

# FY results as at June 2012



MEDIOBANCA

Milan, 20 September 2012

# **FY results as at June 2012**

**Section 1**

**Group results**



**MEDIOBANCA**

# MB 2012 results: risk profile improved, good underlying profitability

Group FY results as at June 2012

Section 1

Balance sheet  
risk profile  
improved

- ◆ Equity exposure reduced by €2bn
- ◆ Bond portfolio increased with shorter duration
- ◆ NSFR well above 100%
- ◆ CT1 ratio increased to 11.5%

Good  
underlying business  
results

- ◆ Revenues flat at €1.8bn due to business diversification and ECB measures
- ◆ Costs cut by 4%; cost/income ratio down to 40%
- ◆ PBT adj. up 6% to €563m

Negative contribution  
from equities

- ◆ Negative contribution from equities, due to lower revenues (down 17% to €170m) and €572m impairment charges generated by stock market collapse

FY12 results

- ◆ Positive underlying business result absorbed negative equity impact
- ◆ Net profit at €81m
- ◆ Adjusted ROTE confirmed at 9%
- ◆ Proposed DPS: €0.05

# A&L: funding, liquidity and CT1 enhanced

Group FY results as at June 2012

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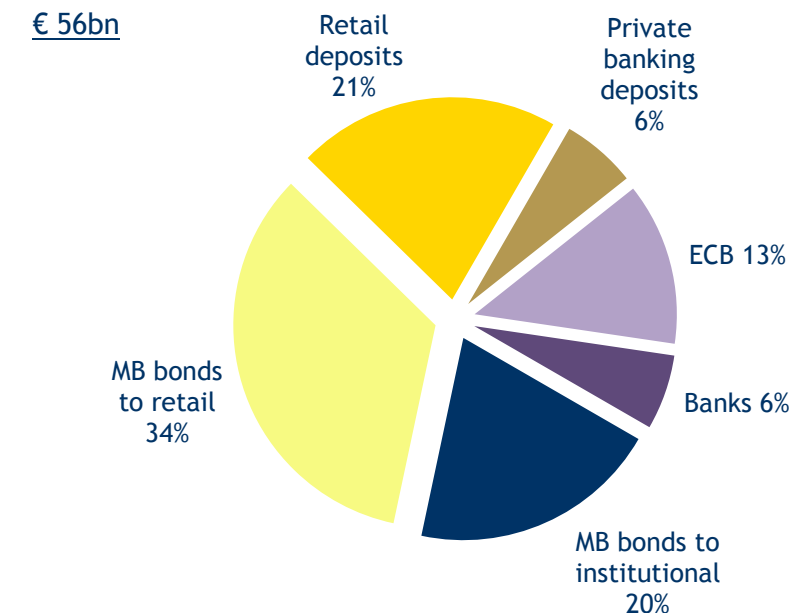
€bn	June12	March12	Dec11	Sept11	June11	Δ 12/11
<b>Funding</b>	<b>55.8</b>	<b>57.0</b>	<b>54.0</b>	<b>51.1</b>	<b>51.7</b>	<b>+8%</b>
Bonds	30.0	31.0	32.4	33.9	34.5	-13%
Retail deposits	11.6	11.5	10.7	10.0	10.0	+16%
ECB	7.5	7.5	4.0	0.0	0.0	
Others	6.7	7.0	6.9	7.2	7.2	-9%
<b>Loans to customers</b>	<b>36.3</b>	<b>37.1</b>	<b>37.8</b>	<b>37.4</b>	<b>36.2</b>	<b>-</b>
Wholesale	17.9	18.6	18.5	19.0	18.1	-1%
Leasing	4.1	4.2	4.4	4.3	4.4	-7%
Consumer	9.2	9.2	9.1	9.1	8.9	+3%
Mortgage	4.3	4.3	4.3	4.3	4.1	+5%
<b>Treasury + AFS + HTM</b>	<b>22.2</b>	<b>23.0</b>	<b>18.7</b>	<b>16.7</b>	<b>18.7</b>	<b>+19%</b>
<b>RWAs</b>	<b>55.2</b>	<b>55.3</b>	<b>55.6</b>	<b>55.3</b>	<b>55.0</b>	<b>-</b>
<b>Core tier 1 ratio</b>	<b>11.5%</b>	<b>11.1%</b>	<b>11.0%</b>	<b>11.1%</b>	<b>11.2%</b>	<b>+30bps</b>

# 61% funding from retail investors

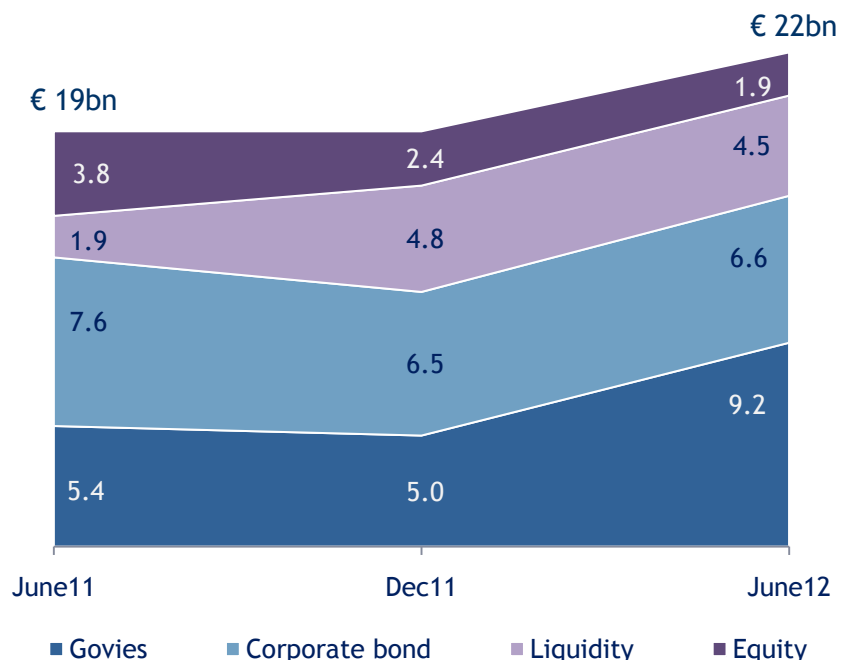
Group FY results as at June 2012

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## Funding breakdown (June 12)



## Treasury + AFS + HTM (June 12)



- ◆ Well diversified funding structure: 61% from retail investors (34% MB bonds to retail, 21% CB! and 6% PB deposits)
- ◆ NSFR well above 100%
- ◆ Prudent investment policy: equities halved (down to €1.9bn), liquidity doubled (up to €4.5bn), govies up 70%

