



MEDIOBANCA
Banca di Credito Finanziario S.p.A.

FY 2010 results

Milan, 21 September 2010

Net profit up to €401m, total revenues up 14%

FY 2010 results

● 2010 key group drivers

- Double-digit growth in total income despite reduced contribution from securities
- Franchise enlarged in CIB, Compass and CheBanca!
- Asset quality preserved, as a result also of selective lending policy
- Capitalization and funding mix enhanced

● Improvement by all divisions

- CIB: upgraded on strong 2009 banking performance
- PI: contribution positive again
- Consumer finance: growth resumed
- CheBanca!: from start-up to recognized player

● Net profit growth driven by higher income and lower impairment

- Net profit up to €401m (EPS €0.47) due to €240m rise in income and €300m fall in equity writedowns
- Loans provision up 3% YoY, investments ongoing

Growth delivered in top line and profitability

FY 2010 results

Main trends

- Total income up 14%, driven by continuing growth of NII (up 6%) and fees (up 4%) in both corporate and retail operations and recovering PI contribution; quarterly trading income highly volatile and negative in 2Q10, reflecting sovereign debt crisis
- Decelerating growth throughout the year for both costs (up 6%) and loan provisions (up 3%); cost/income ratio down to 38%, asset quality preserved (net NPLs/Ls = 0.4%)
- Large reduction in (still considerable) equities writedowns (€150m)
- Net profit up to €401m, EPS €0.47
- Profitability recovering, on increased RWAs (up 2%) and equity (up 11%)

Group KPIs (€m)

	June 10 12m	June 09 12m	Δ YoY
Total income	2,018	1,776	+14%
NII + Fees	1,451	1,373	+6%
Securities income	354	422	-16%
Equity-acc.companies	214	(19)	nm
Total costs	(773)	(730)	+6%
Loan loss provisions	(517)	(504)	+3%
Securities impairments	(150)	(451)	-67%
Net result	401	2	nm
Cost/income ratio	38%	41%	
LLPs/Ls (bps)	150	140	
Net NPLs/Ls	0.4%	0.3%	
RORWA gross (bps)	110	17	
ROTE	7%	0%	

Reshaping funding mix, solidity improved

FY 2010 results

Main trends

- Reshaping funding mix, with increasing contribution from retail operations which now account for 18% of the funding stock, or 40% of the funds raised in the year
- Loan book down 4%, with growth in RPB (up 4% to €13bn) offsetting CIB slowdown (down 8% to €21bn)
- Solidity improved: Core Tier1 = 11.1%
- Low leverage preserved

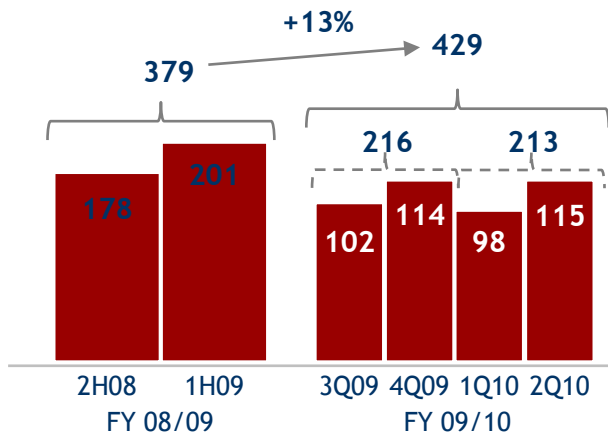
Group KPIs (€bn)

	June 10 12m	June 09 12m	Δ YoY
Funding	53.8	53.4	+1%
Retail	9.6	6.2	+54%
Bonds	35.2	36.9	-5%
Interbank	9.1	10.3	-12%
Loans to customers	33.7	35.2	-4%
Treasury + AFS	21.8	19.4	+12%
Tier 1	5.9	5.4	+9%
RWAs	53.4	52.7	+2%
Core Tier 1 ratio	11.1%	10.3%	
Tang. equity /assets	10%	9%	
RWAs /assets	0.9x	0.9x	
Loans/deposits	0.6x	0.6x	

NII steadily growing, CheBanca! becoming material

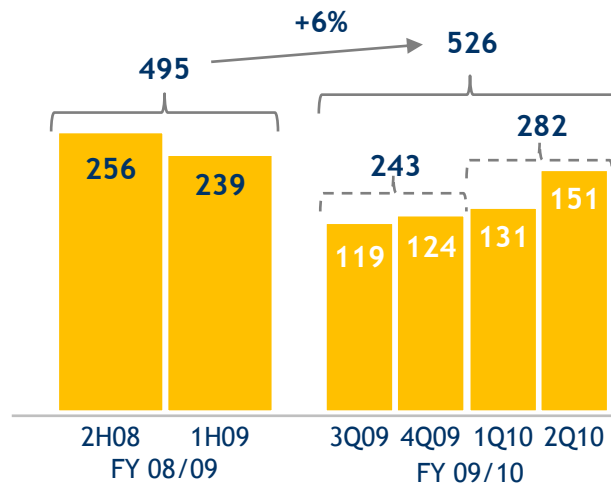
FY 2010 results

CIB NII (€m)



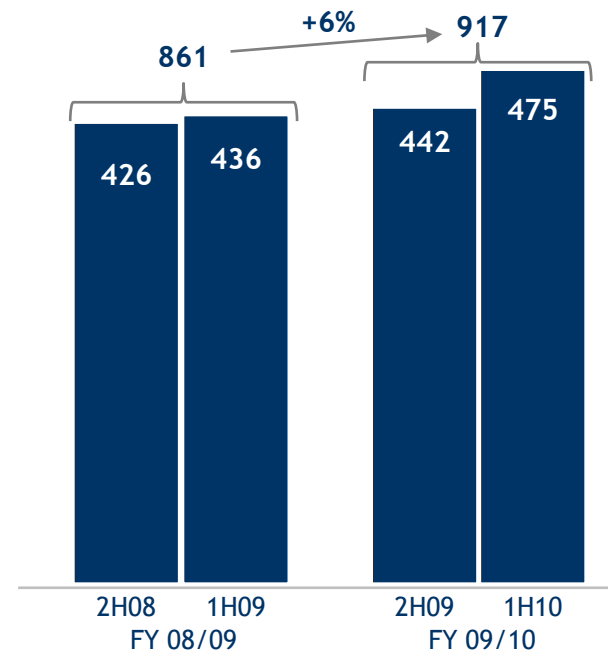
- Higher treasury volumes and lending spread

RPB NII (€m)



- Consumer up 8% and retail up 38%, as growth resumed in spread and volumes

Group NII (€m)*



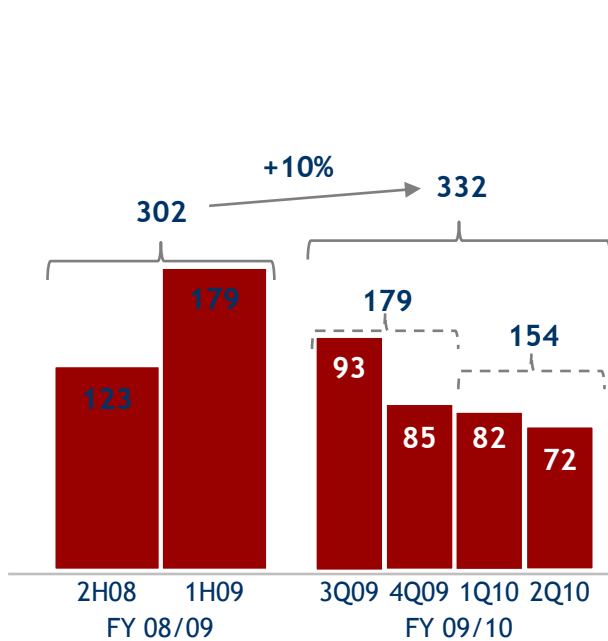
- NII growth in corporate and retail 40:60 respectively

