Mediobanca
Obbligazioni Bancarie Garantite Programme

Investor Presentation

MEDIOBANCA

September/October 2013

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The Issuer

Section 1

MEDIOBANCA

Group Profile

Section 1.1

MEDIOBANCA

History and Mission

1946 Foundation	◆ Founded in 1946 by Comit, Credit and Banco di Roma, the three state-owned "banks of national interest" ◆ Mission: to support the rebuilding of the Italian industry through supply of medium/long-term financing and advisory services to enterprises
1950-70s Development	◆ 1950s: supporting growth of leading Italian groups ◆ 1956: listing on Milan stock market (the first banking group listed after the war) ◆ Fiduciary business via Spafid (1951), consumer credit with Compass (1960) and leasing with Selma (1970)
1970s - 80s Restructuring of Italian Industries	◆ Key role in Italian industry restructuring: MB became "house bank" for the most important Italian industrialists ◆ By mid-1970s MB's equity investment portfolio included Generali (4.5%), Fiat (2.5%), Montedison (2.5%), Olivetti (5%), Pirelli & C, (3.3%) and Fondiaria (10%) ◆ 1998: MB privatization; core shareholders' pact between state-owned banks (25%) and private corporates (25%)
1990s - early 00s Italian largest privatizations	◆ Industrial restructuring followed by a surge of privatizations and IPOs, where MB confirmed its leadership ◆ Residential mortgages business started up with Micos (1992) ◆ Increase in size of equity investment portfolio (Generali 14%) ◆ Private banking business entered with Banca Esperia (2001) and CMB (2003)
Recent years diversification	◆ New management team (2003) and strategy refocused on banking activities ◆ CIB activities internationalized with the opening of branches in Paris (2004), New York (2006), Madrid (2007), Frankfurt (2007), London (2008) and Istanbul (2012) ◆ Creation of a leading domestic operator in consumer lending (acquisition and merger of Linea, 2007) ◆ Retail banking started with CheBanca! (2008)

Shareholders

- Shareholders' agreement covering 38% of the share capital and expiring in December 2013
- Efforts made since 2003 to increase weight of institutional investors and free float
- Strong relations with Italian corporates through the offering of high-quality advisory and financial services
- Access to HNWIs and households, often synergic with corporate business

Mediobanca shareholders' agreement

Shareholder	Share
Unicredit	8.7%
Mediolanum	3.4%
Total Group A	**12.0%**
Italmobiliare	2.6%
Edizione (Benetton)	2.2%
Ass. Generali	2.0%
Pirelli & C.	1.8%
FINPRIV	1.7%
Fininvest	1.0%
Others <1%	4.1%
Total Group B	**15.2%**
Financière du Perguet (Bollorè)	6.0%
Groupama	4.9%
Total Group C	**10.9%**
Total Syndicated	**38.2%**

Business model

Mediobanca Group

CIB & Private Banking

Wholesale Banking

- -Lending
- -Advisory
- -Capital Markets

Private banking

Retail & Consumer

Consumer credit

Retail banking

Principal Investing

Equity investments

MB Group's Key Performance Indicators ("KPIs")

KPIs

- High resilience and diversification of income
- Low cost/income ratio
- Good asset quality
- Good profitability of underlying businesses
- Reduction of equity exposure and reallocation of capital to asset light business ongoing in order to improve returns and preserve:
  - Low leverage
  - High liquidity
  - Solid capital position

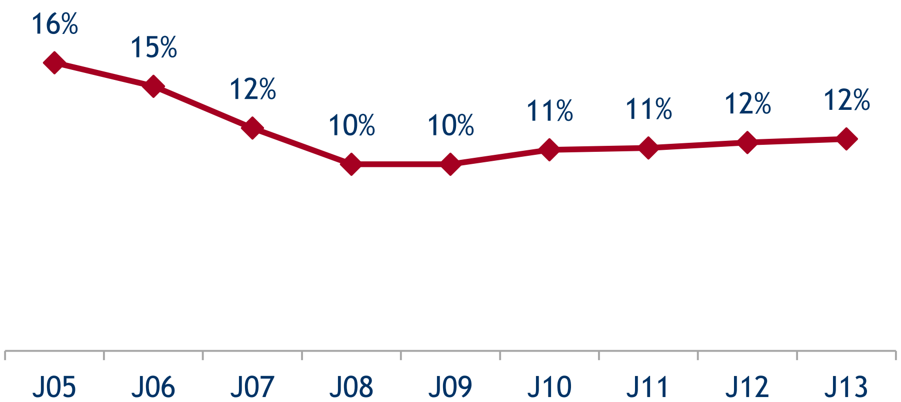
Group annual KPIs trend

	12m June 11	12m June 12	12m June 13
Total income (€m)	1,983	1,990	1,587
Net profit (€m)	369	81	(180)
Net profit adj* (€m)	588	621	392
RWAs (€bn)	55	55	52
Tangible BV/Assets	10%	10%	11%
Loan/funding ratio	70%	65%	67%
Core Tier 1 ratio	11.2%	11.5%	11.7%
S&P rating	A+	BBB+	BBB+ **
Cost/income ratio	42%	40%	47%
Net NPLs/Ls	0.6%	0.7%	0.8%
ROE adj*	10%	10%	6%

* *Profit/losses from AFS disposals, impairments and positive one-off items excluded*
** *BBB from 24/7/2013*

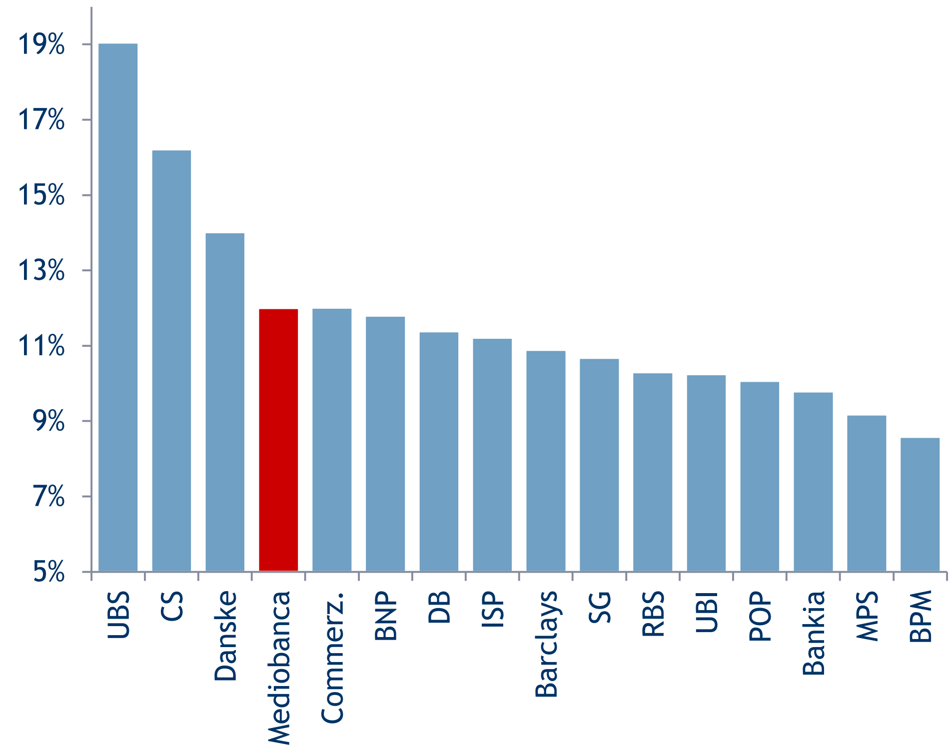
Mediobanca capitalization among best in class in EU

Mediobanca CT1 ratio trend



As of 30/6/2013
- RWA: € 52,372m
- Core Tier 1 Capital: € 6,153m (CT1 ratio: 11.7%)
- Total Capital: € 8,155m (Total Capital ratio: 15.6%)

CT1 comparison among EU banks (Dec.12)

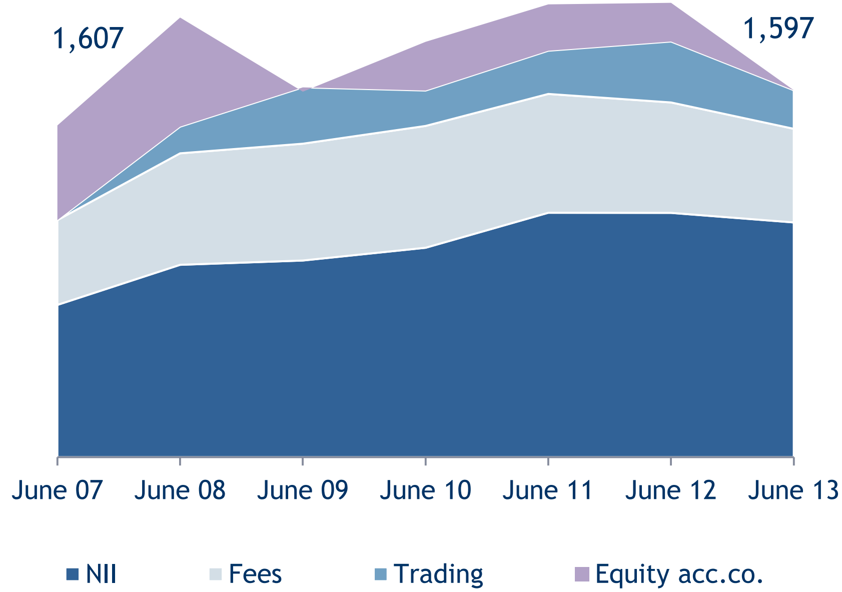


- Banking growth achieved leveraging exclusively on Mediobanca capital - Last capital increase 15 years ago (in 1998)
- Mediobanca RWAs/Asset = 85%, versus 37% EU banks
- Mediobanca tangible equity / tangible assets = 11% versus 4% EU banks
- €2.5bn returned to shareholders (cash dividends and buy back)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

Source: Mediobanca Securities coverage

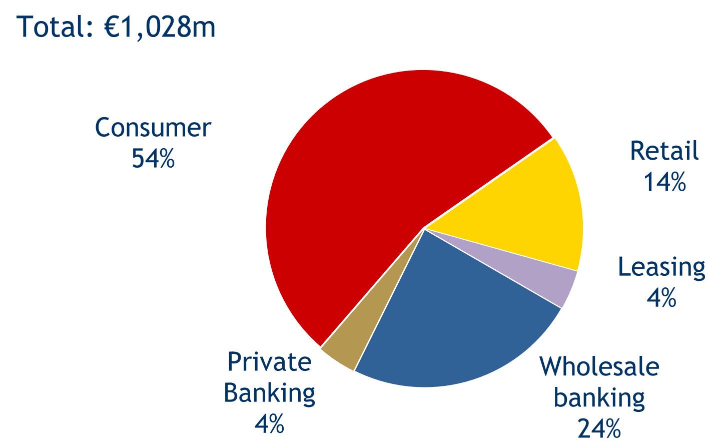
Income breakdown

Total revenues by source (€m)

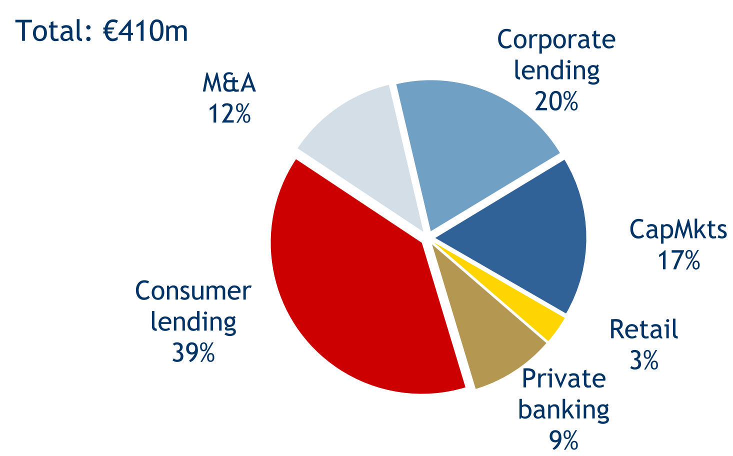


- Diversified revenues in terms of products and sources
- Net interest income representing ~60%,of total income, fee income ~25%; trading ~10%; principal investing volatile

Net interest income by business (June13)

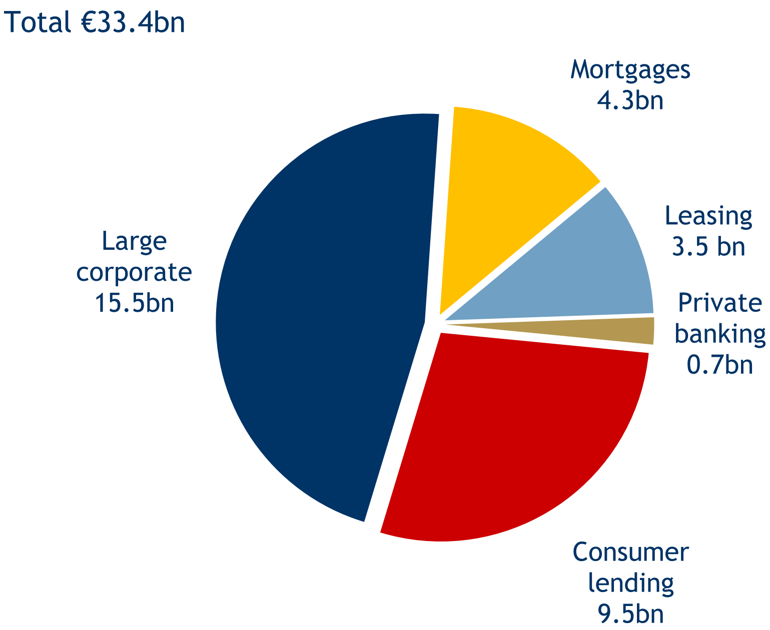


Fee income by business (June13)

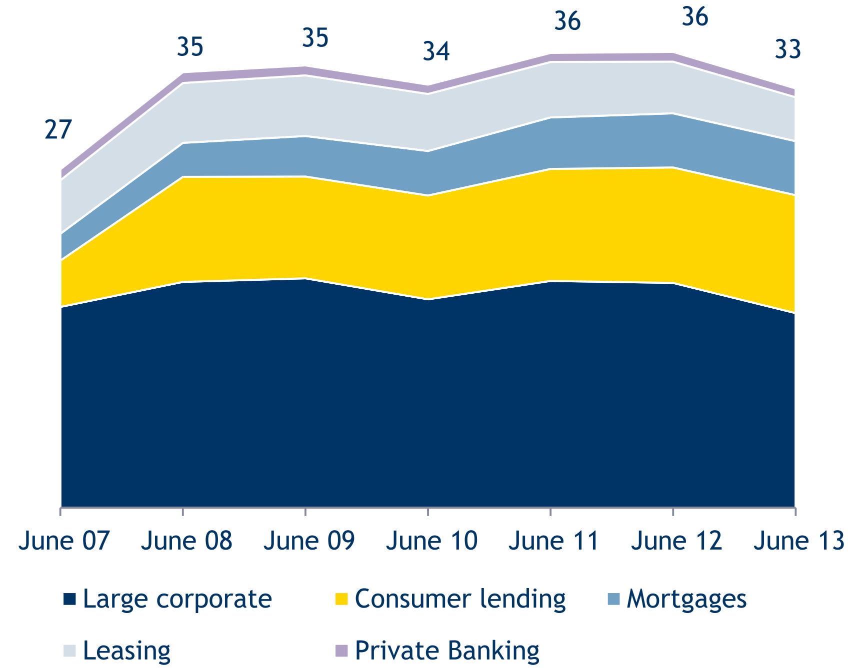


Loan book breakdown

MB Group loan book by product (June 13)



MB Group lending stock trends (€bn)

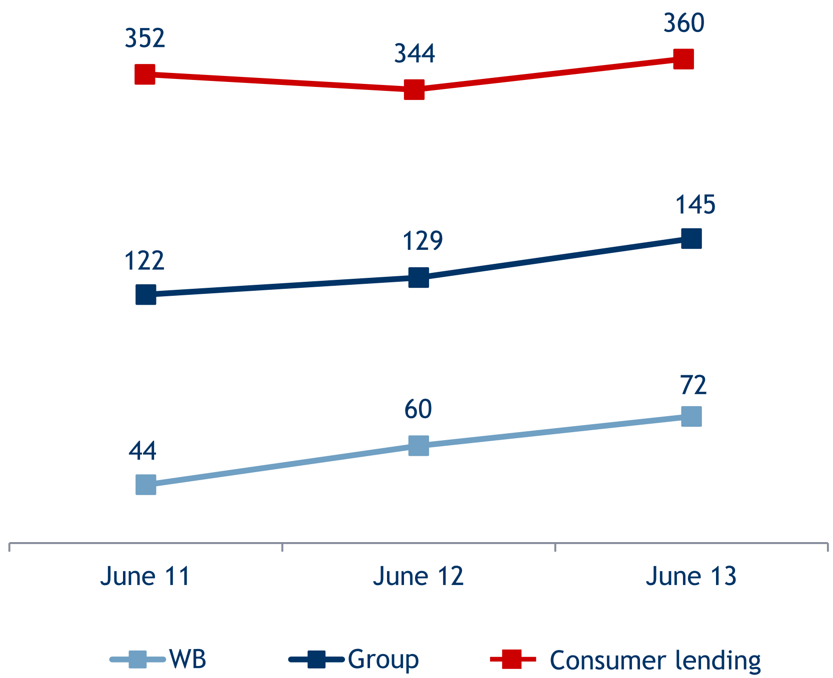


- 57% of volumes attributable to corporate (46% large)
- 43% of volumes attributable to retail (28% consumer)

- Consumer and retail loans have increased steadily
- Corporate lending deleverage now ended

Asset quality

Cost of risk by segment (bps)



- Net NPLs: low incidence to loans (0.8%), high coverage (66%)
- Net bad loans: low incidence to loans (3.0%), high coverage (45%)

Asset quality ratios trend*

	June12	June 13
Net bad loans (€m)	**904**	**989**
Net bad loans/loans	**2.5%**	**3.0%**
Net bad loans/CT1	**14%**	**16%**
Bad loans coverage*	**39%**	**45%**
Corporate	35%	39%
Leasing	28%	29%
Consumer *	46%	56%
Mortgage	47%	47%
Net NPLs (€m)	**242**	**263**
NPLs coverage*	**61%**	**66%**
Net NPLs/loans	**0.7%**	**0.8%**
Corporate	0%	0%
Leasing	1.4%	1.6%
Consumer	1.1%	1.2%
Mortgage	1.7%	2.0%

** Net of Cofactor*

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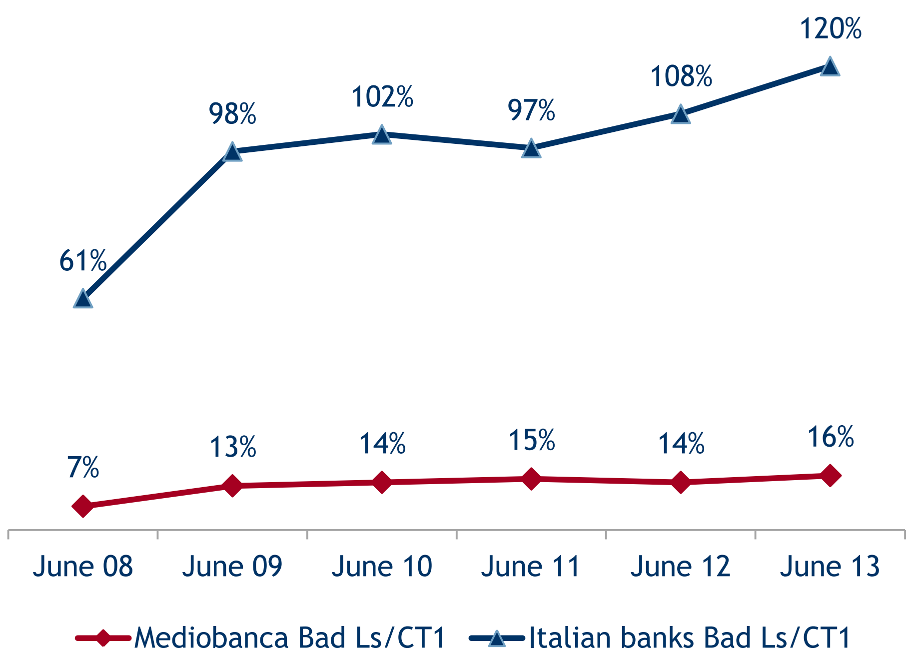
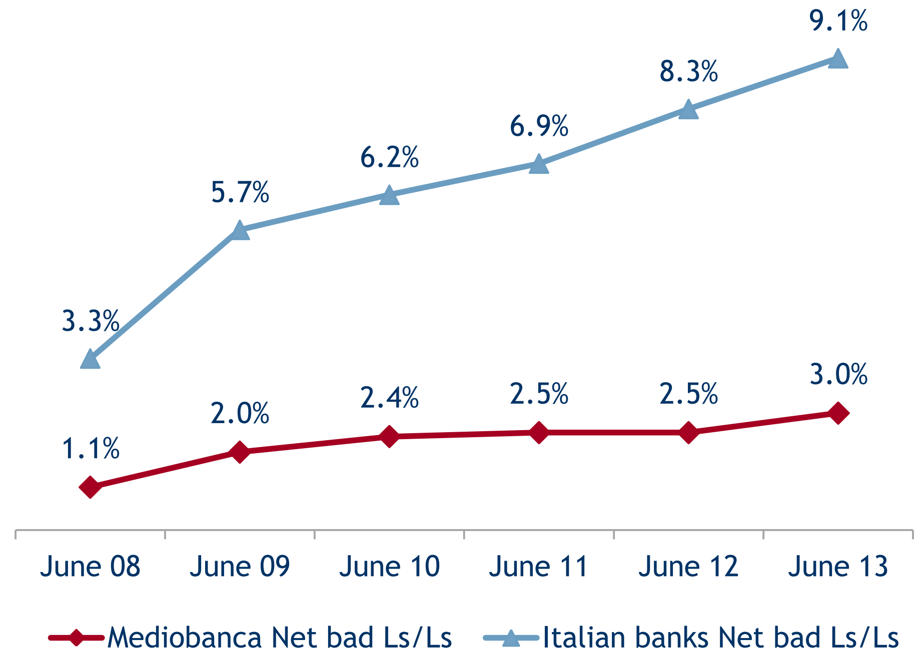
Mediobanca asset quality well above Italian average

Net bad loans/Core Tier1: MB vs Italian banks



Net bad loans/Loans: MB vs Italian banks



- **Net bad loans (sum of all impaired categories) 16% of CT1 for MB versus 120% Italian banks average**
- **Net bad loans 3.0% of loans for MB, one-third of Italian system**
- **Net NPLs 0.8% of loans for MB**

Source: Mediobanca Securities coverage

MEDIOBANCA

Mediobanca rating overview


STANDARD & POOR'S

RatingsDirect

Research Update:

Italian Mediobanca 'BBB/A-2' Ratings Affirmed Despite Increased Economic And Industry Risks In Italy; Outlook Negative

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Rating Action

Rationale

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Ratings Score Snapshot

Related Criteria And Research

Ratings List

Credit Rating: BBB/A-2/Negative

24/7/2013

[…] We have revised down our anchor--the starting point for assigning a bank a long-term rating--for banks operating predominantly in Italy (including Mediobanca) to 'bbb-' from 'bbb'. We have therefore revised down our assessment of Mediobanca's stand-alone credit profile (SACP) to 'bbb' from 'bbb+'. However, because our long-term rating on Mediobanca was already at the level of the 'BBB' sovereign credit rating on Italy, the lower SACP on Mediobanca has not led to a lowering of our long-term rating. Our assessment of Mediobanca's business profile, risk position, and funding and liquidity position remains unchanged.

