



MEDIOBANCA
Banca di Credito Finanziario S.p.A.

2006-2008 Business Plan

Alberto Nagel

Merrill Lynch Conference, October 2005

Contents

Section I 2003-2005 review

Section II 2006-2008 business plan



Profitability boosted

2003-2005 review

	June 2002	3Y CAGR (%)	June 2005
€ m Revenues	708	16	1,091
GOP	445	16	687
Net profit	255	28	540
€ EPS	0.3	28	0.7
DPS	0.15	47	0.48
% C/I	37		37
ROE	5		11
NPL/L	0		0



MB group repositioning

2003-2005 review

WB ⇒ leadership strengthened

- ⚡ Integrated offering of advisory, lending and capital market products
- ⚡ Market-oriented approach, customer network consolidated
- ⚡ Lending rebalanced towards structured finance
- ⚡ Proprietary activity empowered
- ⚡ Equity distribution significantly increased
- ⚡ Paris office set up and developed

EIP ⇒ new focus on value

- ⚡ Segmentation of portfolio into strategic and non-strategic stakes
- ⚡ Stakes actively managed
 - ⚡ strategic ptf NAV up 25% to € 6bn
 - ⚡ non-strategic ptf halved to € 0.9bn
- ⚡ Emphasis on profitability and dividend stream
- ⚡ Network of cross-shareholdings reduced

	June 02	3Y CAGR	June 05
Revenues	377	10	500
PBT	196	19	328
ROAC	12		14
C/I	33		29

	June 02	3Y CAGR	June 05
Revenues	79	15	118
PBT	neg.		207
RONAV	n.m.		16



MB group repositioning

2003-2005 review

RFS ⇒ healthy pace set

- ⚡ Consumer credit: market trend fully exploited with new loans CAGR 20%, outstanding loans doubled to € 2.1bn
- ⚡ Mortgage lending: new loans CAGR 30%, outstanding loans tripled to € 1.3bn
- ⚡ Leasing: real estate and shipping segment boosted, new agreements (i.e. BPV), new leases CAGR 8%

	June 02	3Y CAGR	June 05
Revenues	252	17	401
PBT	47	26	94
ROAC	17		26
C/I	42		35

PB ⇒ business set up

- ⚡ Banca Esperia (onshore)
 - ⚡ built up swiftly to reach AUM of € 7.7 bn, 8 branches and more than 2,000 customers
 - ⚡ ROE up to 19%
- ⚡ Compagnie Monégasque de Banque (offshore)
 - ⚡ fully owned since 2004
 - ⚡ AUM over € 7bn, over 12,000 customers
 - ⚡ ROE up to 13%

	June 02	3Y CAGR	June 05
Revenues			101
PBT			37
AUM € bn			10.8
ROAC			10

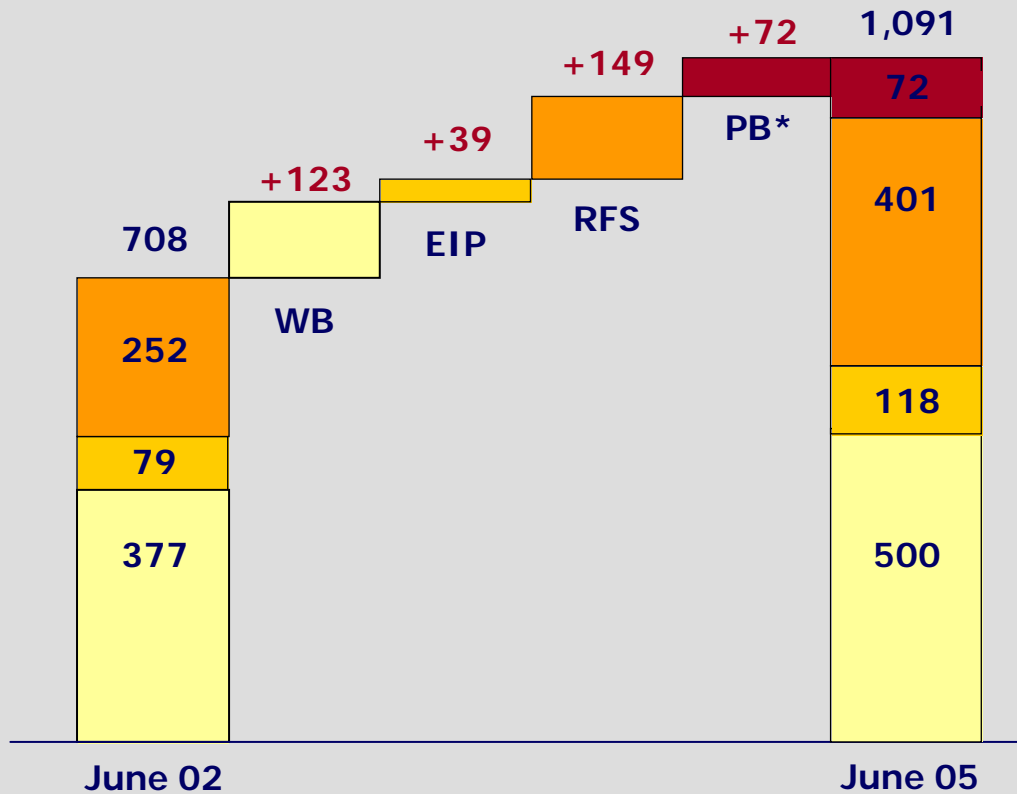


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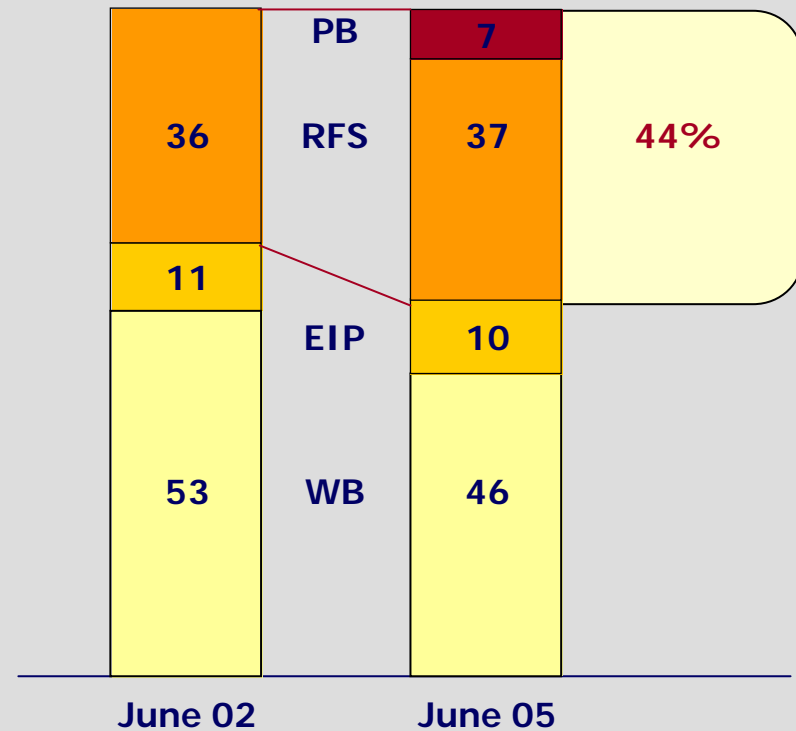
Revenue mix \Rightarrow RFS and PB up to 44%

2003-2005 review

Revenues trend (€ m)



Revenues breakdown (%)



