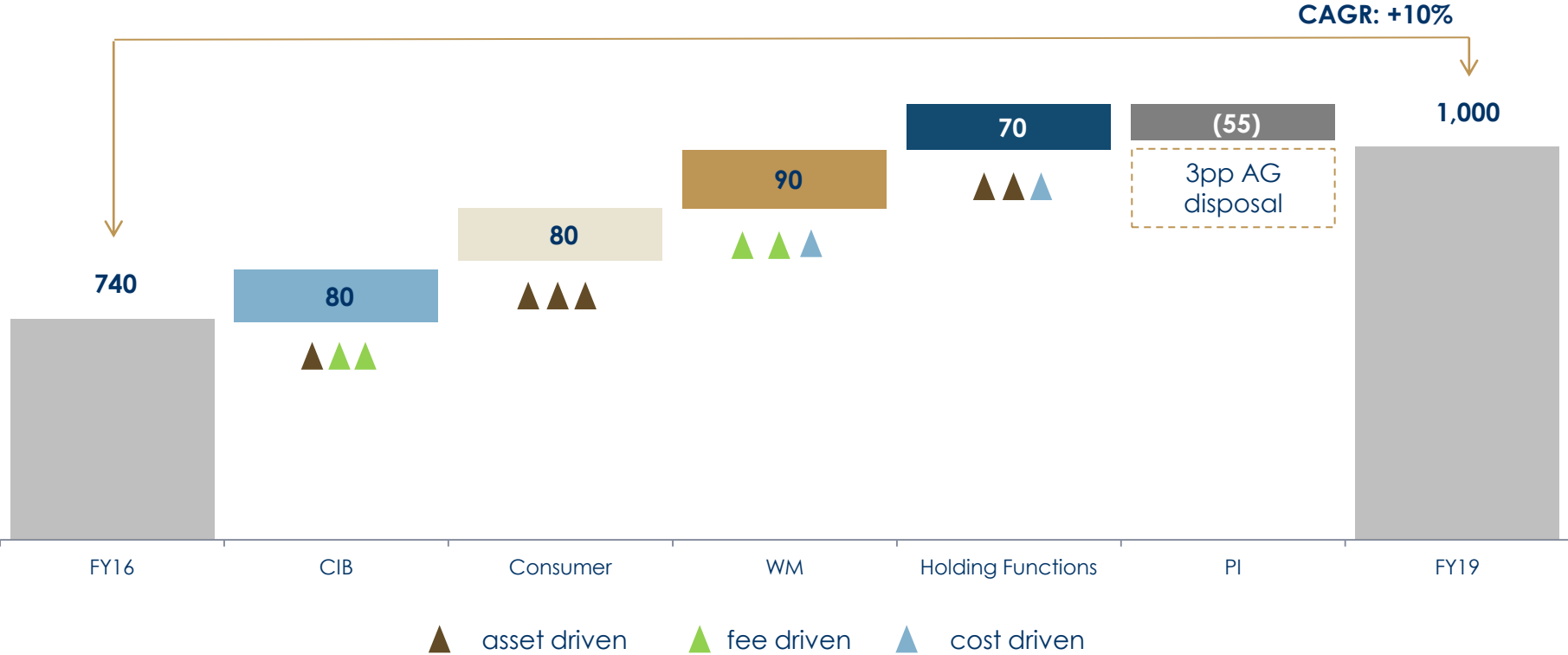
- ◆ Organic growth (in CIB, Consumer and WM) financed by optimization in PI and HF (at STD)
 - ◆ PI: down due to AG 3pp disposal and full deduction (now 50% deducted)
 - ◆ HF: further leasing and treasury market risk optimization
- ◆ AIRB model adoption, unfrozen additional capital

...WILL GENERATE MATERIAL GROWTH IN GOP...