27/2/2013

We regard Mediobanca's business position as “adequate." […] This reflects our view of management's ability to preserve a solid domestic corporate and investment banking (CIB) franchise despite intense competition, as well as its prudent strategy of gradual organic growth implemented over the past decade. […]. Mediobanca's CIB business position has strengthened in the past few years, owing to its successful organic expansion into the U.K., France, Spain, and Germany, which now contribute about 25% of CIB revenues. Mediobanca did not post net losses during the 2008 financial crisis, reflecting its prudent growth strategy carried out over the past decade, in our view.

We assess Mediobanca's capital and earnings as "adequate," reflecting our expectation that the projected RAC ratio will stand at more than 7% by the middle of 2013. Our projection factors in our view of Mediobanca's strong balance sheet control; at the same time, internal capital generation should remain limited, as it has been in past few years.

Our risk position assessment for Mediobanca is "strong." Mediobanca has been prudent in managing its credit growth, avoiding lending to riskier borrowers such as real estate developers, and has a much better track record than domestic peers' in terms of loss experience.

Mediobanca has "average" funding, in our view, reflecting that the bank's funding position has improved over the past few years. […]. We consider Mediobanca's liquidity to be "adequate." Mediobanca has a policy of maintaining a large buffer of liquid assets, also eligible for refinancing with the ECB, which more than covers the amount of wholesale funding coming due in the following 12 months.

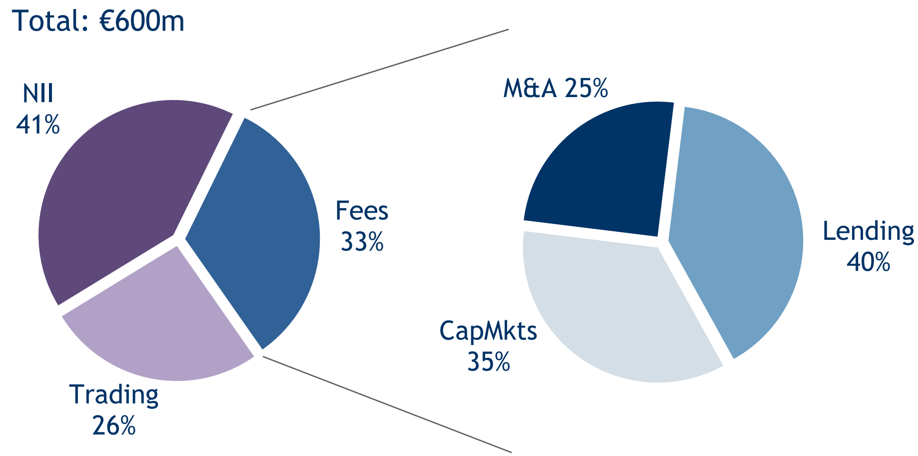
Source: Standard and Poor’s, 24 July 2013, 27 February 2013

Wholesale banking

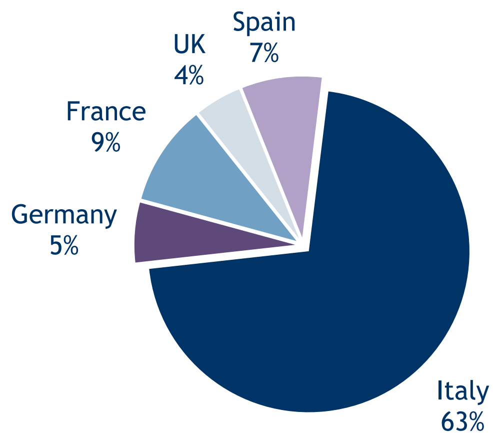
KPIs (June 13)

- MB's leading position in the Italian market consistently confirmed
- Ongoing international diversification of business
  - Opening of the Turkish branch in 2012
  - Non-domestic branches account for some 30% of revenues and 37% of loans for CIB
- Well diversified revenue mix (~75% = NII+fees)
- Efficient cost structure (C/I ratio: 41%)
- Outstanding credit quality: NPLs/Ls = 0%

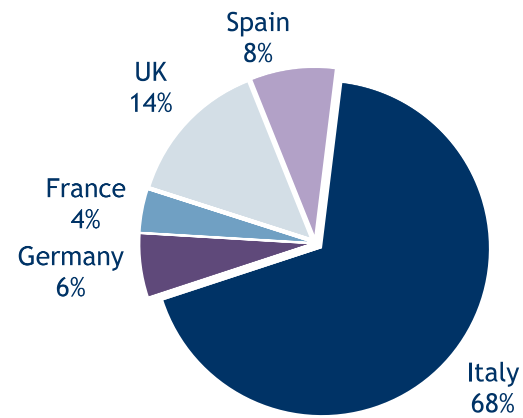
CIB revenue by product (12 m, June 13)



Corporate loan book breakdown (June 13)



CIB revenue by country (June 11-13 average)



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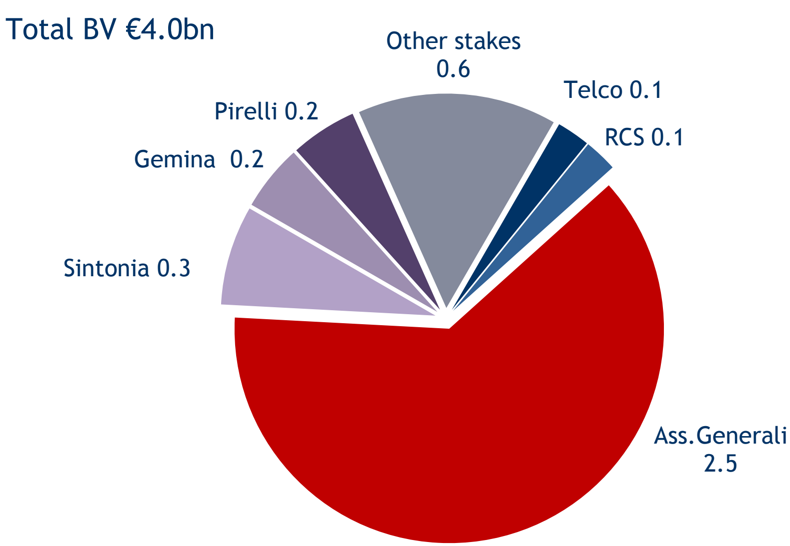
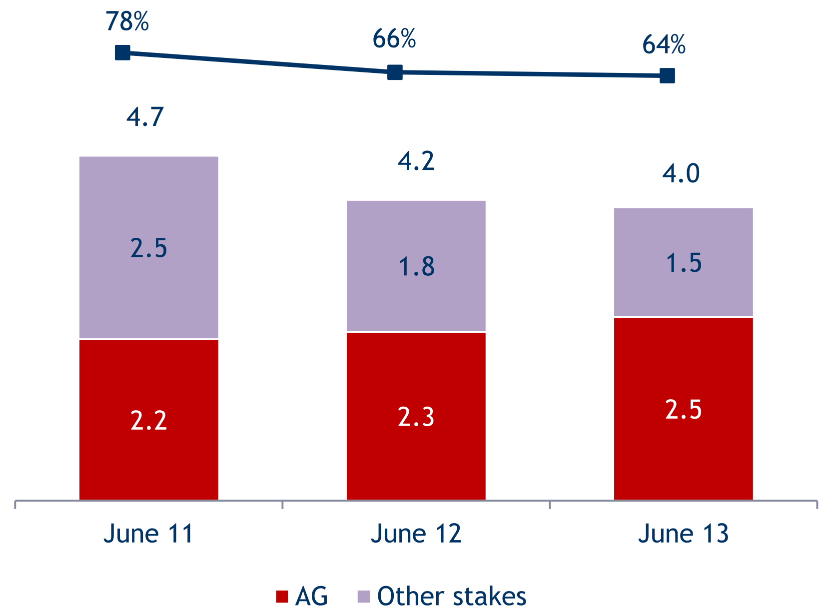
Principal investing

Equity exposure: book value (€bn, June 13)



Equity book value (€bn) and % of CT1



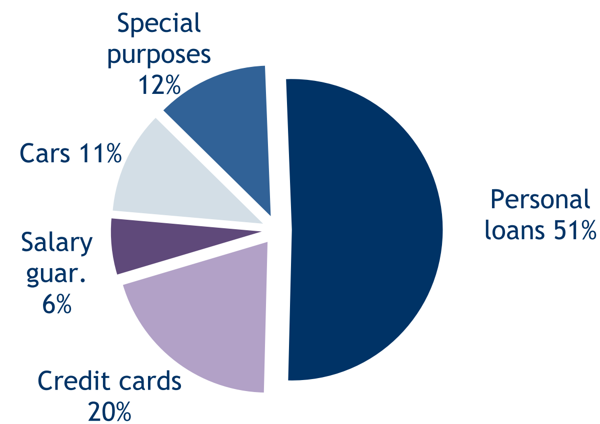
- Principal investing portfolio (€4.0bn) now includes:
  - €2.5bn equity holding (13.24% stake) in Ass. Generali (insurance) which is equity accounted
  - €1.5bn AFS equity stakes, marked to market, classified as "available for sale"
- 3Y Business Plan 14/16: reduce equity exposure by €1.5bn over 3Y

Consumer lending: Compass profile

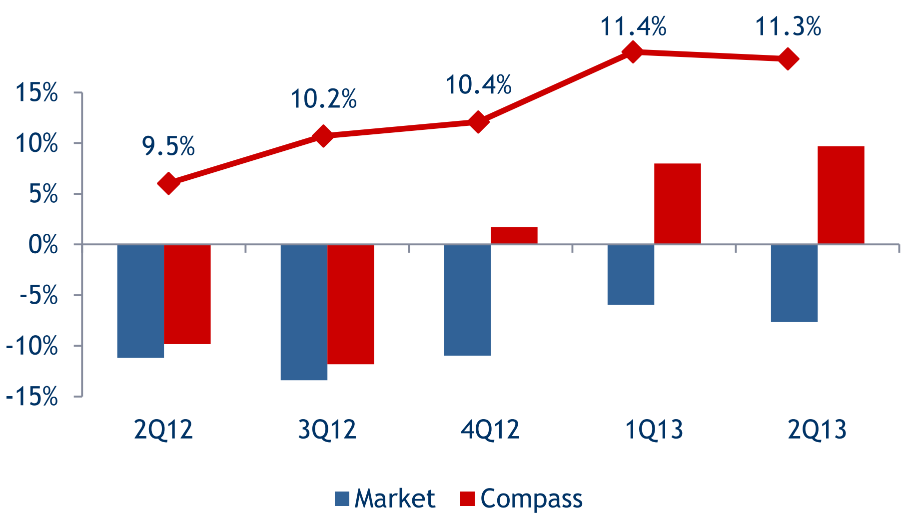
Compass KPIs (June 13)

- In a continuing shrinking market, Compass total market share up to 11%, with focus on more profitable segments
- Effective and diversified franchise: 2.4 million customers, 163 Compass branches, over 5,000 banks branches
- Source of “recurrent” revenues for MB Group
- Strong asset quality: NPLs/Ls 1.2%, coverage ~90%
- High profitability: ROAC 10%
- New capital light initiatives launched (Compass Pay)

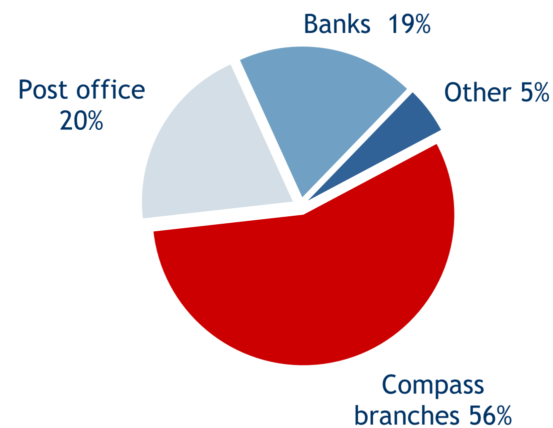
New loans by type (12m, June 13)



New loans growth, quarterly market share



New personal loans by origination channel (12m, June 13)

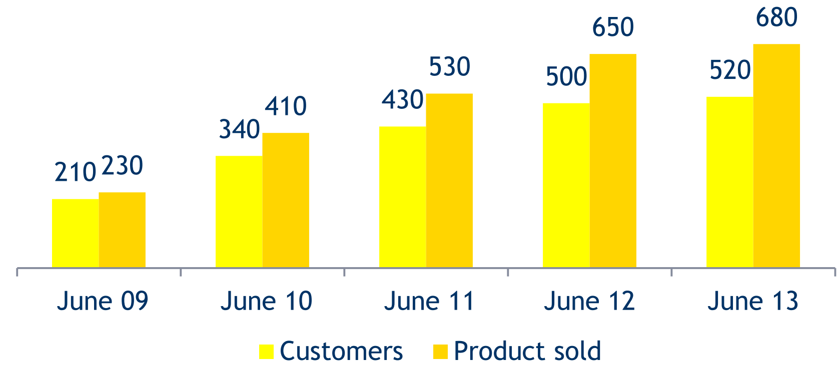


Retail banking: CheBanca! profile

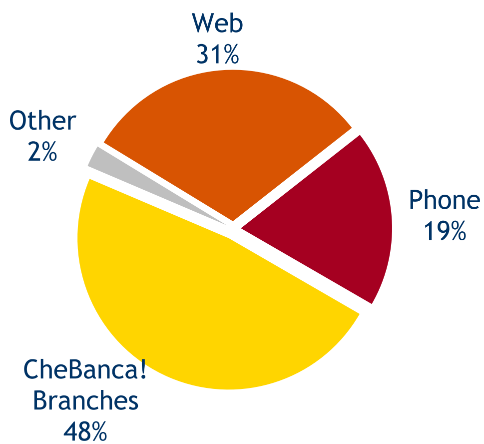
CheBanca! KPIs (June 13)

- Strong funding arm: €11.9bn direct deposits plus €0.7bn indirect deposits
- Scalable and efficient operating platform
- Multichannel distribution
- High brand recognition
- Increasing and affluent customer base (520K)
- Product diversification and profitability improving

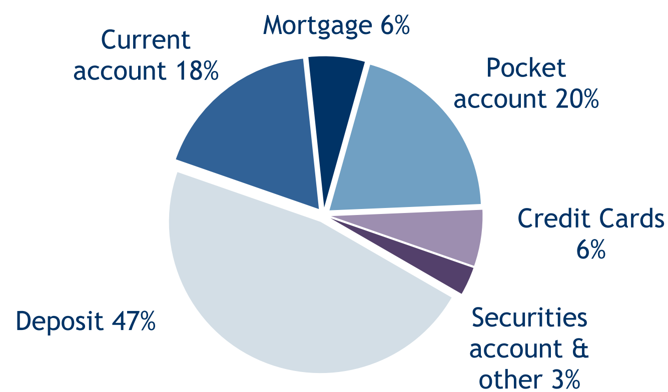
CheBanca!'s customers and products ('000)



Products sold by channel (June 13)



Breakdown of products by type (June 13)



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Private banking

CMB KPIs (June 13)

- CMB: stake since 1989, fully owned since 2004
- Leading financial institution in Principality of Monaco, with around 10% market share
- €6.7bn AUM . AUM breakdown:
    - mainly private investors
    - 47% managed assets, 53% administered
- Distribution network: 40 bankers
- Steady profitability

Compagnie Monégasque de Banque

€m	June 13	June 12	June 11
Revenues	83	71	72
Costs	(45)	(46)	(47)
GOPrisk adj	37	22	25
Net result	41	22(*)	24
AUM (€bn)	6.7	6.0	5.8

Banca Esperia KPIs (June 13)

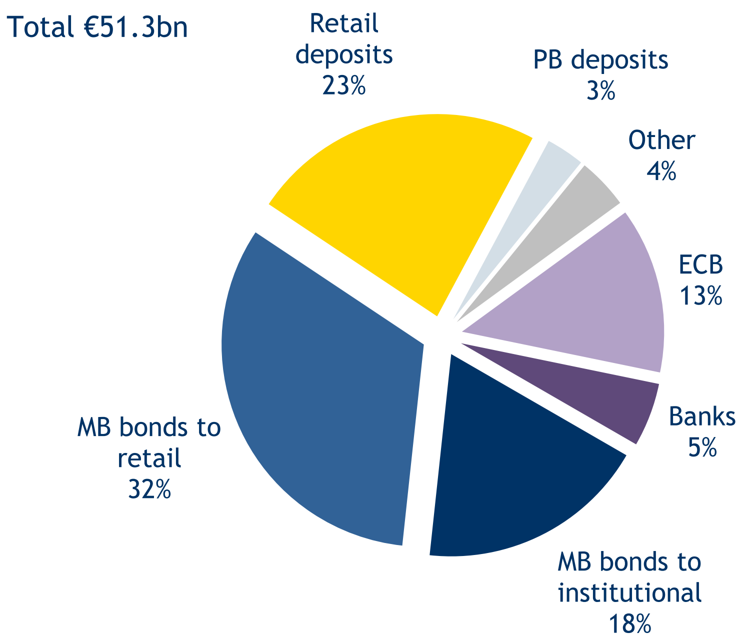
- Founded in 2001 (50% partnership with Mediolanum)
- Highly synergic with CIB operations
- Top ranked in Italy as specialist player for UHNWI
- €14.2bn of AUM split as follows:
    - 72% private investors, 28% institutional investors
    - 48% managed, 52% administered
- Distribution network: 70 bankers, 12 branches in Italy

Banca Esperia (100%)

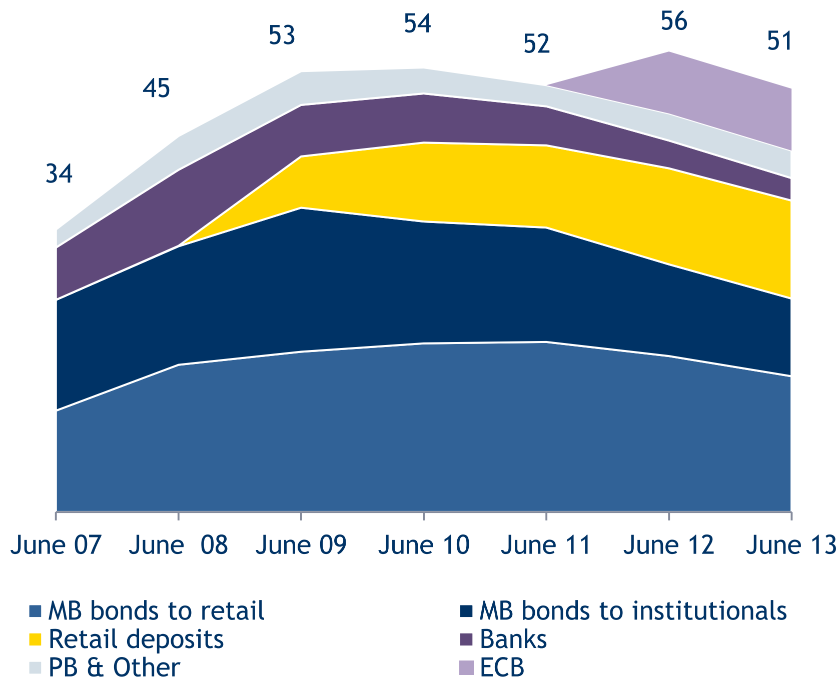
€m	June 13	June 12	June 11
Revenues	68	65	67
Costs	(72)	(64)	(62)
GOP risk adj	(5)	4	5
Net result	1	4	1
AUM (€bn)	14.2	13.2	13.7

Funding breakdown

MB Group funding breakdown (June 13)



MB Group funding trend (€bn)



- NSFR well above 100%
- Well diversified funding structure: 58% from retail investors (32% MB bonds to retail, 23% CB! deposits and 3% PB deposits)

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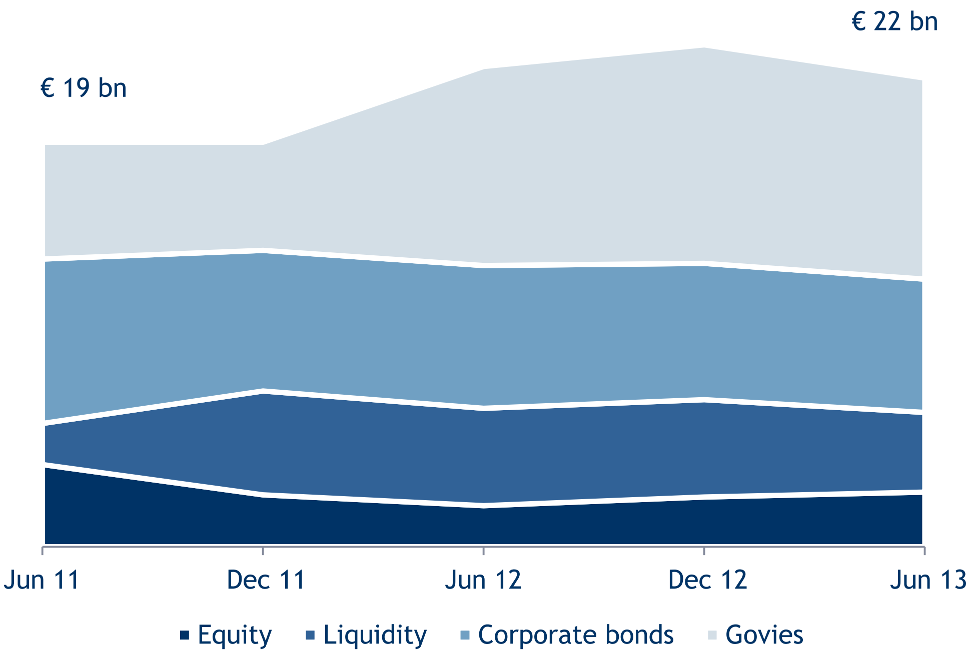
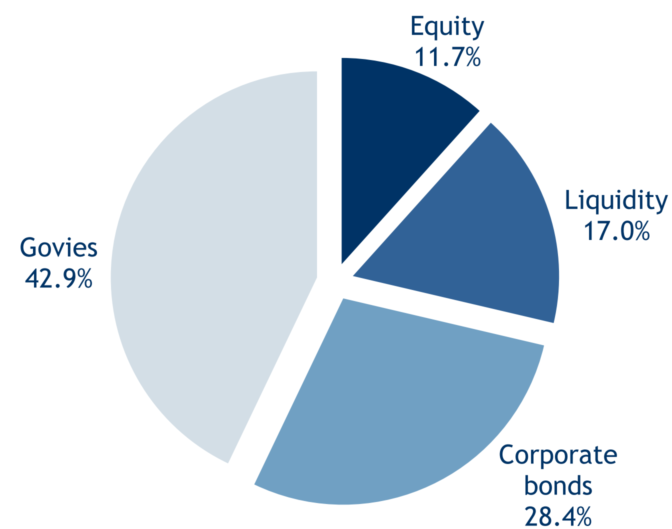
MB Group's treasury funds, AFS and HTM securities