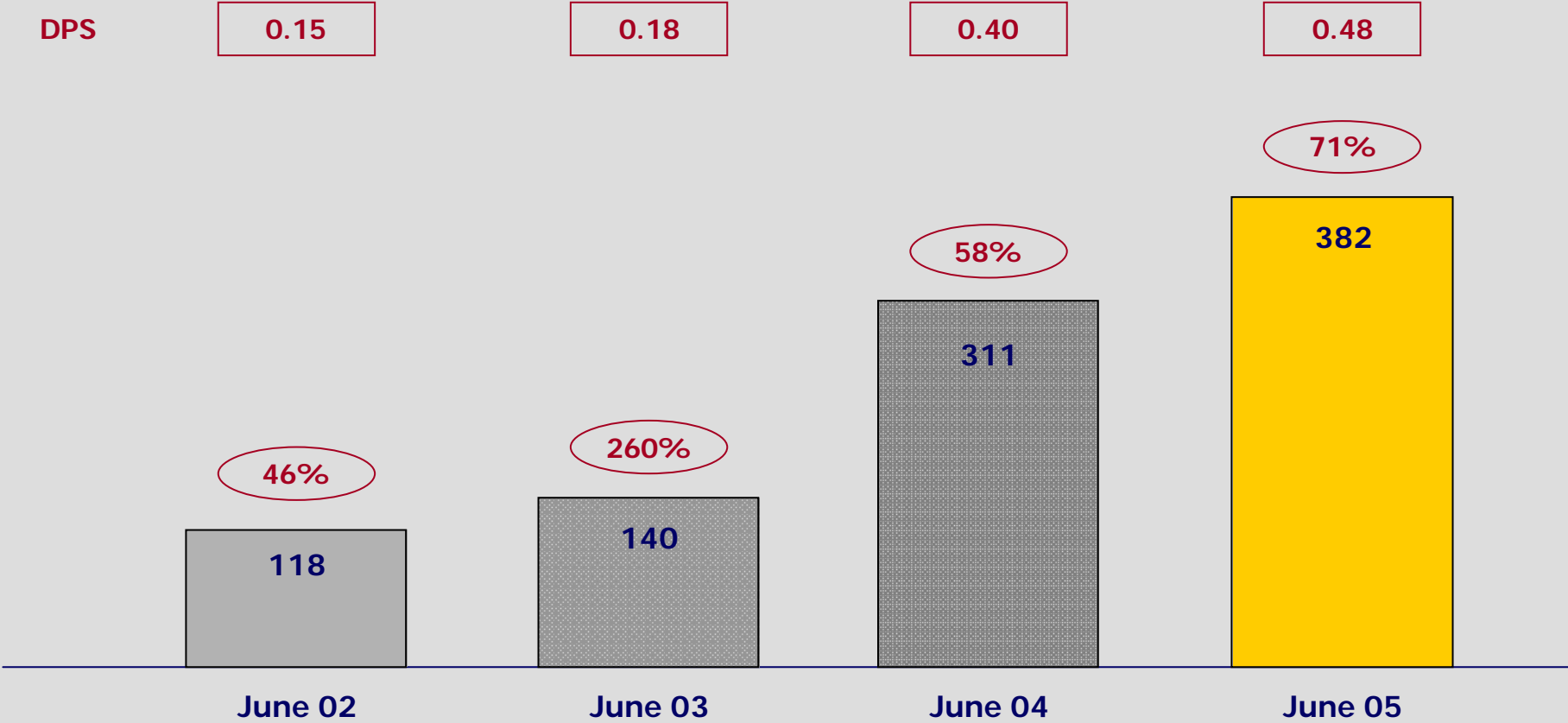
* Banca Esperia equity-accounted



Dividend policy

2003-2005 review

Total dividend (€ m), dividend per share (€) and payout trend (%)



 Payout



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Contents

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Section II 2006-2008 business plan



Mission ⇒ transition from holding company to diversified banking group

2006-2008 business plan

Strategic guidelines

Profitability and capital reallocation	Profit up 60%; capital from EIP to banking
Develop corporate banking	Increase risk-weighted assets, including through new asset classes
Strengthen investment banking	To support Italian industries' development
International reach	Larger non-Italian customer base
Principal investing	Complement WB business investing in selected equity stories
RFS and PB momentum	Strong RFS and PB growth, both organic and by acquisitions
Dividend policy	Attractive payouts



2008 Mediobanca group targets

2006-2008 business plan

	June 2005	June 05 IAS	3Y CAGR (%)	June 08 IAS
Revenues (€ bn)	1.1	1.1*	16	1.7*
GOP (€ bn)	0.7	0.7	19	1.2
Net profit (€ bn)	0.5	0.5	16	0.8
EPS (€)	0.7	0.7	15	1.0
C/I (%)	37	34		28
ROE (%)	11	10		14
RORWA (%)	1.7	1.7		2.2

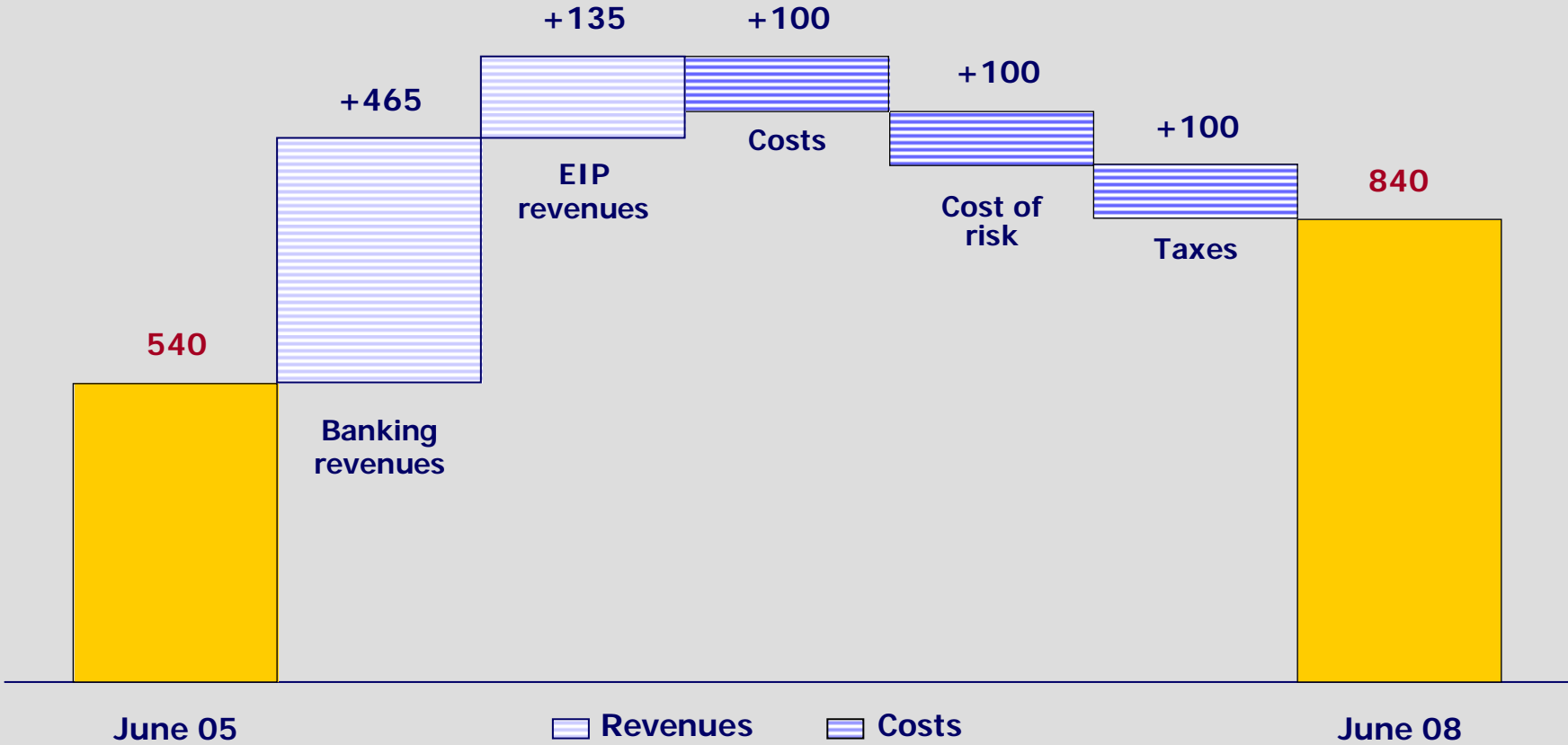
(*) Revenues from equity-accounted companies included



Group net profit trend

2006-2008 business plan

€ m



IAS compliant



Capital reallocation ⇒ Banking:EIP from 2:3 to 3:2

2006-2008 business plan

Allocated K (€ bn)	Banking			Banking	EIP
	WB	RFS	PB		
June 05 old	1.8	0.2	0.4	2.4	3.3
June 05 new	1.8	0.4	90m	2.3	1.8
3Y CAGR (%)	6	19	10	9	6
June 08	2.1	0.7	140m	3.0	2.2

June 05 old criteria ⇒ WB = 8% RWA; RFS = shareholders' funds; EIP = 100% RWA; PB = invested capital

June 05 new criteria ⇒ WB = 8% RWA; RFS = 7% RWA; EIP = 100% RWA; PB = 1% AUM



Stakes split into EIP and WB

EIP 2006-2008 business plan

Capital restructuring

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IAS 28 (equity-accounted)

- /// MB as active shareholder in governance
- /// Strong impact on MB P&L
- /// Re-rating potential

EIP

IAS 39 (market-valued)

- /// Involvement in equity asset class
- /// Participation in consolidation, growth, privatization and turnaround
- /// Strongly linked to WB activity

WB

BV (€ bn)

AG and RCS = 1.5

1.8

NAV (€ bn)