Group targets

Section 4

3Y MB Group GOP net of risk trend by division (€m)



◆ Execution risk mitigated by sound diversification efforts in terms of

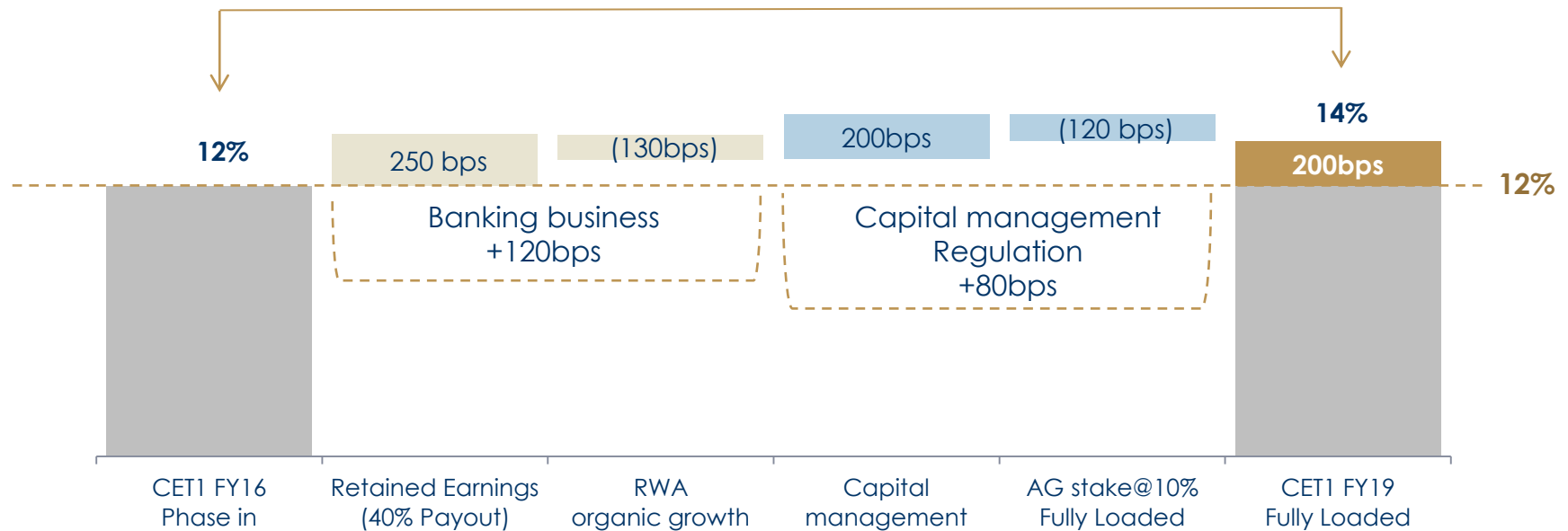
- split between divisions
- asset/fee driven businesses
- existing and new initiatives

...AND STRONG CAPITAL GENERATION. CET1 AT HIGH LEVEL, BUFFER FOR M&A AND DISTRIBUTION

Group targets

Section 4

MB Group 2016/19 CET1 evolution (% and bps)



- ◆ Organic growth (absorbing 130bps) more than financed by internal capital generation (250bps)
- ◆ Capital management (internal optimization and AIRB validation) creating additional 200bps
- ◆ CET12019 expected to be ~14%, 200bps above CET1FL target of 12%: 200bps of buffer created
- ◆ CET1 ratio target of 12% is 300bps above current regulatory requirement (SREP 2015 = 8.75%)

GROUP TARGETS

Group targets

Section 4

Rationale	Group	FY16	FY19E
Boost growth (GOP 3YCAGR +10%)	GOP after LLPs	€ 0.7bn	€ 1.0bn
completing equity disposals	Equity stake in AG	13%	≤10%
preserving cost efficiency and superior asset quality	CoR	115bps	105 bps
Improve profitability and value	Banking ROAC	5%	12%
with banking activities development	ROTE	7%	10%
enhancing solidity (€1bn BV created)	Totale BV	€8bn	€9bn
Optimize capital use, allocation and distribution	RWA	€55bn	€49bn
- RWA flat at STD, down 4% including AIRB benefits	CET1 FL	12%	14%
- CET1 well above regulatory requirement	Capital buffer	-	200bps
(by 300bps now & 500bps in FY19)	Ordinary Payout	40%	40%
coupled with high leverage ratio	Total Capital	15%	18%
- Capital buffer: up to 200bps for M&A or distribution	Leverage ratio	10%	9%

