



MEDIOBANCA
Banca di Credito Finanziario S.p.A.

1H results as at December 09

Milan, 24 February 2010

Steady growth delivered in top line and profitability

1H10 results

- Solid progression in revenues (up 22%), despite still weak economic and financial scenario
 - NII up 4% YoY and 6% QoQ, driven by all divisions, in particular CIB (NII up 21% YoY and up 12% QoQ)
 - Fee income up 26% YoY, resilient at high levels reported last quarter
 - Income from securities up 81% YoY
- Net income tripled to €270m and profitability recovering despite:
 - Costs up 16% due to ongoing enhancement of distribution platform, C/I ratio 34%
 - Loan book down 9% YoY due to weak demand and different asset allocation
 - Cost of risk still high (150 bps in 4Q09), albeit reducing in last two quarters
 - €90m writedowns to equities
- Liquidity and solidity improving further
 - Retail deposits: €1.6bn net inflows in last six months to reach €7.9bn (15% of group funding)
 - Loans/deposits ratio to 0.63; tangible loan book up 15% (to €5.9bn), representing 10% of total assets
 - Core Tier1 ratio up to 11.0%

Steady growth delivered in top line and net profit

1H10 results

Main trends

- YoY.: banking revenues up hugely due to NII (up 4%), fees (up 26%) and trading; top-line growth offset higher costs and loan loss provisions; PBT four times higher than last year at €396m; net profit tripled, to reach €270m
- QoQ.: strong quarter for NII (up 6%, with growth in both corporate and retail) and fees (resilient at high levels), lower contribution from trading. As expected costs up to normalized levels; appreciable reduction in LLPs, especially in wholesale banking (down 25%)

Group KPIs (€m)

	Dec09 6m	Dec08 6m	Δ YoY	4Q09 3m	3Q09 3m
Total income	1,145	939	+22%	467	678
NII + fees	725	652	+11%	367	358
Trading + AFS + PI	420	287	+46%	100	320
Total costs	(394)	(339)	+16%	(213)	(182)
Provisions to loans	(270)	(207)	+31%	(130)	(140)
Writedowns	(90)	(281)	-68%	(17)	(74)
Profit before taxes	396	112	+4x	108	287
Net profit	270	100*	+3x	69	201

* Includes €46m one-off tax gain

Balance sheet: solid and liquid

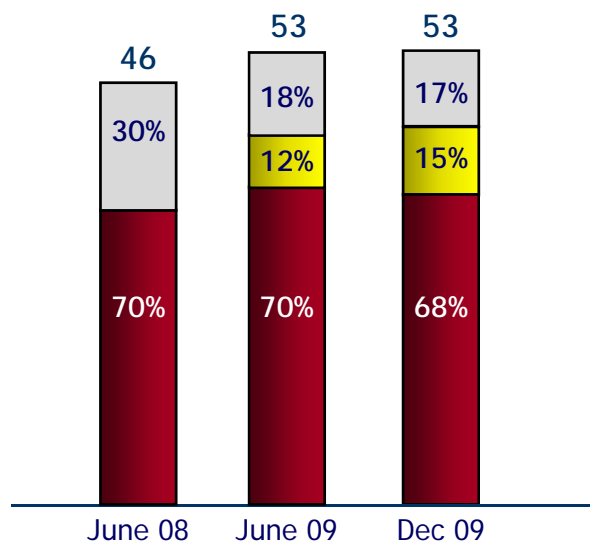
1H10 results

Main trends	Group KPIs (€bn)				
	Dec 09	June 09	Dec 08	Δ YoY	
<ul style="list-style-type: none"> ● Liquidity enhanced <ul style="list-style-type: none"> ● loan/deposit ratio at 0.63 ● treasury +AFS up 62% 	Funding	52.9	53.4	48.3	+10%
	<i>of which</i> retail	7.9	6.2	0.6	nm
<ul style="list-style-type: none"> ● Solidity improved <ul style="list-style-type: none"> ● tangible book up 15% to €5.9bn ● core Tier1 ratio up to 11% ● tangible BV = 10% assets 	Loans to customers	33.5	35.2	36.6	-9%
	Treasury + AFS	21.3	19.4	13.2	+62%
	Tangible book	5.9	5.4	5.1	+15%
● Funding diversified: retail deposits now represent 15% of Group funding	Total assets	60.9	60.7	55.3	+10%
<ul style="list-style-type: none"> ● Loans reduced <ul style="list-style-type: none"> ● CIB down 13% ● Consumer credit down 3% ● Mortgage lending up 14% 	RWA	52.4	52.7	51.5	+2%
	Core Tier1 ratio	11.0%	10.3%	10.2%	+0.8pp

Increased and diversified funding, more liquid assets

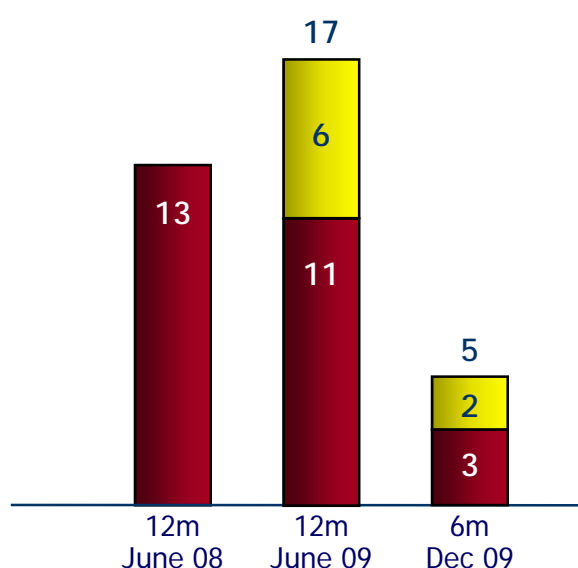
1H10 results

MB Group funding (€bn)