AG and RCS = 5.0

2.0

Target

Maximize EPS and DPS

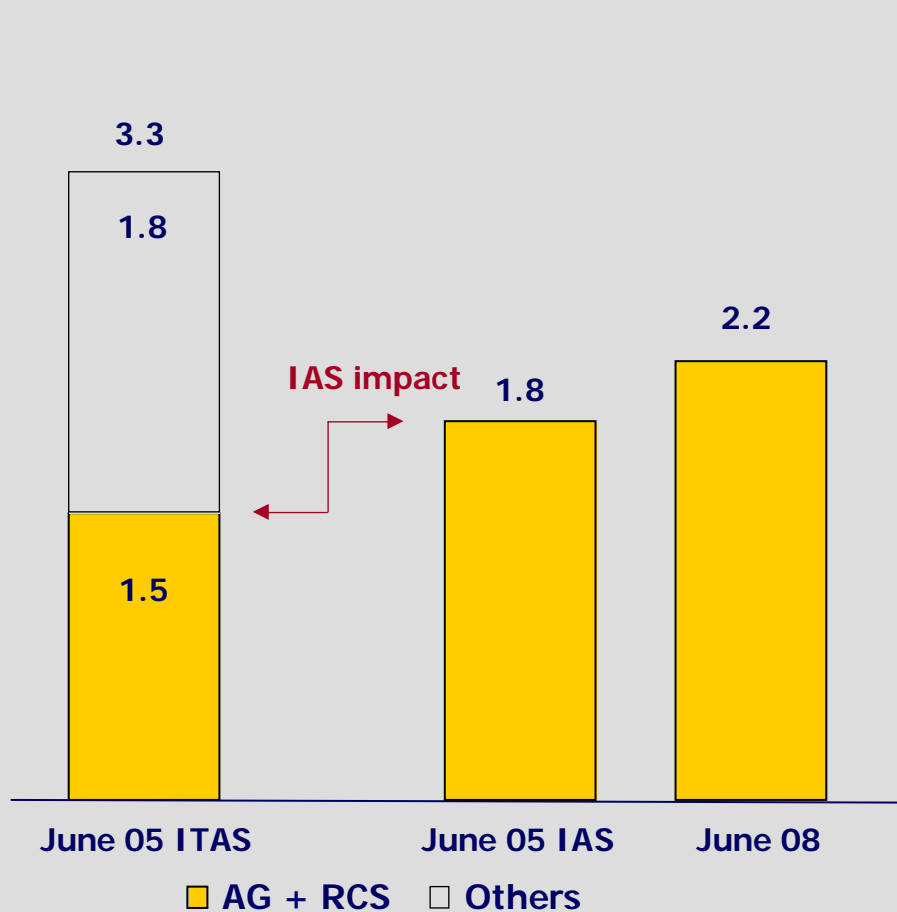
Maximize total return



EIP 2008 target \Rightarrow reduce allocated capital and increase revenues contribution

EIP 2006-2008 business plan

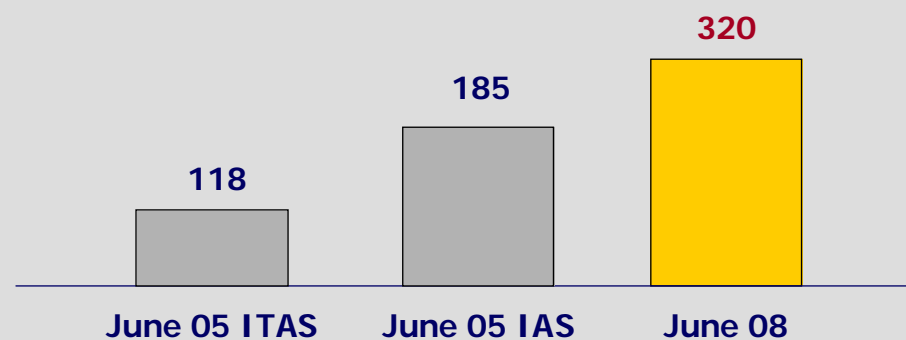
Book value trend (€ bn)



Shareholders' funds allocated to EIP (%)



Revenues trend (€ m)



Develop corporate banking ⇒ gearing up balance sheet

WB 2006-2008 business plan

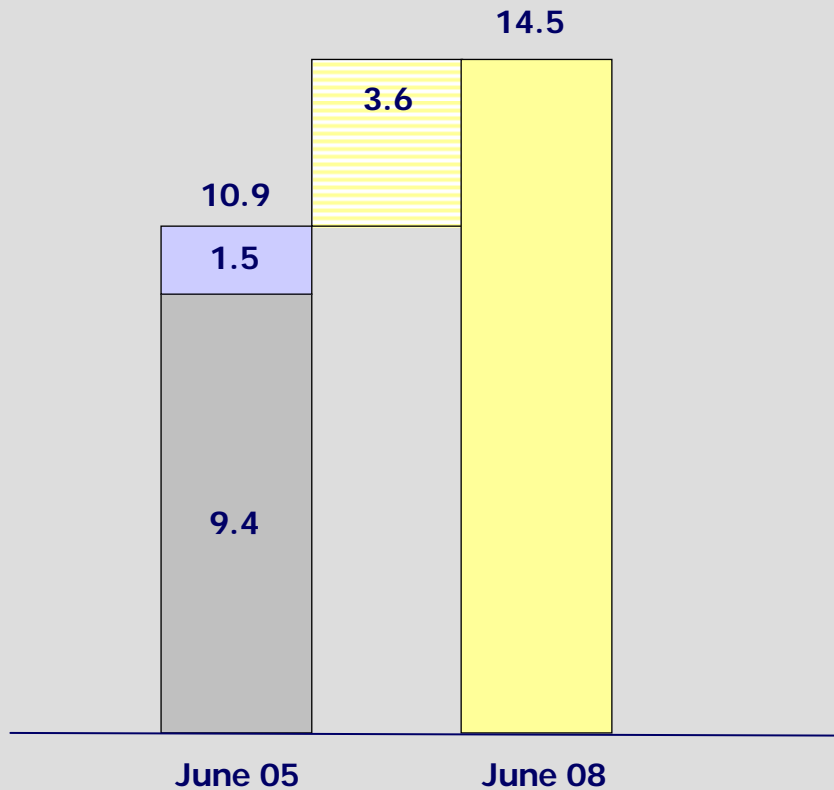
Enlarge customer base/RWA also increasing risk/return appetite

Origination	<ul style="list-style-type: none">/// Strengthening lending origination desk/// Lending opportunities related to inv. banking wider scope
Products	Offer integrated lending-equity-advisory products leveraging on the customer relationships
International reach	To become the leading bank for cross-borders deals involving Italy <ul style="list-style-type: none">/// further development of Paris branch/// start up operations in Spain/// initiate partnerships/alliances with US/UK operators
New asset class	Enter new asset classes via MB Int.: mezzanine, transition finance, specific situations , NPLs
Mid corporate	<ul style="list-style-type: none">/// Develop synergies with leasing and PB/// Extending geographical reach and empowering coverage

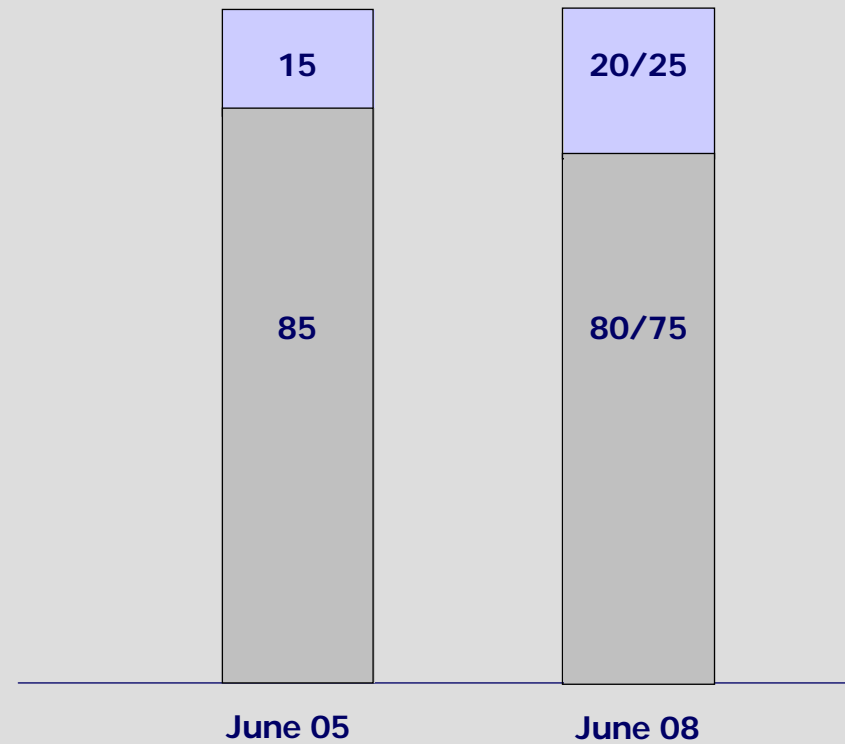
Develop corporate banking ⇒ loan book up 30%, mix improved