*Group figures differ from the sum of CIB and RPB, as B.Esperia is equity-acc. as opposed to being accounted for pro-rata as in RPB division

Fee income up, driven by CIB

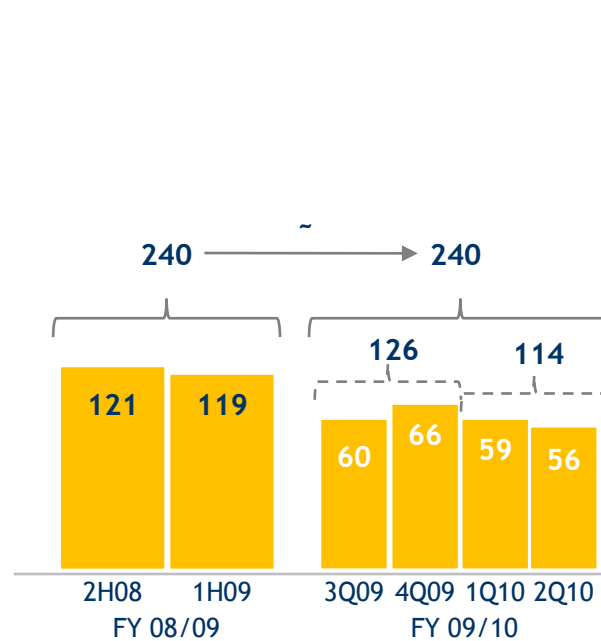
FY 2010 results

CIB fees (€m)



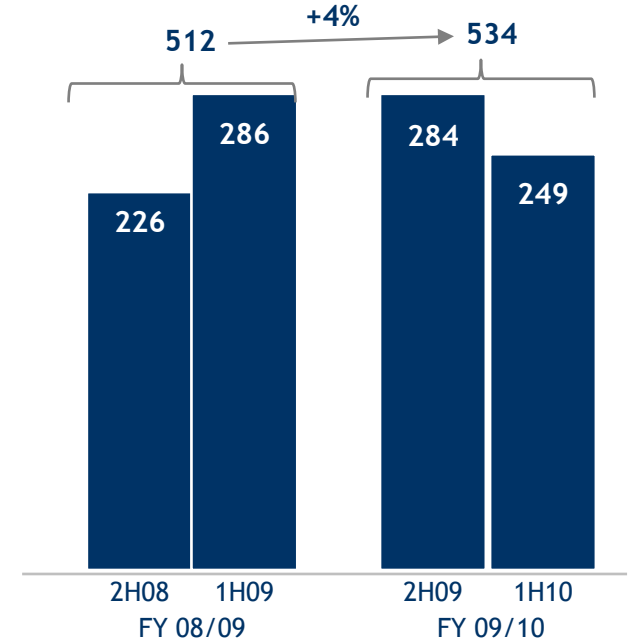
- Capital mkts (up 15%) and Lending (up 30%) offsetting M&A reduction

RPB fees (€m)



- Private banking up 10%
- Consumer down 3%

Group fees (€m)*



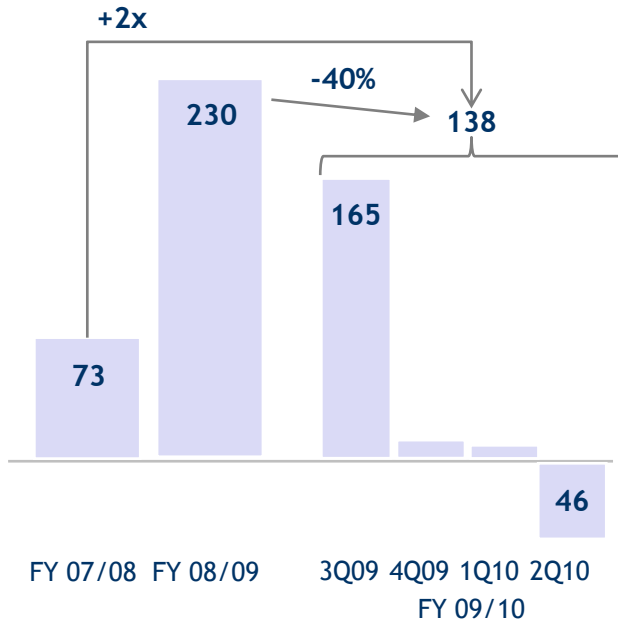
- Fee income up 4% YoY, driven by CIB

*Group figures differ from the sum of CIB and RPB, as B.Esperia is equity-acc. as opposed to being accounted for pro-rata as in RPB division

Trading income impacted by bond market volatility

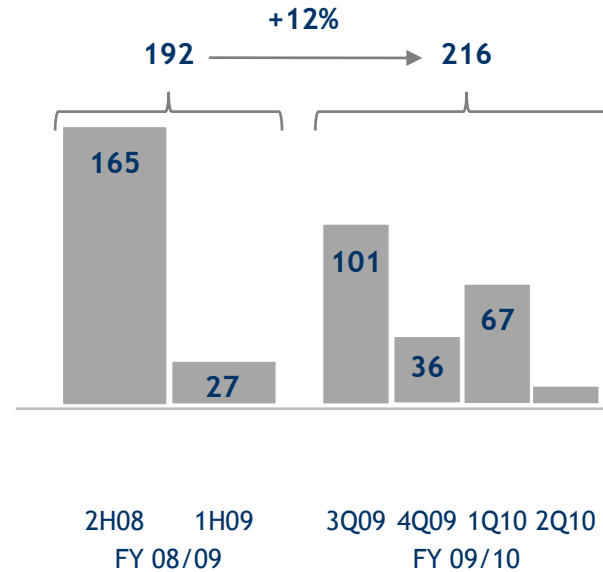
FY 2010 results

Trading income (€m)



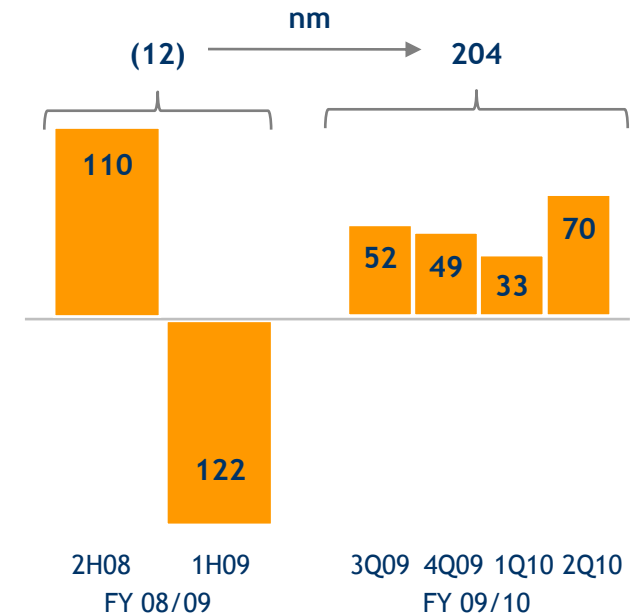
- 2Q10 reflected sovereign debt crisis
- FY10 down 40% YoY, but +2x FY08

AFS income (€m)



- 2010 income generated 50:50 by equity/bonds

PI income (€m)