# P&L: underlying business resilient, equity exposure hit hard

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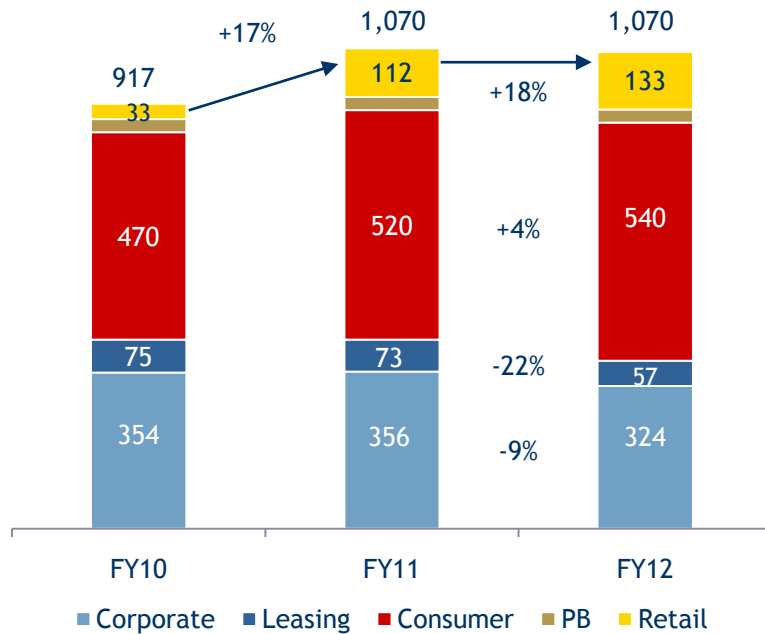
€m	June12	June11	Δ 12/11	June10
Group revenues	1,990	1,983	-	1,819
Group PBT	206	554	-63%	583
Group net profit	81	369	-78%	401
Cost/income ratio	40%	42%		42%
Cost of risk (bps)	130	120		150
ROTE adjusted	9%	9%		7%
ROTE stated	1%	6%		7%
<b>Group PBT (A+B)</b>	<b>206</b>	<b>554</b>	<b>-63%</b>	<b>583</b>
<b>A) Underlying business PBT</b>	<b>563</b>	<b>532</b>	<b>+6%</b>	<b>316</b>
Total revenues	1,820	1,780	+2%	1,605
Total costs	(789)	(824)	-4%	(773)
Loan loss provisions	(468)	(424)	+10%	(517)
<b>B) PI + AFS + one-offs PBT</b>	<b>(357)</b>	<b>22</b>		<b>268</b>
Income from PI	170	203	-16%	214
AFS + PI impairments/net losses	(572)	(256)	+2x	49
One-off items	45	75		5

# NII confirmed at high level by business diversification and LTROs

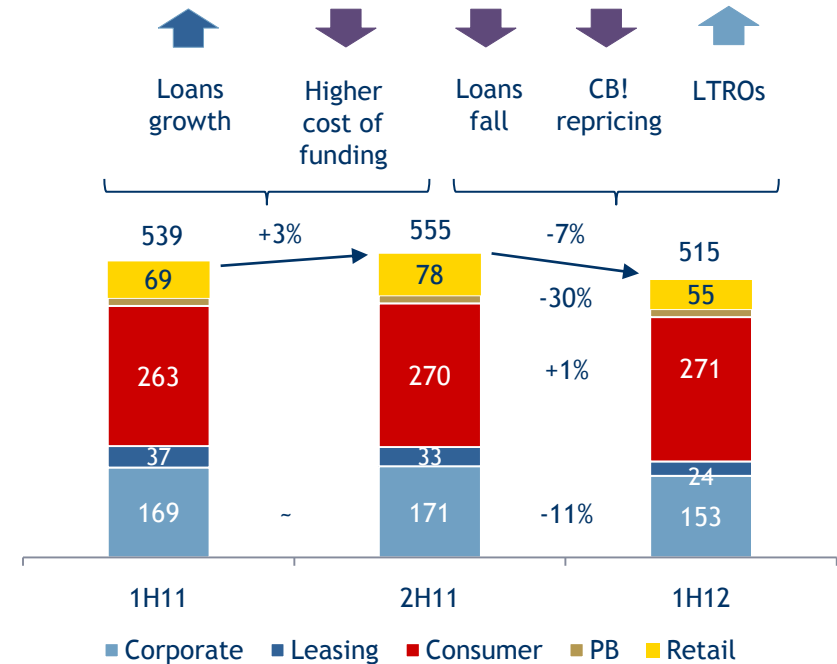
Group FY results as at June 2012

Section 1

## NII annual trend (€m)



## NII drivers and trend by half (€m)



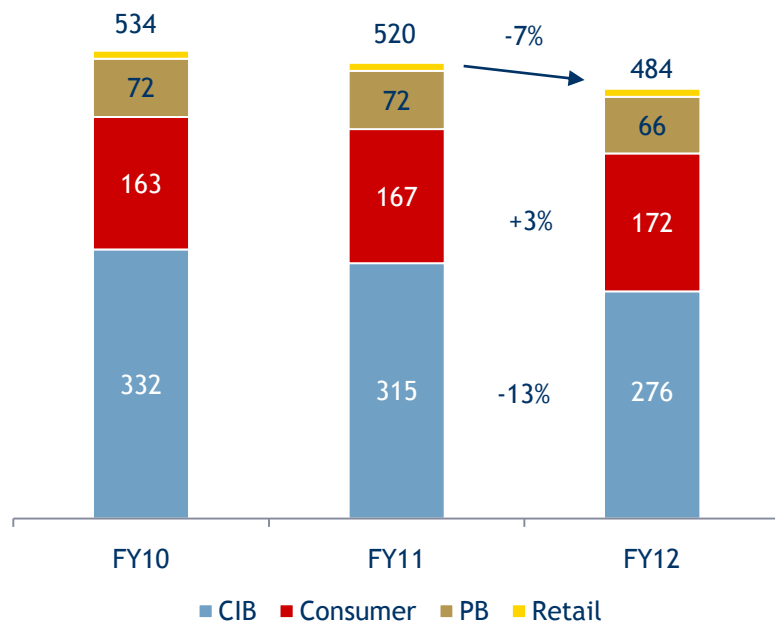
- ◆ Business diversification: Nii flat with RPB growth (consumer up 4%, retail 18%) offsetting weak CIB (down 11%)
- ◆ LTROs relief not sufficient to avoid 7% reduction in NII H.o.H., driven by higher cost of funding, slowing volumes and prudent investment policy (by asset classes and duration)