WB 2006-2008 business plan

Outstanding loans trend (€ bn)



Loan book breakdown (%)



IAS compliant



■ Bilateral

■ Structured



Strengthen investment banking

WB 2006-2008 business plan

Capital markets and prop. desk

- /// Increase treasury profitability via more sophisticated portfolio segmentation
- /// Develop desk products and risk management instruments
- /// Position MB as a derivatives house to serve selected customers
- /// Primary market: consolidate leadership in the equity sector

Advisory and M&A

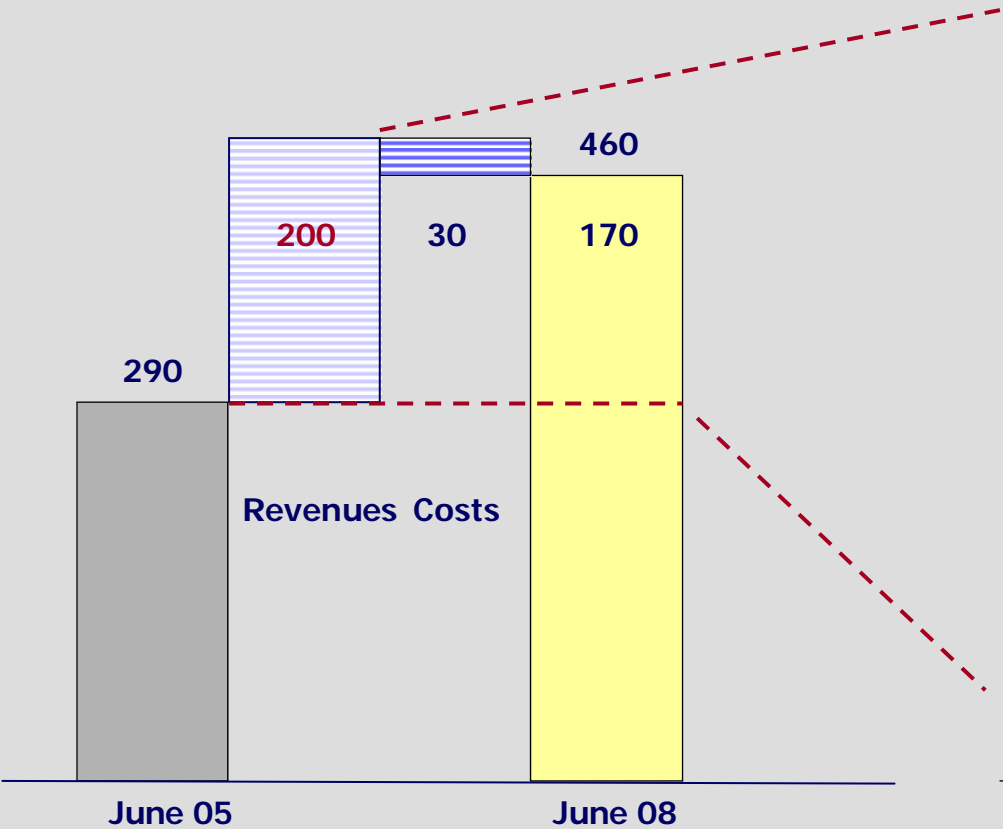
- /// Provide full support to Italian industries transformations:
 - /// concentration within domestic and international companies
 - /// from family-owned to listed companies
 - /// optimization of capital and/or shareholdings structure
 - /// financial restructuring
 - /// solid mid corporate growth

Promoting
Italian industries'
leaders

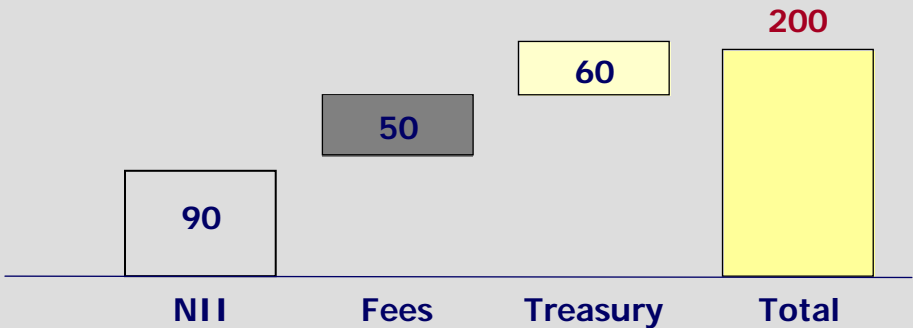
Wholesale banking 2008 target \Rightarrow GOP up 60%

WB 2006-2008 business plan

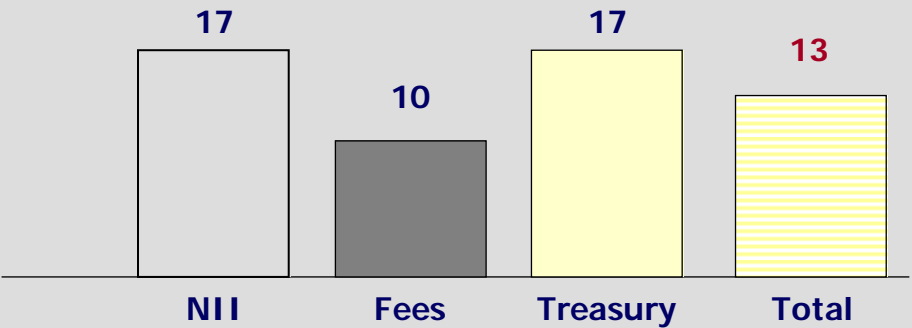
GOP trend (€ m)



Revenues by products (€m)



CAGR (%)



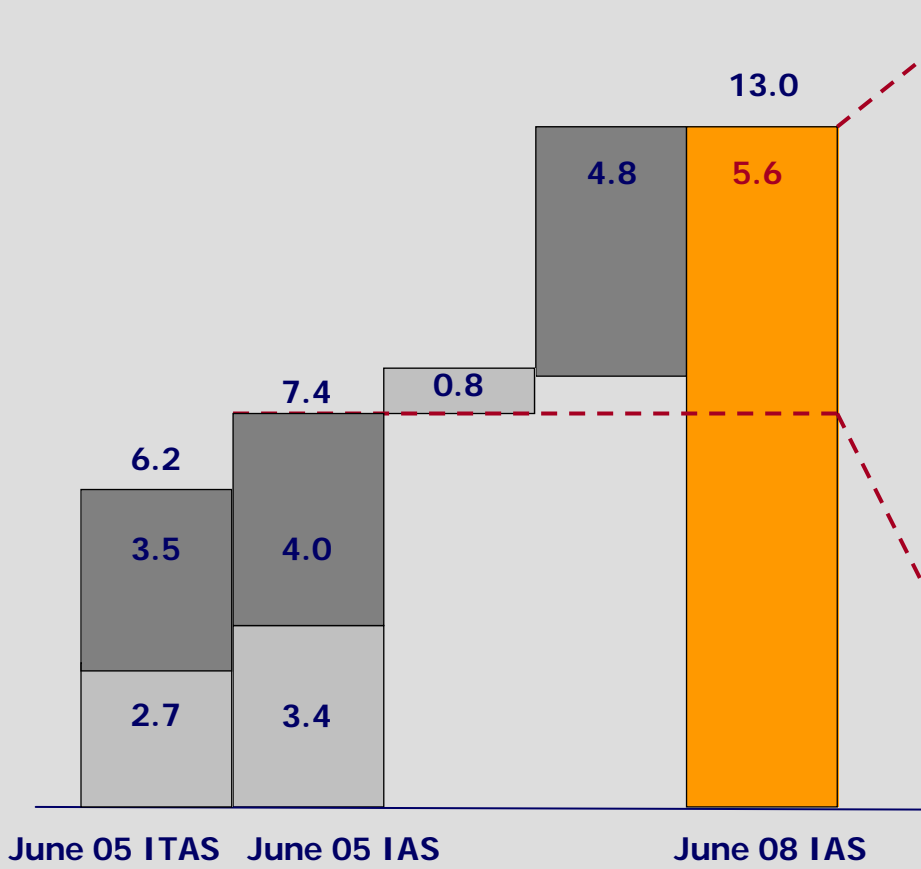
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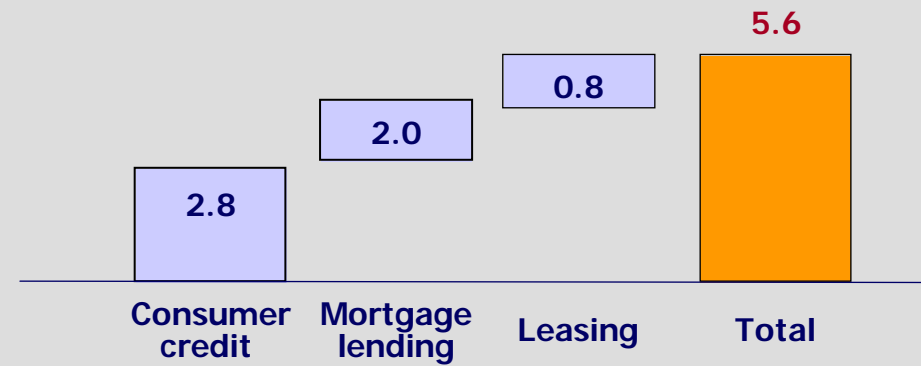
RFS 2008 target \Rightarrow doubling loan book