- Ass.Generali contribution positive again (€232m)

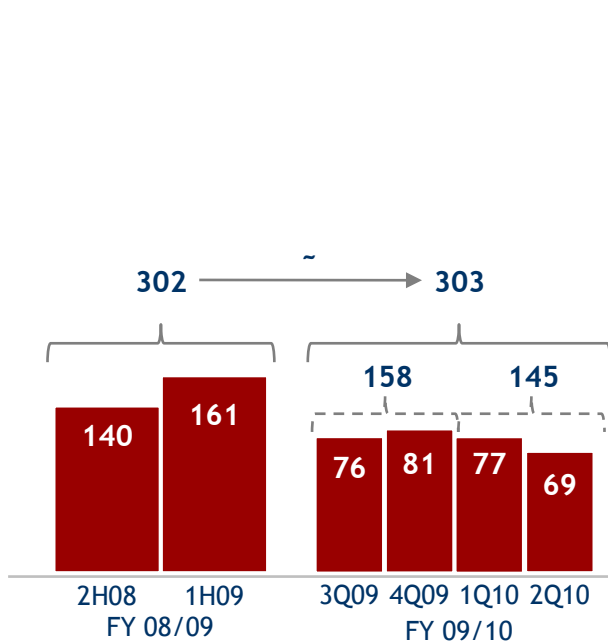
Costs up 6%, rate of growth reduced

FY 2010 results

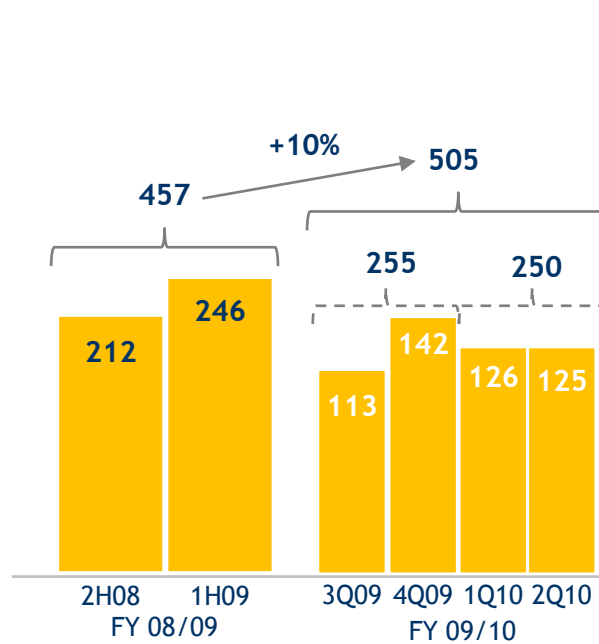
CIB costs (€m)

RPB costs (€m)

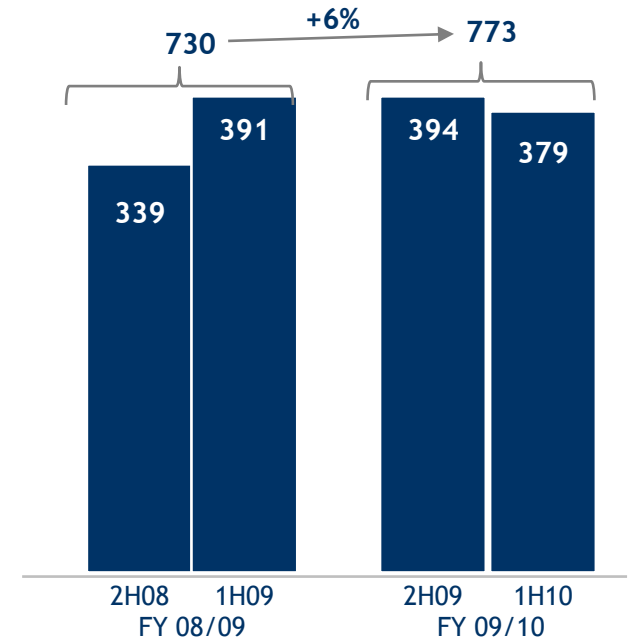
Group costs (€m)*



- Reduction in 2Q10 driven by non-cash bonus payment



- CheBanca! costs peaked in 4Q09
- Compass: higher collection costs



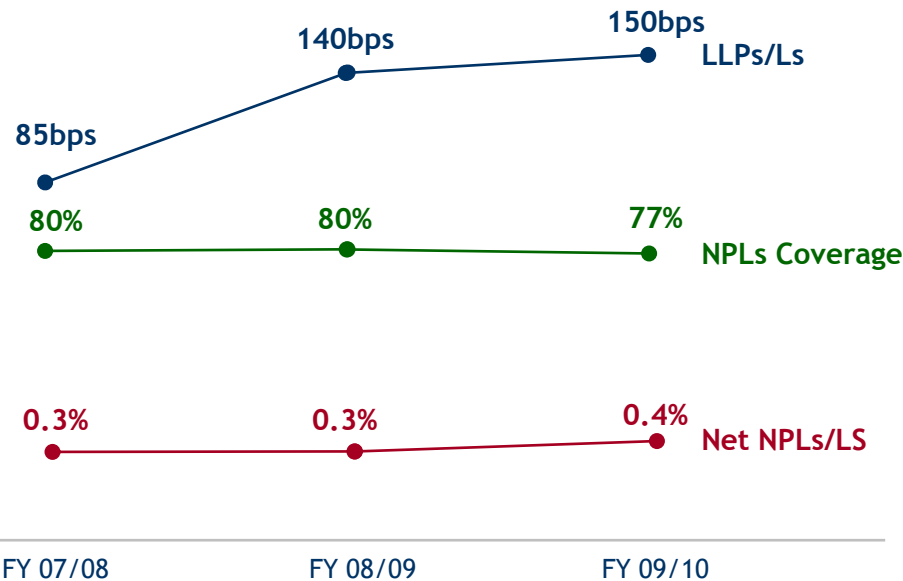
- C/I ratio reduced to 38% (from 41%)

*Group figures differ from the sum of CIB and RPB, as B.Esperia is equity-acc. as opposed to being accounted for pro-rata as in RPB division

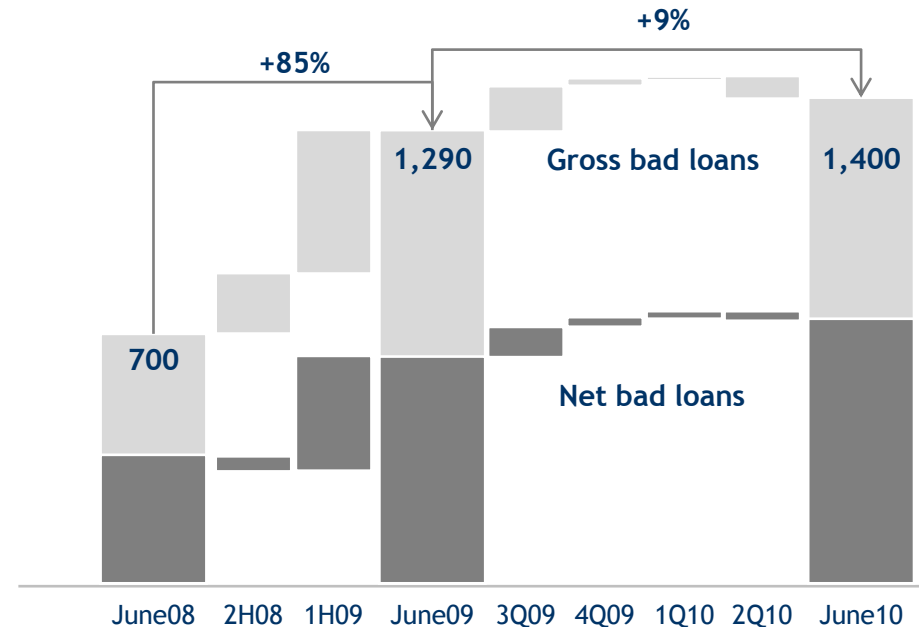
Conservative approach to asset quality

FY 2010 results

Asset quality ratios trend*



Gross and net bad loans trend* (€m)