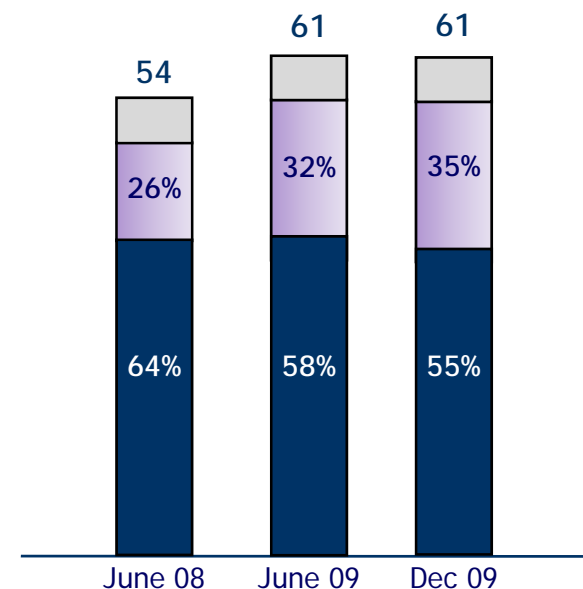


New funds raised (€bn)

L/D 0.76 0.66 0.63



Total assets (€bn)



- Funding diversifying: 15% retail
- Interbank funds reducing

- Retail deposits 40% of new funds
- Liquidity improved: L/D = 0.63

- Assets growth driven by AFS and Treasury

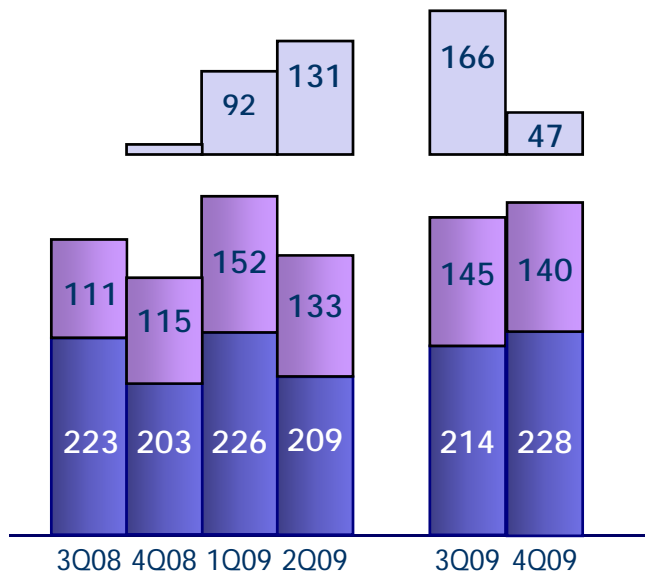
Interbank/others MB bonds Retail deposits

Loans AFS and Treasury

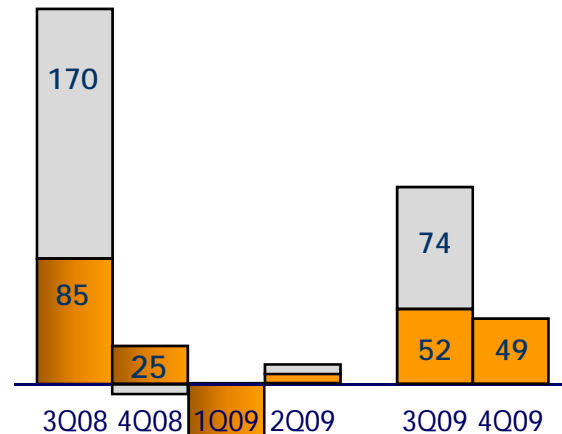
Steady growth in top line

1H10 results

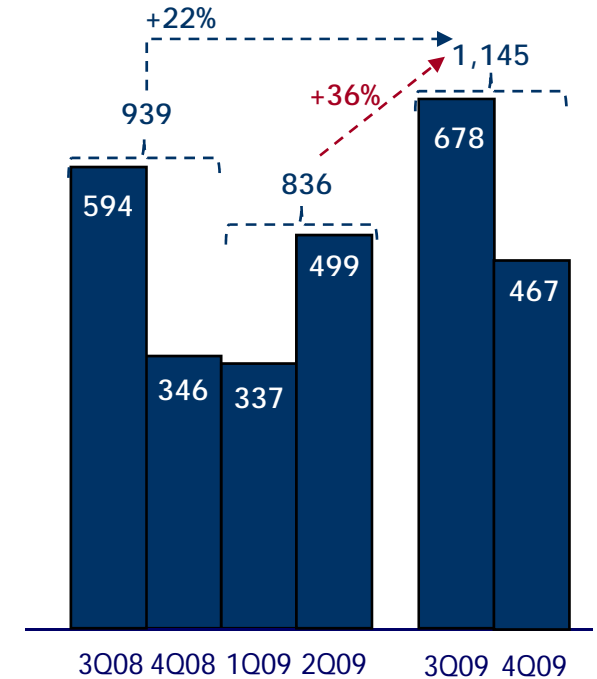
Banking income (€m)



PI+AFS income (€m)



Total income (€m)