RFS 2006-2008 business plan

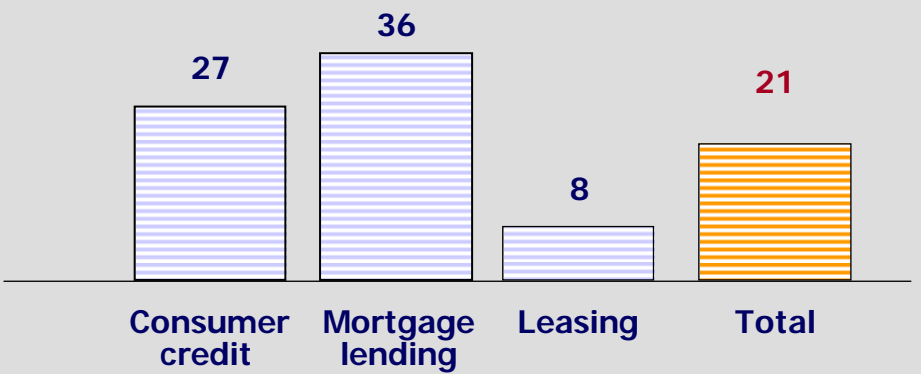
Outstanding loans trend (€ bn)



Loans by product (€ bn)



CAGR (%)



Leasing PFS



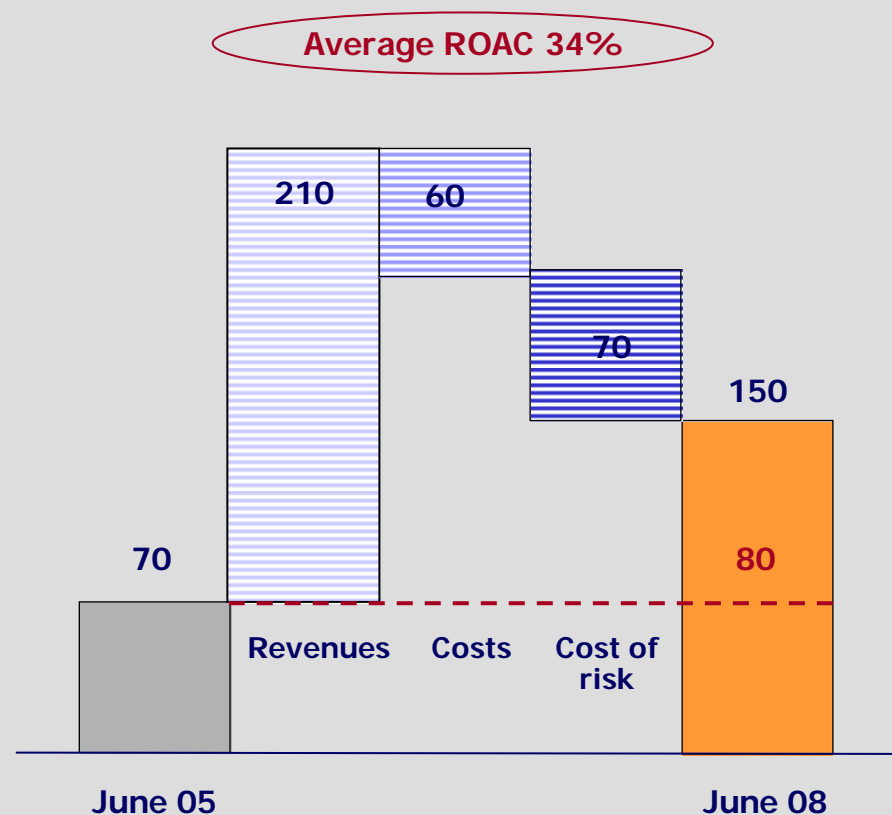
Consumer credit \Rightarrow doubling profits via major investment in organic growth coupled with sizable acquisitions

RFS 2006-2008 business plan

Objectives

- /// Increasing contribution of higher-margin products (personal and finalised loans, revolving credit cards)
- /// Expand network: 35 branches to be opened (40% increase on current network)
- /// New commercial agreements with insurances and medium size banks
- /// Selective partnership development with large retail network in consumer electronics
- /// Selected co-branding agreements in credit cards
- /// Credit management: very early solicitation procedures; more effective collection strategy
- /// Credit scoring: more effective scorecards (consumer loans and credit cards)

GOP trend (€ m)



IAS compliant



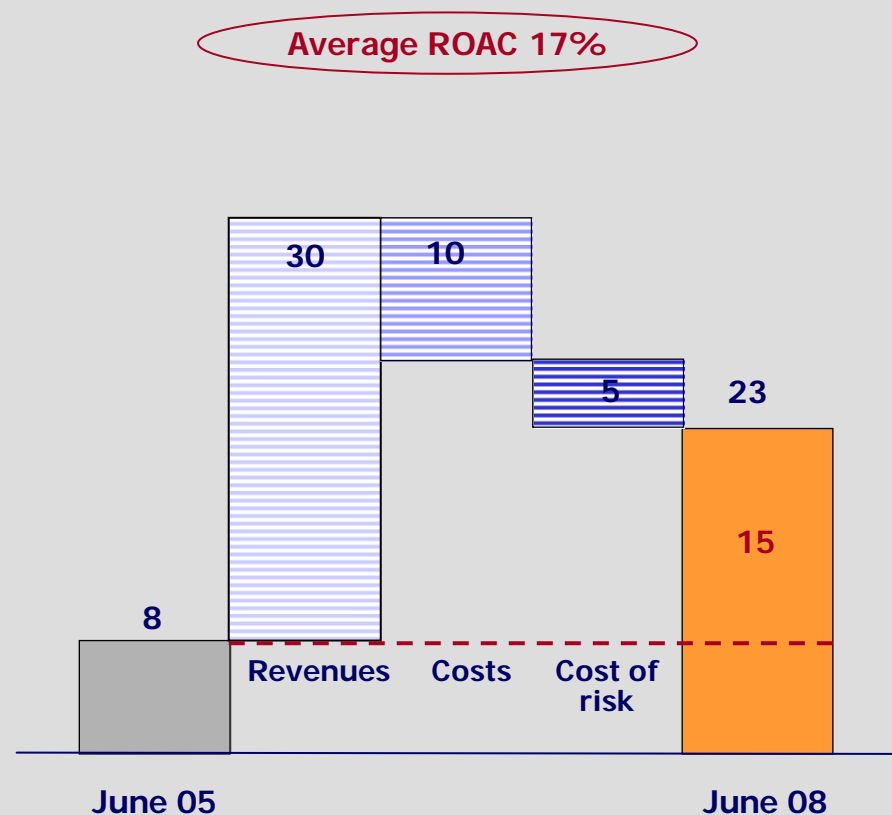
Mortgage lending ⇒ tripling GOP

RFS 2006-2008 business plan

Objectives

- ⚡ To boost volumes in a favourable market scenario
- ⚡ Improving distribution capacity by targeted new branch openings along with strengthening sales workforce at existing branches
- ⚡ Closer relationships with estate agents and FAs (incl. networks)
- ⚡ Enlarging product portfolio (new mortgages/ insurance products)
- ⚡ Higher productivity, driven by more effective service, communication and brand awareness
- ⚡ Launch of credit scoring to improve risk/ productivity

GOP trend (€ m)