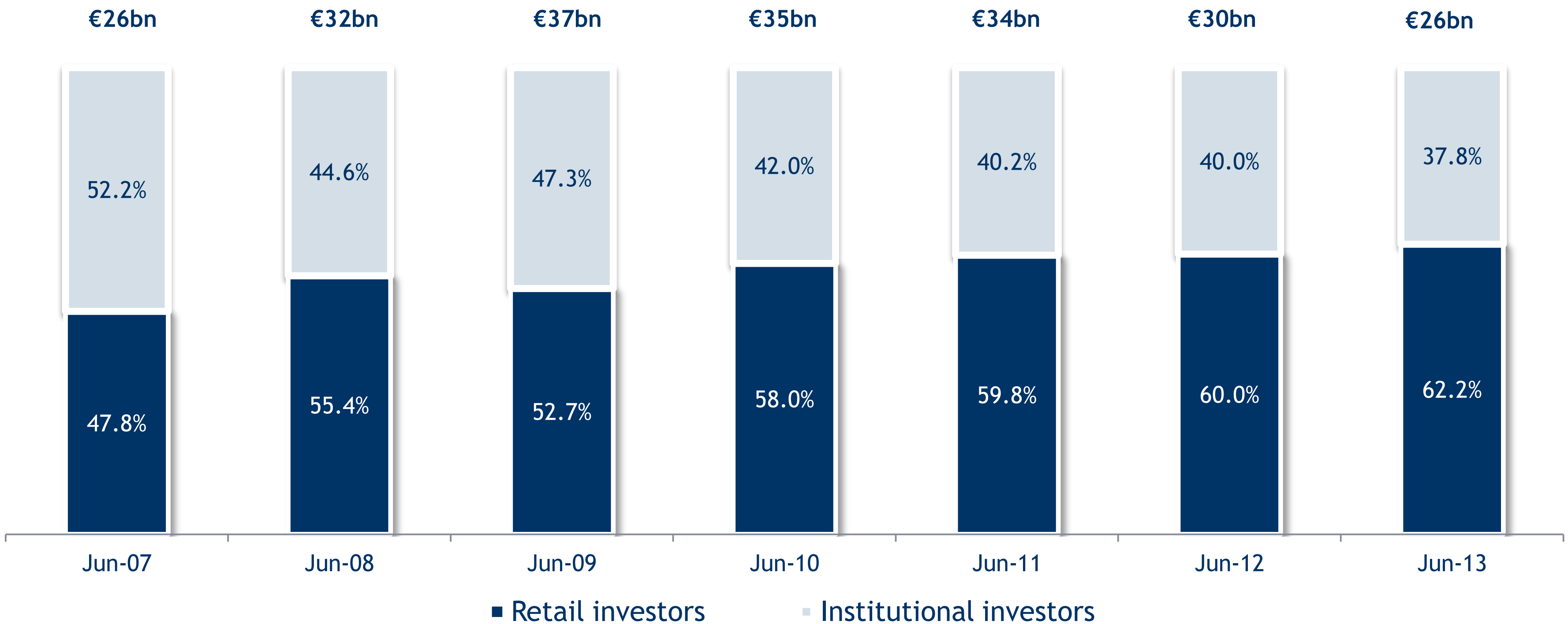
Evolution of the composition



Composition as of 30 June 2013



Outstanding bonds by type of investor



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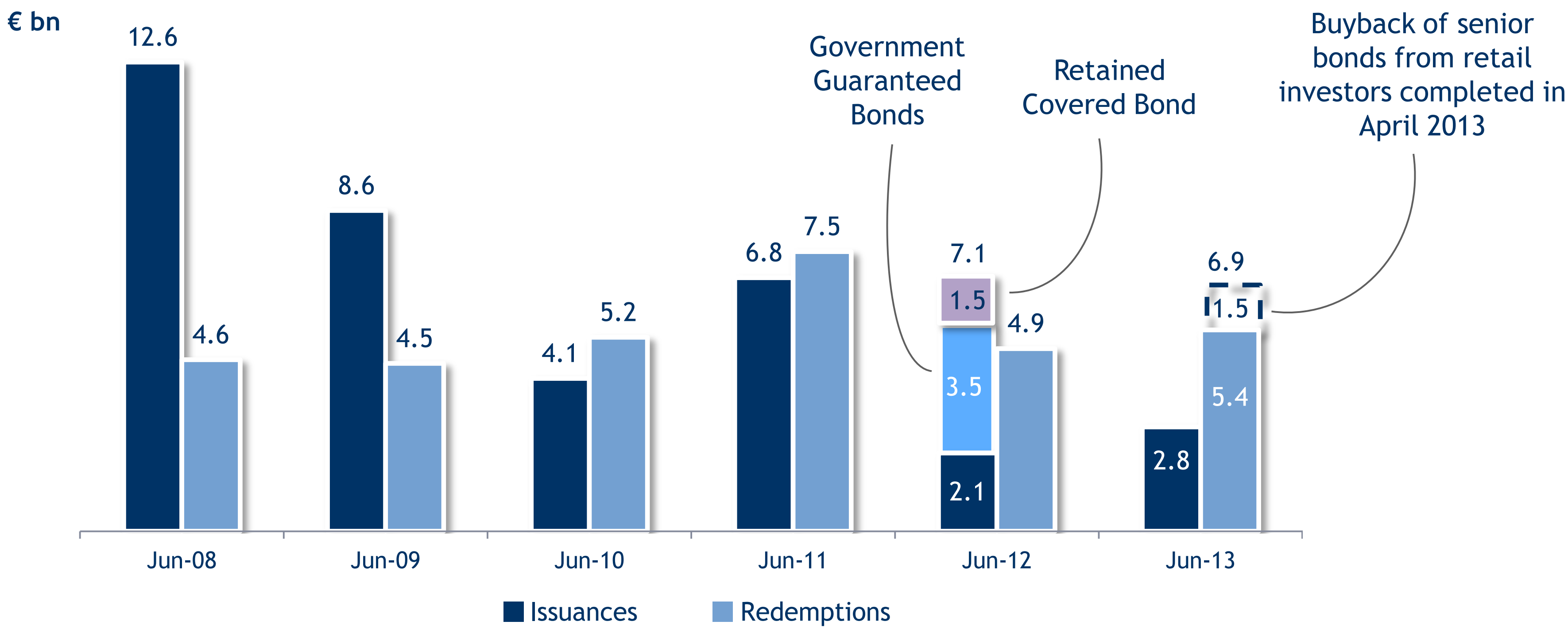
Historical bond issuances and redemptions



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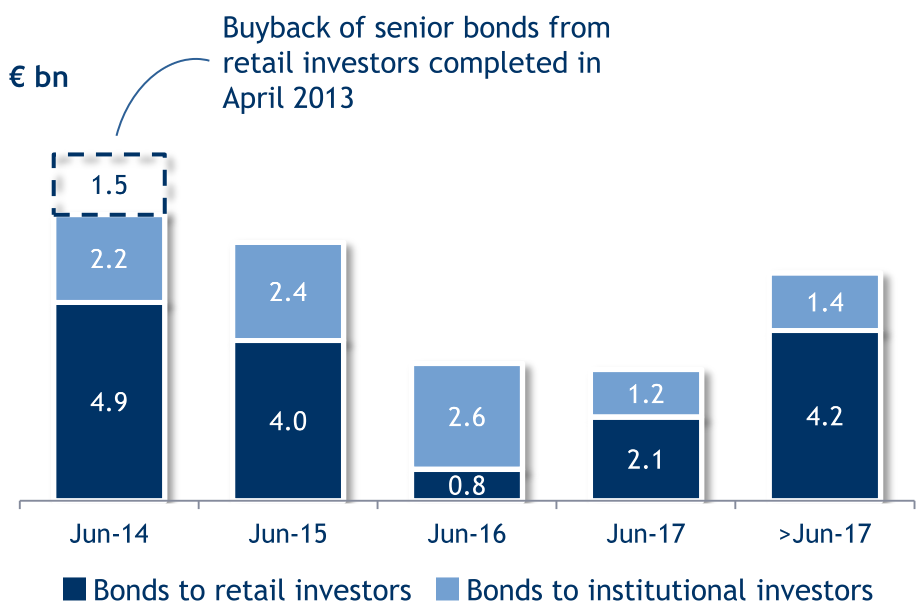
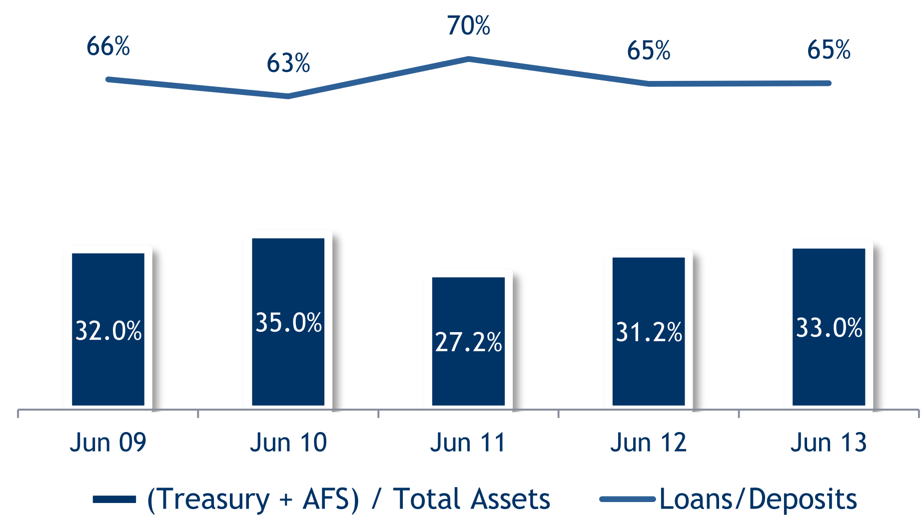
Refinancing under control and high liquidity

Bond maturities as of 30 June 2013*



Funding and liquidity ratios



** Excluding securities (i) already repurchased by MB, (ii) underwritten by companies of the group, (iii) issued on MOT and retained by MB, (iv) issued and retained for the purpose of 3y LTRO (€3.5bn of OBG and €1.5bn of covered bonds) or (v) issued for hedging specific purposes*

MEDIOBANCA

Group strategic guidelines

Section 1.2

MEDIOBANCA

Successful execution of our key strategic priorities

From holding company to banking business

Strong growth and diversification of banking business achieved …

… leveraging exclusively on own capital

… and investing in talented human resources instead of doing acquisitions …

… with a different approach to equity stakes management …

… and remunerating stakeholders

Best-in-class efficiency, asset quality and capitalization

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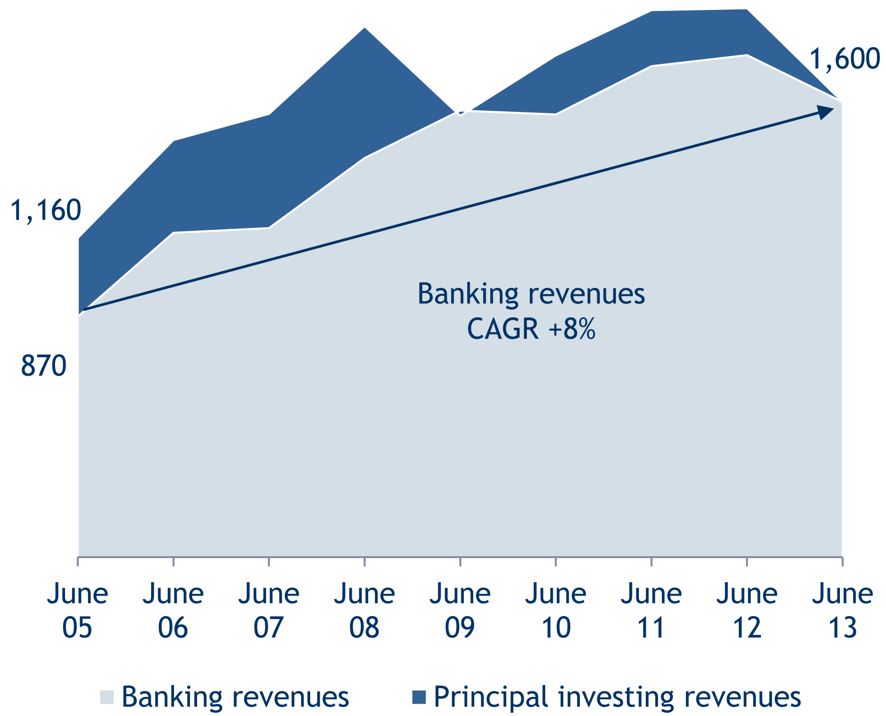
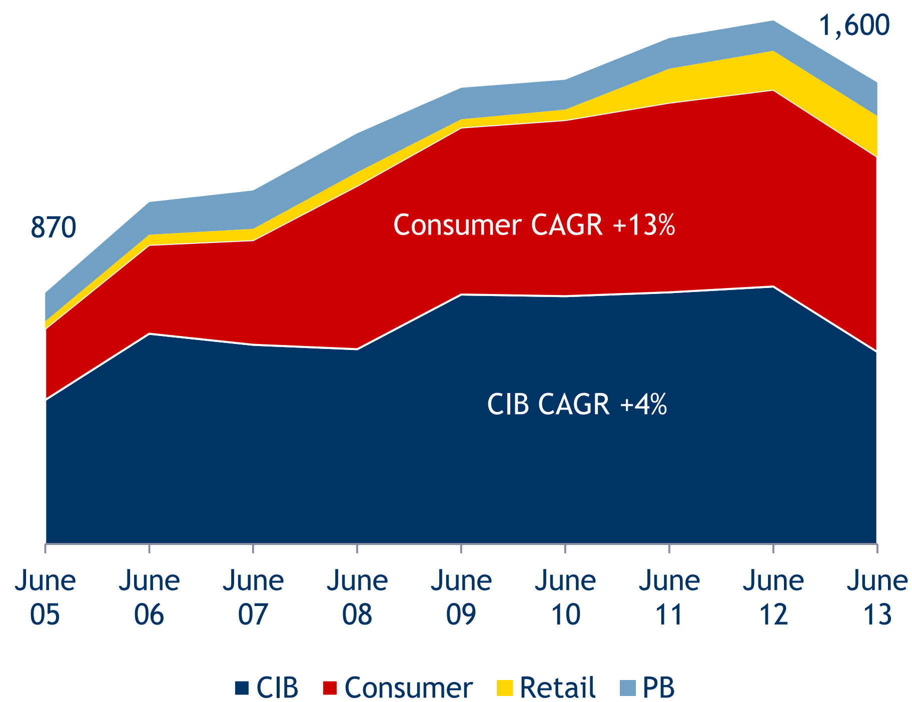
Banking revenues doubled and more diversified

Group revenues (€m)



Banking revenues (€m)



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

MB vision: medium-term strategic pillars

1. Simplify business model and reduce equity exposure
2. Confirm capital strength in B3 scenario, more disciplined use of capital
3. Invest in fee-generating/capital-light businesses
4. Substantially increase non-domestic revenues
5. Materially improve growth and profitability

Reduce equity exposure by €2bn

Equity exposure drawbacks

- Absorbs too much capital
- Concentration vs insurance sector and Italy too high
- Adds volatility to Group results
- Adds discount to valuation

€ 0.4bn asset clean-up

- All stakes reclassified “as available for sale”[1]
- All stakes marked-to-market
- €0.4bn asset clean-up in FY13

€ 1.5bn equity stake disposals

- Ass.Generali: reduce stake by approx. 3pp in 3Y
- Other AFS stake disposals
- Speed and amount of deleverage to be co-ordinated with market conditions

Recover full availability of shares

- Exit shareholder agreements
- Valuable exit strategy to be found working together with other investors/shareholders

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

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

Concerns over MB capital trends/levels

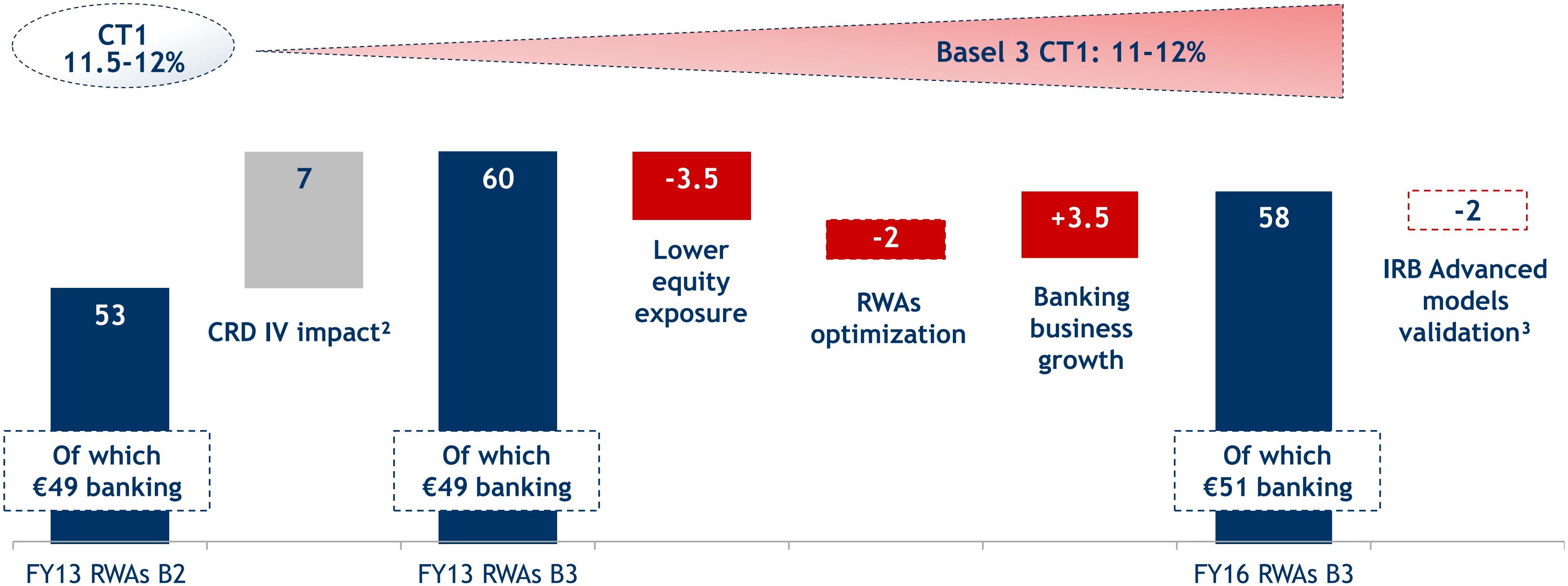
- Impact of full deduction of Ass.Generali stake from MB CT1
- Possible additional capital drains due to high equity exposure
- Impact of Basel 3 on banking RWAs

CRDIV adoption for AG stake	€2bn equity exposure reduction	RWAs optimization
◆ Ass.Generali stake weighted 3.7x RWAs instead of fully deducted from CT1[1] ◆ Ass.Generali K absorption:[2] from current €0.2bn (B2) to €0.7bn (B3) ◆ AG stake fully phased B3 impact on MB CT1: -130bps[1]	◆ Ass.Generali: reduce the stake by approx. 3pp in 3Y ◆ Other AFS stake disposals ◆ All stakes reclassified "as available for sale"	◆ €2bn RWAs optimization from data/process management ◆ Possible further saving from IRB Advanced models validation[1] (not included in BP targets)

1) *Internal estimates, subject to Bank of Italy's authorization*
2) *Hp: Ass.Generali stake currently 13.24%*

RWAs from equity to banking business growth

Group RWAs[1] trend (€bn)



- Impact of B3 adoption limited to €7bn higher RWAs due to different AG stake weighting[2]; no impact on banking RWAs
- RWAs 3YCAGR -1%: equity disposals and RWAs optimization to feed growth in banking business
- Possible additional €2bn savings from IRB Advanced models validation[3] (not included in BP targets)

1) *Based on €2.5bn of 13.24% AG book value as at June 13*
2) *Internal estimates, subject to Bank of Italy's authorization: AG RWAs: weight from 1x B2 to 3.7x B3*
3) *Internal estimates, subject to Bank of Italy's authorization*

MEDIOBANCA

Balanced and sustainable A&L mix

Loans

- Back to lending growth, both in corporate and retail
- Corporate: exploit untapped customer base, sector trends, different business approach
- Consumer: focus on high net margin loans
- Strict risk assessment

Loans CAGR 5%

LLPs/Ls = 150bps

Funding

- Bond and treasury size back to pre-crisis level
- MB bonds expiring in next 3Y refinanced in the market; opportunistic timing; 50% retail
- LTROs entirely paid back out of treasury
- CheBanca!: towards lower cost funding; from direct to indirect deposits

L/D ratio 0.8x

NSFR>100%

Funding and loan book 50:50 corporate/retail

Invest in fee-generating/capital-light businesses

CIB/WM

- IB: push on advisory and capital markets/asset brokerage
- PB: organic growth and top up both off- and onshore
- MB Alternative Asset Management ("MAAM") to be set up and developed [1]

Retail

- Consumer finance: develop fee-based products (e.g. Compass Pay)
- CheBanca!: develop asset management products

MB Group fee income contribution/total banking revenues

	2013	2016[1]	2018[1]
MB Group	25%	30%	40%

1) MAAM: not included in 2016 BP targets, included in 2018 ambition

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Mediobanca 2016 main targets