- NII growing steadily, fees resilient at high levels
- PI recovering, AFS stake disposals in 3Q08 and 3Q09

- Despite volatility of trading and AFS income, top-line grew materially, both HoH and YoY

■ NII ■ Fees ■ Trading

■ PI ■ AFS

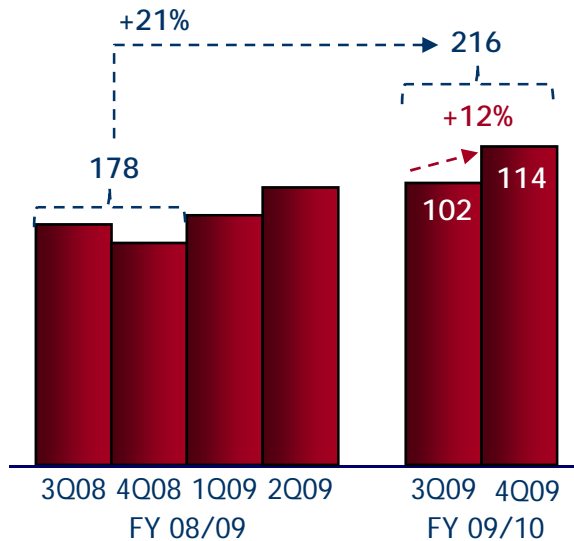
Group



NII growing in corporate & retail

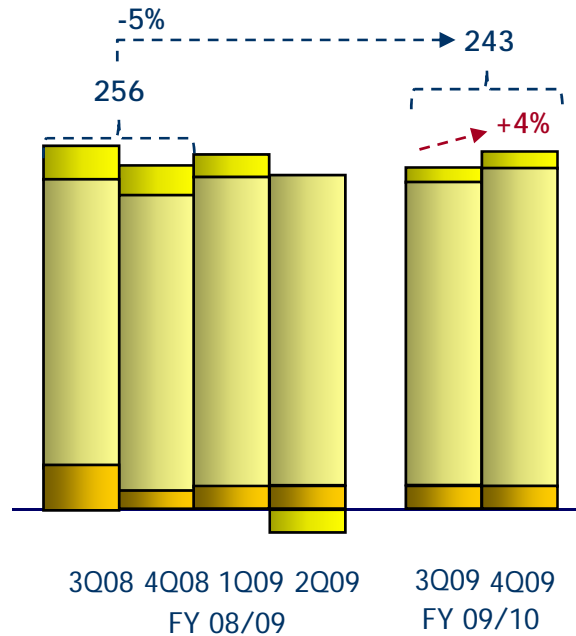
1H10 results

CIB NII (€m)



• NII driven by loan book re-pricing and higher treasury volumes

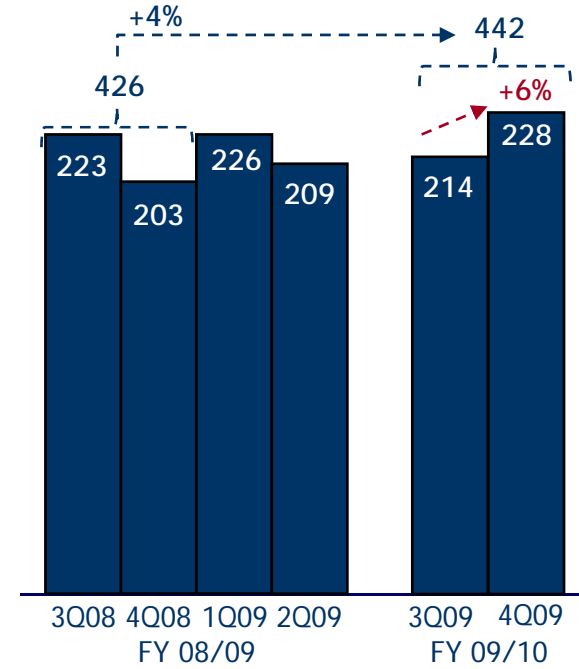
RPB NII (€m)



• Consumer and Retail progressively benefiting from lower cost of funding

Private banking
 Consumer finance
 Retail banking

Group NII (€m)*



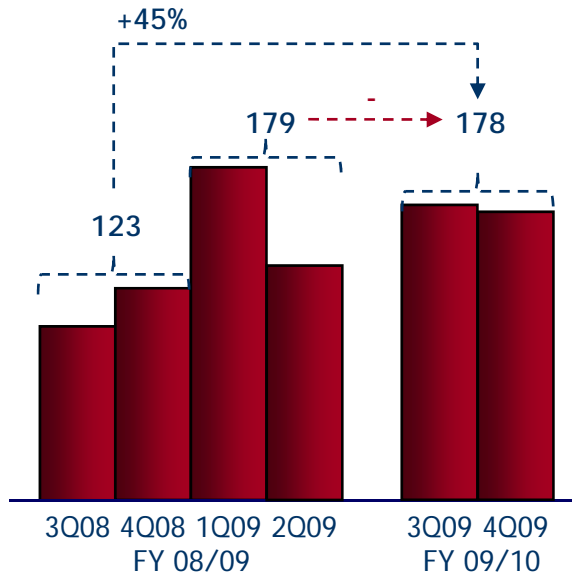
• NII growth in all divisions

*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 at high level

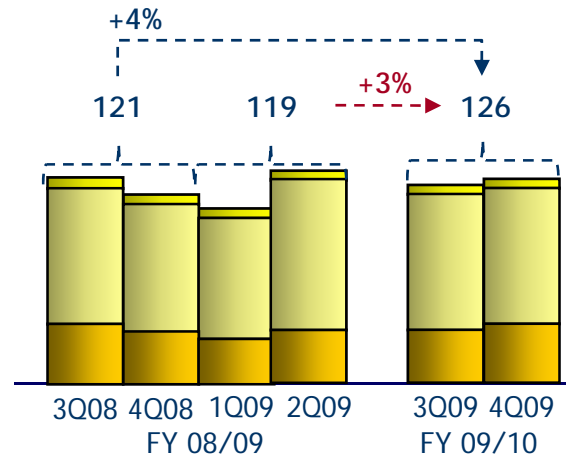
1H10 results

CIB fees (€m)