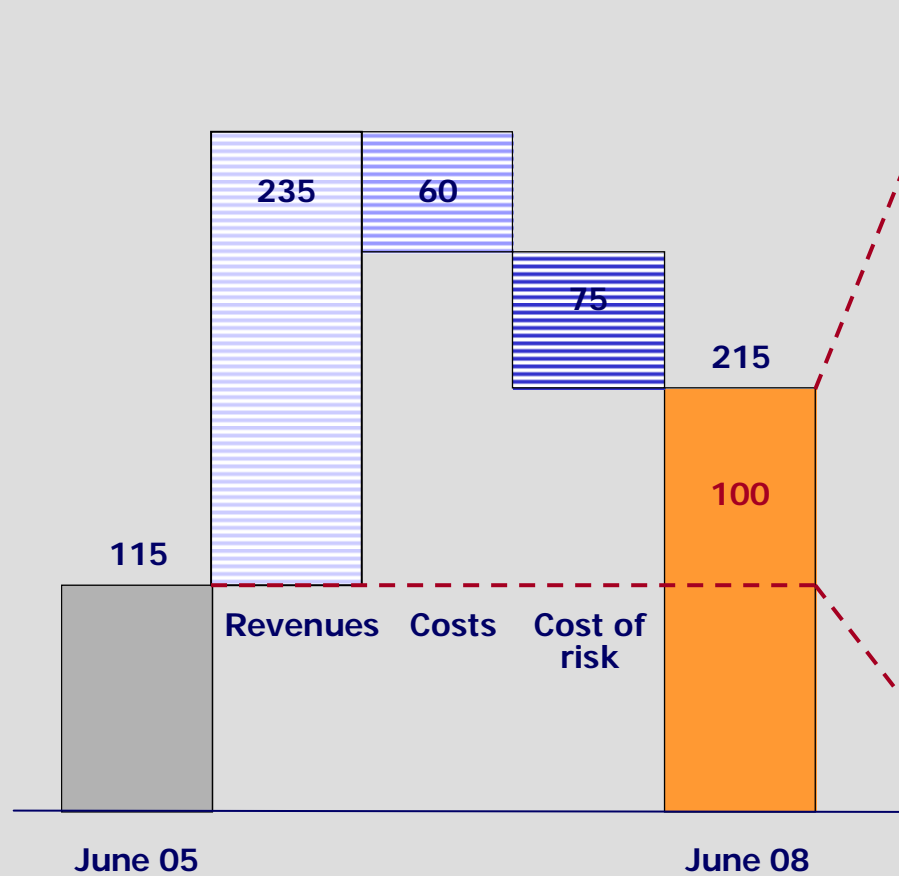
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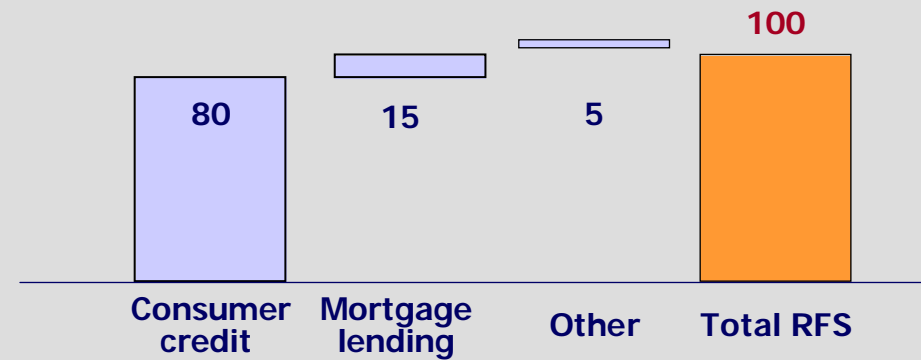
RFS 2008 target \Rightarrow doubling GOP

RFS 2006-2008 business plan

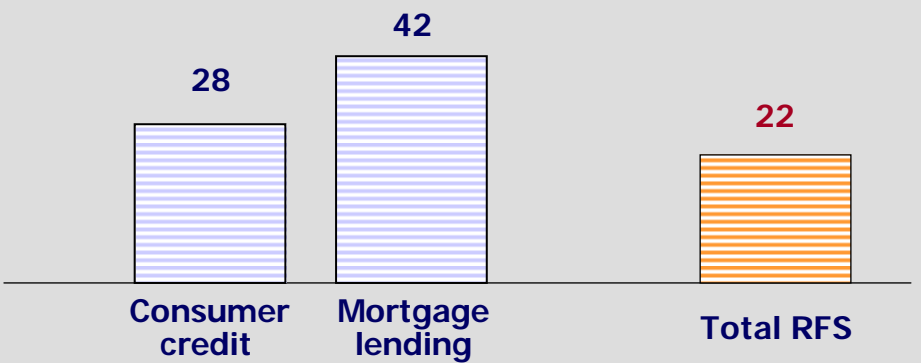
GOP trend (€ m)



GOP by products (€m)



CAGR (%)



IAS compliant



Compagnie Monégasque de Banque ⇒ maximize size and profitability

PB 2006-2008 business plan

Strategic guidelines

- ⚡ Leveraging on synergies with MB and BE
- ⚡ Onshore activity in Monte Carlo, with key local customers as well as on Cote d'Azur, by targeting new "haut de gamme" clients
- ⚡ Geographic expansion through hiring new "gestionnaires" specialized in individual markets, and/or start-up of new branches outside France
- ⚡ Extension of product range (e.g. hedge products), incl. by leveraging on BE competences
- ⚡ AUM up to around € 8bn by 2008
- ⚡ AUM from 41% of total assets to 50%

Strategic guidelines

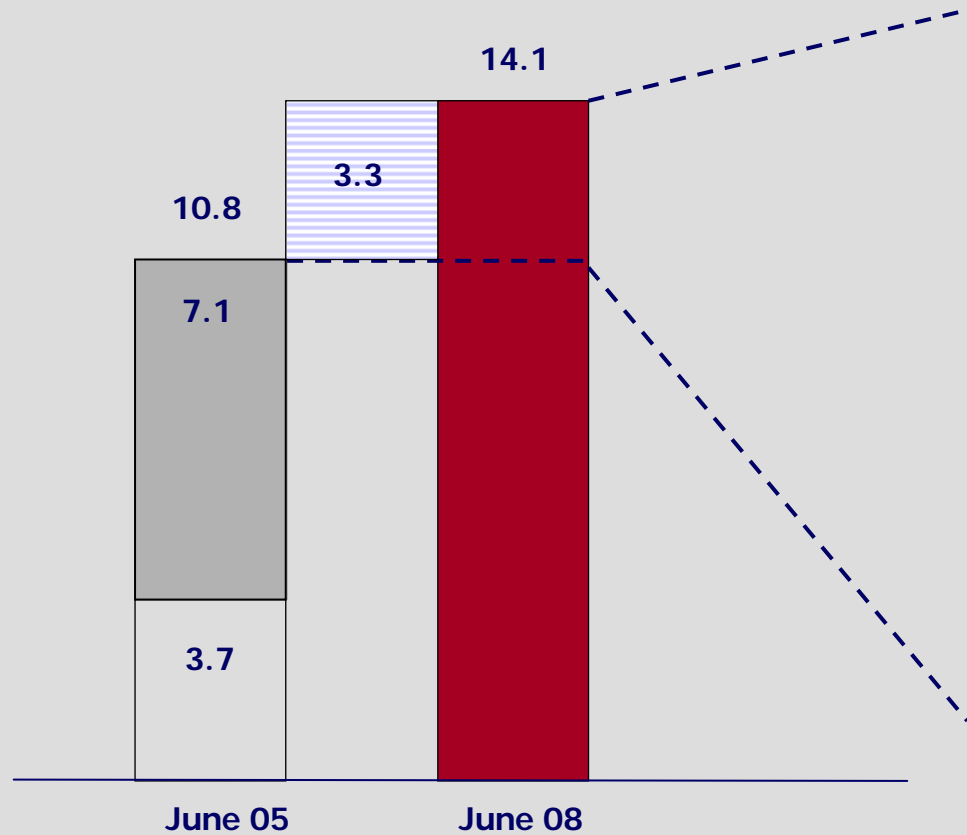
- /// To grow and expand in UHNI market (to be the private bank of leading Italian families)
 - /// increase AUM
 - /// increase customers' coverage and share of wallet
 - /// increase number of branches and senior bankers
 - /// invest in tax and legal advisory service

- /// To create an "independent, private-label asset management machine"
 - /// improving both asset gathering and management capabilities
 - /// extending range of products offered: real estate funds, long-only total return funds; full control of hedge funds' "value chain" (internal advisory and independent single manager hedge fund practise)
 - /// increase products with high embedded value
 - /// maintain orientation to discretionary management (fee based model)
 - /// increase distribution through other network (private and white label)