# Fee income reduced by lower corporate activity

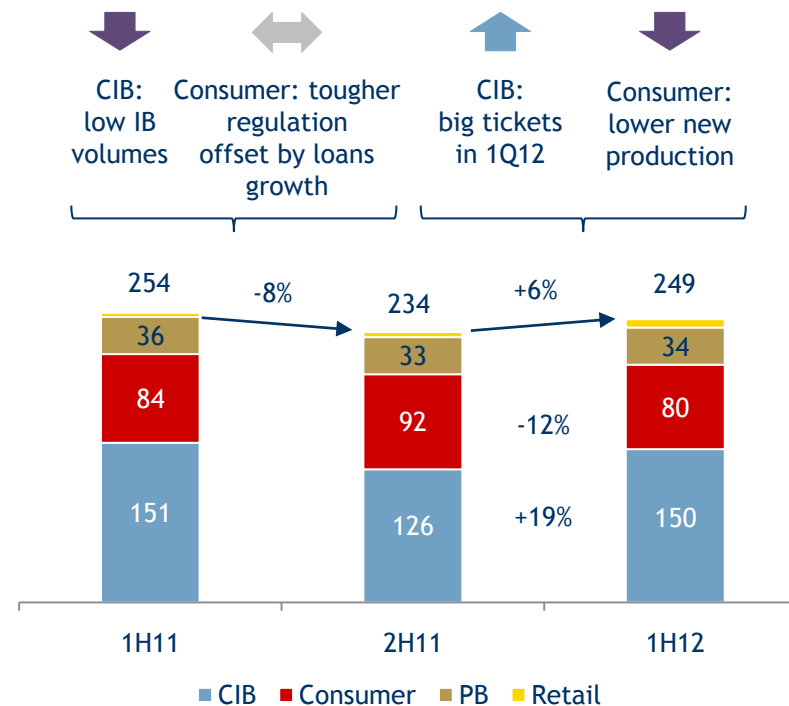
Group FY results as at June 2012

Section 1

## Fees annual trend (€m)



## Fees drivers and trend by half (€m)



- ◆ Fee income down 7% Y.o.Y. due to low IB deals flow
- ◆ Consumer resilient Y.o.Y., but impacted in 1H12 by lower new business

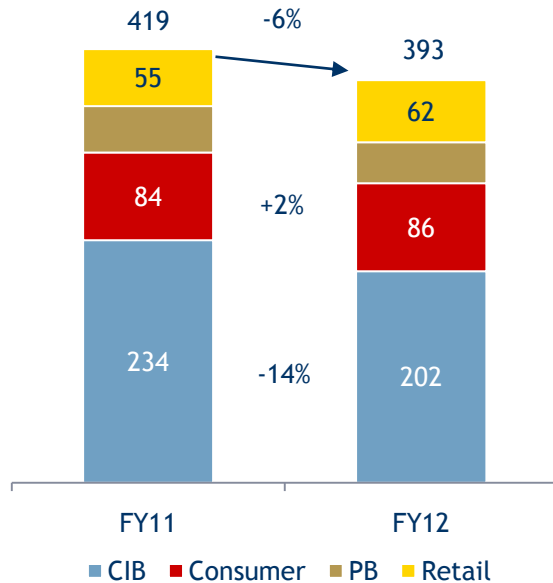


# Costs down 4% (8% in CIB), cost/income ratio down to 40%

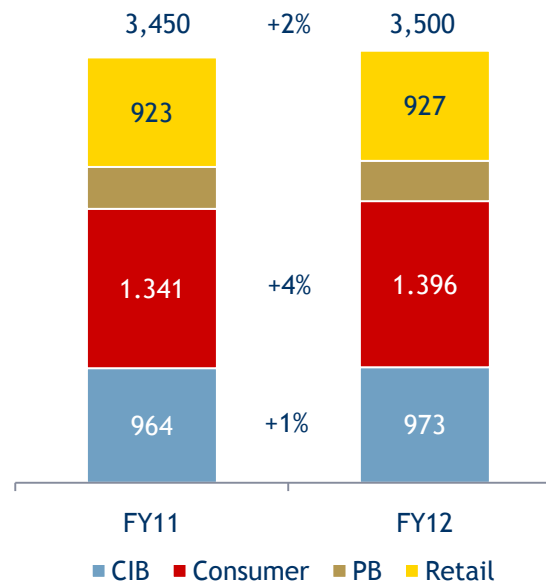
Group FY results as at June 2012

Section 1

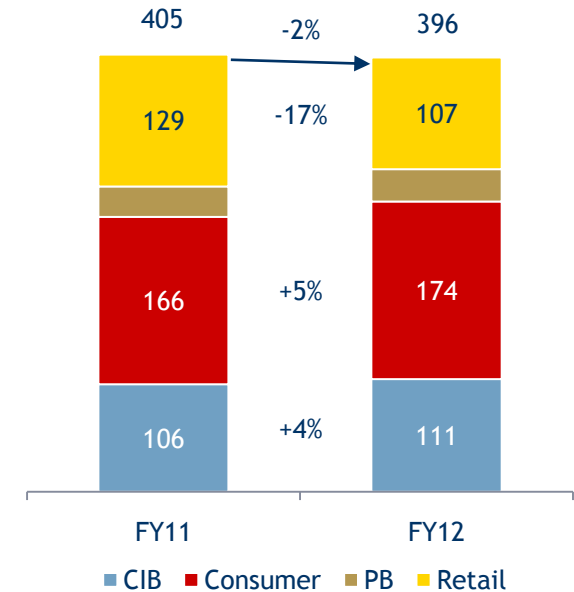
## Labour costs (€m)



## Staff (no.)



## Administrative expenses (€m)



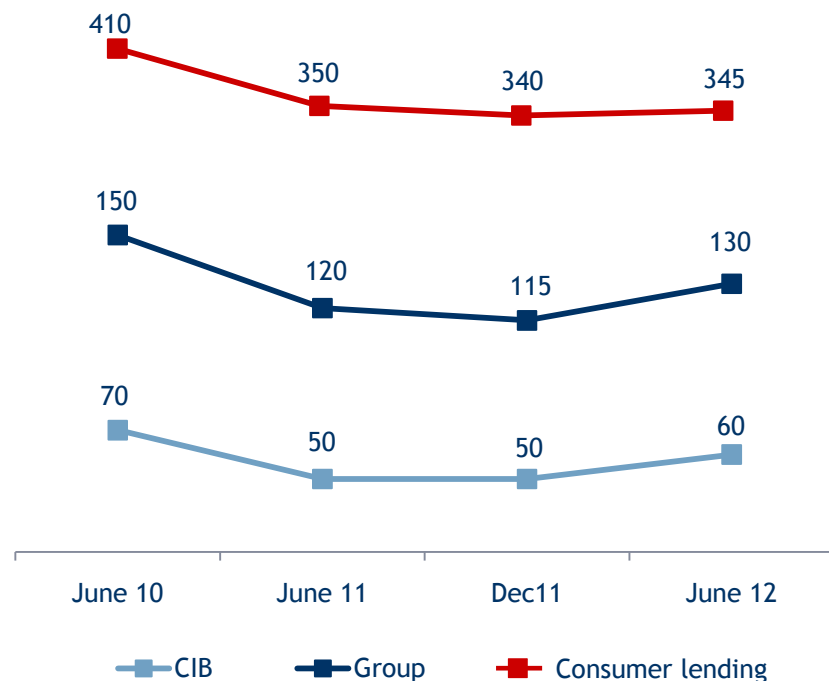
- ◆ Labour costs down 6%, driven by bonus cut in CIB (down 14%)
- ◆ Administrative expenses down 2%, with savings in CheBanca! (down 17%) offsetting Compass growth (up 5%)
- ◆ Compass staff up 4% with 12 new branches opened