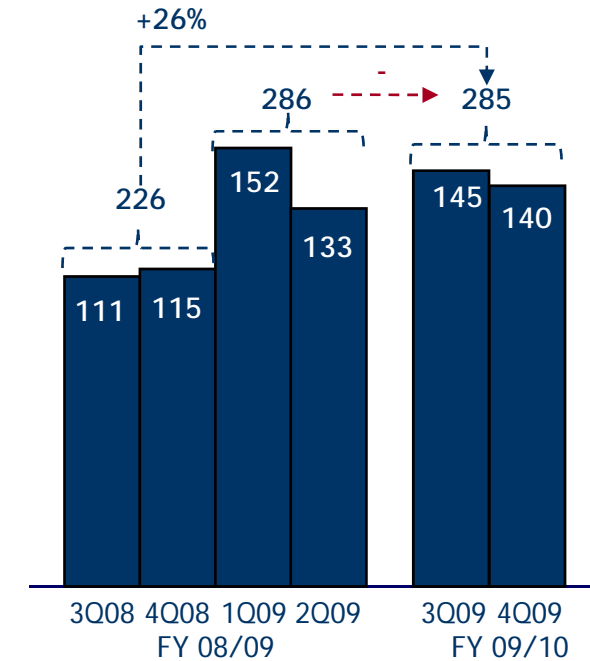
• Another solid quarter driven by CapMkt activities

RPB fees (€m)



• Initial recovery in Private Banking

Group fees (€m)*



• Fee income flat HoH, up 26% YoY

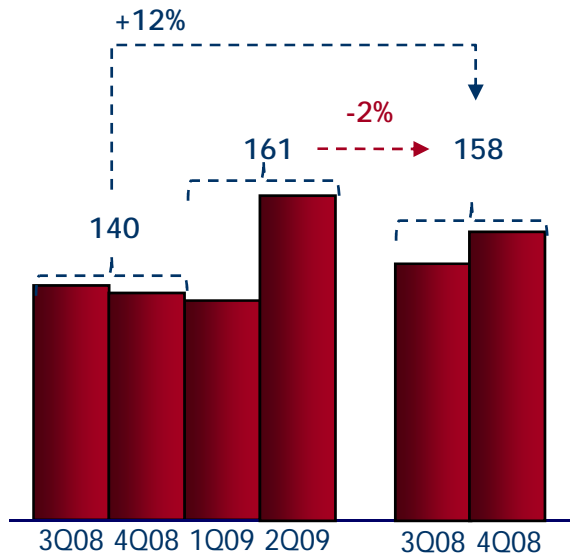
Private banking
 Consumer finance
 Retail banking

*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

Costs driven by distribution enhancement; C/I ratio 34%

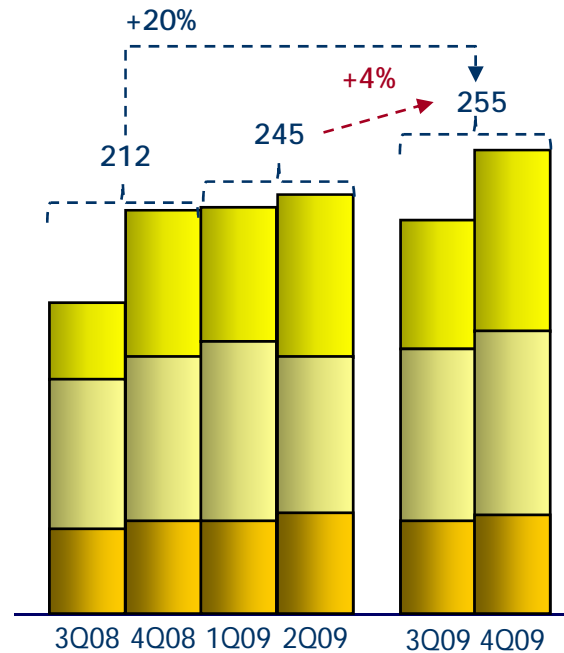
1H10 results

CIB costs (€m)



- Enhancement of international branches/operating systems

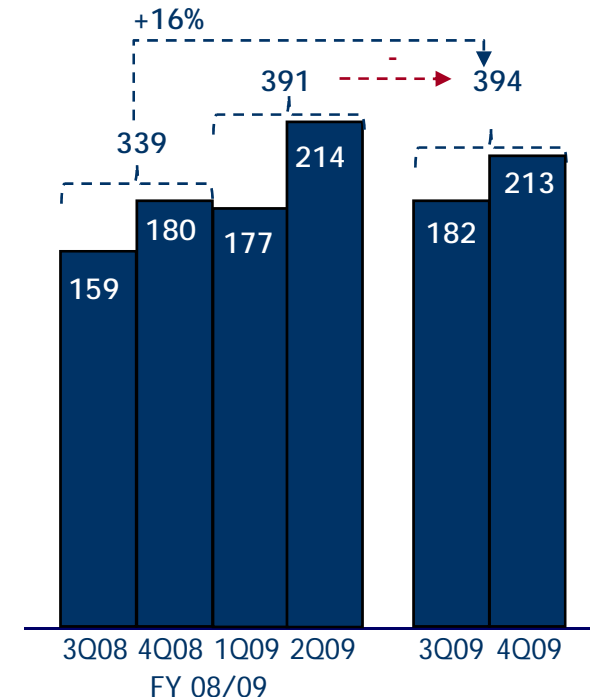
RPB costs (€m)