DIVISIONAL TARGETS

Group target

Section 4

	CIB			CONSUMER			WEALTH MANAGEMENT		
€bn	June16	June19T	3YCAGR	June16	June19T	3YCAGR	June16	June19T	3YCAGR
GOP¹ €m	350	430	+7%	245	330	+10%	50	140	+40%
Loans	15	18	+6%	11	13	+5%	10	12	+8%
RWA	27	25	-3%	11	12	+3%	6	6	-
CoR	25bps	45bps	+20bps	330bps	270bps	-60bps	20bps	20bps	-
AUM/AUA							38	59	+15%
ROAC²	9%	13%	+4pp	16%	20%	+4pp	8%	20%	+12pp
	PRINCIPAL INVESTING ³			HOLDING FUNCTIONS			TOTAL GROUP		
€bn	June16	June19T	3YCAGR	June16	June19T	3YCAGR	June16	June19T	3YCAGR
GOP¹ €m	280	225	-7%	(180)	(110)	+15%	740	1,000	+10%
Loans				2.5	2.0	-7%	38	45	+5%
RWA	7	2	-31%	4	3	-7%	55	49	-4%
ROAC²	17%	12%	-5pp	Neg.	Neg.		ROTE 7%	10%	+3pp

FINAL TAKEAWAYS

Group targets

Section 4

Mediobanca has emerged stronger after the crisis.

We have outperformed many EU banks due to
distinctive DNA, sound business positioning and ability to adapt the business model while growing

The current tough environment requires new competitive skills
but also **creates substantial opportunities for already strong** and well-positioned **banks**

In the next three years we want to **accelerate the business model reshaping,**
in specialized-high margins banking businesses, growing consistently (both organically and through M&A),
improving capital allocation and with an outstanding balance-sheet content

We will hence benefit from a more valuable business model
for income and capital generation, diversification, efficiency, profitability
so to position

MEDIOBANCA

A LONG-TERM VALUE PLAYER

ANNEXES

1. **Macro assumptions**
2. **A&L section**
 - Loans: growing in stock, decreasing in density
 - Funding
3. **Restatements**
 - MB Group 2016 pro forma
 - Business unit restatements



MACRO ASSUMPTIONS

Annex 1

Macro Scenario

Baseline growth/inflation rate (%)		Country	2016	2017	2018
Real GDP	RDGP	Italy	1.5	1.4	1.7
		France	1.4	1.7	1.6
		Netherlands	2.1	2.3	1.4
		Germany	1.9	1.9	1.6
		Spain	2.7	2.4	2.0
		UK	2.4	2.2	1.2
		USA	2.8	2.7	2.6
Equity Price	(All Index) (All Country)		1.0	1.0	1.0
Consumer price index	HICP	Italy	1.0	1.9	2.8
Comm. property Index	CRE	Italy	2.1	3.8	5.0
House Price Index	HPI	Italy	2.0	4.1	5.9

Baseline rate (percentages)		Country	2016	2017	2018
10-Y sovereign bond yields		Italy	1.8	2.0	2.1
Unemployment rate		Italy	11.8	11.6	11.3
		USA	9.2	8.9	8.9

Market Rates EURO

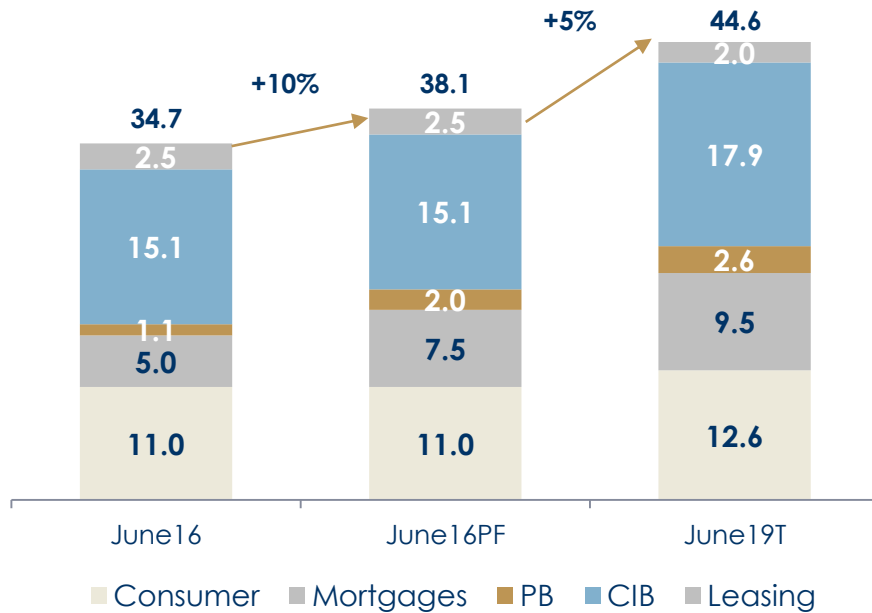
Puntual	Jun16	June17	June18	June19
Eur 1M	(0,36)	(0,35)	(0,15)	0,22
Eur 3M	(0,29)	(0,25)	(0,05)	0,25
Eur 6M	(0,18)	(0,16)	0,04	0,52
Eur 12M	(0,05)	(0,02)	0,30	0,80
IRS 2Y	(0,22)	0,06	0,49	1,10
IRS 5Y	(0,10)	0,30	0,88	1,50
IRS 10Y	0,39	1,10	1,70	2,10
IRS 30Y	0,83	1,50	1,90	2,20