PB 2008 target \Rightarrow AUM up 30%

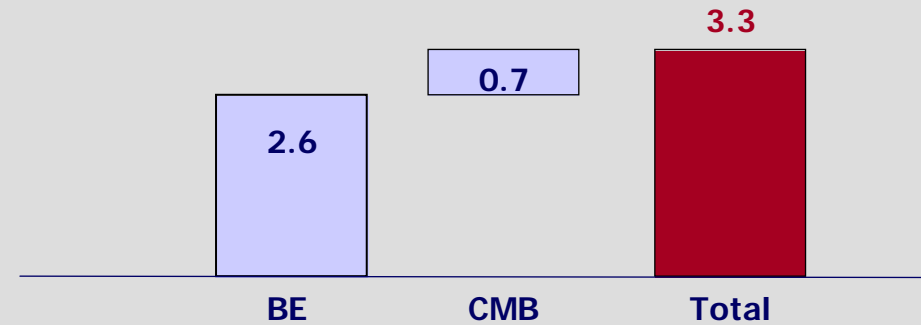
PB 2006-2008 business plan

AUM trend (€ bn)

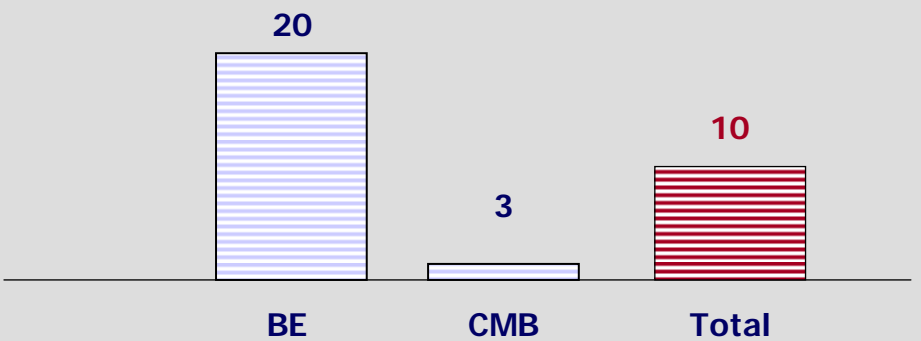


□ 48.5% BE □ CMB

AUM by company (€ bn)



CAGR(%)



* Banca Esperia booked pro-rata



IAS compliant

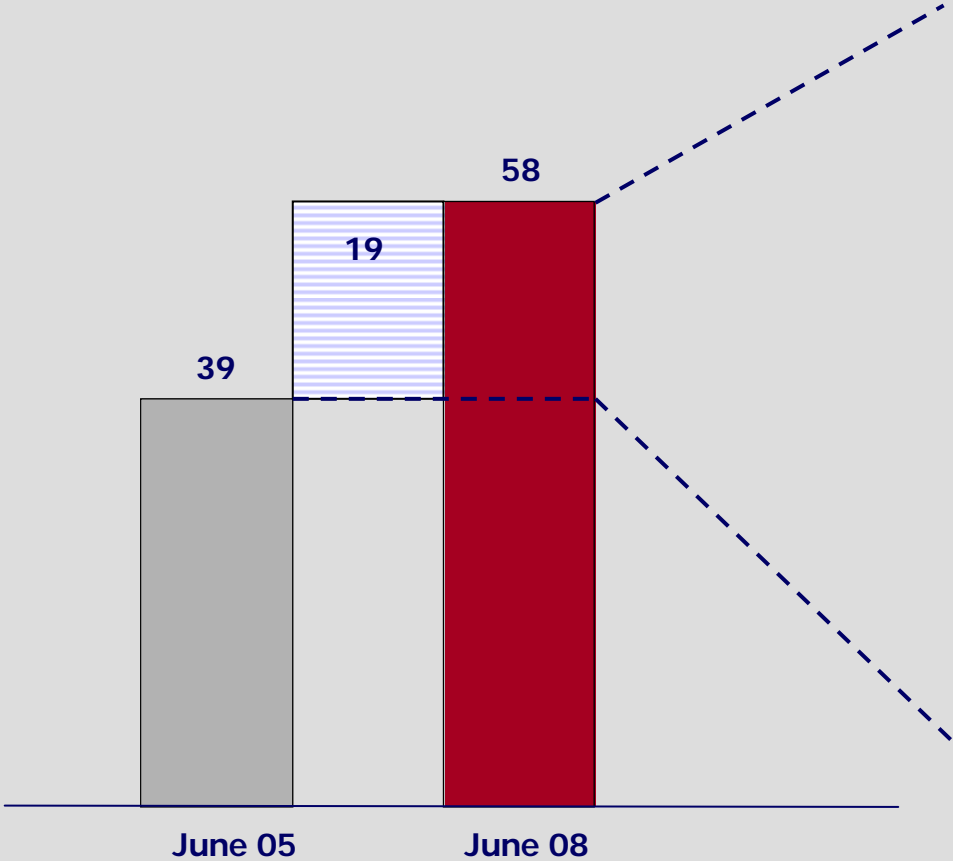


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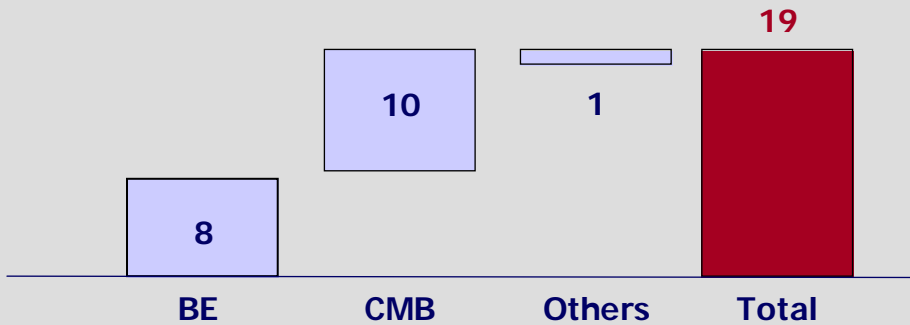
PB 2008 target \Rightarrow PBT up 50%

PB 2006-2008 business plan

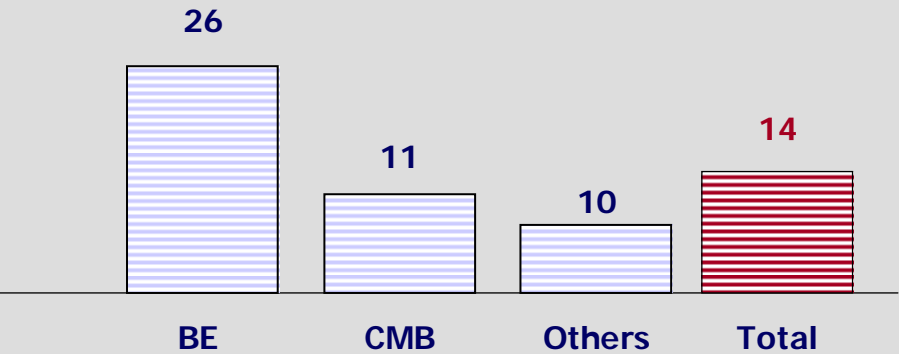
PBT trend (€ m)



PBT by companies (€ m)



CAGR (%)