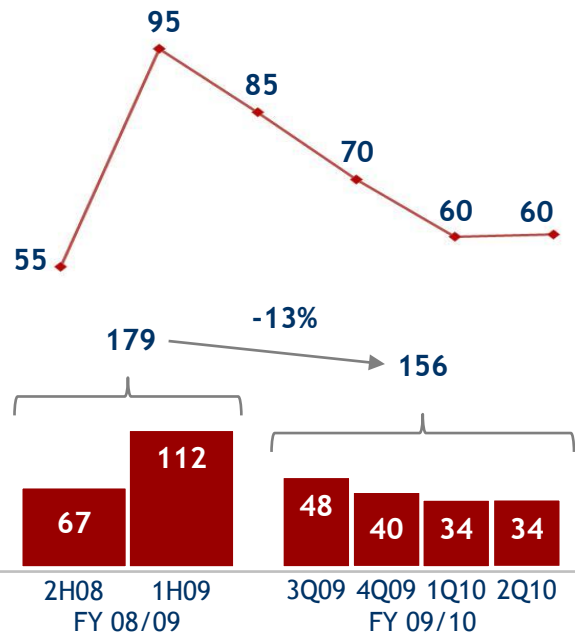
• Provisioning levels closely linked to high NPLs coverage and low NPLs/total loans ratio

• New bad loans decelerated in last 12m, and stock decreased in 2Q10, driven by corporate and consumer improvement; net bad Ls/Ls = 2.3%, coverage 46%

* Net of third-parties' NPLs acquired by Cofactor

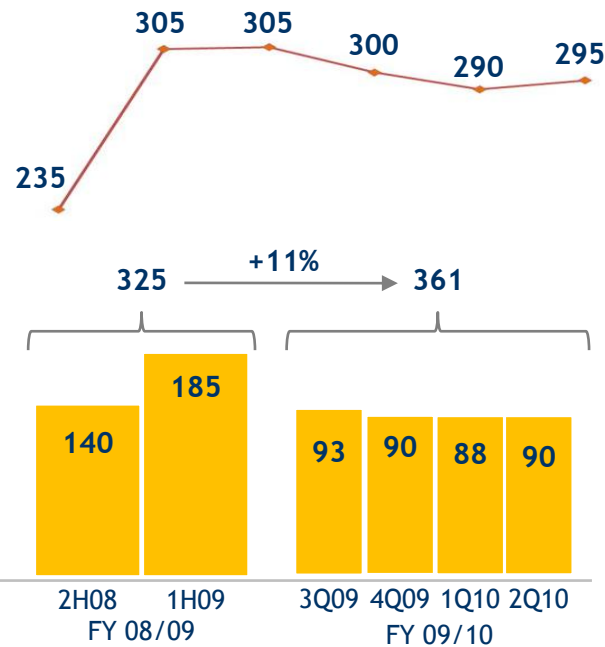
Quarterly cost of risk progressively reducing

CIB LLPs (€m and bps)



- Improvement in corporate
- Leasing suffering due to SMEs
- Net NPLs/Ls = 0.2%, coverage 57%
- Net bad Ls/Ls = 2.0%, coverage 22%

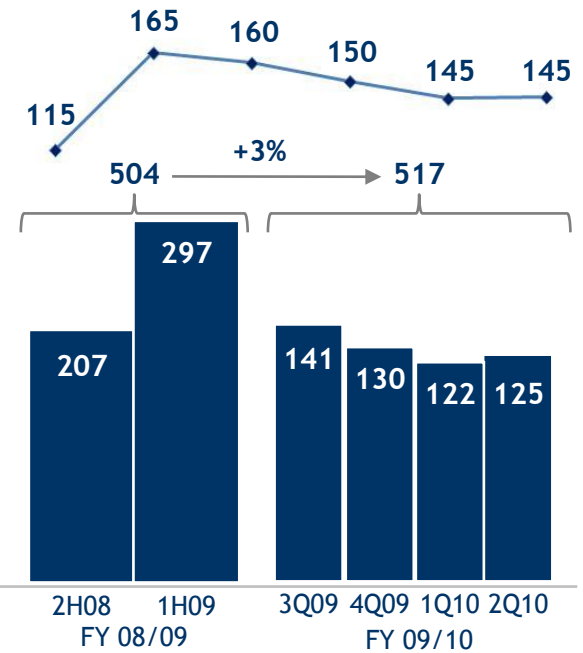
RPB LLPs (€m and bps)



- Consumer improving
- Retail under control
- Net NPLs/Ls = 0.9%, coverage 80%
- Net bad Ls/Ls = 2.6%, coverage 61%

FY 2010 results

Group LLPs (€m and bps)



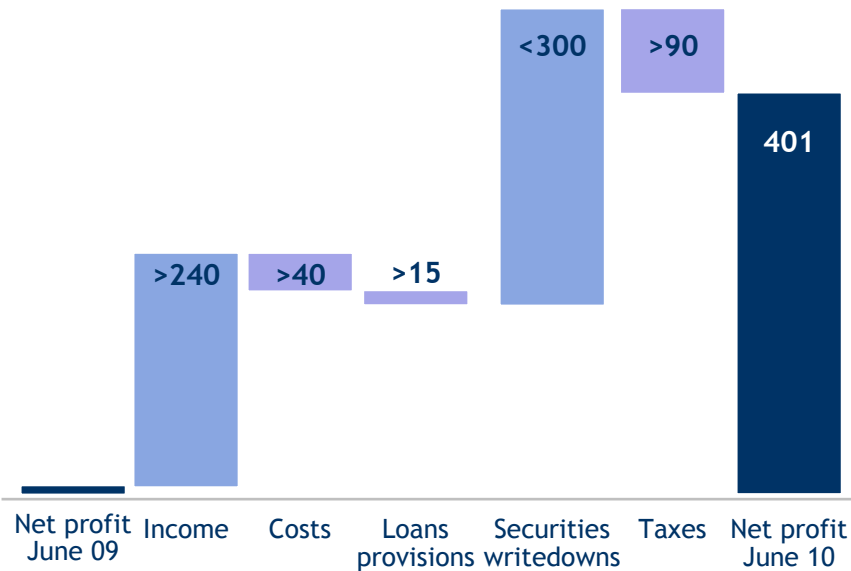
- Cost of risk slowly but progressively reducing from 2Q09
- Net NPLs/Ls = 0.4%, coverage 77%
- Net bad Ls/Ls = 2.3%, coverage 46%