# Cost of risk up 10bps, asset quality preserved

Group FY results as at June 2012

Section 1

## Cost of risk by segment (bps)



## Asset quality ratios trend\*

	June11	Dec11	June12
<b>Net Bad Ls/Loans</b>	<b>2.4%</b>	<b>2.3%</b>	<b>2.4%</b>
Corporate	1.0%	0.9%	1.1%
Leasing	5.4%	5.4%	5.1%
Consumer	3.7%	3.4%	3.6%
Mortgage	2.4%	2.4%	2.4%
<b>Bad Loans Coverage</b>	<b>41%</b>	<b>38%</b>	<b>39%</b>
<b>Net NPLs/Loans</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.6%</b>
Corporate	0%	0%	0%
Leasing	1.0%	1.1%	1.4%
Consumer	0.8%	0.8%	0.8%
Mortgage	1.5%	1.6%	1.7%
<b>NPLs Coverage</b>	<b>74%</b>	<b>61%</b>	<b>61%</b>

- ◆ Net NPLs: low incidence to loans (0.6%), high coverage (61%)
- ◆ Net bad loans: low incidence to loans (2.4%), high coverage (39%)

\* 2011 figures restated with past due @90days (formerly @180days); net of third-parties' NPLs acquired by Cofactor

# AFS+PI portfolio: net impairments/losses totalling €572m

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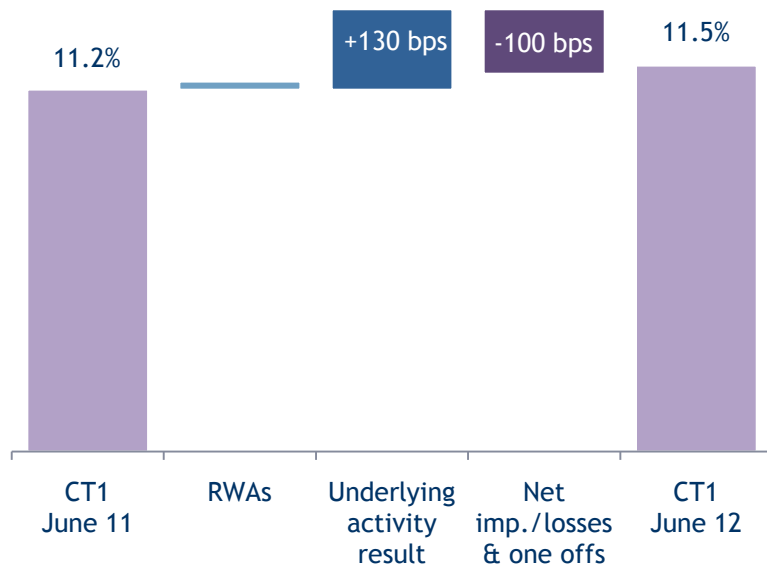
€m	FY June 12	2Q12	1Q12	4Q11	3Q11
<b>Total net impairments/losses</b>	<b>(572)</b>	<b>(168)</b>	<b>(135)</b>	<b>(183)</b>	<b>(86)</b>
<b>Total impairments</b>	<b>(604)</b>	<b>(256)</b>	<b>(117)</b>	<b>(161)</b>	<b>(70)</b>
<i>of which</i> Greek bonds	(141)	(12)	(15)	(70)	(44)
UCI cashes	(133)	(133)			
Telco (TI @ €1.5 per share)	(113)		(113)		
RCS (@ €1 per share)	(78)	(23)		(55)	
Delmi	(34)			(34)	
<b>Gain/loss on AFS ptf. disposals</b>	<b>32</b>	<b>89</b>	<b>(18)</b>	<b>(22)</b>	<b>(16)</b>
<i>of which</i> Autostrade Sud America	91	91			

# CT1 ratio up to 11.5%, underlying profitability at 9%

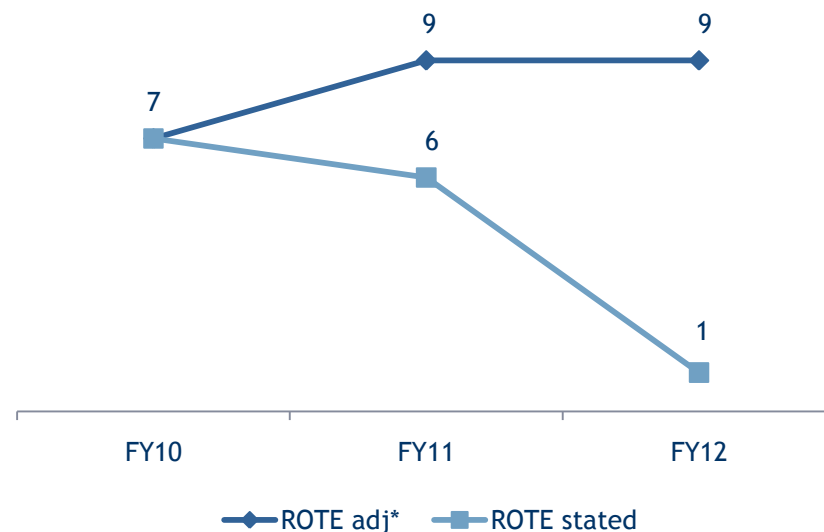
Group FY results as at June 2012

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CT1 ratio trend (% , bps)



Group ROTE trend (%)



- ◆ CT1 ratio up to 11.5%, despite impairments; 130 bps generated by underlying activity
- ◆ Normalized profitability resilient at 9%

\* ROTE adjusted: group net profit less impairments, positive one-offs and net gains from AFS securities disposals

# Dividend proposed

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€	June12	June11	June10	June09	June08
Cash DPS	0.05	0.17	0.17	0	0.65
Total dividend paid	42m	146m	144m	0	523m
Stated payout	52%	40%	36%	0%	52%
Cashed payout	nm	67%	56%	0%	72%
Group net profit	81m	369m	401m	2m	1,013m
Retained earnings	39m	222m	257m	2m	491m
CT1 ratio	11.5%	11.2%	11.1%	10.3%	10.3%
CT1	6.3bn	6.2bn	5.9bn	5.4bn	5.7bn