Mediobanca Group	Reduce equity exposure by €2bn Banking revenues: €2.1bn, CAGR +10% Cost of risk = 150bps ROE = 10-11% B3 CT1[1] = 11-12%, payout 40% NSFR > 100%

CIB & PB	Consumer & Retail	MAAM[2]
Revenues €1bn, CAGR +10% ROAC = 12-13%	Revenues €1bn, CAGR +7% ROAC = 10-11%	Revenues up to 15% of Group banking revenue in 5Y

[1] Internal estimates, subject to Bank of Italy's authorization: AG RWAs: weighting from 1x B2 to 3.7x B3
[2] MAAM contribution not included in BP targets

MEDIOBANCA

FY results as at June 2013

Section 1.3

First delivery of business plan actions, first signs of turnaround

Assets clean-up	◆ All equity stakes (excl.AG) classified as available for sale and market valued ◆ €0.4bn net equity impairments
Deleveraging ended	◆ Deleveraging ended with RWAs down 5%, CT1 up to 11.7%, TC up to 15.6% ◆ Funding and treasury optimization ongoing
Core revenues bottoming out	◆ NII bottoming out: down 4% YoY but up 8% QoQ ◆ Fee income down 15% YoY due to subdued IB activity
Costs down Coverage ratio up	◆ Costs cut by 4% YoY and 8% in the last 2Y ◆ LLPs up 8% YoY ◆ Higher coverage ratios: NPLs at 66% (up 5pp), bad loans at 45% (up 6pp)
FY13 results	◆ Banking GOP risk adj. down 39% to €343m ◆ Net loss €180m, dividend distribution not allowed by regulator

€400m asset clean-up

Equity exposure: 2014-16 business plan targets

€ 0.4bn asset clean-up

€ 1.5bn equity stake to be disposed

Recover full availability of stakes from shareholder agreements

Securities writedowns/backs in FY13 (€m)

Total net amount	**(404)**
of which	
Telco (TI @ €0.53ps)	(320)
Burgo	(45)
RCS (AFS reclass.)	(38)
Sintonia	(33)
Santè	(25)
Other shares	(51)
Pirelli (AFS reclass.)	66
Gemina (AFS reclass.)	23
Fixed income securities	19

- €0.4bn asset clean up achieved in FY13, in line with Business plan 14-16 targets
- All stakes (excl. Assicurazioni Generali) classified as "available for sale" and consequently marked to market

MEDIOBANCA

Deleveraging ended, CT1 up to 11.7%

A&L - €bn	FY13	FY12	Δ J13/J12	FY11
Funding	**51.3**	**55.8**	**-8%**	**51.7**
Bonds	25.9	30.0	-14%	34.5
Retail deposits	11.9	11.6	+2%	10.0
ECB	7.5	7.5	-	-
Others	6.0	6.7	-10%	7.3
Loans to customers	**33.5**	**36.3**	**-8%**	**36.2**
Wholesale	15.5	17.9	-13%	18.1
Private banking	0.8	0.8	-	0.7
Consumer	9.4	9.2	+2%	8.9
Mortgage	4.2	4.3	-2%	4.1
Leasing	3.5	4.1	-16%	4.4
HFT+AFS+HTM+LR	**21.7**	**22.2**	-2%	**18.7**
RWAs	52.4	55.2	-5%	55.0
Loans /funding ratio	67%	65%		70%
Core tier 1 ratio	**11.7%**	**11.5%**	+20bps	**11.2%**
Total capital ratio	**15.6%**	**14.2%**	+140bps	**14.4%**

€180m loss due to securities writedowns, lower contribution from AG, weak banking environment

P&L - €m	FY13	FY12	Δ J13/J12	FY11
Total banking income	**1,607**	**1,820**	**-12%**	**1,780**
Net interest income	1,028	1,070	-4%	1,070
Fee income	410	483	-15%	520
Trading income	169	267	-37%	189
Total costs	**(757)**	**(789)**	**-4%**	**(824)**
Labour costs	(384)	(393)	-2%	(419)
Administrative expenses	(373)	(396)	-6%	(405)
Loan loss provisions	**(507)**	**(468)**	**+8%**	**(424)**
Banking GOP risk adjusted	**343**	**563**	**-39%**	**532**
Income from equity acc.companies	(9)	170		203
Impairments, disposals, one-offs	(361)	(527)		(181)
Taxes & minorities	(153)	(125)	+25%	(185)
Net result	**(180)**	**81**		**369**
Cost/income ratio	47%	40%	+8pp	42%
Cost of risk (bps)	145	129	+16bps	122bps
Bad loans coverage ratio*	45%	39%	+6pp	41%

* *All impaired categories included: past due, watch list, restructured, NPLs.*

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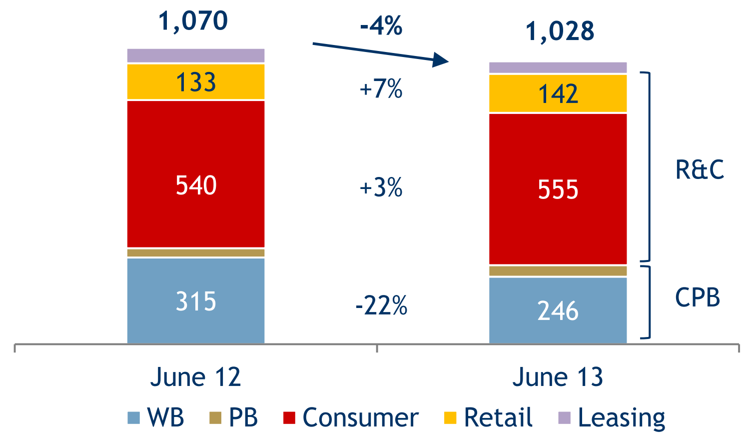
Net interest income bottoming out

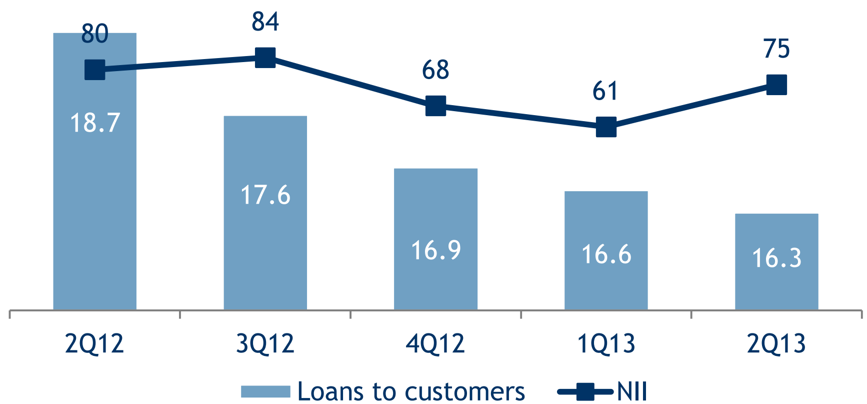
Group NII trend

- **Effective corporate : retail diversification:** CPB weakness (NII down 18% YoY to €287m) partly offset by R&C resilience (NII up 3% YoY to €697m)
- **Group NII 4% YoY** reduction due to CPB loans shrinking, prudent treasury asset allocation, low yield, higher avg. stock funding cost in CPB
- **QoQ NII bottoming out** due to higher margin/treasury yield in CPB, lower cost of funding/higher volumes in Retail

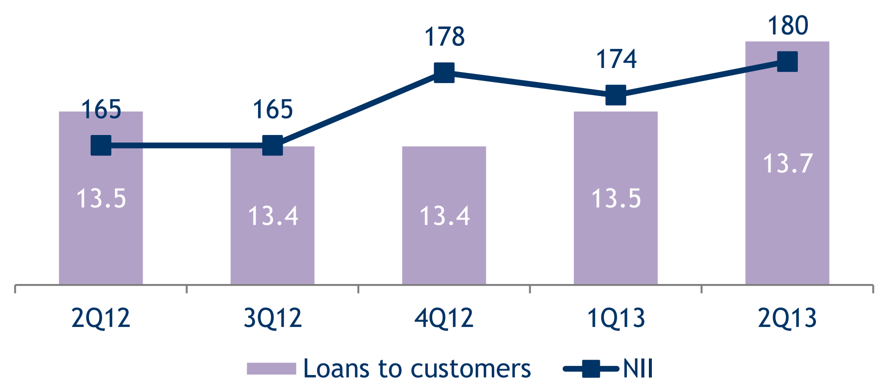
Group NII (€m)



CPB: loans (€bn) and NII (€m)



R&C: loans (€bn) and NII (€m)



CPB = Wholesale banking (WB) + Private banking (PB); R&C = Retail banking (R) + Consumer lending (C)

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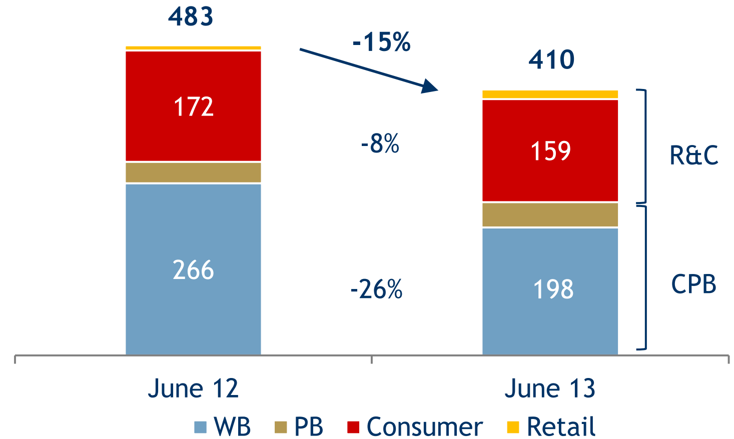
Fee income: good 2Q13 but still fragile CPB environment

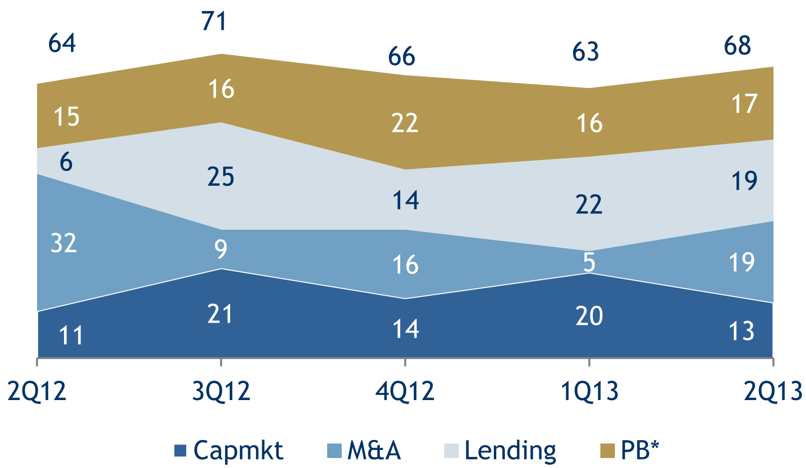
Group fees trend

- **Group fees down 15% YoY** reflecting subdued IB activity in WS (down 26%), regulatory pressure in Consumer (down 8%)
- **Positive trend for PB** (AUM up 10% to €13.8bn) **and CheBanca!** (placement of MB bonds)
- **In last quarter some recovery** in CPB and consumer, but scenario still fragile; more quarters needed for trend to normalize

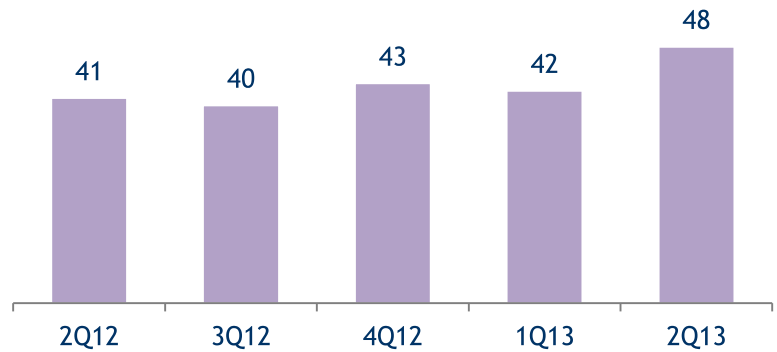
Group fees (€m)



CPB: fee income trend by product (€m)



R&C: fee income trend (€m)



CPB = Wholesale banking (WB) + Private banking (PB); R&C = Retail banking (R) + Consumer lending (C)

*PB = 100% CMB + 50% Banca Esperia

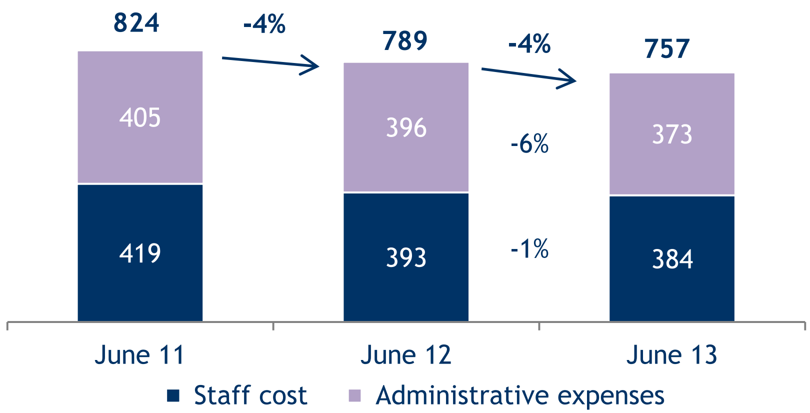
MEDIOBANCA

Costs down 4% for the second year in a row

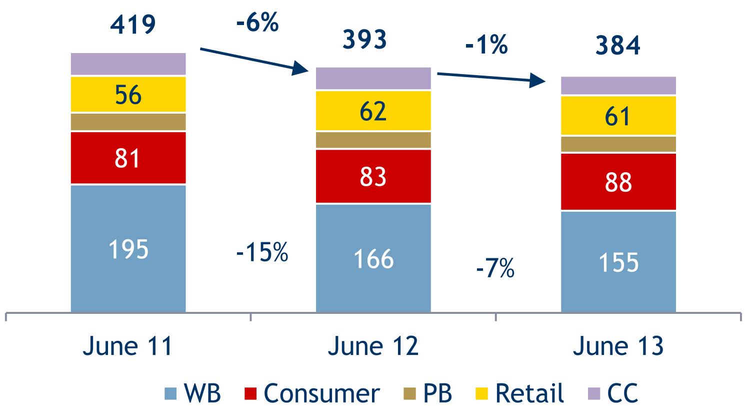
Group costs trend

- **In last 2Y costs down 8%**, with similar decreases for staff and administrative costs
- Personnel costs reduction driven by WB (down 20% in last 2Y, 7% in FY13)
- Administrative expenses reduction driven by savings in CheBanca! (down 38% in last 2Y, 20% in FY13)
- Compass staff and personnel cost up 3% in part due to new projects (Compass Pay)

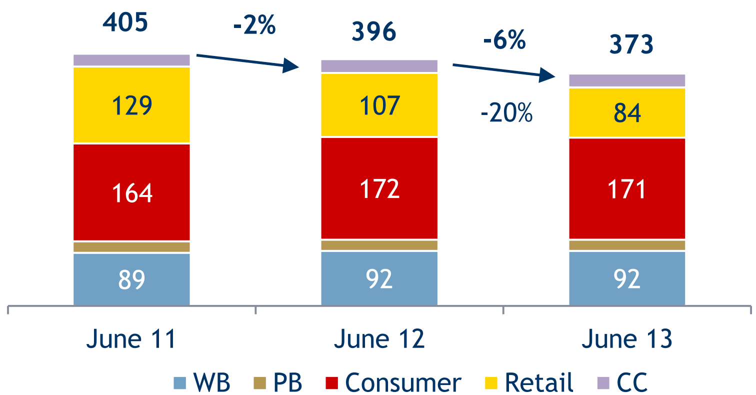
Group costs (€m)



Labour costs (€m)



Administrative expenses (€m)



CPB = Wholesale banking (WB) + Private banking (PB); R&C = Retail banking (R) + Consumer lending (C)

CC: Corporate Centre

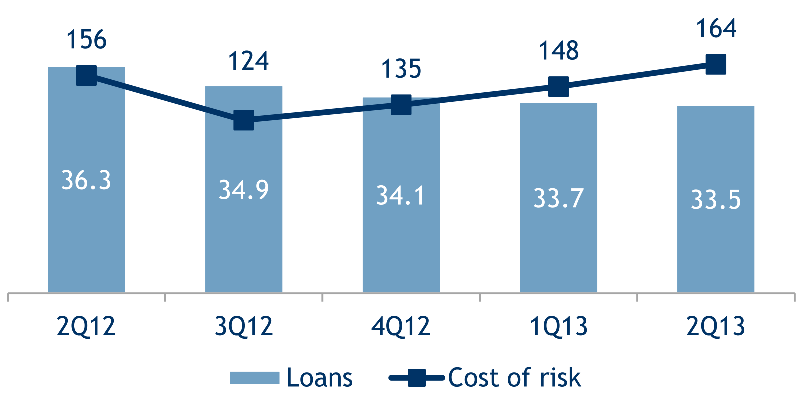
MEDIOBANCA

Higher LLPs, coverage ratios increased

Group asset quality trend

- **FY13 cost of risk up to 145bps on declining loans** (down 8% YoY) **to keep high coverage ratios on both bad loans and NPLs**
- Net bad loans (3.0% of total loans) up €85m YoY (to €989m), but stable in the last 3 quarters
- Bad loan coverage ratio up 6pp to 45% (>60% including generic provisions)
- Net NPLs equal to €263m or 0.8% of total loans, coverage ratio up to 66% (up 5pp)

Group: loans (€bn) and cost of risk (bps)



Asset quality ratios trend

	June12	June 13
Net bad loans (€m)	**904**	**989**
Net bad loans/loans	**2.5%**	**3.0%**
Net bad loans/CT1	**14%**	**16%**
Bad loans coverage*	**39%**	**45%**
Corporate	35%	39%
Leasing	28%	29%
Consumer *	46%	56%
Mortgage	47%	47%
Net NPLs (€m)	**242**	**263**
NPLs coverage*	**61%**	**66%**
Net NPLs/loans	**0.7%**	**0.8%**
Corporate	0%	0%
Leasing	1.4%	1.6%
Consumer	1.1%	1.2%
Mortgage	1.7%	2.0%

** Net of Cofactor*

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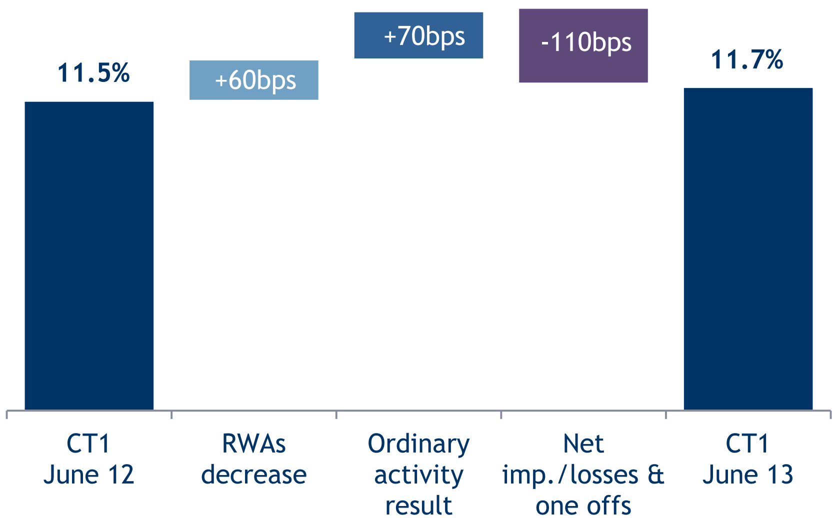
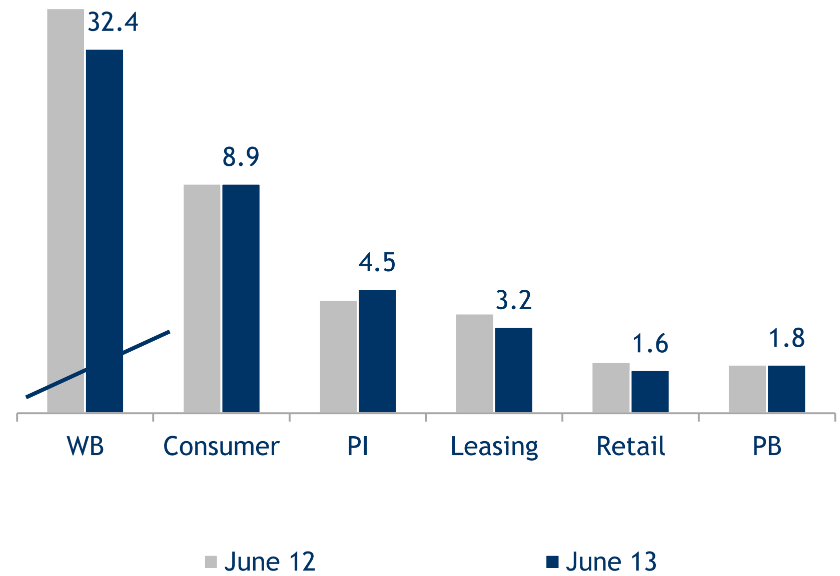
CT1 up to 11.7% despite asset clean-up

CT1 ratio trend (%, bps)



RWAs trend by business (€bn)



- RWAs down 5% YoY to €52.4bn; reduction driven by WB (down 7%) and leasing (down 15%)
- CT1 ratio up to 11.7% despite impairments; 70bps generated by ordinary activity and 60bps by RWAs reduction
- Given Group net loss, dividend distribution not allowed by regulations

MEDIOBANCA

The Originator

Section 2

CheBanca!