Average	June16	June17	June18	June19
Eur 3M	(0,13)	(0,27)	(0,18)	0,05
Eur 6M	(0,05)	(0,17)	(0,09)	0,23
Eur 12M	0,07	(0,01)	0,18	0,63
IRS 2Y	(0,05)	(0,07)	0,27	0,85
IRS 5Y	0,22	0,12	0,60	1,20
IRS 10Y	0,82	0,78	1,44	1,89
IRS 30Y	1,38	1,19	1,78	2,13

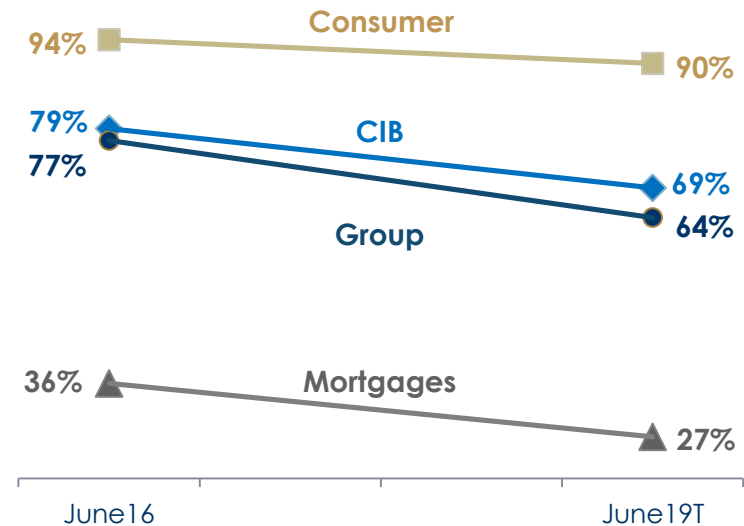
LOANS: GROWING IN STOCK, DECREASING IN DENSITY

Annex 2

Major trends (3YΔ in €bn, % as 3YCAGR)



RWA density trend (RWA/Asset)