# **FY results as at June 2012**

**Section 2**

**Segmental reporting**



**MEDIOBANCA**

# Corporate & Investment Banking

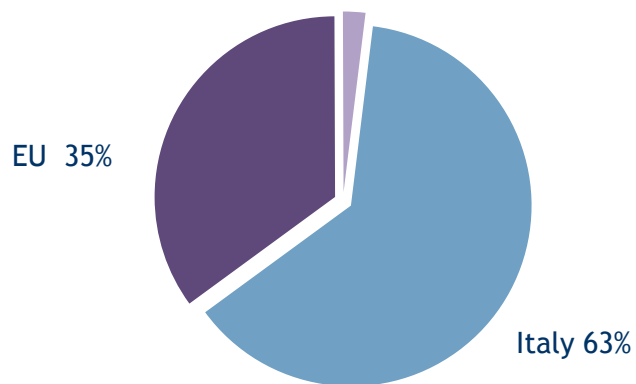
Segmental reporting: CIB

Section 2

## KPIs

- ◆ Leading position on Italian market confirmed
- ◆ Internationalization ongoing, with Turkish branch opening in 2012; international branches account for some 25% of revenues and 37% of loans for CIB
- ◆ Selective approach to asset-based business
- ◆ Resilient and diversified revenues (70% = NII+fees)
- ◆ Efficient structure (C/I ratio: 34%)
- ◆ Good credit quality: NPLs/Ls = 0%

## Corporate loan book breakdown (June 12)

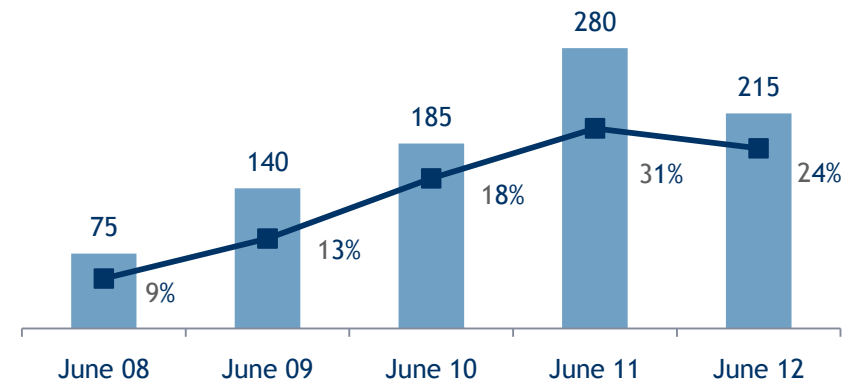


## Italian market positioning (Thomson Financial)

Rank	12m June12	12m June11	12m June10
<b>M&amp;A (announced deals)</b>			
No. deals	1 <sup>^</sup>	1 <sup>^</sup>	2 <sup>^</sup>
Volumes	1 <sup>^</sup>	17 <sup>^</sup> (*)	1 <sup>^</sup>
<b>ECM</b>			
No. deals	1 <sup>^</sup>	1 <sup>^</sup>	1 <sup>^</sup>
Volumes	1 <sup>^</sup>	3 <sup>^</sup>	4 <sup>^</sup>

\* Rank 1<sup>^</sup> excluding 2 deals

## Non-domestic revenues (€m, % corporate)



# Major M&A deals

## Segmental reporting: CIB

## Section 2





# Major equity deals

## Segmental reporting: CIB

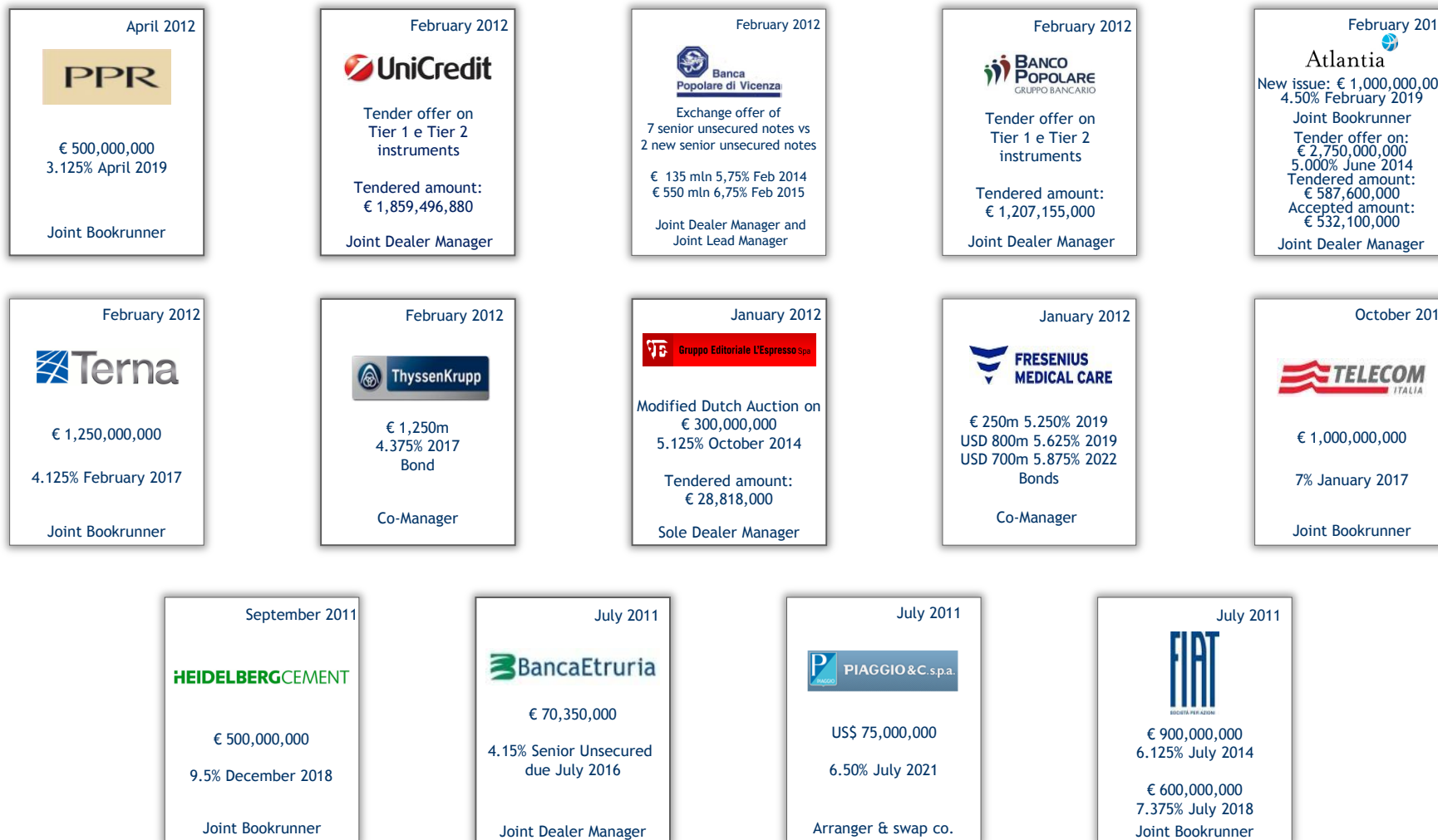
## Section 2



# Major DCM deals

Segmental reporting: CIB

Section 2



# Major corporate lending and structured finance deals

## Segmental reporting: CIB

## Section 2

2011



LISEA  
LIGNE SUD EUROPE ATLANTIQUE

VINCI   Private Equity

€ 3,329,131,261

Credit facilities for the construction and operation of a new French high speed rail line between Tours and Bordeaux