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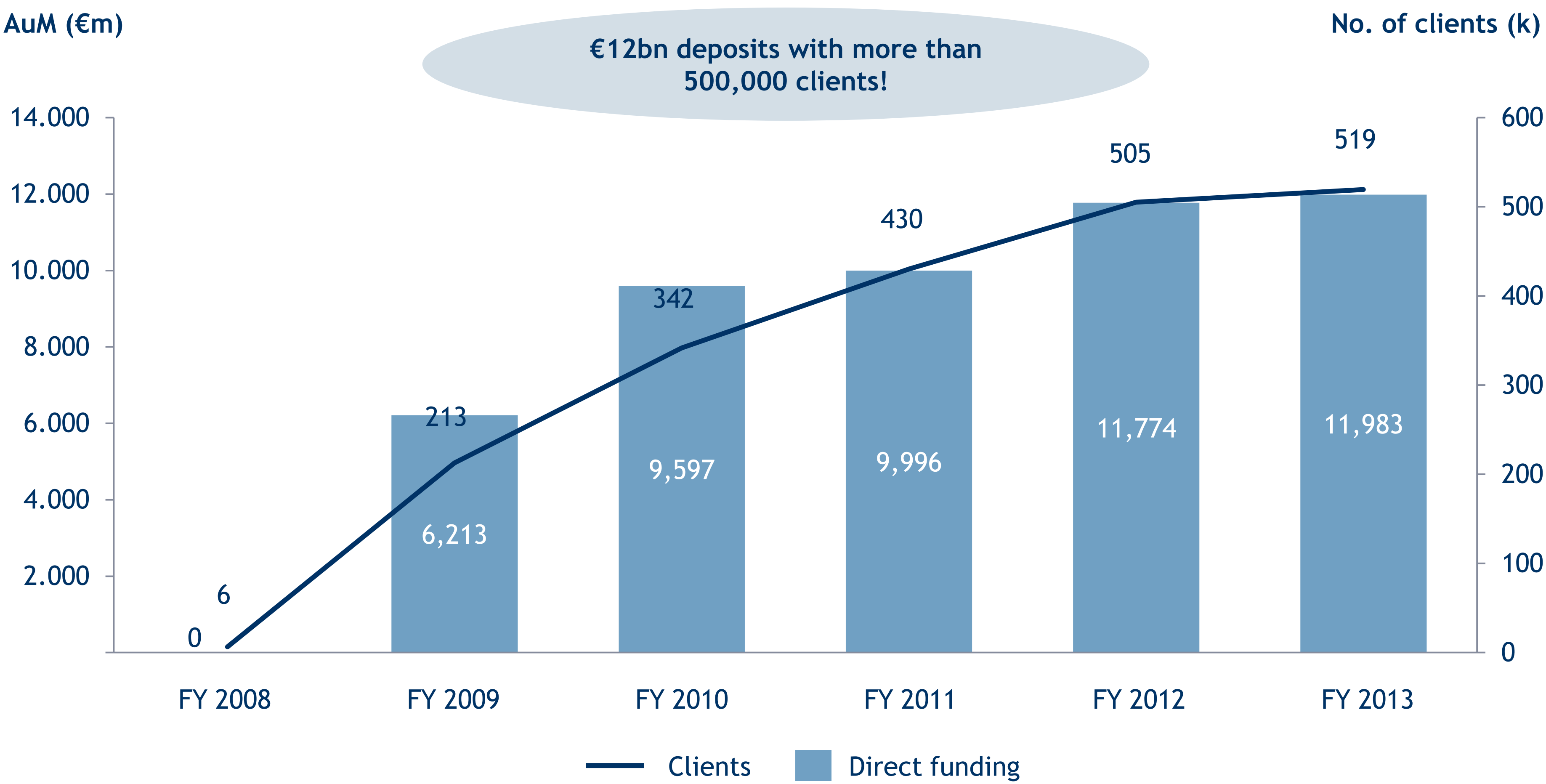
Client/asset growth

Rapid and successful client/asset growth



CheBanca!

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Business model

Compete in a traditional environment with a new model

Area	Traditional Bank	CheBanca!
Product offering	◆ Large, **fragmented, complicated**	◆ Simple, **one-need one product**
Pricing	◆ **Negotiated & not transparent**	◆ **Standard & transparent yet competitive**
Service	◆ Branch-centric ◆ Other channels to **support**	◆ Customer-centric ◆ Digitally evolved ◆ New branch model
Customer relationship	◆ Decentralized to branch-level	◆ **Centralized and CRM driven**
Employee	◆ Specialist & old-fashioned	◆ "Services & sales" oriented coming from street retailing

Distribution Channels

Multiple Distribution Channels

CheBanca!'s distribution channels include

Web	It is possible to gather information about the products and to compare economic conditions. The customer can simulate a product proposal, request information about the product and have the request followed up by telephone contact from an operator
Telephone	The customer is offered consultation over the phone about the products of interest so as to identify the most suitable product. It is also possible to request a product proposal and to submit a mortgage application with the telephone operator's assistance
Physical Network	The customer is offered consultation about the products of interest so as to identify the most suitable product. It is also possible to request a product proposal and to submit a mortgage application with the assistance of specialized personnel (Family Loans Account)
Mortgage sales network	The customer is offered consultation by Brokers partnered with CheBanca! about the products of interest so as to identify the most suitable product . It is also possible to request a product proposal and to get assistance in gathering the documentation needed for completing the mortgage application to be submitted for processing, under the supervision of Mortgage Sales Network, who follows the application end to end

Strategy

To become the leading digitally omni-channel italian bank: five strategic pillars

Strategic pillars	Main actions
1 Leverage on Retail industry **new trends**	◆ Exploit **new technology**, new (social) media to **enrich client relationship**
2 Growing **digital omni-channel** banking customers	◆ Shape the **organization around** the **customer**, ◆ **Personalization** is king
3 Complete **products** and **services** offering	◆ Serve all **primary banking needs** with selected products ◆ Focus on **investments**
4 Increase **efficiency**	◆ **Reduce cost-to-serve** ◆ **Negotiate** new agreement with service providers
5 Exploiting group **synergies**	◆ Distribute Compass **personal loans** ◆ Share **best practice** on credit management

Mediobanca OBG Programme - Summary

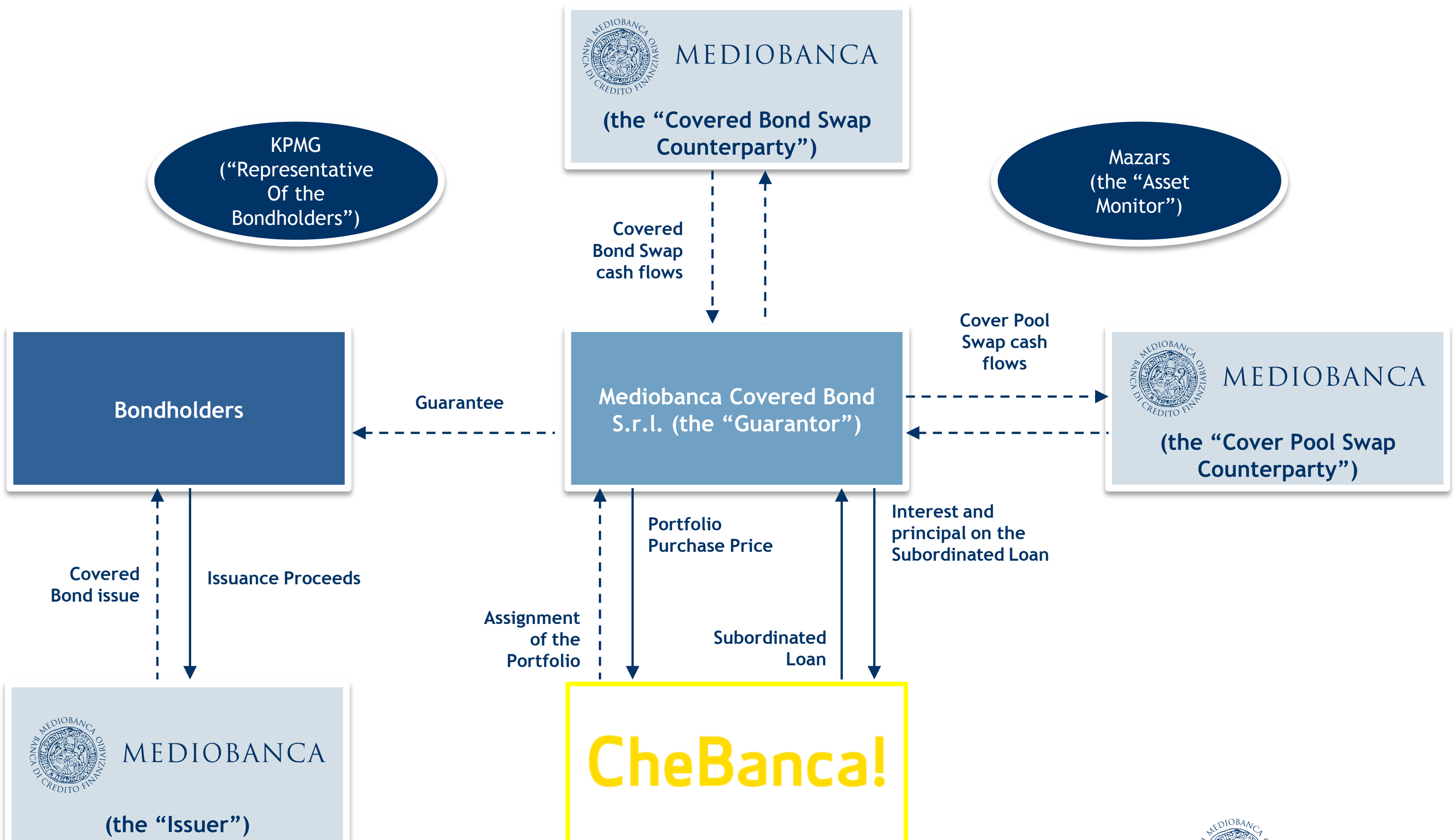
Section 3

Summary of the programme

Issuer	Mediobanca – Banca di Credito Finanziario S.p.A. (“Mediobanca”)
Rating of the Issuer	BBB/A-2 with negative outlook by S&P
Seller	CheBanca! S.p.A. (“CheBanca!)
Programme size	€ 5bn
Guarantor	Mediobanca Covered Bond S.r.l.
Expected rating	A with Stable outlook by S&P
Cover Pool	100% Italian, prime, first economic lien, residential mortgage loans originated by the Seller
Segregation of collateral	Collateral sold to the Guarantor is segregated for the benefit of OBG holders and other secured parties in the context of the programme
Listing	Luxembourg
Over-collateralization	The statutory tests are run quarterly to ensure sufficient programme support
Minimum over-collateralization	[51.4%], corresponding to an Asset Percentage of [63.6%]
Cash Reserve	Equal to [1] year of interest on the bonds
Servicer	CheBanca!
Calculation Agent	BNP Paribas Securities Services
Asset Monitor	Mazars S.p.A.
Account Bank	Mediobanca
Cover Pool Swap Counterparty	Mediobanca
Covered Bond Swap Counterparty	Mediobanca
Governing Law	Italian
Representative of bondholders	KPMG Fides Servizi di Amministrazione S.p.A.
Arranger	Mediobanca

Structural Overview

- The transaction is structured under the form of a programme of issuances, with Mediobanca acting as the issuing bank and CheBanca! acting as the selling bank and the servicer of the portfolio
- The portfolio of residential mortgages is segregated through the non-recourse transfer to a special-purpose vehicle (SPV) set up pursuant to Article 7-bis of Law No. 130/99, which in its turn has provided a guarantee in favour of the bondholders



MEDIOBANCA

Mandatory Tests and Additional Test

- The Tests will be performed by CheBanca! quarterly with reference to the last day of the preceding Collection Period and reviewed by an independent audit firm acting as Asset Monitor

MANDATORY TESTS

Nominal Value Test	♦ The Nominal Value Test (NVT) is run quarterly to ensure that sufficient overcollateralisation is available for the outstanding OBG: the outstanding aggregate notional amount of the assets comprised in the Cover Pool shall be, at least equal to the aggregate notional amount of all outstanding Series of Covered Bonds issued under the Programme ♦ Prior to the occurrence of an Issuer Event of Default, the Nominal Value Test is deemed to be met if the Asset Coverage Test (as defined below) is met. Following the occurrence of an Issuer Event of Default, the Nominal Value Test will be deemed to be met if the Amortisation Test (as defined below) is met.
Net Present Value Test	♦ The Net Present Value Test (NPVT) ensures that on each calculation date the net present value of liabilities under the issued OBG is less than or equal to the net present value of the cover pool net of all costs and expenses of the guarantor ♦ On each calculation date, the net present value of the Cover Pool (inclusive of any payments of any nature expected to be received by the Guarantor with respect to any Swap Agreement), net of the transaction costs to be borne by the Guarantor (including the payments of any nature expected to be borne or due with respect to any Swap Agreement) shall be higher than or equal to the net present value of all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Conditions and the relevant Final Terms
Interest Coverage Test	♦ The Interest Coverage Test (ICT) ensures that as at each calculation date the amount of interest and other revenues generated by the assets included in the Cover Pool, net of the costs borne by the Guarantor (including the payments of any nature expected to be borne or due with respect to any swap agreement), will be higher than the amount of interest due on all outstanding OBG, taking into account the swaps entered into

ADDITIONAL TESTS

Asset Coverage Test	♦ Adjusted Aggregate Loan Amount ≥ aggregate Principal Amount Outstanding of the Covered Bonds issued under the Programme ♦ The Adjusted Aggregate Loan Amount is the lower of : i. Outstanding balance ii. LTV Adjusted balance iii. Asset Percentage adjusted balance Taking into consideration amounts standing to the credit of the Guarantor's accounts, collections, further transfers of assets minus any set-off amount, commingling amount and negative carry factor calculation
Amortisation Test	♦ The AT is calculated only after an Issuer Event of Default (but prior to service on the Guarantor of a Guarantor Default Notice) and ensures that the collateral is sufficient to cover the guarantor's obligations due under the outstanding OBG guarantee. The AT is failed if the "aggregate loan amount" is less than the amount of outstanding OBG; failure of the AT results in the OBG being accelerated

Cover pool description

Section 4

MEDIOBANCA

Eligible assets

Each of the receivables deriving from the mortgage loans forming part of the Cover Pool shall comply with all of the following criteria

- receivables arising from loans advanced by CheBanca! S.p.A.
- residential mortgage receivables with LTV at transfer/valuation date ≤ 80%
- receivables that did not provide at the time of disbursement for any subsidy or other benefit in relation to principal or interest (mutui agevolati)
- receivables that have not been granted to public entities (enti pubblici), clerical entities (enti ecclesiastici) or public consortia (consorzi pubblici)
- receivables that are not consumer loans (crediti al consumo)
- receivables that are not a mutuo agrario pursuant to Articles 43, 44 and 45 of the Legislative Decree 1 September 1993, n. 385
- receivables that are secured by a mortgage created, in accordance with the laws and regulations applicable from time to time, over real estate assets sited in the Republic of Italy
- receivables secured by a first economic lien (ipoteca di primo grado economico)
- receivables in respect to which the hardening period (periodo di consolidamento) applicable to the relevant mortgage has expired and the relevant mortgage is not capable of being cancelled pursuant to Article 67 of Royal Decree 16 March 1942, No. 267 and, if applicable, of Article 39, fourth paragraph, of Legislative Decree 1 September 1993, n. 385
- receivables that are fully disbursed and in relation to which there is no obligation nor possibility to make additional disbursement
- receivables that, as of the transfer date, did not have any installment unpaid for more than 30 days from its due date and in respect of which all other previous installments due before the transfer day have been fully paid
- receivables that are governed by Italian Law, denominated in Euro to individuals resident in Italy with at least 1 month of seasoning
- receivables to individuals that were not CheBanca!'s employees at the time of origination

Cover Pool – description of the portfolio

- Three transfers of eligible assets were completed from CheBanca! to Mediobanca Covered Bond S.r.l. in November 2011, December 2012 and June 2013

Mediobanca Cover Pool - Main features as of 31st August 2013	
Total current balance outstanding	€ 1,621,920,899.38
Average outstanding balance	€ 82,687.78
Number of loans	19,615
No. of borrowers	19,560
WA Seasoning	74.68 months
WA Remaining Term	186.18 months
WA Original LTV	62.34%
WA Current LTV	46.65%
% Fixed rate loans	0.08%
WA Margin of Variable rate loans	1.75%
% Arrears > 1 month	1.78%

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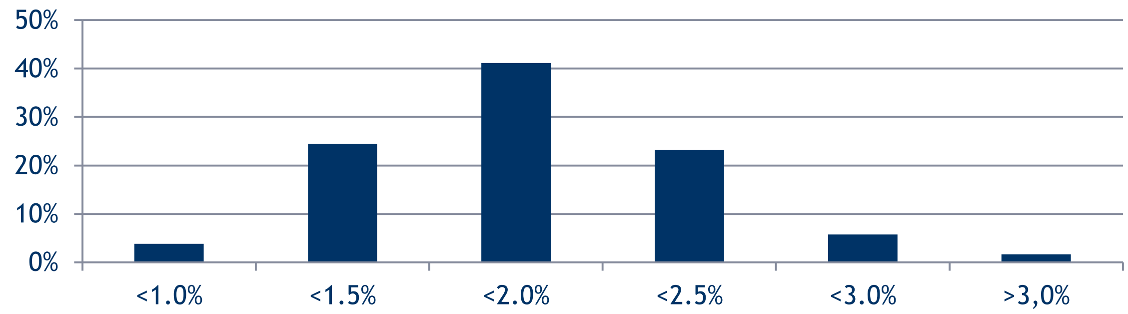
Cover Pool – description of the portfolio (cont'd)

Breakdown by loan outstanding amount

Current Loan Balance	Outstanding Value		No. of Loans	
0.00 - 49,999.99	190,191,453	11.73%	6,730	34.31%
50,000 - 99,999.99	502,560,476	30.99%	6,810	34.72%
100,000 - 149,999.99	469,542,504	28.95%	3,874	19.75%
150,000 - 199,999.99	234,135,732	14.44%	1,367	6.97%
200,000 - 249,999.99	105,654,872	6.51%	478	2.44%
250,000 - 299,999.99	49,523,424	3.05%	182	0.93%
300,000 - 349,999.99	23,319,073	1.44%	73	0.37%
350,000 - 399,999.99	15,115,978	0.93%	41	0.21%
400,000 - 449,999.99	10,968,966	0.68%	26	0.13%
450,000 - 499,999.99	6,123,163	0.38%	13	0.07%
500,000>	14,785,257	0.91%	21	0.11%
Total	1,621,920,899		19,615	

Margin analysis of floating rate loans

Margin	Outstanding Value (€)	% of floating loans
<1.0%	61,764,634	3.81%
<1.5%	396,629,176	24.47%
<2.0%	666,885,442	41.15%
<2.5%	375,902,739	23.19%
<3.0%	93,047,290	5.74%
>3.0%	26,418,653	1.63%
Total	1,620,647,934	100%



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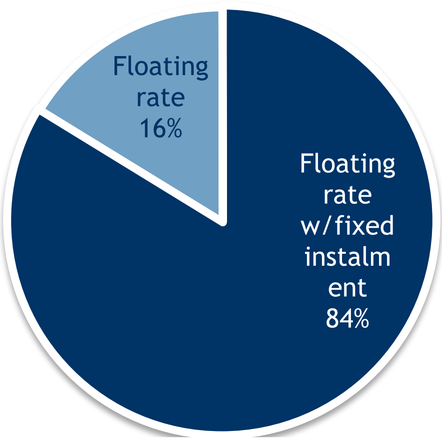
Cover Pool – description of the portfolio (cont'd)

Loan type



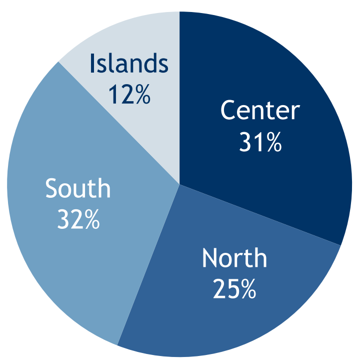
Seasoning (months)

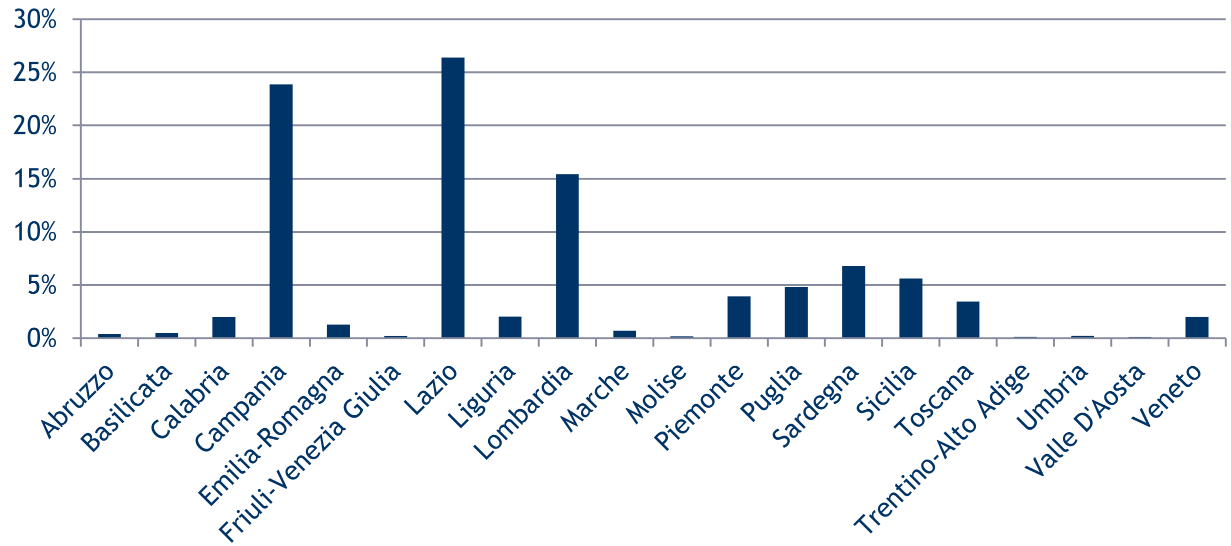
Interval	Outstanding balance (€)	% of current balance
< 30	59,992,303	3.70%
30-40	121,100,216	7.47%
40-50	225,731,088	13.92%
50-60	196,065,980	12.09%
60-70	152,374,579	9.39%
70-80	172,088,329	10.61%
80-90	203,348,688	12.54%
90-100	170,852,155	10.53%
10-110	125,626,678	7.75%
110-120	83,036,150	5.12%
>120	111,704,734	6.89%
WA = 74.7	1,621,920,899	100%

Residual maturity (months)

Interval	Outstanding balance (€)	% of current balance
< 120	292,268,936	18.02%
120-160	323,916,392	19.97%
160-200	472,841,234	29.15%
200-240	136,981,625	8.45%
240-280	189,475,349	11.68%
280-320	71,544,009	4.41%
320-360	105,865,989	6.53%
360-400	16,696,651	1.03%
400-440	4,295,961	0.26%
>440	8,034,754	0.50%
WA = 186.2	1,621,920,899	100%