* Net of third-parties' NPLs acquired by Cofactor

Net profit and profitability growing

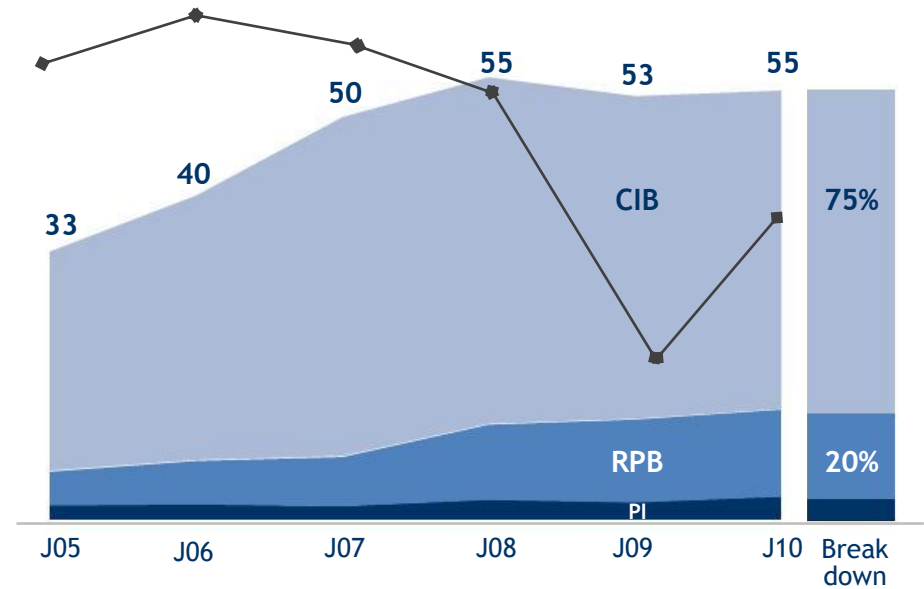
FY 2010 results

Net profit trend (€m)



- Net profit growth driven by higher revenues and lower securities writedowns

RWAs (€bn) and gross RORWA



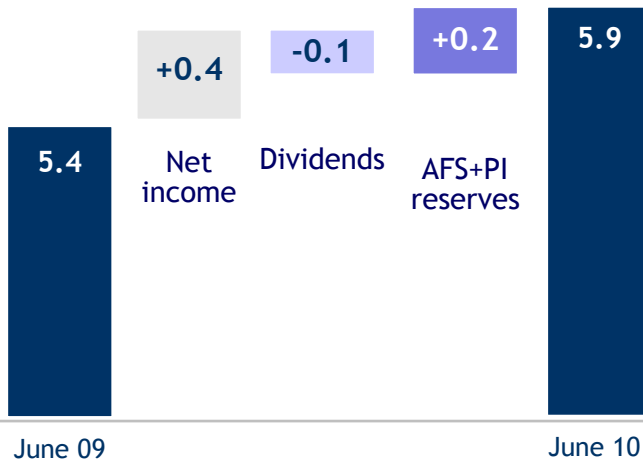
- RWAs growth in last 5Y driven by banking activities
- Profitability recovering

Capital and dividend

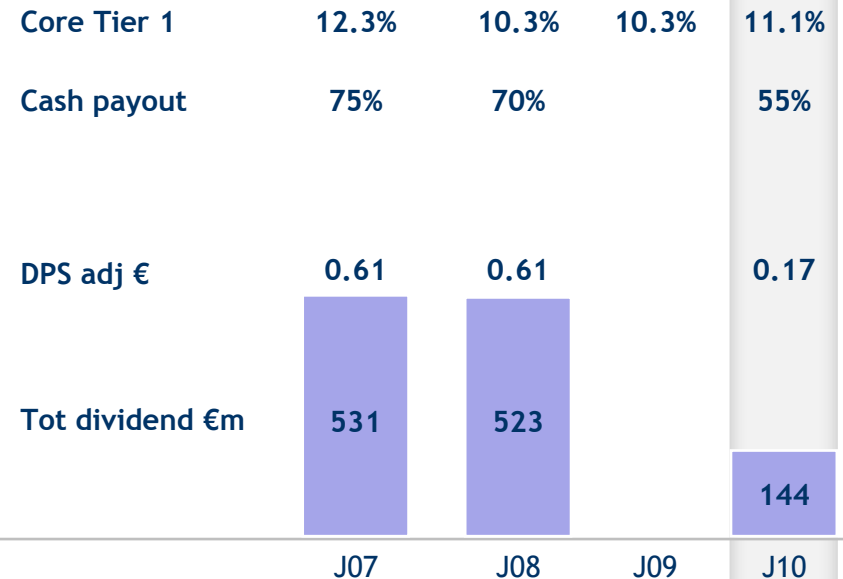
FY 2010 results

Core Tier 1 (€bn)

10.3% Core Tier 1 ratio 11.1%



Dividend policy



• Capitalization enhanced: Core Tier 1 ratio up to 11.1%

• Dividend policy based on cash payout and capital ratios

CIB 2010 results : strong 2009 results confirmed

FY 2010 results

Main trends

- **CIB key 2010 trends:**
 - **Improved margins:** despite 8% reduction in loan book, NII up 13%, driven by asset re-pricing and treasury yield enhancement; fees up 10%
 - **Asset quality preserved:** cost of risk at 70bps, back down to June 2009 levels; gross bad loans reducing in corporate; NPL/Ls at 0.2%
 - **Front office and control staff enhanced:** staff employed outside Italy up 27% (to 94), staff to support corporate activity up 3%; cost/income ratio 30%
- **Improved banking results** (NII + fees up 12%, coupled with 13% LLPs reduction) allowed net profit to grow (6%, to €243m), offsetting weak securities performance: lower trading income (negative in 2Q10, reflecting sovereign debt crisis), and reduced but still material (€136m) equity writedowns

KPIs (€m)

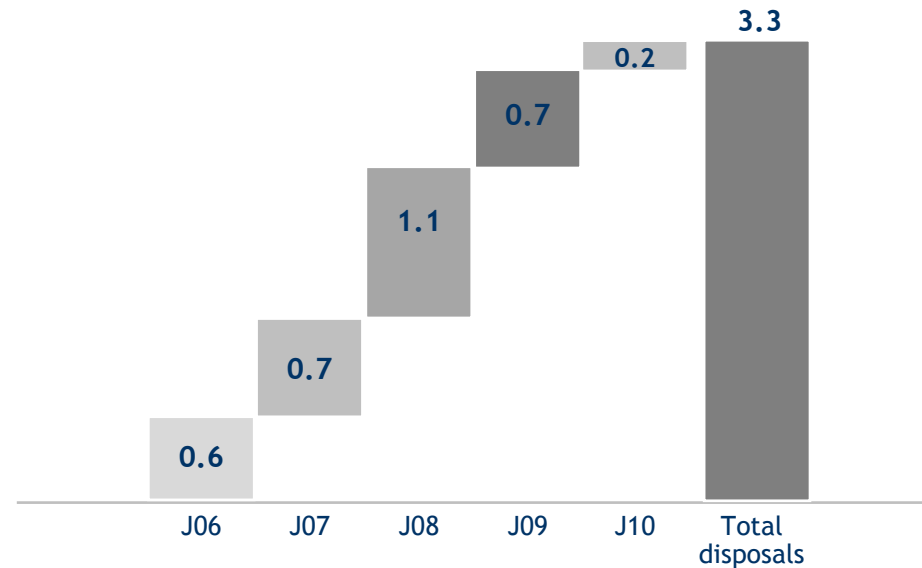
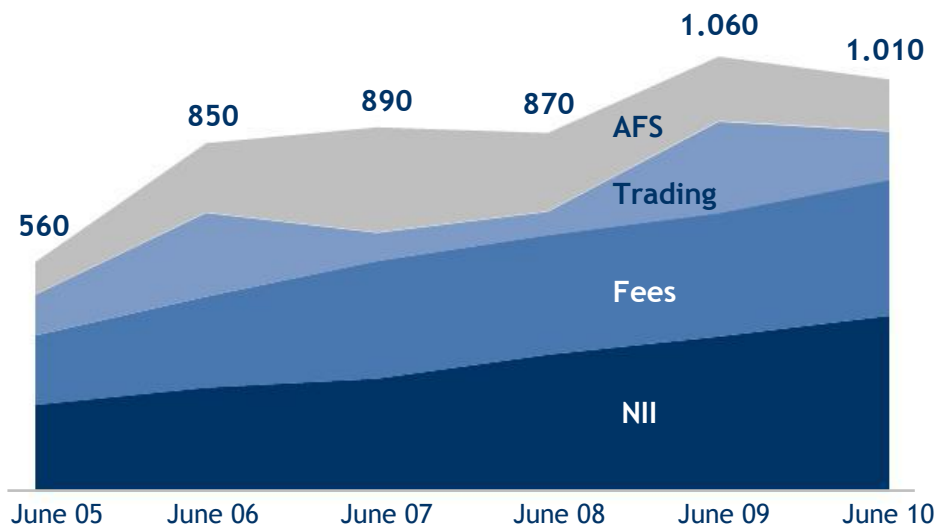
	June10 12m	June 09 12m	Δ 09/10	June 08 12m
Total revenues	1,006	1,061	-5%	874
NII + Fees	761	680	+12%	626
Trading +AFS	245	381	-36%	248
Total costs	(303)	(302)	-	(277)
Loan provisions	(156)	(179)	-13%	(36)
AFS writedowns	(136)	(203)	-33%	0
Net profit	243	230	+6%	464
Cost/income	30%	28%		32%
LLPs/Ls (bps)	70	75		16
Loans (€bn)	21.1	23.1	-8%	22.7
Employees (no.)	882	850	+4	788