Mandated Lead Arranger

2011



ATLANDES

COLAS   

egis projects HSBC 

€ 940,117,562

Credit facilities for the widening, upgrade, operation and maintenance of the A63 toll road between Salles and Saint-Geours-de-Maremne

Mandated Lead Arranger

2011



2011



autostrade per l'Italia

SFR   THALES

€ 581,500,000

Credit facilities for the implementation and operation of a satellite-based toll system for heavy vehicles in France

Mandated Lead Arranger

October 2011



€ 1.95bn

Revolving Credit Facility

Bookrunner

September 2011



Enel Rete Gas  
Gruppo F2I Reti Italia

€ 2,113m

Term and Revolving Credit Facilities

Mandated Lead Arranger

July 2011



GROUPE  
LACTALIS

€ 7,500m

Parmalat - Acquisition Facilities

Mandated Lead Arranger

July 2011



AUTOGRILL

€ 1.35bn (Italy & Spain) Facilities

Coordinator

July 2011

Kinove (Evonik - CarbonBlack)

USD 250m

Super Senior RCF

Mandated Lead Arranger

July 2011



GRUPPO COIN

€ 985m LBO

Bookrunner

August 2011



TOTALERG

€ 900,000,000

Term Loan and Multicurrency Revolving Credit Facility Agreement

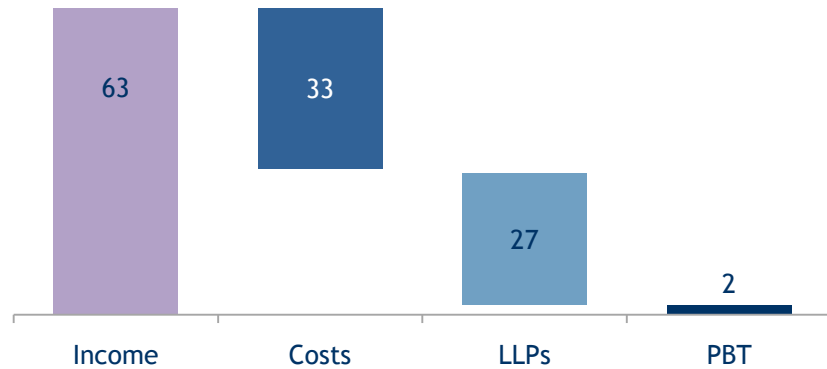
Mandated Lead Arranger

# Selective approach to asset-based business: leasing downsizing

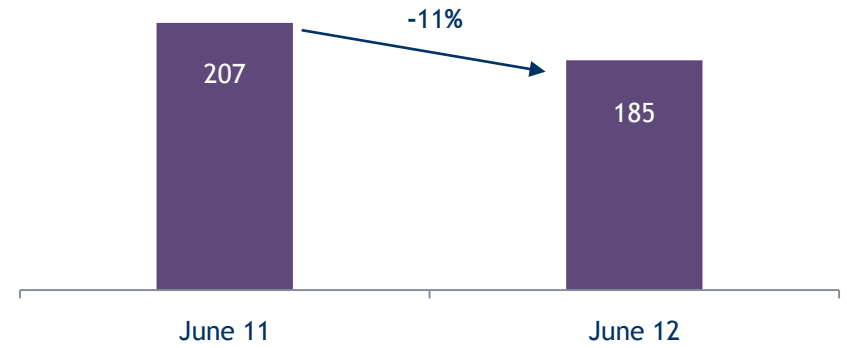
Segmental reporting: CIB

Section 2

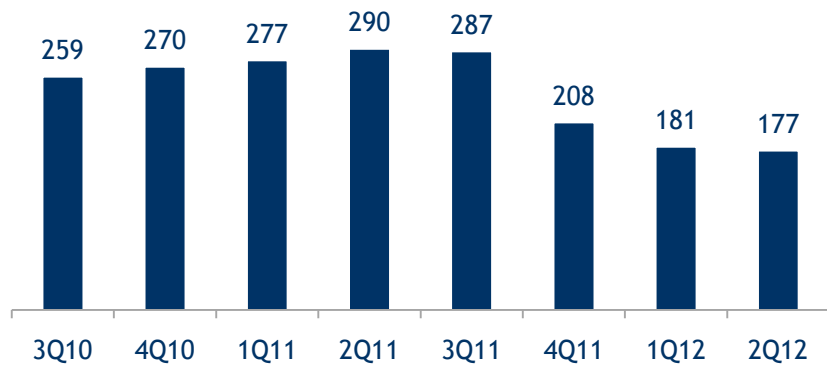
MB leasing P&L 2012 (€m)



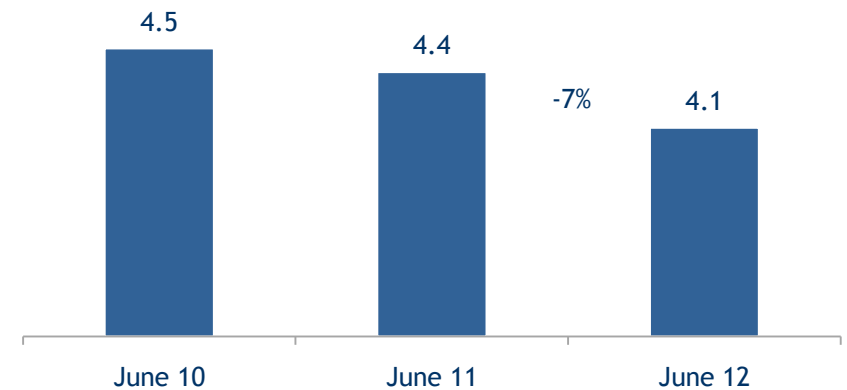
MB leasing staff (no.)