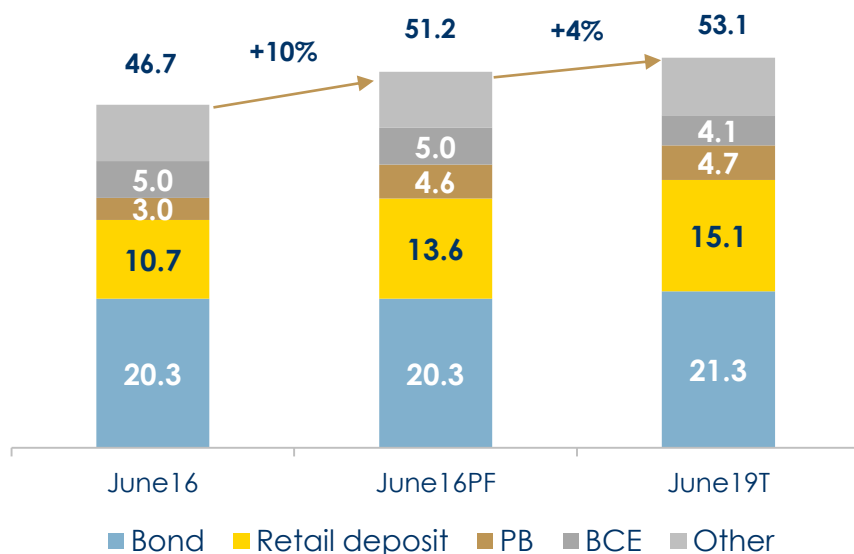


- ◆ **Loan book up 5%** (3YCagr, or Δ+6.5bn) **driven by less RWA-intensive and more profitable products** (mortgages and consumer) and **by new CIB market opportunities** (CMS and Specialty Finance)
- ◆ **Corporate lending:** no deterioration of rating mix, margin flat, moderate loans growth (+3% or Δ+1.3bn)
- ◆ **Consumer lending:** moderate loans growth (Δ+1.6bn or +5% vs. +6% last 3Y), lower than market (+14% in 2015 and +20% in IH16)), portfolio remix toward less risky products
- ◆ **Mortgages:** material growth (Δ+2.0bn or +8%) at flat marginality due to enlarged CheBanca! distribution capability
- ◆ **AIRB savings:** first internal prudent estimate on large corporate, consumer credit and mortgage portfolios

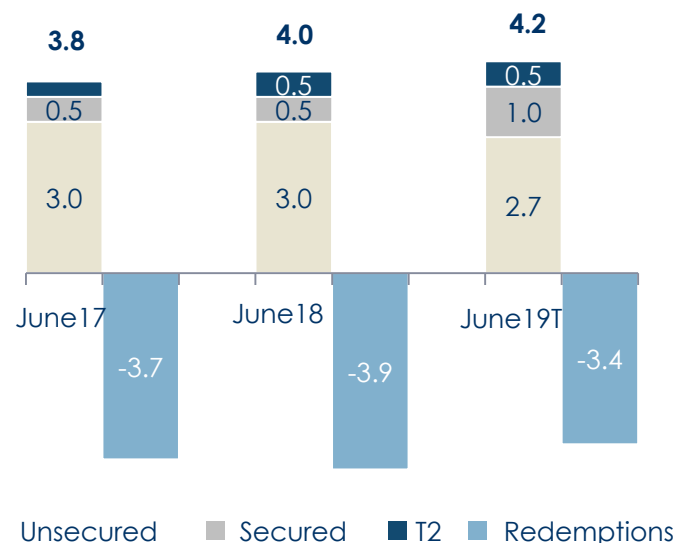
FUNDING AND NEW ISSUES

Annex 2

Funding trend (€bn)



New issue and redemption volumes (€bn)



◆ **Group funding up 4% at 53bn with different mix,** coherent with the hypothesis of growing interest rates and less expansive ECB monetary policy

- ◆ ECB down from 11% to 8% of total
- ◆ Deposits (CBI+PB) up from 29% to 37%
- ◆ Bonds down from 43% to 40%

◆ **MB bond annual flows: €3/4bn expiring, replaced by ~€4bn new issues**

- ◆ 80% institutional, 20% retail, assuming high protection of retail bond holders
- ◆ 75% senior unsecured, 15% secured, 10% T2

MEDIOBANCA GROUP FY16PF

Annex 3

FY16 (12 months) €m	FY16 Stated¹	Barclays Italia 12m	Esperia 100%	Cairn 12m	FY16 Pro Forma
Revenues	2,047	90	82	20	2,237
- <i>NII</i>	1,207	60	12		1,279
- <i>Fees</i>	450	30	60	20	560
- <i>Trading</i>	133	0	10		143
- <i>Equity method</i>	257		(2)		255
Costs	(892)	(90)	(72)	(20)	(1074)
- Labour	(441)	(45)	(44)	(10)	(540)
- Administrative	(451)	(45)	(28)	(10)	(534)
LLPs	(419)	0	0	0	(419)
GOP risk adjusted	736	0	8	0	744
Loans	34.7	2.5	1		38.1
AUM/AUA	27.9	2.9	15.0	8.1²	38.2
RWA	53.9	0.9	1.3		55.4

- 1) FY16 stated includes: 6m of Cairn, 50% of Banca Esperia at equity method
- 2) Already included as at June 16.