CIB. Income doubled in 5Y driven by NII and Fees

FY 2010 results

Total income trend (€m) and breakdown

AFS stakes disposed (book value, €bn)



- NII and Fees steadily growing YoY since 2005, with 15% 5YCAGR, now account for 75% of total income
- 20% of total income from non-domestic activities
- Coherently with strategy announced, AFS portfolio largely reduced

PI 2010 results

FY 2010 results

Main trends

- PI results returned to sizeable profit, due to recovery by Ass. Generali and lack of impairment; contributions from RCS and Telco still negative (€17m and €2m respectively)
- NAV at €3bn, flat YoY, down 25% vs Dec09

KPIs (€m)

	June10 12m	June 09 12m	Δ 09/10	June 08 12m
Total income	204	(12)	nm	485
Ass.Generali	232	8	nm	456
Writedowns	(12)	(241)	nm	(8)
Net result	185	(236)	nm	496
NAV (€bn)	3.0	3.0	-	5.0

¹ Ass. Generali, RCS Media Group and Telco are equity-accounted in the MB Group consolidated financial statements with a one-quarter delay.

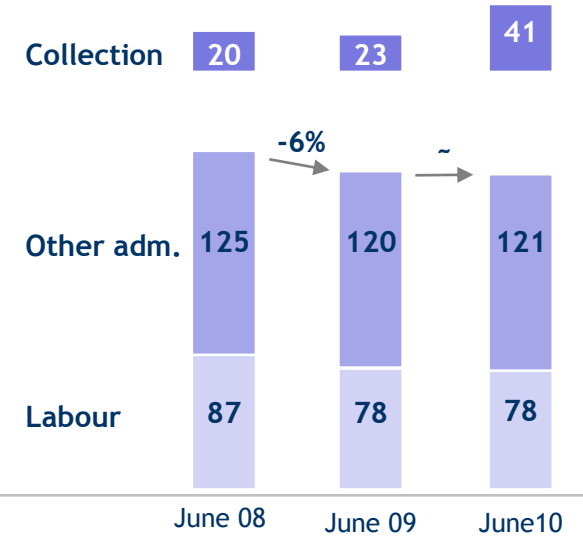
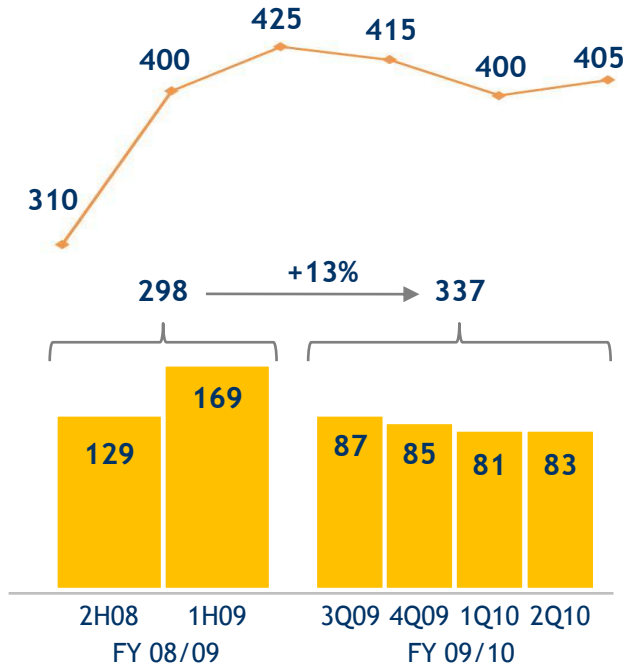
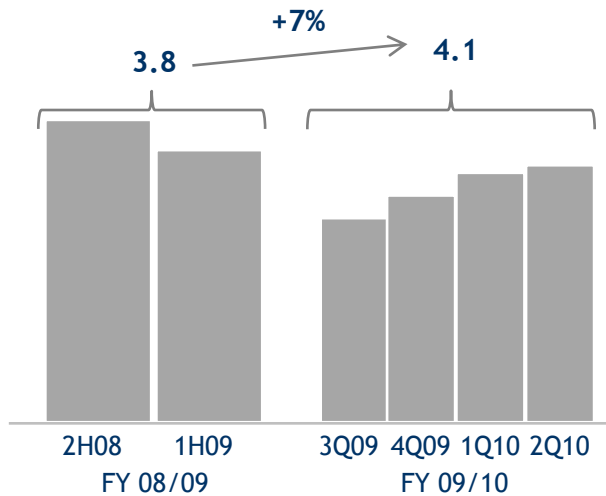
Consumer credit: 2010 key drivers

FY 2010 results

New loans (€bn)

LLPs (€m and bps)

Costs (€m)