Geographic distribution as % of current pool

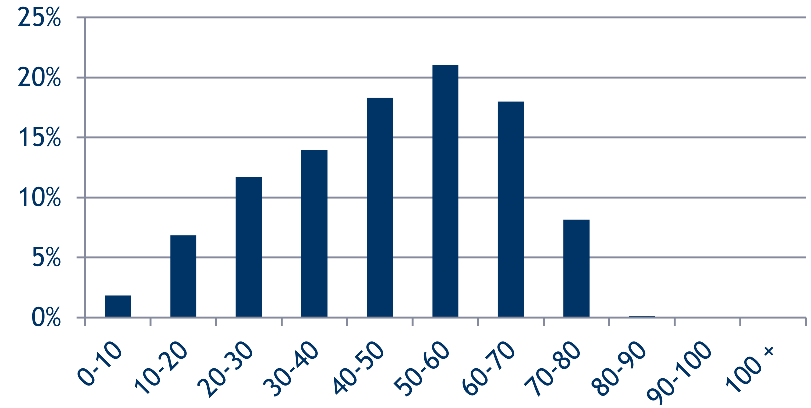




Cover Pool – description of the portfolio (cont'd)

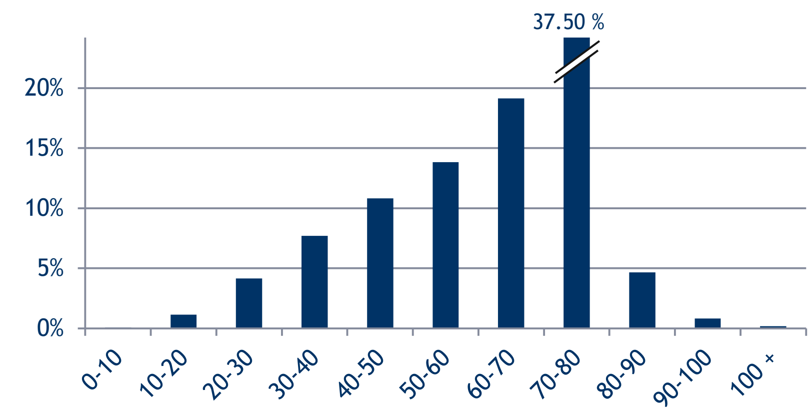
Current LTV (%)	Outstanding Value (€)	% of current balance	No. of Loans	% of total number
0-10	29,752,471	1.83%	1,870	9.53%
10-20	111,173,675	6.85%	2,863	14.60%
20-30	190,246,888	11.73%	3,102	15.81%
30-40	226,372,287	13.96%	2,859	14.58%
40-50	296,977,501	18.31%	2,989	15.24%
50-60	341,210,593	21.04%	2,880	14.68%
60-70	292,020,837	18.00%	2,217	11.30%
70-80	132,063,634	8.14%	825	4.21%
80-90	1,952,275	0.12%	9	0.05%
90-100	150,738	0.01%	1	0.01%
WA = 46.7%	1,621,920,899	100%	19,615	100%

Current Loan to Value distribution



Original LTV (%)	Outstanding Value (€)	% of current balance	No. of Loans	% of total number
0-10	985,198	0.06%	38	0.19%
10-20	18,646,074	1.15%	533	2.72%
20-30	67,347,497	4.15%	1,421	7.24%
30-40	125,013,495	7.71%	2,071	10.56%
40-50	175,476,862	10.82%	2,549	13.00%
50-60	224,253,807	13.83%	2,665	13.59%
60-70	310,245,097	19.13%	3,324	16.95%
70-80	608,157,625	37.50%	6,100	31.10%
80-90	75,761,813	4.67%	744	3.79%
90-100	13,115,942	0.81%	143	0.73%
100 +	2,917,491	0.18%	27	0.14%
WA = 62.3%	1,621,920,899	100%	19,615	100%

Original Loan to Value distribution



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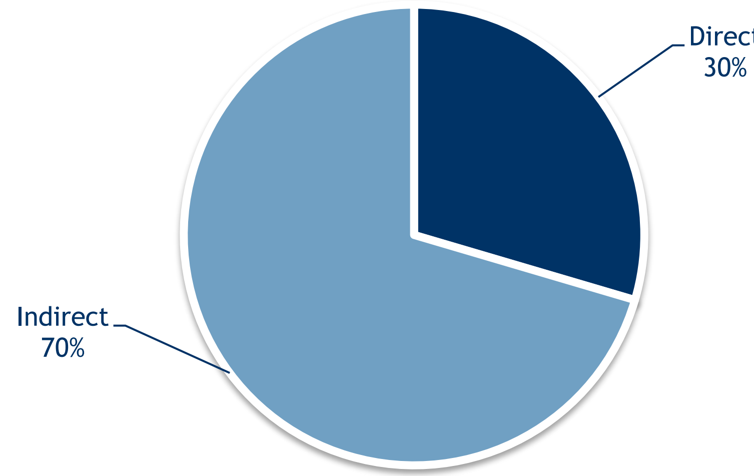
Cover Pool – description of the portfolio (cont'd)

Originator

Originator	Outstanding Value (€)	% of current balance
Direct	479,398,251	29.56%
Indirect	1,142,522,648	70.44%
Total	1,621,920,899	100%



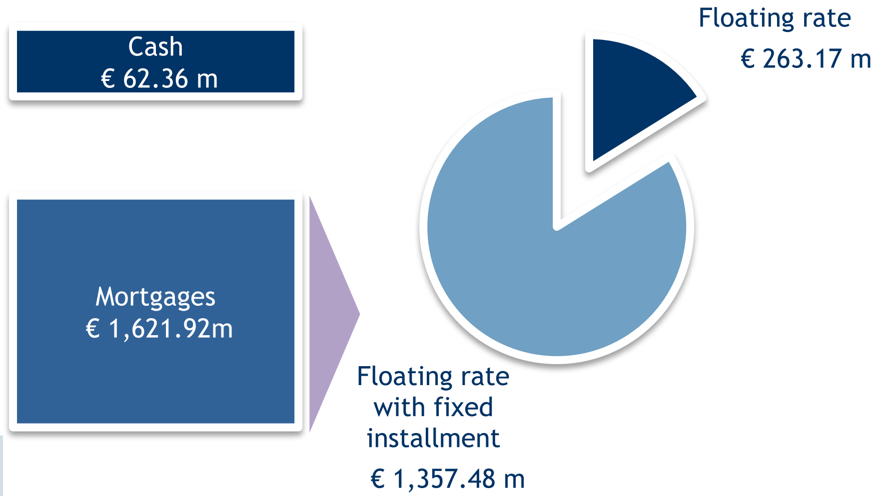
Performance of the loans in the Cover Pool

Arrears (months)	Outstanding balance (€)	% of current balance	No. of Loans	% of total number
0 to ≤1	1,593,023,257	98.21%	19,272	98.25%
>1 to ≤2	16,044,594	0.99%	202	1.03%
>2 to ≤3	8,933,994	0.55%	96	0.49%
>3 to ≤6	1,694,730	0.10%	16	0.08%
>6	2,224,325	0.14%	29	0.15%
Total	1,621,920,899	100%	19,615	100%

Cover Pool and Eligible Assets

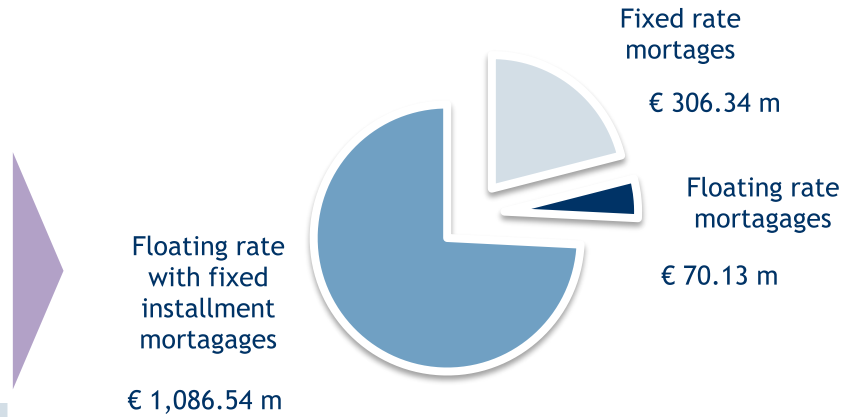
- <u>Cover Pool as of 31/08/2013</u>
  - Cash € 62.36m
  - Mortgages
    - ✓ Fixed rate € 1.27 m
    - ✓ Floating Rate € 263.17 m
    - ✓ Floating Rate with fixed installment € 1,357.48 m

Total	**€ 1,684.28 m**



- <u>Eligible assets for future replenishment as of 31/08/2013</u>
  - Fixed rate mortages €306.34 m
  - Floating rate mortgages € 70.13 m
  - Floating rate with fixed installment mortgages € 1,086.54 m

Total	**€ 1,463.01 m**



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Appendix 1

Mediobanca Group FY results as at June 2013 – segmental reporting

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Wholesale banking: FY13 financials

Deleveraging ended	◆ RWAs down 7% due to de-risking in loans and treasury ◆ Loan book down 13% due to deleveraging, unprofitable new demand, material reimbursements. Shrinkage now ended
Funding and treasury optimization ongoing	◆ MB bonds: €2.8bn in new issuance (including €0.5bn Lower Tier2), €2bn bond buyback to smooth maturities profile and enhance treasury returns ◆ High liquidity: €22bn ◆ Equity AFS portfolio transferred to PI division
NII bottoming out	◆ Revenues down YoY along all operating lines due to subdued IB activity, deleveraging, prudent asset allocation and low yield ◆ NII bottoming out in 2Q13 due to improved treasury assets yield ◆ Trading: weak in 2Q13 due to fixed-income performance
Cost control	◆ Costs down 4% YoY (down 13% in the last 2Y)
Coverage ratios up	◆ LLPs at 72bps (from 60bps) on decreasing loans and higher coverage ratios ◆ NPLs as percentage of loans: wholesale = 0% ◆ Bad loans coverage up to 39% (+4pp)
Results	◆ Net profit down 28% to €161m

Wholesale banking – GOP halved due to weak IB environment

€m	FY13	FY12	Δ J13/J12	FY11
Total revenues	**600**	**820**	**-27%**	**807**
Net interest income	246	315	-22%	349
Fee income	198	266	-26%	308
Trading	156	239	-35%	151
Total costs	**(247)**	**(257)**	**-4%**	**(284)**
Labour costs	(155)	(166)	-7%	(195)
Administrative expenses	(92)	(92)	-	(89)
Loan loss provisions	**(120)**	**(107)**	**+12%**	**(74)**
GOP risk adjusted	**233**	**456**	**-49%**	**449**
AFS impairments/net losses	48	(148)		(130)
Positive one-off	0	0		75
Net result	**161**	**224**	**-28%**	**251**
Cost/income ratio	41%	31%	+10pp	35%
Cost of risk (bps)	72	60	+12bps	44
Bad loans coverage ratio*	39%	35%	+4pp	34%
RWAs (€bn)	32.4	34.7	-7%	34.9

* *All impaired categories included: past due, watch list, restructured, NPLs*

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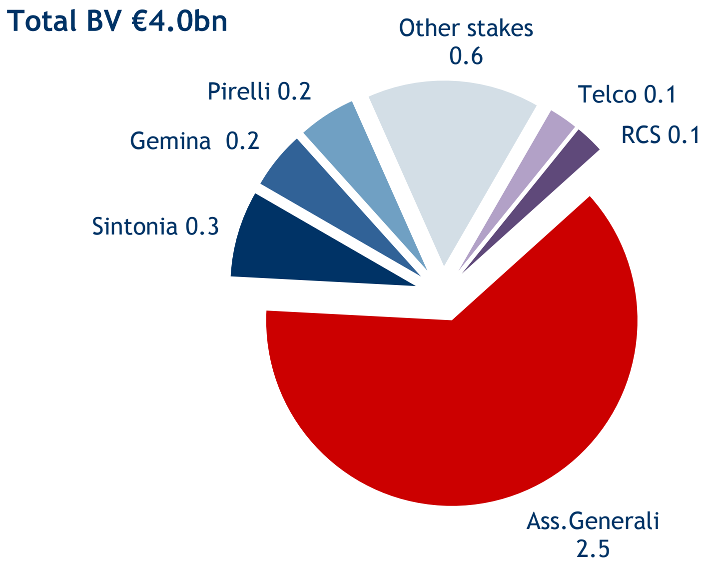
Private banking: AUM up 10%, net profit up 58%

€m	FY13	FY12	Δ J13/J12	FY11
Total income	**123**	**110**	**+12%**	**109**
Net interest income	40	34	+18%	28
Fee income	71	66	+8%	72
Trading	12	10	+20%	9
Total costs	**(88)**	**(82)**	**+7%**	**(82)**
Loan loss provisions	(1)	(3)		0
GOP risk adj.	**34**	**25**	**+36%**	**26**
Other income, one-offs	10	4*		1
Net profit	**41**	**26***	**+58%**	**26**
of which CMB	41	22*		24
Cost/income ratio	71%	75%		76%
AUM (€bn)	**13.8**	**12.6**	**+10%**	**12.7**
CMB	6.7	6.0	+12%	5.8
Banca Esperia (50%)	7.1	6.6	+8%	6.9

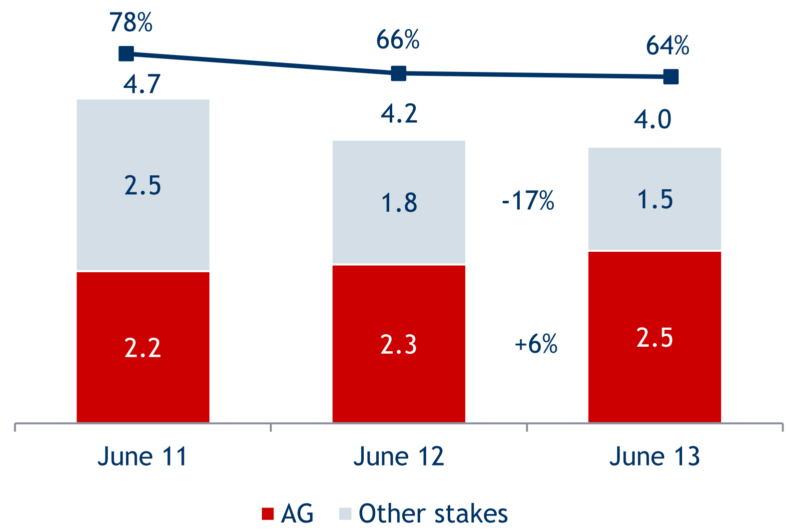
* *Net of CMB real estate extraordinary gain*

PI: grouping all MB equity stakes in AFS category

Equity exposure: book value (€bn, June 13)



Equity BV: trend (€bn) and incidence to CT1 (%)



- All equity stakes formerly in CIB division transferred to PI division and marked to market; RCS, Telco, Gemina and Pirelli, already in PI, from equity accounted to market value
- Principal investing portfolio (€4.0bn) now includes:
  - €2.5bn equity holding (13.24% stake) in Ass. Generali (insurance), equity accounted
  - €1.5bn AFS equity stakes, marked to market, classified as “available for sale”
- FY13: equity exposure reduced by 5%, despite AG BV growth, due to €0.4bn impairments

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Principal investing: FY13 financials

€m	FY13	FY12	FY11
Total income	**8**	**186**	**222**
Ass. Generali	17	146	202
Other stakes equity acc.	(27)	22	1
Dividends	18	18	19
Gain/loss from disposals	**17**	**29**	**10**
Impairments (net)	**(422)**	**(461)**	**(155)**
Telco	(320)	(113)	(120)
RCS	(38)	(78)	
Burgo	(45)		
Sintonia	(33)		
Gemina	23		
Pirelli	66		
Cashes UCI		(133)	
Other	(75)	(137)	(35)
Net profit (loss)	**(407)**	**(257)**	**66**
Book value (€bn)	**4.0**	**4.2**	**4.8**
Market value (€bn)	**4.3**		

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Consumer lending: FY13 trends

Empowering franchise

Diversifying product mix

- In a continuing shrinking market, Compass market share up to 11%
- Ongoing investments in the effective and diversified franchise: now 2.4 million customers, over 5,000 third party bank branches
- New fee-generating/low capital-absorbing activity launched: Compass Pay
- Focus on margins (not on volumes) for all products and channels

Asset quality under control

- In a tough market, higher collection costs and loan loss provisions (cost of risk up to 360bps), the latter aimed at preserving asset quality and coverage ratios
- High coverage ratios: ~90% for NPLs, 56% for bad loans
- Low incidence of NPLs to loans: NPLs = 1.2% of total loans

Valuable results even in tough times

- NII up 3% offsetting 8% expected decrease of fees: revenues flat at €713m
- Net profit €71m, down 27% YoY
- ROAC 10%*

* *Allocated capital: 8% RWAs*

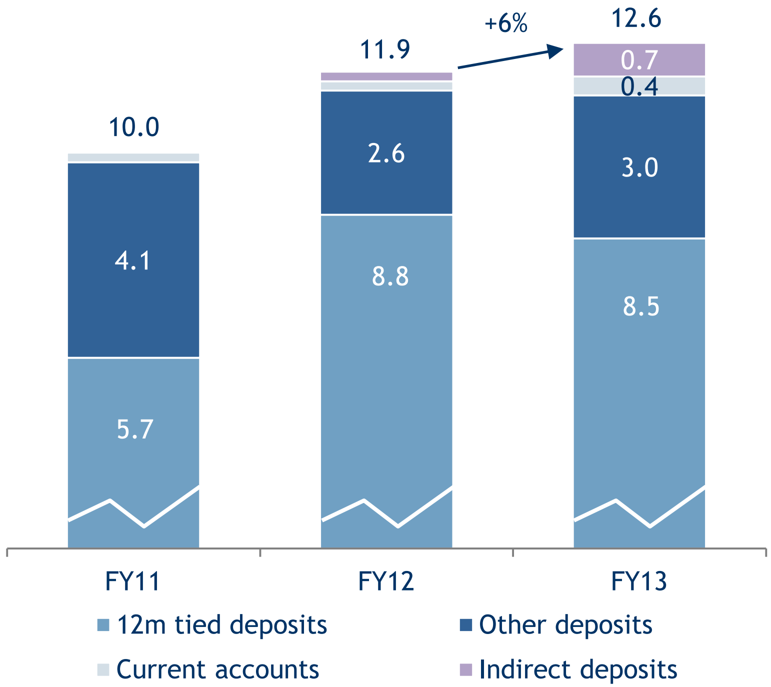
Compass: valuable results even in adverse environment

€m	FY13	FY12	Δ YoY	FY11
Total revenues	**713**	**713**	+0%	**687**
Net interest income	555	540	+3%	520
Fee income	159	172	-8%	167
Total costs	**(260)**	**(255)**	**+2%**	**(245)**
Loan provisions	(335)	(311)	+8%	(302)
GOP risk adjusted	118	147	-19%	140
Net profit	**71**	**97**	**-27%**	**95**
Cost/income ratio	36%	36%	-	36%
Cost of risk (bps)	360	344	+16bps	352
Bad loans coverage ratio*	56%	46%	+10pp	54%
New loans (€bn)	5.0	4.9	+2%	4.8
Loans (€bn)	9.4	9.2	+2%	8.9
RWAs (€bn)	8.9	8.5	+5%	8.0

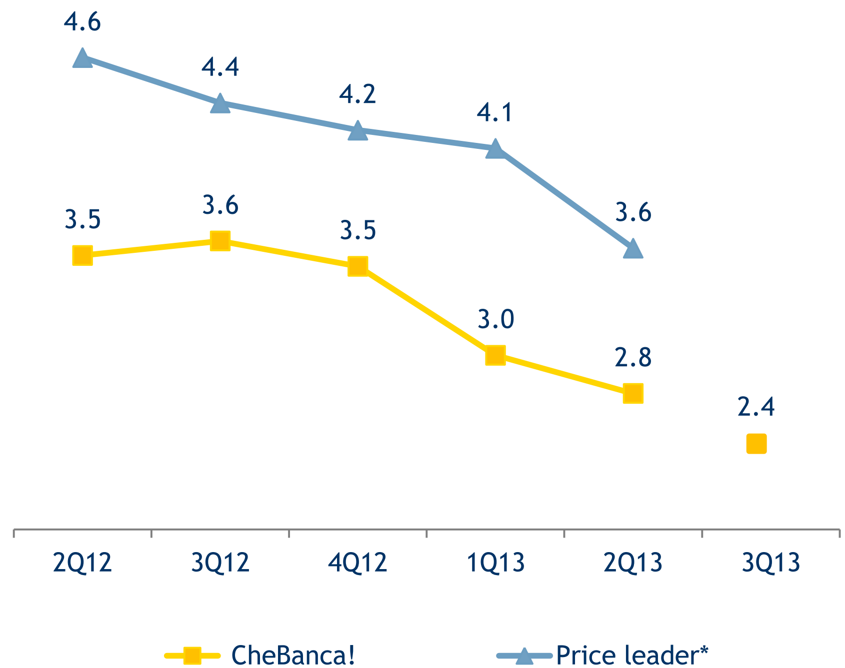
* *All impaired categories included: past due, watch list, restructured, NPLs. Net of Cofactor*

Retail banking: total deposit up to €12.6bn, funding cost down

CheBanca! deposits breakdown (€bn)



Pricing for 12m tied deposits: CheBanca! and peers (%)



- Total deposit: €12.6bn, of which €11.9bn direct deposits (up 3% YoY) and €0.7bn indirect deposits (tripled YoY)
- Increasing contribution of current accounts (up to 0.4bn) and indirect deposits (up to 0.7bn)
- Cost of funding progressively decreasing

* *Out of a peer group made up of: Fineco, ING, IWBank, Webank, Mediolanum, Rendimax, Barclays*

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Retail banking: FY13 trends

Strong deposit gatherer	◆ CheBanca! total deposits up to €12.6bn (up 6% YoY), of which €11.9bn direct deposits ◆ Focus on current accounts and indirect deposits
Franchise enhanced	◆ Customer base: 520,000 (up 4% YoY) ◆ Products sold: 680,000 (up 5% YoY) ◆ CheBanca! voted as the best Italian online bank for customer satisfaction
Revenues up 11%	◆ NII up 7% to €142m due to lower cost of funding and higher deposits ◆ Revenue mix to move towards higher fee component (currently €14m)
Cost down 15%	◆ Costs down 15% (to €144m), with administrative expenses down 21% ◆ Launch of new products to be sustained in the coming months
Improved results	◆ Net loss reduced to €28m (from €43m)

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CheBanca!: revenues up 11%, net loss reduced