- Building CheBanca!
- Compass: higher collection costs

■ Private banking
 ■ Consumer finance
 ■ Retail banking

Group costs (€m)*



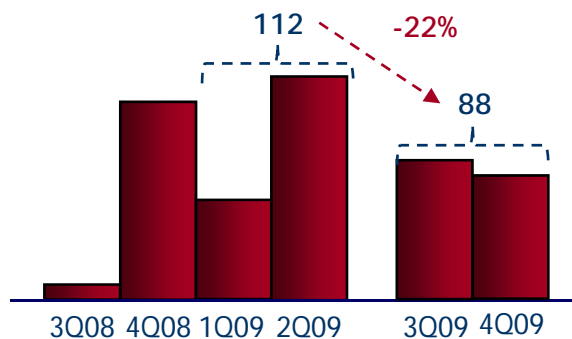
- Costs flat HoH and up 16% YoY
- C/I ratio down to 34% (41% J09)

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Cost of risk reducing, but scenario still weak

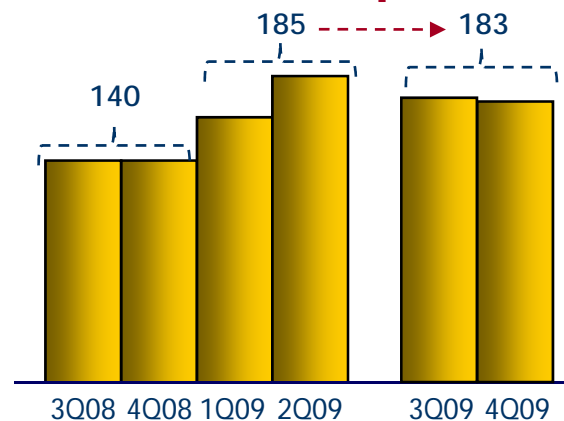
1H10 results

CIB LLPs (€m)



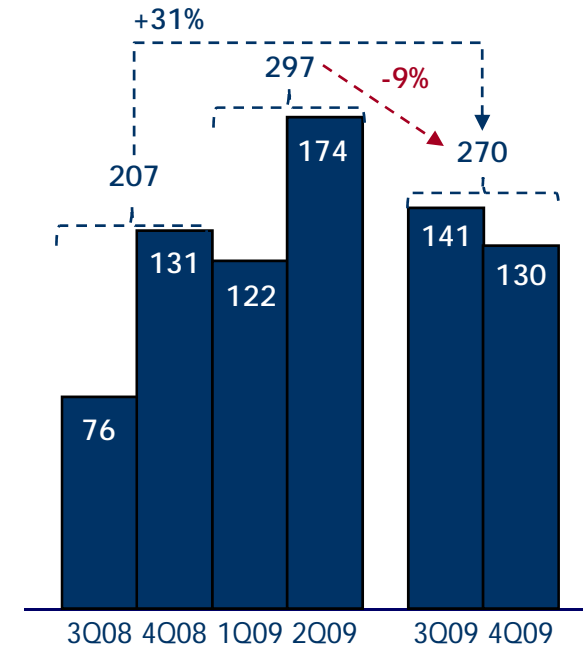
- Provisions reducing in last three Qs
- LLP/Ls = down to 70bps

RPB LLPs (€m)



- LLP/Ls = 300bps slightly reducing
- Retail = down to 40bps
- Consumer flat at 420bps