MB leasing new loans trend (€m)



MB leasing loan book (€bn)



# CIB – ordinary PBT up 3%, driven by trading and cost discipline

Segmental reporting: CIB

Section 2

€m	12M June12	12M June11	Δ Y.o.Y	2Q12	1Q12	4Q11	3Q11	2Q11
<b>Total revenues</b>	<b>933</b>	<b>912</b>	<b>+2%</b>	<b>157</b>	<b>328</b>	<b>264</b>	<b>185</b>	<b>172</b>
Net interest income	382	429	-11%	86	91	95	110	104
Fee income	276	315	-13%	50	99	61	65	65
Trading, equity-acc.co.	276	168	+64%	21	138	108	10	3
<b>Total costs</b>	<b>(313)</b>	<b>(341)</b>	<b>-8%</b>	<b>(74)</b>	<b>(78)</b>	<b>(81)</b>	<b>(81)</b>	<b>(83)</b>
Loan loss provisions	(134)	(100)	+34%	(43)	(37)	(31)	(23)	(27)
<b>Ordinary PBT</b>	<b>486</b>	<b>472</b>	<b>+3%</b>	<b>40</b>	<b>213</b>	<b>152</b>	<b>80</b>	<b>62</b>
AFS impairments/net losses	(382)	(150)		(139)	(20)	(137)	(86)	(134)
Positive one-off	0	75		0	0	0	0	75
<b>Net result</b>	<b>20</b>	<b>242</b>	<b>-92%</b>	<b>(69)</b>	<b>126</b>	<b>(11)</b>	<b>(26)</b>	<b>4</b>
Cost/income ratio	34%	37%		47%	24%	31%	44%	48%
LLPs/Ls (bps)	60	50		78	66	54	41	51
Loans (€bn)	22.0	22.5	-2%	22.0	22.9	23.6	23.3	22.5
RWAs (€bn)	39.9	40.3	-1%	39.9	40.8	40.8	40.5	40.3

# Principal Investing: lower income, higher impairments

Segmental reporting: PI

Section 2

€	June12	June11	Δ 12/11	June10	June09	June08
<b>Total income</b>	<b>139</b>	<b>196</b>	<b>-29%</b>	<b>204</b>	<b>(12)</b>	<b>485</b>
Ass. Generali	146	202		232	8	456
RCS MediaGroup	0	3		(17)	2	27
Telco	0	0		(2)	2	0
<b>Impairments</b>	<b>(198)</b>	<b>(125)</b>	<b>+60%</b>	<b>(12)</b>	<b>(241)</b>	<b>(8)</b>
<b>Net result</b>	<b>(64)</b>	<b>69</b>		<b>185</b>	<b>(236)</b>	<b>496</b>
<b>Book value (€bn)</b>	<b>2.7</b>	<b>2.7</b>		<b>2.9</b>	<b>2.2</b>	<b>2.7</b>
Ass. Generali (13.24%)	2.4	2.2		2.3	1.6	1.8
RCS MediaGroup (14.36%)	0.1	0.2		0.2	0.2	0.3
Telco (11.62%)	0.2	0.3		0.4	0.4	0.5
<b>Market value (€bn)</b>	<b>2.2</b>	<b>3.1</b>	<b>-30%</b>	<b>3.0</b>	<b>3.0</b>	<b>5.0</b>
<b>RWAs (€bn)</b>	<b>3.1</b>	<b>3.2</b>	<b>-3%</b>	<b>2.9</b>	<b>2.2</b>	<b>2.5</b>

# Consumer lending: further investment in distribution capacity

Segmental reporting: Consumer lending

Section 2

## Compass KPIs

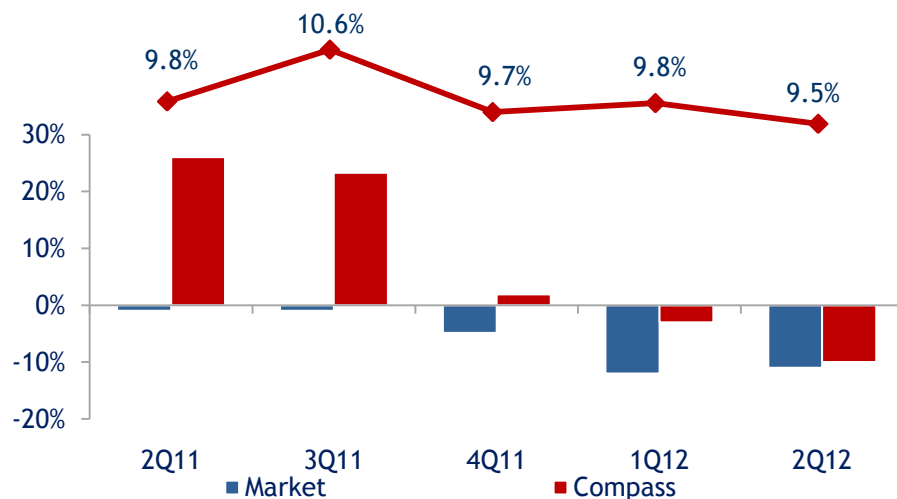
- ◆ In a heavily shrinking market (1H12 new loans down 12% Y.o.Y), Compass is focusing on more profitable segments: total market share down to 9.5%, but market share in personal loans up to 14%
- ◆ Ongoing investments in the effective and diversified franchise: now 2.3 million customers
- ◆ Efficient structure: cost/income ratio 37%
- ◆ Good asset quality: NPLs/Ls = 0.8%, coverage >90%

## Franchise

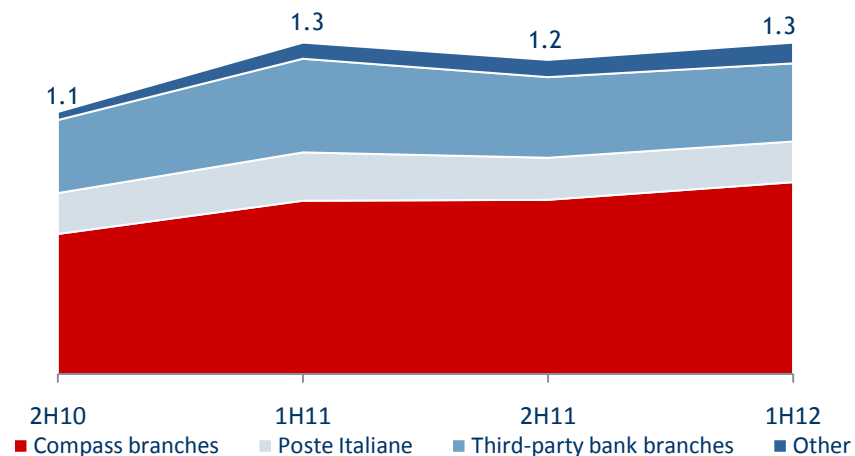
	June12	June11	June10
Customers	2.3m	2.2m	1.9m
No. of branches	158	146	146
No. of staff	1,396	1,341	1,295
No. of third-party bank branches*	4,700	4,040	3,950

\* Not including distribution agreements with 14K Italian post offices

## New loans growth , quarterly market share



## New personal loans by channel (€bn)



# Consumer lending: high profitability confirmed, ROAC 14%\*

## Segmental reporting: Consumer lending

Section 2

€m	12M June12	12M June11	Δ Y.o.Y	2Q12	1Q12	4Q11	3Q11	2Q11
<b>Total revenues</b>	<b>713</b>	<b>687</b>	<b>+4%</b>	<b>172</b>	<b>180</b>	<b>187</b>	<b>174</b>	<b>170</b>
Net interest income	540	520	+4%	134	137	140	130	130
Fee income	172	167	+3%	38	42	48	44	40
<b>Total costs</b>	<b>(260)</b>	<b>(250)</b>	<b>+4%</b>	<b>(70)</b>	<b>(65)</b>	<b>(65)</b>	<b>(60)</b>	<b>(67)</b>
Loan provisions	(311)	(302)	+3%	(88)	(74)	(75)	(75)	(74)
PBT	141	135	+4%	14	41	48	39	29
<b>Net profit</b>	<b>93</b>	<b>91</b>	<b>+2%</b>	<b>6</b>	<b>29</b>	<b>33</b>	<b>25</b>	<b>33</b>
Cost/income ratio	37%	36%		40%	36%	35%	35%	39%
LLPs/Ls (bps)	345	350		390	330	340	340	345
New loans (€bn)	4.9	4.8	+2%	1.3	1.2	1.2	1.3	1.4
Loans (€bn)	9.2	8.9	+3%	9.2	9.2	9.1	9.1	8.9
RWAs (€bn)	8.5	8.0	+6%	8.5	8.2	8.1	8.1	8.0