€m	FY13	FY12	Δ YoY	FY11
Total income	**156**	**141**	**+11%**	**123**
Net interest income	142	133	+7%	112
Trading & fee income	14	8		11
Total costs	**(144)**	**(169)**	**-15%**	**(185)**
Loan provisions	(25)	(20)		(21)
GOP risk adj	**(13)**	**(48)**	**-73%**	**(83)**
Income from AFS disposals	(16)	0		34
Net result	**(28)**	**(43)**	**-35%**	**(39)**
Total deposits (€bn)	**12.6**	**11.9**	**+6%**	**10.0**
Loans (€bn)	4.3	4.3	+0%	4.1
RWAs (€bn)	1.6	1.9	-16%	1.9
Products sold ('000)	**680**	**650**	**+5%**	**530**
Customers ('000)	**520**	**500**	**+4%**	**430**

Appendix 2

Prospectus details

Issuer events of default

Definition	◆ If during the Programme, any of the following events occurs: *i.* ***Non payment:*** default is made by the Issuer (a) for a period of 14 days or more in the payment of any principal or redemption amount due on the relevant CB Payment Date in respect of the Covered Bonds of any Series, or (b) for a period of 14 days or more in the payment of any interest amount due on the relevant Issuer Payment Date in respect of the Covered Bonds of any Series *ii.* ***Breach of Tests:*** following the delivery of a Breach of Test Notice, the Mandatory Test and the Asset Coverage Test have not been cured within the immediately succeeding Calculation Date *iii.* ***Breach of other obligations:*** the Issuer has incurred into a material default in the performance or observance of any of its obligations under or in respect of the outstanding Covered Bonds of any Series (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series and/or any obligation to ensure compliance of the Cover Pool with the Mandatory Test and the Asset Coverage Test) or any other Transaction Document to which the Issuer is a party and (unless certified by the Representative of the Bondholders, in its sole opinion, to be incapable of remedy) such default remains unremedied for more than 30 days after the Representative of the Bondholders has promptly given written notice thereof to the Issuer, certifying that such default is, in its opinion, materially prejudicial to the interests of the Bondholders and specifying whether or not such default is capable of remedy *iv.* ***Insolvency:*** an Insolvency Event occurs in respect of the Issuer *v.* ***Suspension of payments:*** a resolution pursuant to Article 74 of the Banking Act is issued in respect of the Issuer
Consequences	***a)*** ***No further issue:*** no further Series of Covered Bonds may be issued by the Issuer ***b)*** ***Acceleration against the Issuer:*** all Series of Covered Bonds will become immediately due and payable by the Issuer and they will rank *pari passu* among themselves against the Issuer ***c)*** ***Enforcement:*** the Representative of the Bondholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce the payments due by the Issuer, but it shall not be bound to take any such proceeding or steps unless requested or authorised by an Extraordinary Resolution of the Bondholders ***d)*** ***Guarantee:*** without prejudice to paragraph (b) (*Acceleration against the Issuer*) above, interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under these Conditions, subject to and in accordance with the terms of the Guarantee and the relevant Priority of Payments ***e)*** ***Disposal of Assets***: the Guarantor shall sell the Eligible Assets and the Integration Assets included in the Cover Pool in accordance with the Portfolio Management Agreement ***f)*** ***Tests***: the Amortisation Test shall apply

Guarantor events of default

Definition

- If during the Programme, any of the following events occurs:

i. ***<u>Non payment:</u>*** default is made by the Guarantor for a period of 14 days or more in the payment by the Guarantor of any amounts due for payment in respect of the Covered Bonds of any Series

ii. ***<u>Breach of Test:</u>*** on any Calculation Date a breach of the Amortisation Test occurs (to the extent that such breach has not been cured within the following Calculation Date)

iii. ***<u>Breach of other obligations:</u>*** default is made in the performance by the Guarantor of any material obligation under or in respect of the Covered Bonds of any Series (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series and/or any obligation to ensure compliance of the Cover Pool with the Amortisation Test) or any other Transaction Document to which the Guarantor is a party and (unless certified by the Representative of the Bondholders, in its sole opinion, to be incapable of remedy) such default remains unremedied for more than 30 days after the Representative of the Bondholders has given written notice thereof to the Guarantor, certifying that such default is, in its opinion, materially prejudicial to the interests of the Bondholders and specifying whether or not such default is capable of remedy

iv. ***<u>Insolvency:</u>*** an Insolvency Event occurs in respect of the Guarantor

Consequences

a) ***<u>Acceleration of the Covered Bonds:</u>*** all Series of Covered Bonds then outstanding will become immediately due and payable by the Guarantor and will rank *pari passu* among themselves in accordance with the Post Guarantor Event of Default Priority of Payments

b) ***<u>Disposal of Assets:</u>*** the Guarantor shall immediately sell all assets included in the Cover Pool in accordance with the procedures set out in the Portfolio Management Agreement

c) ***<u>Guarantee:</u>*** the Representative of the Bondholders, subject to and in accordance with the terms of the Guarantee, on behalf of the Bondholders, shall have a claim against the Guarantor for an amount equal to the Principal Amount Outstanding on each Covered Bond, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition "*Gross up by the Issuer*") in accordance with the Post Guarantor Event of Default Priority of Payments

d) ***<u>Enforcement:</u>*** the Representative of the Bondholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the Bondholders and then only if it is indemnified and/or secured to its satisfaction

Pre Issuer event of default – Priority of Interest payments

- On each Guarantor Payment Date, prior to the service of an Issuer Default Notice, the Guarantor will use Interest Available Funds to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

Priority of Interest payments

i. *first*, to pay *pari passu* and *pro rata* according to the respective amounts thereof any and all Taxes due and payable by the Guarantor, to the extent that such sums are not met by utilising the amounts standing to the credit of the Expense Account
ii. *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any Guarantor's documented fees, costs, expenses, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation (the "Expenses")
iii. *third*, to credit into the Expense Account the amounts necessary to replenish the Expense Account up to the Retention Amount
iv. *fourth*, to pay, in the following order any amount due and payable (including fees, costs and expenses) to the extent that these are not paid by the Issuer to:
    - the Representative of the Bondholders
    - *pari passu* and *pro rata* according to the respective amounts thereof, the Cash Manager, the Calculation Agent, the Corporate Servicer, the Asset Monitor, the Account Bank, the Registered Paying Agent (if any), the Registrar (if any), the Paying Agent, the Interest Determination Agent, the Investment Manager and the Servicer
v. *fifth*, to pay any interest amount due to the Cover Pool Swap Counterparties, including any termination payment due and payable by the Guarantor, except the Excluded Swap Termination Amount
vi. *sixth*, to pay any interest amounts due to the Covered Bond Swap Counterparties, *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Guarantor except the Excluded Swap Termination Amounts)
vii. *seventh*, to credit to the Reserve Account an amount required to ensure that the Reserve Account is funded up to the Required Reserve Amount, as calculated on the immediately preceding Calculation Date
viii. *eighth*, to allocate to the credit of the Principal Available Funds an amount equal to the amounts paid under item (i) of the Pre-Issuer Event of Default Principal Priority of Payments in the preceding Guarantor Payment Dates
ix. *ninth*, any Base Interests due and payable on each Guarantor Payment Date to the Seller pursuant to the terms of the Subordinated Loan Agreement, provided that the Asset Coverage Test and the Mandatory Test are satisfied on such Guarantor Payment Date and further provided that interests on the related Series of Covered Bonds have been paid by the Issuer on such Guarantor Payment Date (if any)
x. *tenth*, to pay *pro rata* and *pari passu* in accordance with the respective amounts thereof any Excluded Swap Termination Amount
xi. *eleventh*, to pay any other amount due and payable under the Transaction Documents, to the extent not already paid under other items of this Priority of Payments (other than amounts referred to under the following item (xii))
xii. *twelfth*, to pay any Premium Interests on the Subordinated Loan, provided that no breach of the Asset Coverage Test and the Mandatory Test has occurred and is continuing

Pre Issuer event of default – Priority of Principal payments

- On each Guarantor Payment Date, prior to the service of an Issuer Default Notice, the Guarantor will use Principal Available Funds to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

Priority of Principal payments

i. *first*, to allocate the Interest Shortfall Amount to the Interest Available Funds

ii. *second*, to pay (a) any principal amounts (if any) due and payable to the relevant Covered Bond Swap Counterparties *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap in accordance with the terms of the relevant Covered Bond Swap Agreement and (b) any principal amounts (if any) due and payable to the relevant Cover Pool Swap Counterparties *pro rata* and *pari passu* in respect of each relevant Cover Pool Swap Agreement in accordance with the terms of the relevant Cover Pool Swap Agreement

iii. *third*, to acquire Eligible Assets and/or Integration Assets (other than those funded through the proceeds of the Subordinated Loan)

iv. *fourth*, to pay any amounts (in respect of principal) due and payable under the Subordinated Loan provided that in any case the Asset Coverage Test and the Mandatory Tests are satisfied and/or, where applicable, further provided that no amounts shall be applied to make a payment in respect of the Subordinated Loan if the principal amounts outstanding under the relevant Series or Tranche of Covered Bonds which have fallen due for payment on such Guarantor Payment Date have not been repaid in full by the Issuer

Post Issuer event of default - Priority of payments

- On each Guarantor Payment Date, following an Issuer Event of Default, but prior to the occurrence of a Guarantor Event of Default, the Guarantor will use the Available Funds, to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

Priority of payments

i. *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses and Taxes, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation

ii. *second*, to pay, in the following order, any amount due and payable to:
- the Representative of the Bondholders
- *pari passu* and *pro rata* according to the respective amounts thereof, the Cash Manager, the Calculation Agent, the Corporate Servicer, the Asset Monitor, the Account Bank, the Paying Agent, the Interest Determination Agent, the Investment Manager, the Registered Paying Agent (if any), the Registrar (if any), the Portfolio Manager (if any) and the Servicer

iii. *third*, to credit into the Expense Account the amounts necessary to replenish the Expense Account up to the Retention Amount

iv. *fourth*, to pay *pro rata* and *pari passu*:
- interest payments due to the Swap Counterparties (including any termination payment due and payable by the Guarantor but excluding any Excluded Swap Termination Amount)
- Interest due under the Covered Bond Guarantee in respect of each Series or Tranche of Covered Bonds

v. *fifth*, to pay *pro rata* and *pari passu*:
- principal payments (if any) due to the Swap Counterparties (including any termination payment due and payable by the Guarantor but excluding any Excluded Swap Termination Amount)
- principal due under the Covered Bond Guarantee in respect of each Series or Tranche of Covered Bonds

vi. *sixth*, once payments from item (i) to (v) have been made in full, to credit the pertaining Accounts with the remaining available funds up to an amount equal to the Required Redemption Amount in respect of each outstanding Series or Tranche of Covered Bonds

vii. *seventh*, after each Series or Tranche of Covered Bonds has been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series or Tranche of Covered Bonds under the preceding item (vi)) to pay *pro rata* and *pari passu*, any Excluded Swap Termination Amount due and payable by the Guarantor

viii. *eighth*, once payments from item (i) to (vii) have been made in full, to pay any other amount due and payable under the Transaction Documents, to the extent not already paid under other items of this Priority of Payments

ix. *ninth*, to repay in full the amounts outstanding and to pay any Base Interests under the Subordinated Loan Agreement;

x. *tenth*, to pay any Premium Interests under the Subordinated Loan Agreement

Post Guarantor event of default - Priority of payments

- On each Guarantor Payment Date, following a Guarantor Event of Default, the Available Funds will be used to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

Priority of payments

i. *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses and Taxes, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation
ii. *second*, to pay, in the following order, any amount due and payable to:
    - the Representative of the Bondholders
    - *pari passu* and *pro rata* according to the respective amounts thereof, the Cash Manager, the Calculation Agent, the Corporate Servicer, the Asset Monitor, the Account Bank, the Paying Agent, the Interest Determination Agent, the Investment Manager, the Registered Paying Agent (if any), the Registrar (if any), the Portfolio Manager (if any) and the Servicer
iii. *third*, to credit into the Expense Account the amounts necessary to replenish the Expense Account up to the Retention Amount
iv. *fourth*, to pay *pro rata* and *pari passu*:
    - principal and interest payments due to the Swap Counterparties (including any termination payment due and payable by the Guarantor but excluding any Excluded Swap Termination Amount)
    - principal and interests due under the Covered Bond Guarantee in respect of each Series or Tranche of Covered Bonds
v. *fifth*, to pay *pro rata* and *pari passu* any Excluded Swap Termination Amount due and payable by the Guarantor
vi. *sixth*, to pay any other amount due and payable under the Transaction Documents, to the extent not already paid under other items of this Priority of Payments
vii. *seventh*, to repay in full the amounts outstanding and to pay any Base Interests under the Subordinated Loan Agreement
viii. *eighth*, to pay any Premium Interests under the Subordinated Loan Agreement

Asset Coverage test

- Performed on every Calculation Date (if Series or Tranches of Covered Bonds are still outstanding and no Issuer Default Notice)
- Adjusted Aggregate Loan Amount is at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds issued under the Programme (the "Asset Coverage Test"). The Adjusted Aggregate Loan Amount will be calculated as follows:

A + B + C + D + E - X - Z

- "**A**" is equal to the lower of (i) and (ii), where:
  1. means the sum of the "**LTV Adjusted Principal Balance**" of each Mortgage Loan which shall be the lower of (1) the actual Outstanding Principal Balance of the relevant Mortgage Loan in the Cover Pool as calculated on the last day of the immediately preceding Collection Period, and (2) the Latest Valuation relating to that Mortgage Loan multiplied by M (where M is: (a) equal to 80 per cent. for all Mortgage Loans that are not Delinquent Assets and Defaulted Assets; (b) equal to 60 per cent. for all Commercial Mortgage Loans that are not Delinquent Assets and Defaulted Assets; (c) equal to 50 per cent. for all the Delinquent Assets; and (d) equal to 0 per cent. for all Defaulted Assets)
     <u>minus</u> the aggregate sum of the following deemed reductions occurred during the previous Collection Period:
     - Affected Loans
     - Breach Related Loss
  2. Means the aggregate "**Asset Percentage Adjusted Principal Balance**" of the Mortgage Loans in the Cover Pool which in relation to each Mortgage Loan shall be the lower of (1) the actual Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the last day of the immediately preceding Collection Period, and (2) the Latest Valuation relating to that Mortgage Loan multiplied by N (where N is: (x) equal to 100 per cent. for all Residential Mortgage Loans and all Commercial Mortgage Loans that are not Delinquent Assets and Defaulted Assets and/or (y) equal to 50 per cent. for all Delinquent Assets and/or (z) equal to 0 per cent. for all Defaulted Assets)
     <u>minus</u> the aggregate sum of (1) the Asset Percentage Adjusted Principal Balance of the any Affected Loan(s) and/or (2) any Breach Related Losses occurred during the previous Collection Period;
     <u>the result</u> of which is multiplied by the Asset Percentage
- "**B**" is equal to the aggregate amount of all cash standing on the Accounts (other than the cash standing on the Reserve Account up to the Reserve Required Amount, prior to an Issuer Event of Default) as at the end of the immediately preceding Collection Period which will not be applied to buy new Assets or to make payments under the relevant Order of Priority as at the relevant Calculation Date (without double counting);
- "**C**" is equal to the aggregate Outstanding Principal Balance of any Integration Assets (other than the cash referred to under letter "B" above) that are in line with the criteria of the Eligible Investments and/or Eligible Investments as at the end of the immediately preceding Collection Period; and
- "**D**" is equal to the aggregate Outstanding Principal Balance of any Asset Backed Securities as at the end of the immediately preceding Collection Period, weighted by a percentage which will be determined with the Rating Agency methodology; and
- "**E**" is equal to the aggregate Outstanding Principal Balance of any Public Assets as at the end of the immediately preceding Collection Period, weighted by a percentage which will be determined with the Rating Agency methodology; and
- "**X**" is equal to nil if the Issuer's long term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "BBB" by S&P or if the Issuer's long term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "BBB-" by S&P and the sum of the Potential Set-Off Amounts and the Potential Commingling Amounts is lower than 5% of the Cover Pool, otherwise the sum of the Potential Set-Off Amounts and the Potential Commingling Amounts; and
- "**Z**" is the item resulting from the aggregate amount of the following figures for all the Covered Bonds outstanding:
  - the Residual Maturity of the relevant Covered Bond outstanding; multiplied by
  - the relative (EUR Equivalent) Principal Amount Outstanding of the relevant Covered Bond; multiplied by
  - the relative Negative Carry Factor of the relevant Covered Bond

Amortisation test

- The AT is **calculated only after an Issuer Event of Default (but prior to service on the Guarantor of a Guarantor Default Notice)**:
  - ensures that the collateral is sufficient to cover the guarantor's obligations due under the outstanding OBG guarantee
- The AT is failed if the "Amortisation Test Aggregate Loan Amount" is less than the amount of outstanding OBG:
  - failure of the AT results in the OBG being accelerated
- The "Amortisation Test Aggregate Loan Amount" is calculated as follows:

A + B + C + D + E - Z

- **"A"** is the lower of:

  (1) the actual Outstanding Principal Balance of each Mortgage Loan as calculated on the last day of the immediately preceding Collection Period multiplied by M

  (2) the Latest Valuation multiplied by M

  where M is:

  (i) equal to 100 per cent. for all the Residential Mortgage Loans and all the Commercial Mortgage Loans that are not Delinquent Assets and Defaulted Assets

  (ii) equal to 50 per cent. for all the Delinquent Assets

  (iii) equal to 0 per cent. for all the Defaulted Assets

- **"B"** the aggregate amount of all cash standing on the Accounts as at the end of the immediately preceding Collection Period which will not be applied to make payments under the relevant Order of Priority as at the relevant Calculation Date

- **"C"** is the aggregate Outstanding Principal Balance of any Integration Assets (other than the cash referred to under letter "B" above) that are in line with the criteria of the Eligible Investments and/or Eligible Investments as at the end of the immediately preceding Collection Period

- **"D"** is the aggregate Outstanding Principal Balance of any Asset Backed Securities as at the end of the immediately preceding Collection Period

- **"E"** is the aggregate Outstanding Principal Balance of any Public Assets as at the end of the immediately preceding Collection Period

- **"Z"** is the item resulting from the aggregate amount of the following figures for all the Covered Bonds outstanding:

  (i) the Residual Maturity of the relevant Covered Bond outstanding; multiplied by

  (ii) the relative (EUR Equivalent) Principal Amount Outstanding of the relevant Covered Bond; and multiplied by

  (iii) the relative Negative Carry Factor of the relevant Covered Bond

Appendix 3

CheBanca! Credit Monitoring and Collection Process

Credit Review and Approval Process (1/8)

Overview

The credit disbursement process is mainly made up of the phases outlined below and detailed in the next slides

Preliminary contact	Application and documentation gathering	Earnings analysis and credit scoring	Appraisal of property value	Approval	Contract arrangement, and disbursement
Sales Division	Credit Department				Operations Division

The credit application and approval process for the disbursement to a new customer includes the following activities

- Preliminary contact, aimed at detecting the needs and the pre-requirements for granting the loan
- Gathering of the documentation needed for a preliminary feasibility assessment
- Evaluation through the credit policies based on customer monthly income/debt position
- Property appraisal by an external company
- Final approval and subsequent closing of the contract

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Credit Review and Approval Process (2/8)

Preliminary Contact

Preliminary contact

The Bank

- Evaluate the applications from the customer
- Identifies the applicant's financial needs

Does the application meet the minimum requirements to proceed?

✓ Identification of the most suitable product/product features fitting the customer's needs

✗ The customer is informed that the application cannot be processed

The preliminary contact could be with

- the branch manager / teller
- the call center operator
- the Internet site
- Brokers partnered with CheBanca!