CIB RESTATEMENT

Annex 3

CIB - OLD

WB

Client Business

- ◆ Lending
- ◆ Advisory
- ◆ Capital markets

Non Client Business

- ◆ Treasury & ALM
- ◆ Trading desks

Private Banking

- ◆ 50% Banca Esperia
- ◆ CMB
- ◆ Spafid
- ◆ Cairn Capital

FY16 - €m	TOT	WB - old	PB
Revenues	640	500	140
Costs	(410)	(300)	(110)
LLPS	(30)	(30)	-
GOP risk adj	200	170	30
Net profit	130	100	30
C/I ratio	64%	60%	80%
RWA - bn	30	28	2
ROAC (@8%RWA)	5%	4%	17%

CIB - CURRENT

WB

Client Business

- ◆ Lending
- ◆ Advisory
- ◆ Capital markets

Non Client Business

- ◆ Trading desks

Specialty Finance

- ◆ Credit management
- ◆ Factoring

FY16 - €m	TOT	WB - new	SF
Revenues	625	570	55
Costs	(240)	(210)	(30)
LLPs	(35)	(30)	(5)
GOP risk adj	350	330	20
Net profit	220	205	15
C/I ratio	38%	37%	50%
RWA - bn	27	26	1
ROAC (@9%RWA)	9%	9%	24%

CONSUMER BANKING RESTATEMENT

Annex 3

CONSUMER - OLD

Consumer Lending

Specialty Finance

- ◆ Credit management
- ◆ Factoring

FY16 - €m	TOT	CONSUMER	SF
Revenues	925	870	55
Costs	(300)	(270)	(30)
LLPs	(360)	(355)	(5)
Net profit	170	155	15
RWA - bn	12	11	1
C/I ratio	32%	31%	50%
CoR	315bps	330bps	90bps
ROAC (@8%RWA)	19%	18%	27%

CONSUMER - CURRENT

Consumer Lending

FY16 - €m	TOT	CONSUMER
Revenues	870	870
Costs	(270)	(270)
LLPs	(355)	(355)
Net profit	155	155
RWA - bn	11	11
C/I ratio	31%	31%
CoR	330bps	330bps
ROAC (@9%RWA)	16%	16%