IAS compliant



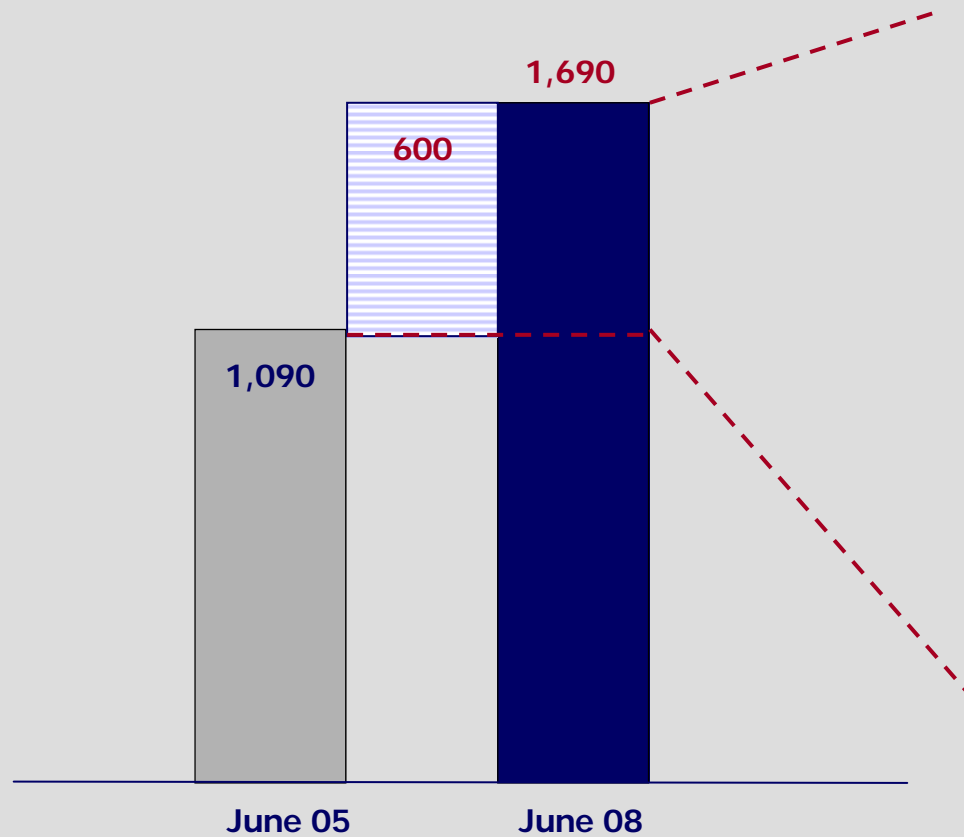
* Banca Esperia booked pro-rata



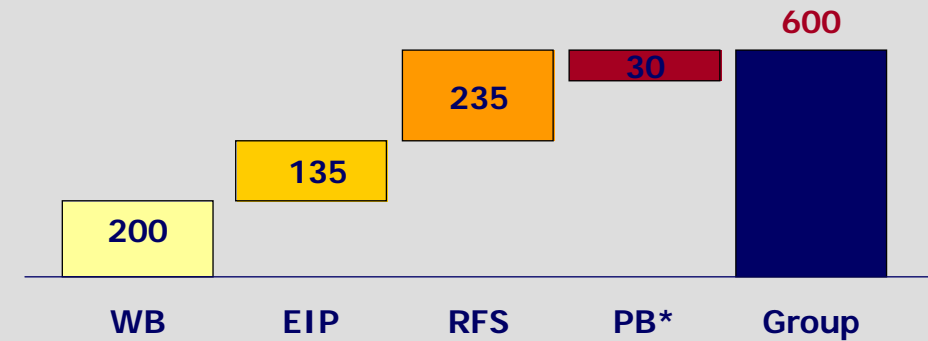
MB group revenues up 50%

2006-2008 business plan

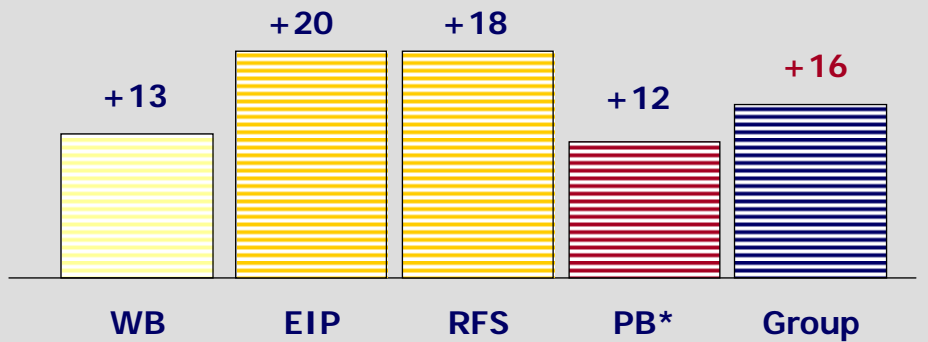
Revenues trend (€ m)



Segmental contribution (€m)



CAGR (%)



IAS compliant



* Banca Esperia equity-accounted

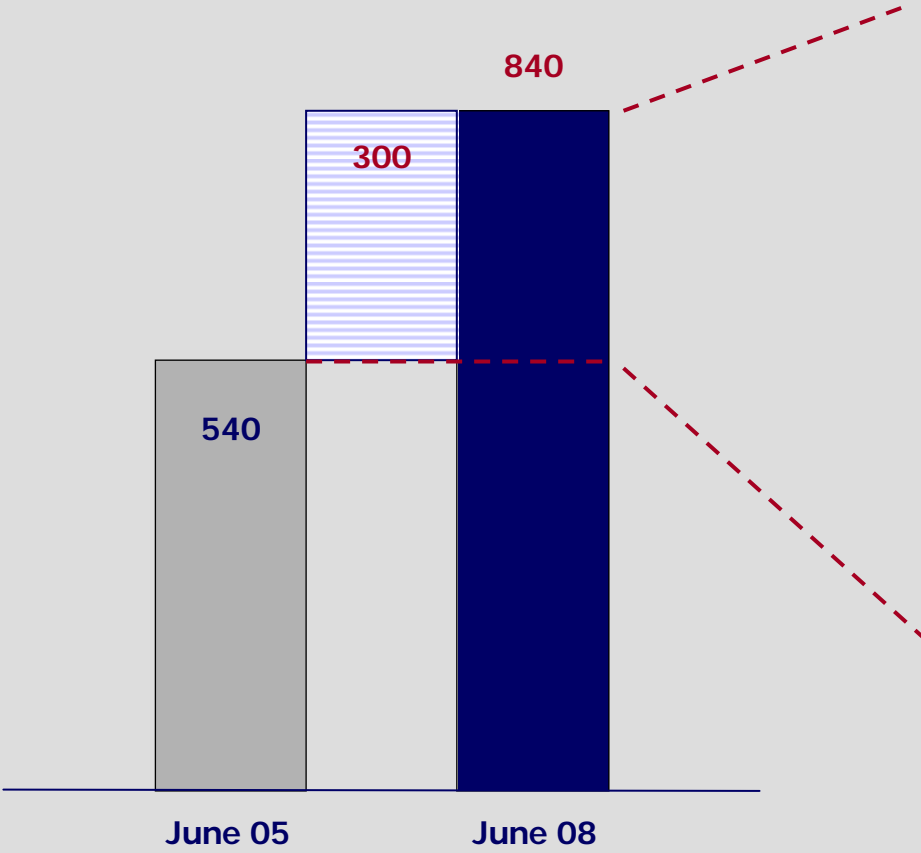


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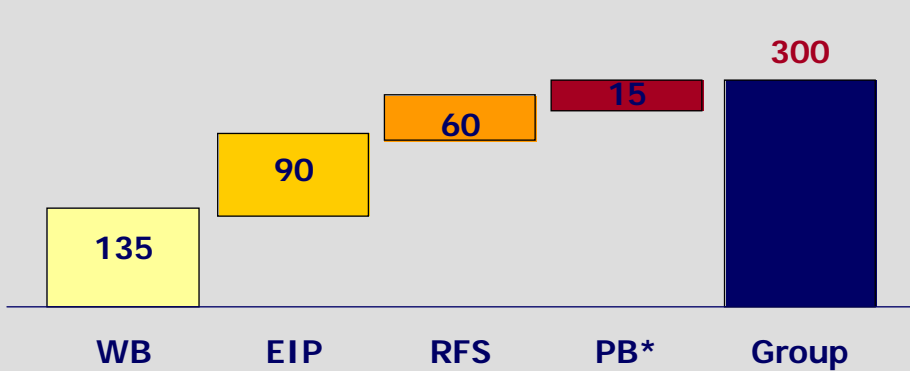
MB group net profit up 60%

2006-2008 business plan

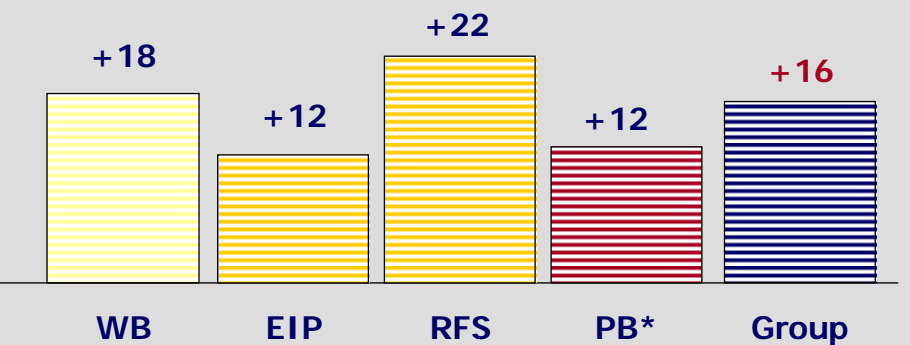
Net profit trend (€ m)



Segmental contribution (€m)



CAGR (%)



IAS compliant



* Banca Esperia equity-accounted



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Keys

- /// Proven performance across cycles
- /// Strategy focused on high margin businesses
- /// Strong profitability, with balanced business mix
- /// Optimization of risk-return ratio
- /// Growth to be achieved by:
 - /// solid development of all four core businesses
 - /// capital restructuring
 - /// acquisitions option
- /// Competitive dividend policy linked to:
 - /// medium term capital planning
 - /// peer group analysis of dividend payout ratio/yield
 - /// group operating and cash performance



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