Credit Review and Approval Process (3/8)

Application and Gathering Documentation

Upon presentation of the application for the mortgage, the customer is asked to provide among other documents the following information:

Personal data

- Fiscal code and valid ID document (ID card, passport or driver's license)
- Family Status certificate
- Residence certificate

Income information

- Most recent earnings statement issued for tax purposes, 2 most recent payroll stubs, income tax return
- ID card / certification for registration on a professional register, document for issuance of a value-added tax number
- Employer's statement of employment and hiring date
- Most recent quarterly bank account statement, updated to the most recent month, with evidence of the crediting of payroll or business volume for a professional

Investment detail

- Copy of preliminary sale-purchase agreement and/or proposal to purchase
- Deed of origin (current owner's deed of ownership)
- Floor plan and up-to-date cadastral survey

Before its submission to the credit analyst CheBanca!'s sale rep checks that the documentation is complete and runs a first feasibility assessment on the basis of the documentation and CRIF database (to determine the presence, if any, of unpaid debts or other serious constraints to the transaction)

Credit Review and Approval Process (4/8)

Credit Scoring Assessment

The first evaluation at the Credit Department foresees three main steps

1 Preliminary overview

Once the application is received at the Credit Department, the analyst

- maps the customer's outstanding loans
- checks the declared sources of income introducing discounted rates where needed
- Verifies how the application credit "ratios" stand versus the threshold set in the credit policy
- performs a preliminary enquiry to Bank of Italy's Central Credit Register (Centrale dei Rischi) to gather information on the overall risk profile of all subjects involved into the operation (borrower, co-borrower, guarantor)
- checks for the presence of protests and impediments

2 Credit scoring

After the preliminary check, the analyst carries out an automated credit scoring process that calculates a credit risk score through a proprietary algorithm based on

- CRIF Credit Bureau Score, an application risk score provided by CRIF (CRIF is a private credit information bureau, specialized in credit information systems and management of a private central information file)
- CheBanca!'s internal score, based on information concerning the credit request and borrower characteristics

At present the algorithm is implemented in SAS environment of Mediobanca

3 In-depth analysis

- Interrogation of Bank of Italy's Central Credit Register (Centrale dei Rischi)
- Depending on the outcome, the process continues with:
- customer's debt position "quality"
  - evaluation of customer's current account (whether in/outflows are consistent with income/debt/spending attitude)

At this step, in case the application is "border line", the analyst may suggest the sale rep to

- reduce the mortgage amount
- increase the mortgage maturity
- acquire a mortgage guarantor

Once this step is completed the analyst may:

- Proceed the application to the next step (in case the mortgage amount complains with his/her approved threshold)
- submit to a higher approving body for the authorization to proceed with the approval
- reject the application

Credit Review and Approval Process (5/8)

Appraisal of Property to Secure the Mortgage

- A property appraisal by a third party appraiser is required for any transaction (regardless of the amount) pre-approved through the credit analysis: the company in charge of the appraisal visits the property and documents the visit with photos
- PRAXI, EFFELLE Ricerche and ABACO are, at the moment, the qualified and certified companies used for the property appraisals

- The external company performs the appraisal on the basis of certified and standardized evaluation criteria
- The quarterly key evaluation data are used to re-evaluate the property value, through statistical methodologies based on market quotation indexes provided by Nomisma

- Once the appraisal is received, CheBanca!'s credit analyst verifies
  - Completeness of the documentation
  - compliance with credit policies as far as property concerns
  - property value vs. benchmark
  - property value vs. mortgage amount, considering the maximum LTV admitted
  - consistency of cadastral data
  - property's current conditions, certificate of use and occupancy and compliance with regulation

Credit Review and Approval Process (6/8)

Checking of parameters and approving resolution

Application final packing

Once the application package is complete (including the notary's preliminary report), the check of consistency is carried out. The analyst inputs a final recommendation and submits the file for approval (in terms of amount and credit risk score). During this process, the information system automatically checks the compliance of

- parameters for the capacity to finance (as provided by the Bank of Italy)
- parameters defined by internal procedures (i.e. debt ratio)
- usury threshold parameters

Mortgage approval

In order to ensure the proper application of credit policies, mortgages are approved in compliance with an authorization procedure formalized on the basis of operating authority limits established for the persons responsible

The system checks the extent of the analyst's approval authority with respect to the amount and credit risk score of the financing

The approval of any exceptions vis-à-vis the limits provided by credit policy must be done through the authorization procedure. The application must be submitted to the person who has the authority (by amount) to approve it

Credit Review and Approval Process (7/8)

Lending Authority Chain

The table below shows the structure of approval authority by position and the amount financed

Amount Financed: Customer Limit	Amount Financed: Transaction Limit	Credit Risk Score	Position
€175,000	€150,000	High	Credit Director
€200,000	€175,000	Medium	Credit Analyst
€250,000	€200,000	Low	Credit Analyst
€250,000	€200,000	High	Credit Manager
€300,000	€250,000	Medium	Credit Manager
€350,000	€300,000	Low	Credit Manager
€800,000	€700,000		Credit Director
€1,000,000	€800,000		General Manager
€1,500,000	€1,000,000		CEO

In case of “high” credit score, the application may proceed only via credit director and beyond

Credit Review and Approval Process (8/8)

Contract signature and disbursement

Contract pre-arrangement	The specialist of the Perfection of Contracts Office performs a final correctness check of the practice and in particular the documentation for the mortgage stipulation to be sent to the Notary: ◆ Approval letter ◆ Letter of instructions for notary ◆ Notary deed draft ◆ Summary document ◆ Repayment plan ◆ Deed summons
Closing	The process ends by signing of the mortgage documents at the notary's office
Disbursement	The disbursement takes place at the closing of the contract and may take place through the issuance of cashier's cheque or via bank to bank transfers

Credit Monitoring and Collection Department

Credit Monitoring and Collection (1)

	Main tasks
Credit monitoring and accounting Back Office	1 — ◆ Support the overall management of overdues and reporting production ◆ Management of claims connected to defaulted loans 3 — ◆ Payments Accounting on missed installments
Phone and debt Collection	7 — ◆ In-house out of court collection management ◆ Management of outsourcers involved in the out of court collection process ◆ Phone collection
Judicial Collection	5 — ◆ External lawyers' management ◆ Management of judicial collection process, included administrative activities connected to the defaulted loans ◆ Evaluation of collection strategy during the foreclosure procedures

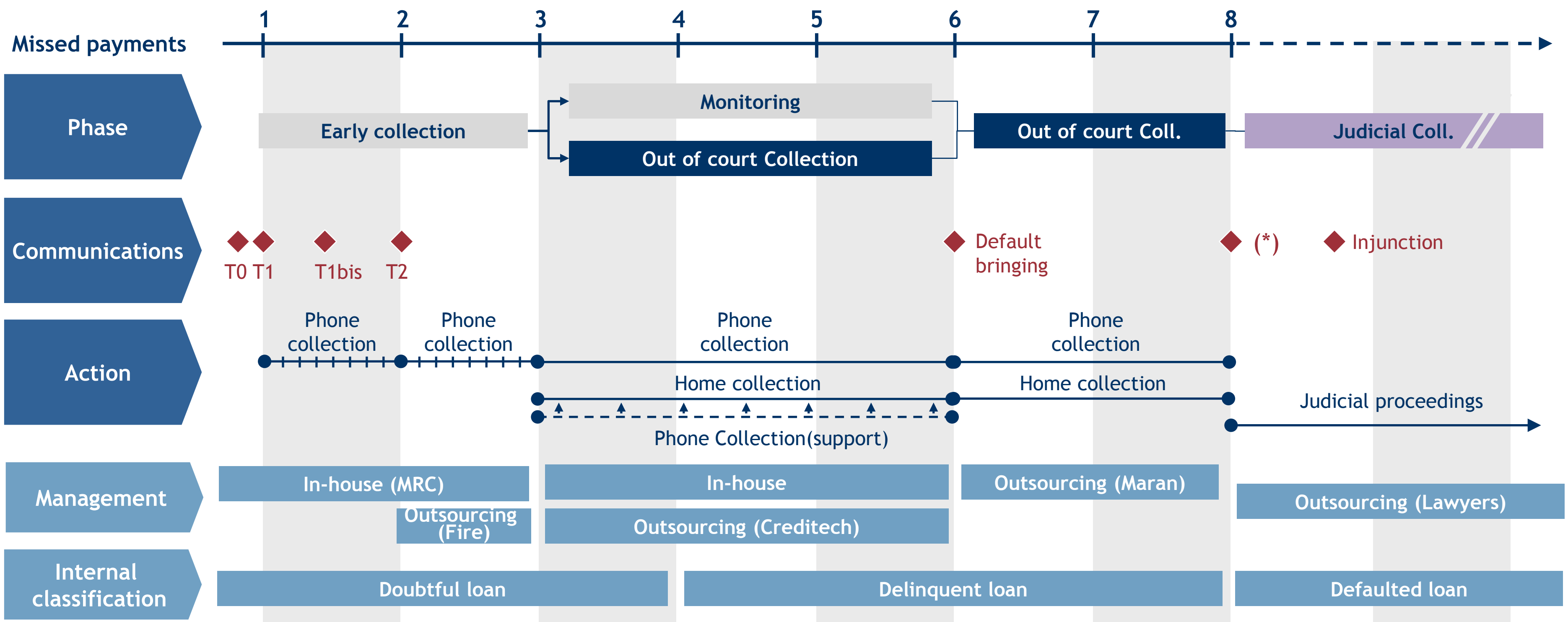
14 # HR (FTE): internal resources

3 # HR (FTE): external resources

Collection Process

Purposes	◆ Constantly evaluate and monitor borrowers' willingness and ability to pay ◆ Support the structures involved in the collection process ◆ Monitor collection performance and portfolio quality
Doubtful, delinquent and defaulted loans reports main concerns	◆ Collection analysis: daily and monthly data are compared vs. previous month ◆ New missed installment (defaulted loans are not included) daily update ◆ Missed Direct Debit ("RID") payments are split into two categories: real miss and technical miss ◆ Defaulted loans: daily distribution and comparison to previous months ◆ Amount and number of doubtful and defaulted loans ◆ Best performance: employee and amount collected ◆ Employee's performance ◆ Key reasons driving loans to default ◆ Defaulted loans by year and region of origination ◆ Delinquent and defaulted loans variations: monthly cumulative economic impact, transition from write off and coverage provisions

Collection Process



Description

- In-house telephone solicitation and written communications (telegrams) at the 1st and 2nd technical or effective missed payments (T0, T1, T1bis, T2)
- Outsourced phone collection 2 on customers not found by the in-house Phone Collection

- In-house phone collection activities on debtors not found at previous stages
- Outsourcing home collection supported by phone collection on customers not found by the in-house Phone Collection
- Written communication (to bring a default action as of the 6th missed payment

- Outsourced home or phone collection
- Written communication (DBT letter)
- Defaulted loans classification status at the 8th missed payment

- Starting of the judicial proceedings (Injunction), followed by the lawyer geographically competent
- Starting the foreclosure procedures, according to the Italian regulation (cpc, art. 491)

(*) "Last call" letter and report to Central Credit Register (Bank of Italy)

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Collection Process – Some details

Description

Phone collection

- Phone collection activities are carried out by both, internal and outsourced resources, who are responsible for calling borrowers to understand reasons of missed installments and solicit the payment
- In order to support the overall management of customers followed by the Phone Collection office, a web application has been set up, which schedules different activities according to the number of missed installments and "importance" of the default, balancing the daily effort between all the resources involved

Description

Home collection

- When the Phone collection office and the phone collection outsourcer do not succeed in their recovery purpose, a deeper action is set up, and another outsourcer is put in charge of visiting the house of the borrower, in order to exert a strong action on him/her and to arrange recovery plan
- The pipeline schedules two phases of Home Collection, both in outsourcing: the first one lasts 90 days, the second one lasts 60 days

Communications to customers are sent along the collection path
to reinforce the effect of the actions described above

Credit risk control system

Activities on mortgage portfolio are monitored via three control levels

First level

- Line controls performed, in the approval process, by Credit Department and, after the disbursement and throughout the life of the loans, by the Credit Monitoring and Collection Department

Second level

- Controls undertaken by the Credit Risk Management aimed at monitoring and managing credit risk, through specific reports provided to the top management and CEO

Third level

- Verification of compliance with policies, procedures and limits and assessments on the overall functionality of the control system are carried out by the Internal Auditing

Classification of Non-Performing Loans

Description

- Following Bank of Italy's definition, what CheBanca! defines as non-performing loans is actually categorized as doubtful and defaulted
- CheBanca! automatic or manual classifications are

Internal classification	Bank of Italy classification	
Doubtful loans Automatic classification	Arrear	Since 1st partially or total missed mortgage loan installment
	"Past-due"	After 90 days on arrear, taking into consideration the older unpaid installment
Delinquent loans Automatic classification	"Incaglio"	"Incaglio" (4th missed mortgage loan installments): refers to delinquent loans that are on "watchlist" since the borrower is experiencing a temporary state of financial difficulty
Defaulted loans Manual classification	"Sofferenza"	"Sofferenza" (8th missed mortgage loan installments): the borrower is declared insolvent or in a severe financial distress

Classification of Problematic Loans

The correct classification of the loans is checked monthly via analysis of the exposure to the customer and to the related guarantees in order to promptly identify any signs of deterioration of the credit

Internal Rating	I- II	III	IV	
Status of Credit	Performing Loans		Watchlist	Non-Performing
Unpaid Installments	Up to 1st	1st - 3rd	4th - 6th	From 7th
Players	Telephone Recovery Unit	Telephone Recovery Unit External Collection Agency	Telephone Recovery Unit External Collection Agency	Legal Recovery Unit Outside Counsel
Strategy	Bi-monthly Monitoring Initial solicitation	Intensification of in-house solicitation Assessment of turning the position over to external collectors	Recovery through external collectors Final solicitation attempts	Attempts at settlement Legal action Forced sale of the asset
	Out-of-court activity			**Legal action**

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Cover pool risk management

During 2010 Mediobanca Asset and Liability Management model and tools (ALMpro – Prometeia) were adopted in order to ensure the measurement of interest rate and liquidity risk and to estimate the expected interest margin. These analysis are carried out by ALM and Risk Management departments

For the Covered Bond structuring and monitoring, the ALM model has been integrated with specific features to manage recurring activities as:

- Asset and Cash Flow Coverage Tests
- Asset Pool Replenishment

This solution allows to meet the Covered Bond administrative and regulatory requirements and permits to check the hedging structure as required by the Bank of Italy (cfr. Disposizioni di Vigilanza del 24/03/2010). Specifically, the Covered Bond ALM module can perform:

- Tests required by the Rating Agencies
  - Asset Coverage Test
- Mandatory Tests
  - Nominal Value Test
  - Net Present Value Test
  - Interest Coverage Test
- Simulations on Test impacts concerning to
  - Hedging strategy
  - Asset allocation strategy
  - What if analysis

Asset Monitor services

The Asset Monitor is going to perform the following services

- Before any portfolio assignment delivers the Comfort Letter for the cover pool assignment after completion of
  - Pool data file audit
  - Issuing bank / originator bank requirements verification
  - Credit Assignments Limits verification
  - Credit Assignments Quality and Integrity verification
  - Mortgage collateral verification

- Annually, during the life of Covered Bond, delivers the "Asset Monitor Report" covering
  - Mandatory Test verification
  - Asset Coverage Test verification

Performance reporting

In addition to Test Performance and Asset Monitor Reports, according to internal Covered Bond procedure, Servicing and Cash management agreements, CheBanca! will provide the following further operational and performance reports

Collection Report

- Daily/automatic: the report shows, for each mortgage in the cover pool, on a daily and monthly cumulative basis, status and details regarding installments. This report will be used to determine the amount of cash to be transferred to the SPV account in accordance with the contractually agreed timelines

Servicing Report

- Quarterly/automatic: the report summarizes cover pool performance, information on loan accounting, administration and payment processing. It can be used for the benefit of external operators (i.e. Corporate Servicer, Bondholders Representative)

Payment Report

- Quarterly/manual: the report contains the information mainly concerning:
  - servicing report
  - accounts proceeds from swap counterparties
  - operating expenses, calculated by the Corporate Servicer

Investor Report

- Quarterly on Mediobanca's website. The report contains information on:
  - Performance of the cover pool
  - Payments related to the cover pool
  - Stratification tables in relation to the cover pool
  - Summary of the Test Performance Report

Regulatory oversight

Regulatory Requirements

- The Regulation related on Covered Bonds
  - Legge 30 Aprile 1999, n.130
  - Decreto MEF del 14 Dicembre 2006 n. 310
  - Decreto MEF del 12 Aprile 2007
  - Disposizioni di Vigilanza – Disciplina delle Obbligazioni Bancarie Garantite del 24 Marzo 2010
  - Istruzioni per la Redazione dei bilanci degli intermediari iscritti nell"Elenco Speciale", degli IMEL, delle SGR e delle SIM del 16 Dicembre 2009

establishes for any issue of Covered Bonds

- the eligibility criteria for assets to be included in the cover pool
- issuing bank / originator bank requirements
- credit assignments limits
- mandatory tests

The role of Bank of Italy

- The Bank of Italy continual surveillance is carried out throughout the life of the transaction both on the Originator and the SPV

SPV	monthly report to Central Credit Register (Centrale dei Rischi) balance sheet (semi-annual and annual)
CheBanca!	additional information on monthly "Matrice dei Conti" additional information on balance sheet (quarterly, semi-annual and annual)

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Appendix 4

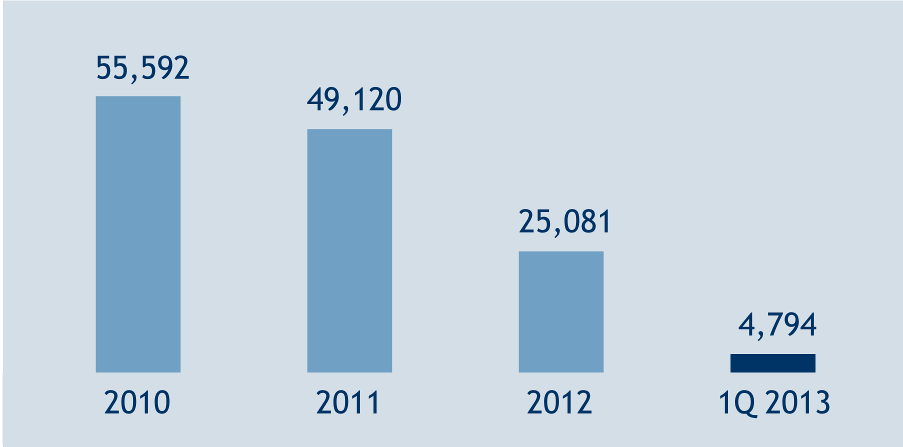
Italian mortgage market and CheBanca!'s positioning

Residential Mortgage Market Trend 2010 - 1Q 2013

- The volume of outstanding residential mortgage decreased by 5% between 2011 and 2012 and in March of this year fell by another 0.3% per annum
- In 2012, origination of residential mortgage loan amounted to € 25 billion, almost half of the previous year's volume
- Several factors have contributed to the significant decline in origination volumes
    - the demand for residential mortgage is weakened by the sharp decline in disposable income
    - the reduced saving ability of households
    - the selectivity of the banks remained very high due to the worsening outlook of the economy and, in particular, the real estate market
    - increase in loan spreads, as a result of higher riskiness perceived by banks

Volumes of outstanding residential mortgages, €m

Newly originated residential mortgages, €m



Source: Bank of Italy and Assofin

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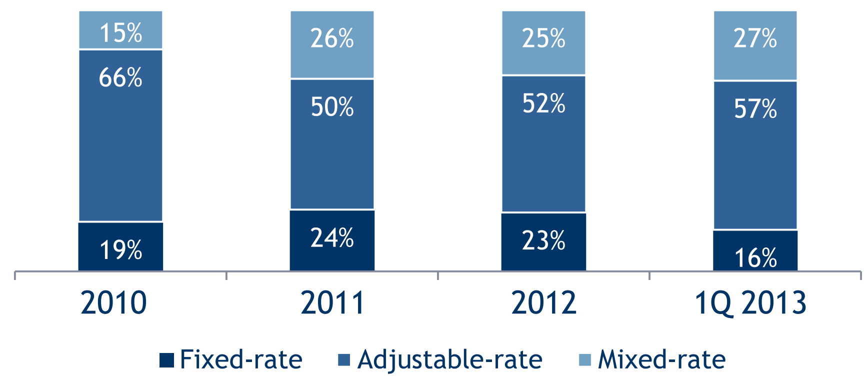
Residential Mortgage Market Trend 2010 - 1Q 2013 (cont'd)

- Floating rate mortgages accounted for 57% of new originations in Q1 2013 vs 52% in 2012 (due to higher margins on this type of contract)
- Floating rate mortgages continue to be the preferred choice for debtors in consideration of the low interest rate environment and the successful offering of floating rate mortgages with caps

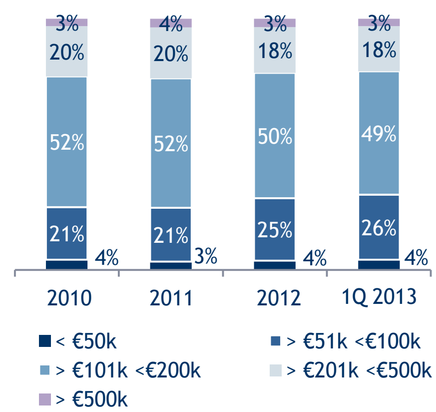
New origination by interest rate type %



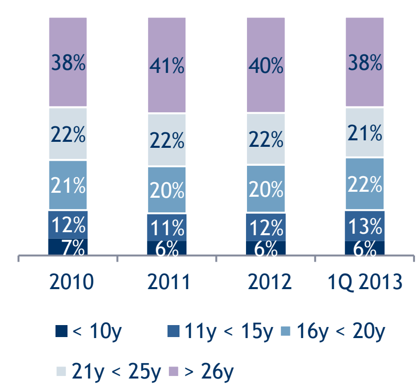
- Italian households continued to favour loan sizes between €100k - 200k and maturities over 25 years

New origination – size and maturity %

Newly originated original balance %



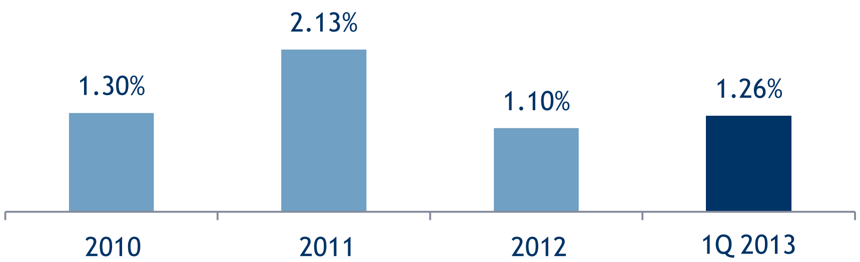
Original maturity of new origination %



Source: Bank of Italy and Assofin

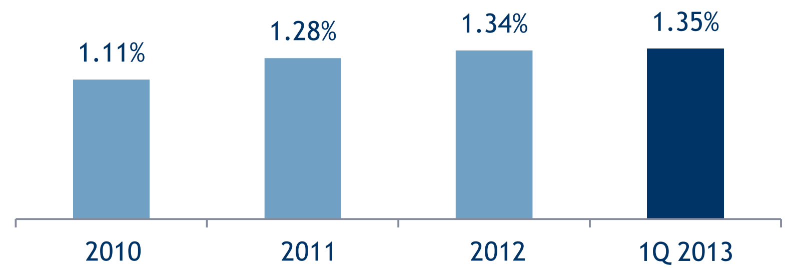
CheBanca! Market Share

Market share of new origination (%)



€/m	2010	2011	2012	1Q 2013
CheBanca!	723	1,048	276	61
Market	55,592	49,120	25,081	4,794
CheBanca!'s market share	**1.30%**	**2.13%**	**1.10%**	**1.26%**

Market Share of total volumes (%)



€/m	2010	2011	2012	1Q 2013
CheBanca!	3,394	4,067	4,044	4,028
Market	305,652	317,596	301,540	297,401
CheBanca!'s market stock	**1.11%**	**1.28%**	**1.34%**	**1.35%**

- In 2012 CheBanca!’s new origination amounted to €276m (-74% compared to 2011) with the following characteristics:
  - 80.2% were for home purchases
  - 68.6% had maturity longer than than 20 years
  - 82.2% were floating rate mortgages (incl. floating rate mortgages with interest rate cap)

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CheBanca!'s current residential mortgage offering

		Type of mortgage				
		Fixed rate	Floating rate	Offset floating rate	Floating rate with cap	Floating rate protected instalment
Loan size	Minimum	€ 50,000	€ 50,000	€ 50,000	€ 50,000	€ 50,000
	Maximum	€ 1,000,000	€ 1,000,000	€ 1,000,000	€ 1,000,000	€ 1,000,000
Maturity	Minimum	10 Years	10 Years	10 Years	10 Years	10 Years
	Maximum First home 2nd home	30 Years 20 Years	30 Years * 20 Years	30 Years 20 Years	30 Years 20 Years	30 Years 20 Years
Interest rate	Type	IRS + Spread	EURIBOR 3M/365 + Spread **	EURIBOR 3M/365 + Spread **	EURIBOR 3M/365 + Spread	EURIBOR 3M/365 + Spread
	Frequency of reset	----------	1 month	1 month	1 month	1 month
Collateral		150% of loan amount	150% of loan amount	150% of loan amount	150% of loan amount	150% of loan amount

* *until September 2011 maximum maturity equal to 40 years*

** *until March 2012 interest rate equal to EURIBOR 1M/365 + Spread*

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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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