Group LLPs (€m)*



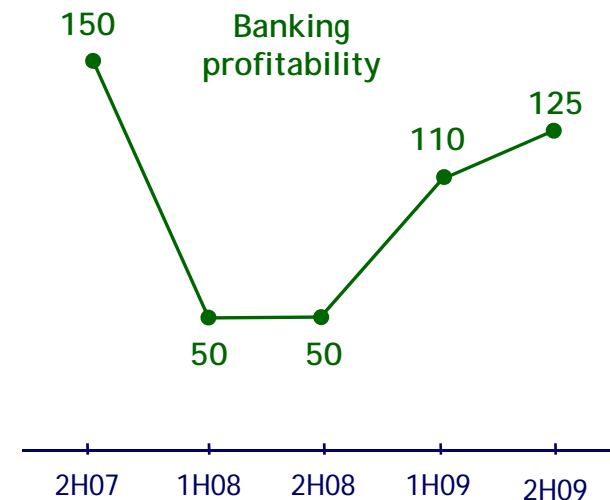
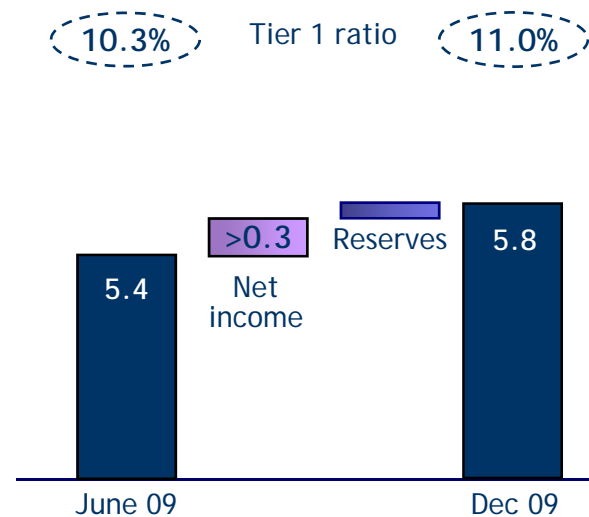
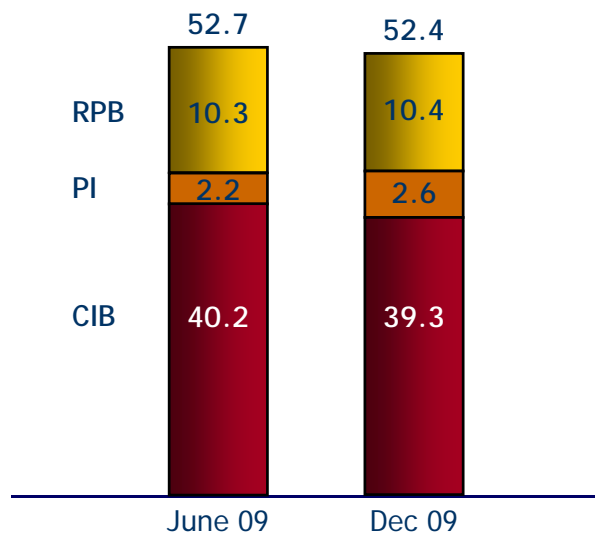
- LLP/Ls reducing in last 2Qs to 150bps
- NPLs coverage = 80%; NPLs/Ls = 0.5%
- Bad Ls coverage=50%; Bad Ls/Ls=2.3%

*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

Core Tier 1 ratio = 11%, profitability recovering

1H10 results

RWA (€bn)	Core Tier 1 (€bn)	Profitability (gross RORWA, bps)
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RWA flat: cautious approach in CIB, PI recovering, Retail growth offsets Consumer credit slowdown

Tier1 ratio 11%, driven by: net profit, AFS reserve no longer being deducted as now positive, PI reserve

Profitability recovering, even if so far driven only by CIB

CIB: top line and profitability up

1H10 results

Main trends

- YoY: top line up 41% driven by all income sources: NII up 21%, fees up 45% and income from securities up 57%. Growth offset higher LLPs (up 31%) and taxes (doubled). Net profit up 48% (to €208m). Profitability almost doubled (to 1.70%) in part due to RWA control (flat)
- QoQ: another strong quarter for NII (up 12%) and fees (resilient at high levels), while income from trading was significantly lower. Loan provisions down 17% (cost of risk down to 70bps) driven by wholesale improvement. Volumes still weak.

KPIs (€m)

	Dec 09 6m	Dec 08 6m	Δ YoY
Total revenues	660	469	+41%
NII + Fees	394	300	+31%
Trading +AFS	266	169	+58%
Net profit	208	141	+48%
Cost/income	24%	30%	
LLPs/loans	80 bps	55 bps	
Gross RORWA	1.7%	1.0%	
Loans (€bn)	21.4	24.5	-13%
RWA (€bn)	39.3	39.2	-

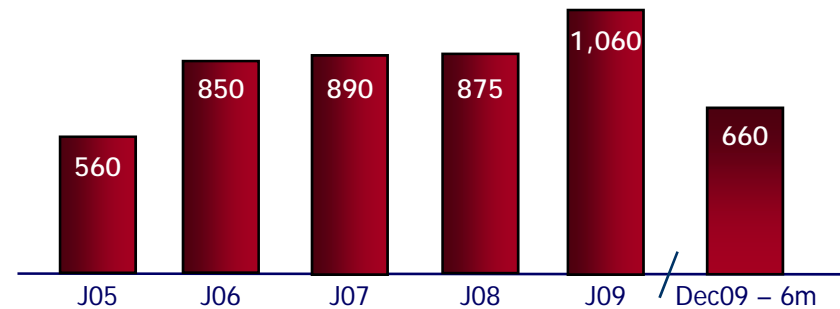
CIB: a driver for future growth

1H10 results

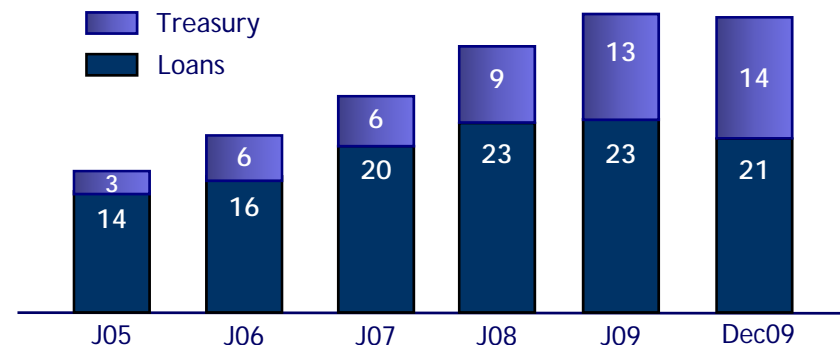
Main trends

- CIB top line showed resilience, even during the worst of the crisis
- High liquidity and low leverage have always enabled pro-active asset allocation: deleverage or ECB financing never needed
- CIB as a driver of future growth too, due to:
 - new ventures fully exploited
 - growth in loan book
 - cost of risk gradually returning to normalized levels