• Resuming growth: new loans growing since autumn 2009, gaining mkt share

• Cost of risk gradually reducing QoQ

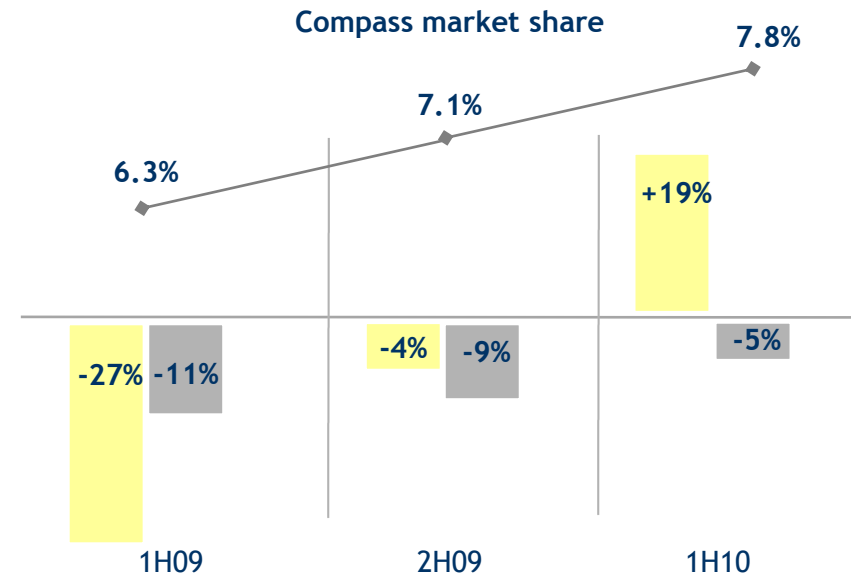
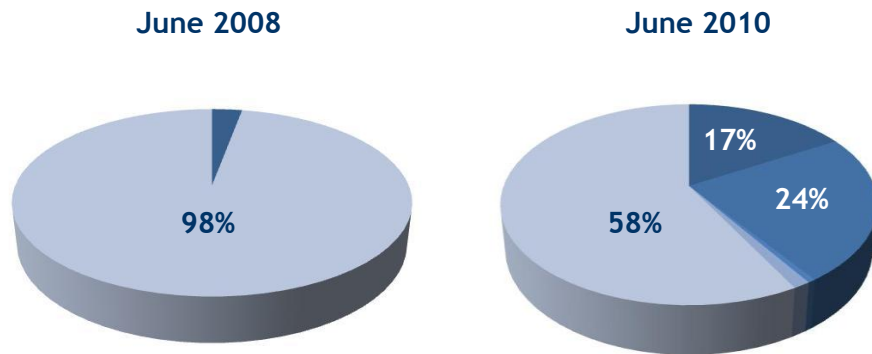
• Labour costs flat after 20% 2009 staff cut; costs up solely due to collection costs

Effective distribution, increasing mkt share

FY 2010 results

Compass distribution by channel (personal loans)

New loans (Δ % YoY, Compass market share)



• Distribution drastically diversified and enlarged, also through Linea acquisition (effective from 1 July 2008)

• Italian consumer lending mkt improving but still shrinking
• Compass gaining market share (1.9m customers)

Compass branches Third parties banking branches Banco Posta branches

Compass Italian market (source: Assofin)

Consumer lending: sustainable growth confirmed

FY 2010 results

Main trends

- Income up 6% driven by NII on resumed growth in volumes and margins (lower cost of funding)
- Cost up 12% exclusively due to doubled collection costs, net of which costs would have been flat and cost/income ratio 31%.
- Loans provisions up 13% YoY, but quarterly cost of risk reducing progressively since 2Q09
- Asset quality preserved: net NPLs/Ls = 0.8%, coverage 85%

KPIs (€m)

	June 10 12m	June 09 12m	Δ 09/10	June 08 12m
Total income	638	605	+6%	592
Total costs	(240)	(222)	+12%	(232)
Loan provisions	(337)	(298)	+13%	(224)
Net profit	22	39*	-30%	32
Cost/income	38%	37%		39%
LLPs/Ls (bps)	410	360		370
New loans (€bn)	4.1	3.8	+7%	5.2
Loans (€bn)	8.3	8.1	+2%	8.4

¹ Net of €46m of one-off tax benefit linked to goodwill amortization

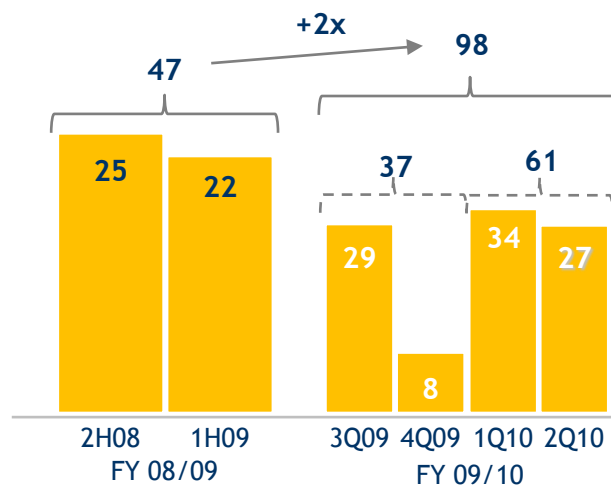
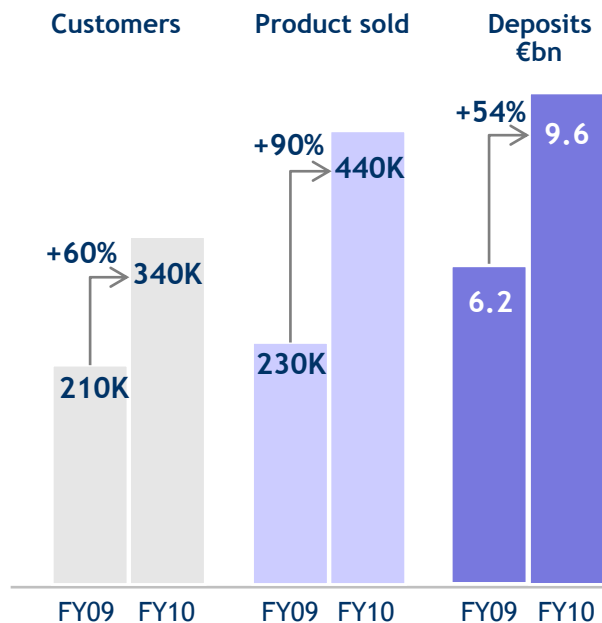
CheBanca!: 2010 key drivers

FY 2010 results

Commercial KPIs

Income trend (€m)

Branches and Staff



Physical network standardized: 42 CheBanca! branches. In the last 12 months:

- 16 CheBanca! new openings
- 23 former Micos branches closed (mortgage sales through real estate agencies now organized differently)
- 5 Micos France branches closed following shut-down of mortgage activity in France

115 new staff employed, total now 845 (up 15%)

- Commercial results surged
- Cross-selling index up to 1.3

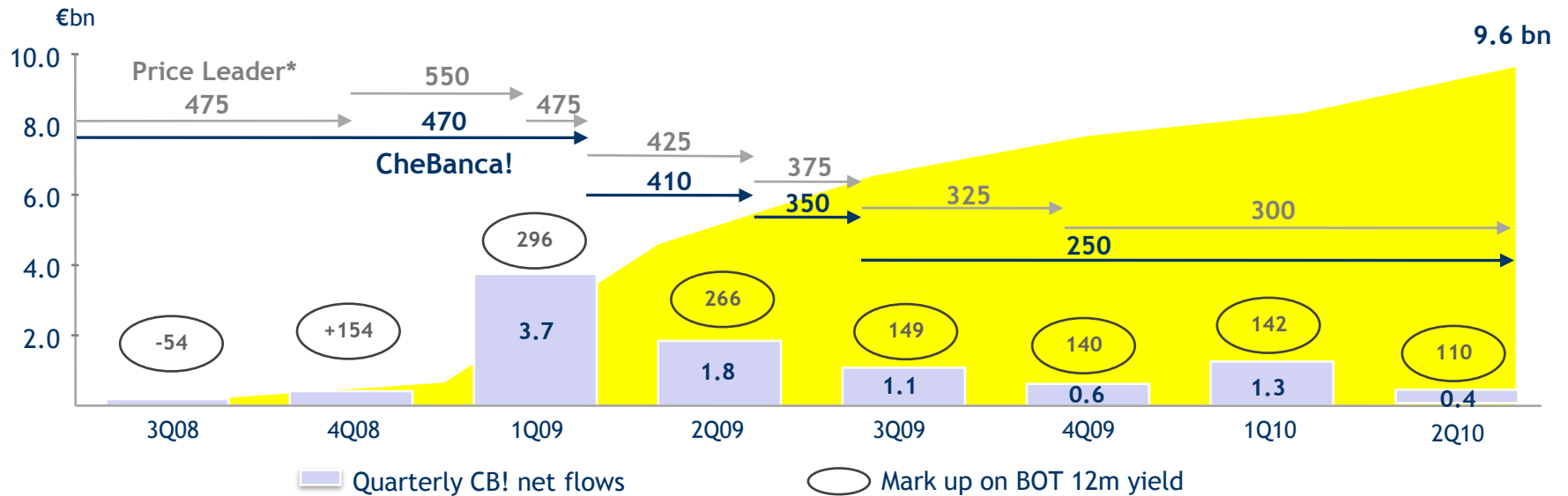
- Income doubled due to halved cost of funding and yield on invested liquidity