WEALTH MANAGEMENT DIVISION FY16PF

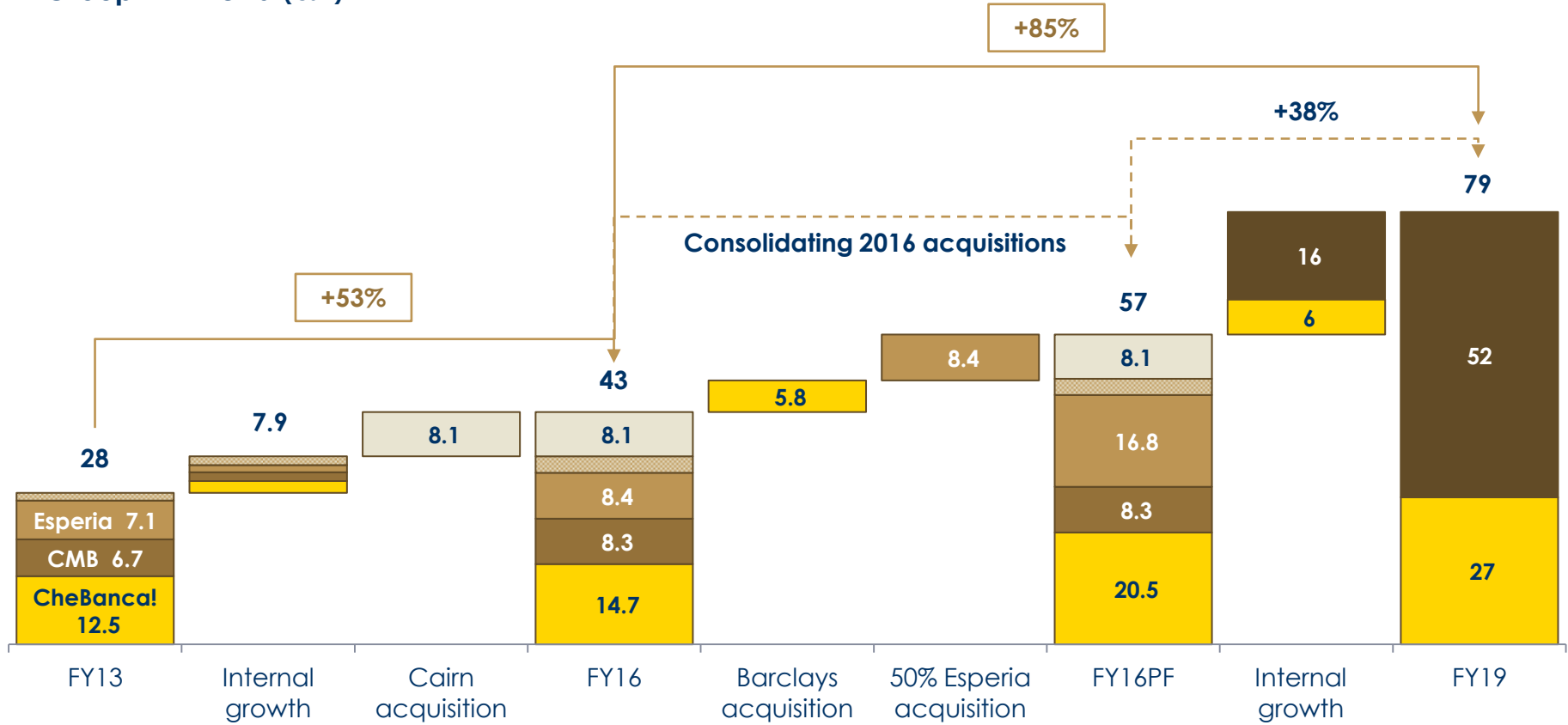
Annex 3

FY16 (12 months) €m	TOT WM	Affluent CheBanca! + Barclays Italia	Che Banca!	Barclays Italia	Private Banking	CMB	Esperia 100%	Spafid	Cairn
Revenues	475	280	190	90	195	83	80	10	20
- Net interest income	250	210	150	60	40	31	10	1	
- Fee income	205	70	40	30	135	43	60	9	20
- Trading income	20	0	0	0	20	9	10	0	
Costs	(405)	(250)	(160)	(90)	(155)	(55)	(70)	(7)	(20)
GOP risk adj.	50	10	10	0	40	28	10	3	0
Net profit	40	7	7	0	33	28	4	1	0
AUA / AUM - bn	38	7	4	3	31	5	15	3	8
RWA - bn	6	3	2	1	3	1	1	-	-
C/I ratio	85%	89%	84%	100%	80%	66%	88%	70%	nm
ROAC (@9%RWA)	8%	3%	5%	0%	14%	28%	3%	nm	nm

WEALTH MANAGEMENT - TFA TREND

Annex 3

MB Group TFA trend (€bn)



HOLDING FUNCTIONS RESTATEMENT

Annex 3

Corporate Centre - OLD

Leasing

Other

- ◆ Intercompany
- ◆ Some central costs

€m	TOT	Leasing	Other
Revenues	65	55	10
Costs	(70)	(30)	(40)
LLPs	(15)	(15)	0
Net profit	(10)¹	5	(15) ¹
C/I ratio	108%	53%	nm
RWA - bn	2.2	2.2	-

Holding Functions - CURRENT

Leasing

ALM/Treasury

- ◆ Funding
- ◆ Liquidity
- ◆ AFS/HTM portfolio

Other

- ◆ Intercompany
- ◆ Some central costs
- ◆ Central direction costs

€m	TOT	ALM/ Treasury	Leasing	Other
Revenues	(5)	(70)	55	10
Costs	(160)	(30)	(30)	(100)
LLPs	(15)	0	(15)	0
Net profit	(115)¹	(70)	5	(50) ¹
C/I ratio	nm	nm	53%	nm
RWA - bn	4.2	2.0	2.2	-

WB AND HF RESTATEMENT FROM OLD TO NEW

Annex 3

Wholesale Banking Corporate & IB FY16 - €m	Wholesale Banking OLD	<u>LESS</u> ALM/ Treasury	<u>LESS</u> Central Costs	Wholesale Banking NEW	<u>PLUS</u> SPECIALTY FINANCE	CIB NEW
Revenues	500	+70		570	55	625
Costs	(300)	+30	+60	(210)	(30)	(240)
Net profit	100	+70	+35	205	15	220
C/I ratio	60%			37%	50%	38%
RWA - €bn	28	-2		26	1	27

Corporate Centre/ Holding Functions FY16 - €m	Corporate Centre OLD	<u>PLUS</u> ALM/ Treasury	<u>PLUS</u> Central Costs	Holding Functions NEW	
Revenues	65	-70		(5)	
Costs	(70)	-30	-60	(160)	
Net result	(10) ¹	-70	-35	(115) ¹	
RWA - €bn	2.2	+2.0		4.2	

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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