Total income (€m-12m as at June)



Customer loans and Treasury (€bn)



PI: positive contribution

1H10 results

Main trends

- PI now earnings-accretive again, as:
 - income from equity-acc. companies again positive (driven by AG)
 - no material writedowns
- NAV has been recovering since end-March 2009: current €4.0bn

KPIs (€m)

	Dec09 6m	Dec08 6m	Δ YoY
Total income	100	110	-9%
Ass.Generali	116	112	+4%
Writedowns	(7)	(208)	nm
Net profit	87	(98)	nm
NAV (€bn)	4.0	4.0	-

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

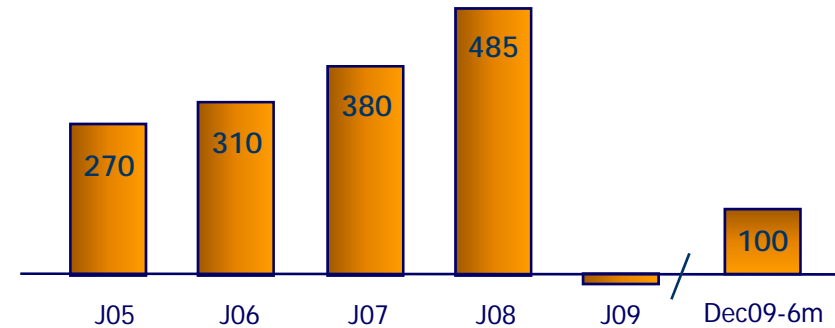
PI: still far below historical average contribution

1H10 results

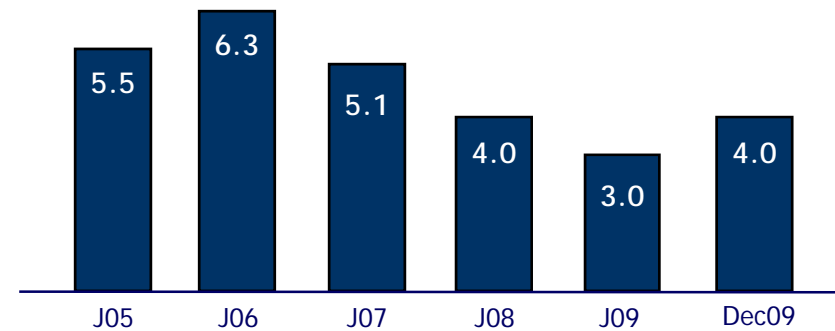
Main trends

- Profitability recovering from its low, but still well below historical levels
- Market value of equity investments currently 30% lower than 2005-07 average

Total income (€m-12m as at June)



Market value (€bn)



Consumer credit: new loans and NII recovering

1H10 results

Main trends

- New loans up 12% in last quarter
- Total income gradually improving, due to NII trend (up 5% QoQ, up 6% YoY) helped by lower cost of funding
- Cost growth (up 9% YoY), due solely to increased collection costs which offset integration synergies
- Cost of risk flat QoQ
- Distribution agreement renewed with BPVI (688 branches); new agreements with CreVal (505 branches) and Banca Marche (305 branches)
- Banking distribution network totaling now approx. 3,000 branches, in addition to Banco Posta network

KPIs (€m)

	Dec 09 6m	Dec 08 6m	Δ YoY
Total income	310	297	+4%
PBT	22	62	-65%
Cost/income	37%	36%	
LLPs/Ls	420bps	310bps	
Gross RORWA	0.6%	1.7%	
Loans (€bn)	8.0	8.3	-3%
New loans (€bn)	1.9	2.0	-4%

Consumer credit: asset profitability at all-time low

1H10 results

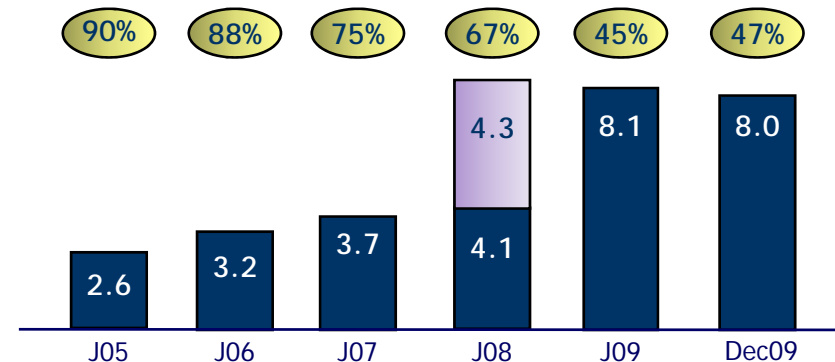
Main trends

- In the last 2Y margins have been under pressure due to:
 - strong competition (war on volumes), but the crisis has dampened some of the previous excesses
 - high cost of funding, now reducing
 - slowdown in new loans by Compass due to Linea repositioning, now ended
 - high cost of risk
- These issues are being normalized, which will lead to a gradual improvement in margins

Total income (€m-12m as at June)



Loans (€bn) and new business (new Ls/Ls - %)



Retail banking: excellent commercial results

1H10 results

Main trends

- Excellent commercial results:
 - 270K customers: tripled YoY, up 30% HoH
 - 340K product sold: tripled YoY, up 50% HoH
 - Deposits (€7.9bn) growing steadily QoQ and now make up 15% of funding stock, or 40% of new funds
- YoY: top line up 48% due to NII recover, yield on liquidity invested, and loan book growth (up 14%). Cost trend (in line with budget) linked to business developing, geographical footprint enhanced (65 branches, up 50%), headcount strengthened (staff levels up 35%)