- Optimizing franchise at lower cost

CheBanca! deposits scaling up at reducing cost

FY 2010 results

Funding stock and pricing for 12m tied deposits (€bn, bps)

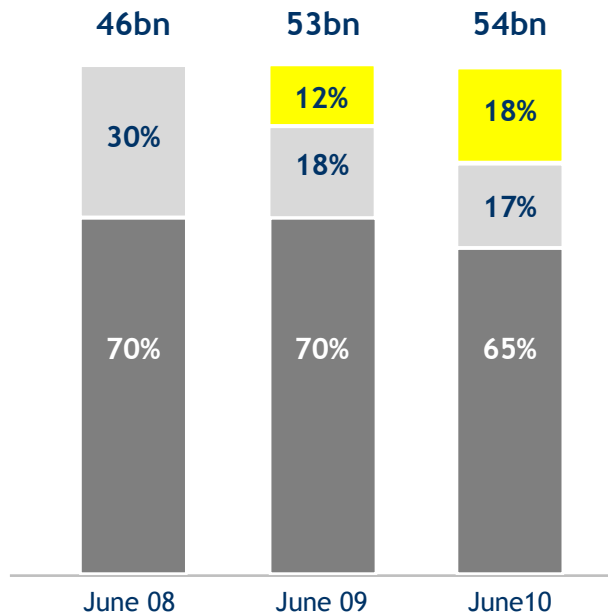


- Stable customer base and reducing cost of funding: deposit stock steadily growing despite lower mark-up
- High retention rate (93%)
- CheBanca! cost of funding comparable to MB 3Y bonds

Reshaping funding mix

FY 2010 results

Funding (€bn)



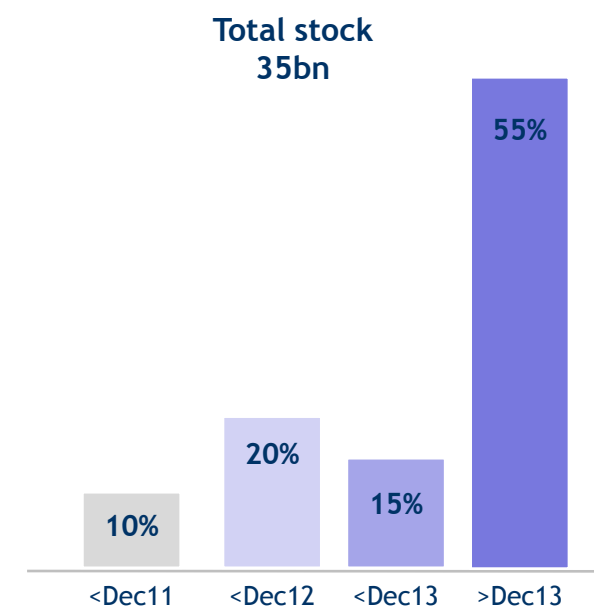
• Retail deposits up to 18% of funding stock

Funds raised (€bn)



• Retail deposits 40% of new funds

MB bonds expiring (€bn)



• Low debt expiring in short/medium term

Interbank/others
 MB bonds
 CheBanca! deposits

CheBanca! 2010 results: total income doubled

FY 2010 results

Main trends

- Losses peaked in June 2009, and are now being progressively absorbed
- Total income doubled, driven by reduction in cost of funding and yield on invested liquidity; costs up 15%, below budget, as better than expected branch coverage allowed for lower openings and hiring, maintaining excellent commercial results
- Net loss of €79m, 20% lower than 2009
- Increase in interest rates could speed up break-even

KPIs (€m)

	June 10 12m	June 09 12m	Δ 09/10	June 08 12m
Total income	98	47	+2x	49
Total costs	(180)	(156)	+15%	(80)
Loan provisions	(23)	(27)	-15%	(13)
Net result	(79)	(100)	-20%	(30)
Loan book (€bn)	3.5	3.2	+10%	2.7
Deposits (€bn)	9.6	6.2	+54%	0.1
Staff (no.)	845	730	+15%	470
Branches (no.)	42	55	-24%	38
Customers (no.)	340K	210K	+60%	47K
Product sold (no.)	440K	230K	+90%	35K

Private banking: AUM rebuilding, profitability to follow

FY 2010 results

Main trends

- “Scudo fiscale” and market turmoil reshaped on/off shore business, along with customers’ risk appetite
- CMB. Despite negative impact of “scudo fiscale”, diversification in traditional banking business allowed €70m of revenues and €24m of net result to be delivered
- Banca Esperia. AUM up 40% YoY to €6bn, mainly driven by net inflows, only part of which in relation to *scudo*. Despite significant inflows, total income still suffering from low margins, and asset mix shifted towards more conservative solutions. Net result penalized also by restructuring costs.

KPIs (€m)

	June 10 12m	June 09 12m	Δ 09/10	June 08 12m
Total income	108	114	-6%	141
- CMB	70	82	-15%	92
- Banca Esperia*	31	26	+20%	41
Net profit	25	26	-4%	57
- CMB	24	26	-8%	47
- Banca Esperia*	0	(1)	-	(9)
AUM net (€ bn)	11.7	10.3	+14%	10.5
- CMB	5.7	6.0	-5%	6.1
- Banca Esperia*	6.0	4.3	+40%	4.4

* Banca Esperia accounted pro-rata (50%)

Understanding of Basel III regulatory issues to date

FY 2010 results

- No issues on leverage, liquidity or funding ratios
- No issues on capital quality as Core Tier 1 = Tier 1 = 11.1%
- Impact of deductions starting in 2014 and spread out until 2018
- Deduction of Ass.Generali stake recoverable throughout the period
- Capital ratios still comfortable given the size of the group and expected RWAs/earnings growth

2011 opportunities: further growth in banking business

FY 2010 results

**Group: banking activities
growth ongoing**

- MB business model already compliant with Basel III “new world”
- Room for growth at all banking businesses
- Consolidate recurrent income in CIB (AFS stake disposals ended) and Retail

**CIB:
upgrading the platform**

- Upgrading to well-recognized European CIB player, evaluating new geographies
- Upgrade of infrastructure
- Resumed growth in corporate loans, M&A volumes still lagging

**Consumer finance:
leveraging growth**

- Volumes: consolidating growth, also due to sector concentration
- Risk-adjusted margins recovery

**Retail banking:
upgrading to customers’
first bank**

- Increasing cross selling and product offering
- Improving profitability by optimizing asset spread



MEDIOBANCA

Banca di Credito Finanziario S.p.A.

Disclaimer

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

Declaration by Head of Company Financial Reporting

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

Head of Company Financial Reporting

Massimo Bertolini

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