\* Allocated capital: 8% RWAs



# Retail banking: CheBanca!

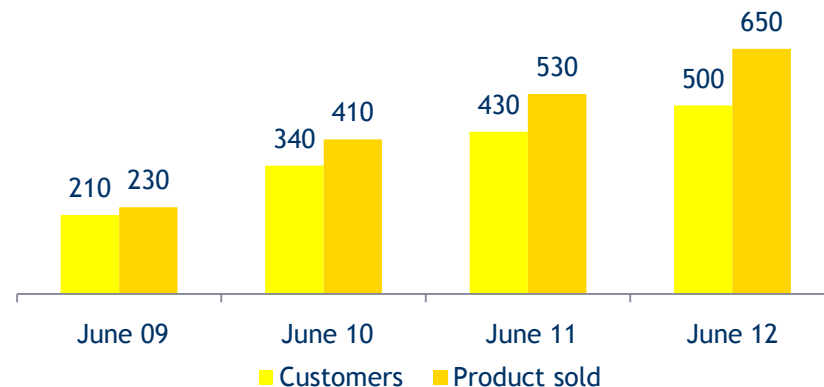
Segmental reporting: Retail banking

Section 2

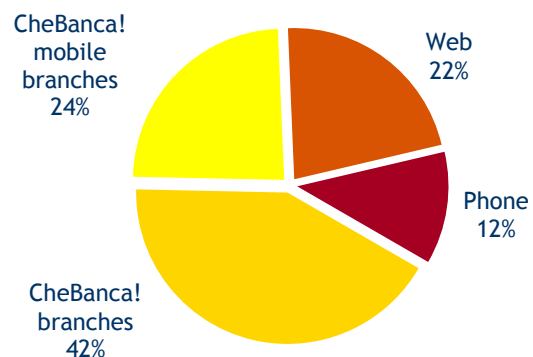
## CheBanca! KPIs

- ◆ Strong funding arm: deposits up 16% even in very tough market conditions
- ◆ Scalable and efficient operating platform
- ◆ High brand recognition
- ◆ Increasing and affluent customer base (500K)
- ◆ Products sold growing (up 23%)
- ◆ Product diversification improving

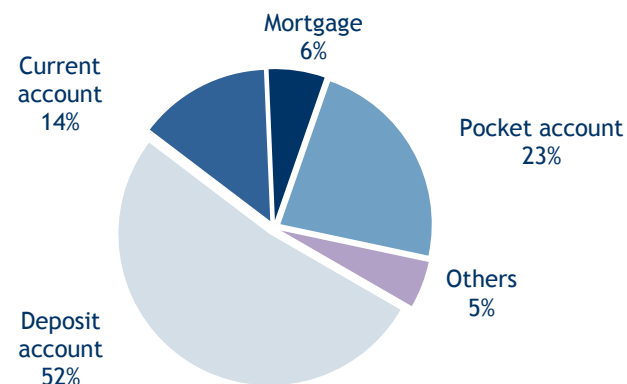
## CheBanca! customers and products ('000)



## Product sold by channel



## Product breakdown (June12)



# Retail banking: deposits up to €11.6bn, NII up 18%

## Segmental reporting: Retail banking

Section 2

€m	12M June12	12M June11	Δ Y.o.Y	2Q12	1Q12	4Q11	3Q11	2Q11
<b>Total income</b>	<b>141</b>	<b>123</b>	<b>+14%</b>	<b>34</b>	<b>26</b>	<b>42</b>	<b>40</b>	<b>41</b>
Net interest income	133	112	+18%	31	24	41	37	40
Trading & fee income	8	11		3	2	1	3	1
<b>Total costs</b>	<b>(168)</b>	<b>(184)</b>	<b>-9%</b>	<b>(39)</b>	<b>(40)</b>	<b>(46)</b>	<b>(44)</b>	<b>(48)</b>
Loan provisions	(20)	(21)		(8)	(4)	(2)	(5)	(2)
<b>Ordinary PBT</b>	<b>(47)</b>	<b>(82)</b>	<b>-43%</b>	<b>(13)</b>	<b>(18)</b>	<b>(6)</b>	<b>(9)</b>	<b>(9)</b>
Income from AFS disposals	0	34		0	0	0	1	(4)
<b>Net result</b>	<b>(42)</b>	<b>(39)</b>		<b>(12)</b>	<b>(16)</b>	<b>(7)</b>	<b>(7)</b>	<b>(11)</b>
<b>Deposits (€bn)</b>	<b>11.6</b>	<b>10.0</b>	<b>+16%</b>	<b>11.6</b>	<b>11.5</b>	<b>10.7</b>	<b>10.0</b>	<b>10.0</b>
Loans (€bn)	4.3	4.1	+5%	4.3	4.3	4.3	4.3	4.1
RWAs (€bn)	1.9	1.9	-3%	1.9	1.9	1.9	1.9	1.9
<b>Products sold ('000)</b>	<b>650</b>	<b>530</b>	<b>+22%</b>	<b>650</b>		<b>590</b>		<b>530</b>
<b>Customers ('000)</b>	<b>500</b>	<b>430</b>	<b>+17%</b>	<b>500</b>		<b>470</b>		<b>430</b>

# **FY results as at June 2012**

## **Section 3      Closing remarks**



**MEDIOBANCA**

# Closing remarks

Closing remarks

Section 3

Solid  
underlying  
profitability

- ◆ Even in tough market conditions, MB able to
  - ◆ Absorb negative equity impact with good underlying profitability
  - ◆ Enhance CT1 to 11.5%
  - ◆ Pay dividend

Balance sheet  
risk profile  
improved

- ◆ Equity exposure reduced by €2bn
- ◆ Bond portfolio increased with shorter duration
- ◆ Risk profile of some large exposures substantially improved
- ◆ Cost flexibility

Large risks  
management  
capability

- ◆ Ability to manage large risks through active role and in-depth knowledge of markets/customers
- ◆ Total €13bn of equity underwriting run in the year
- ◆ Proactive role in management team (AG, RCS) and shareholding (FonSai) reshuffles

# FY results as at June 2012



MEDIOBANCA

Milan, 20 September 2012

# 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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