KPIs (€m)

	Dec 09 6m	Dec 08 6m	Δ YoY
Total income	37	25	+48%
PBT	(65)	(53)	+22%
Net result	(49)	(39)	+25%
Loan book (€bn)	3.4	3.0	+14%
Deposits (€bn)	7.9	0.6	nm
Customers (n.)	270K	85K	+3x
Staff	842	620	+35%
Branches	65	43	+50%

CheBanca! the right bank at the right time

1H10 results

Market issues

- Low interest rate environment
- Increasing attention to pricing
- Focus on transparency and efficiency
- Lean distribution network
- Strong marketing tools needed
- Focus on solidity

CheBanca!

- Light/innovative physical presence
- Web-based operations
- Transparent and innovative products
- Increasing brand awareness
- High customer satisfaction
- High rate of new customer acquisition

Strong growth expected

Private banking: repositioning ongoing

1H10 results

Main trends

- Compagnie Monégasque de Banque
 - New CEO appointed in Feb10 to drive new growth
 - Cost control plan approved
- Banca Esperia
 - New CEO appointed in Spring 2009
 - Customers: realigning ptf. size to UHNWIs
 - Products: empowering SGRs, family offices and advisory services launched
 - Organization: reinforcing internal control systems
- AUM up 10% YoY, flat QoQ
 - New inflows to BE from Jul.09 (€1.2bn)
 - "Scudo fiscale" (4Q09): €0.6bn net inflow in BE* offset CMB outflow

* Banca Esperia accounted pro-rata (50%)

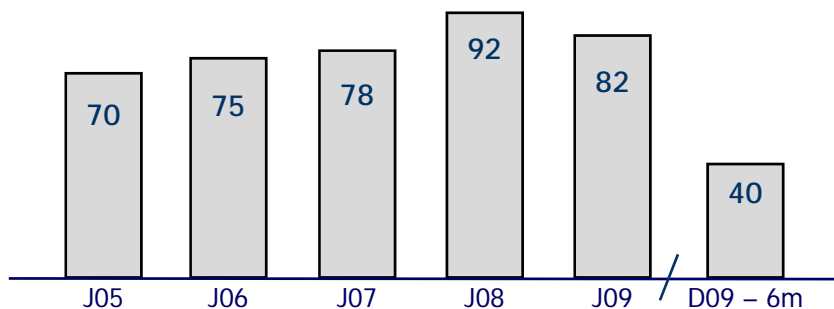
KPIs (€m)

	Dec 09 6m	Dec 08 6m	Δ YoY
Total income	59	59	-
GOP	14	21	-34%
Net result	17	21	-20%
AUM net (€bn)	10.9	9.9	+10%
- Banca Esperia*	5.6	4.0	+37%
- CMB	5.3	5.9	-11%

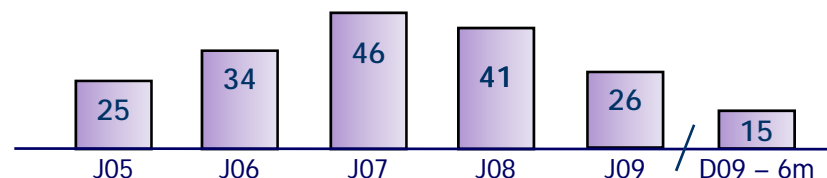
Private banking: CMB resilient, Esperia at its low

1H10 results

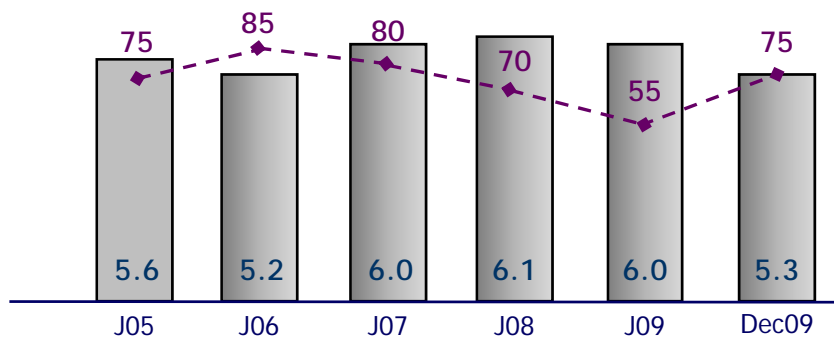
CMB - Total income (€m-12m as at June)



Esperia* - Total income (€m-12m as at June)



CMB - Net AUM (€bn) and fee margin (bps)



Esperia* - Net AUM (€bn) and fee margin (bps)



- In last 18m more conservative asset allocation, lower performance fees and portfolio rotation have compressed profitability
- CMB revenues more resilient due to traditional banking activity

* Banca Esperia accounted pro-rata (50%)



Closing remarks

1H10 results

- Economic and financial scenario still weak
- Basel III expected to reshape the market
- Mediobanca well positioned given
 - High capitalization
 - Direct access to retail deposits
 - Cost-efficient business model
 - Room for growth in top line and profitability at all businesses
 - CIB: new initiatives to be leveraged fully
 - Consumer finance: asset profitability at an all-time low
 - Retail banking (CheBanca!): costs to precede revenues
 - Private banking: repositioning ongoing
 - Principal investing: contribution bottoming out



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