MEDIOBANCA

Banca di Credito Finanziario S.p.A.

FY 2009 results – Capital strengthening

Milan, 18 September 2009

Agenda

1. Full year 09 results

2. Capital strengthening

Solid through storm, ready to achieve further growth

- During these 12 months of unprecedented crisis, MB's business model has proved to be solid: all banking businesses have improved their market positions
- Banking[1] profitability preserved, despite higher cost of risk, due to income growth
- FY09 result impacted by equities; negative contribution has bottomed out
- Strong banking performance in 1H09: CIB driving growth, RPB resilient
- Shareholder remuneration: 1 bonus share:20 shares, plus 1 warrant:1 share
  Listed warrants are convertible into shares on the basis of 1 share:7 warrants at price of €9.0
- Capital strengthening (~1bn) to be ready to seize further growth opportunities

[1] Excluding CheBanca!

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Sound trends in banking

FY 2009 results

Main trends

- Banking income up 13%; total income down 15%, as contribution from equities stakes down 75%
- Costs, net of CheBanca!, up 3%
- Income growth almost absorbed loan loss provisions: ordinary banking PBT down 6%
- Negative impact of €1bn from equity investments (reduced income/writedowns)

Group KPIs (€m)

	June 08	June 09	Δ
Total income	2,098	1,776	-15%
Banking (excl.AFS)	1,427	1,612	+13%
AFS + PI	671	164	-75%
Total costs	(640)	(730)	+14%
Risk provisions	(274)	(504)	+84%
Writedowns (AFS+PI)[1]	(8)	(452)	
Profit before taxes	1,154	90	-92%
Banking (excl.AFS)	490	380	-22%
Banking (excl.AFS , CB! costs)	570	535	-6%
Net result	1,013	3	

[1] Pirelli and Gemina stakes equity-accounted as from June 2009

Balance sheet growing, mix improved

FY 2009 results

Main trends

- Liquidity enhanced
  - loan/deposit ratio at 0.66x (0.76x)
  - treasury +AFS up 38%
- Solidity preserved
  - core Tier1 ratio above 10%
  - tangible BV = 9% assets
- Funding diversified: retail deposits from zero to 12% of total Group funding
- Growth achieved
  - loans up 2%
  - assets up 13%

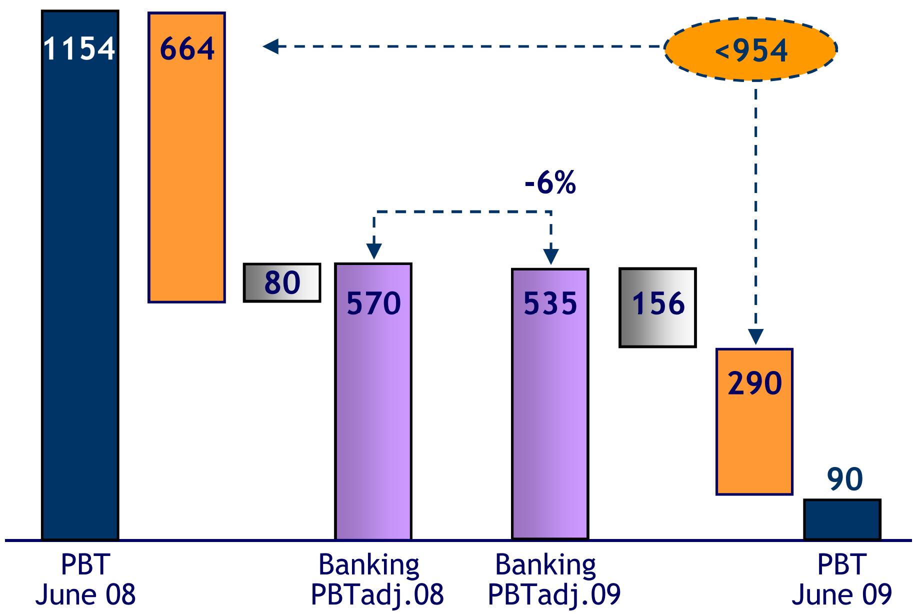
Group KPIs (€bn)

	June 08	June 09	Δ
Funding	45.6	53.4	+17%
Loans	34.6	35.2	+2%
Treasury + AFS	14.0	19.4	+38%
Tangible book	5.4	5.4	-
Total assets	53.8	60.7	+13%
RWA	55	53	-4%
Core Tier1 ratio	10.3%	10.3%	

Banking PBT resilient Y.o.Y., doubled in 1H09

FY 2009 results

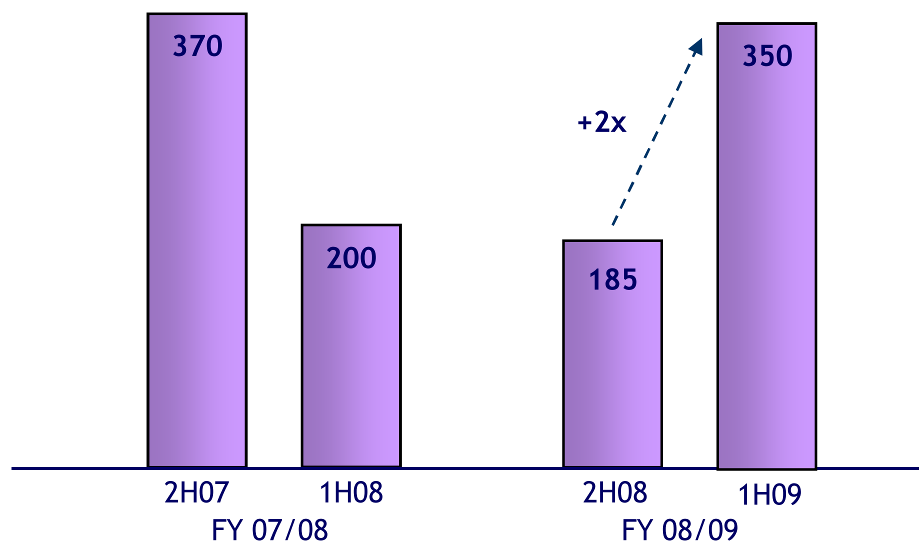
PBT- annual trend (€m)



- Negative impact of €1bn from equity investments

Adjusted banking PBT down 6%, due to 4Q08 result

Banking PBT* trend (€m)



- Strong upturn in banking PBT (1H09 double 2H08)
- Income growth absorbed higher cost of risk

* Adjusted to exclude:

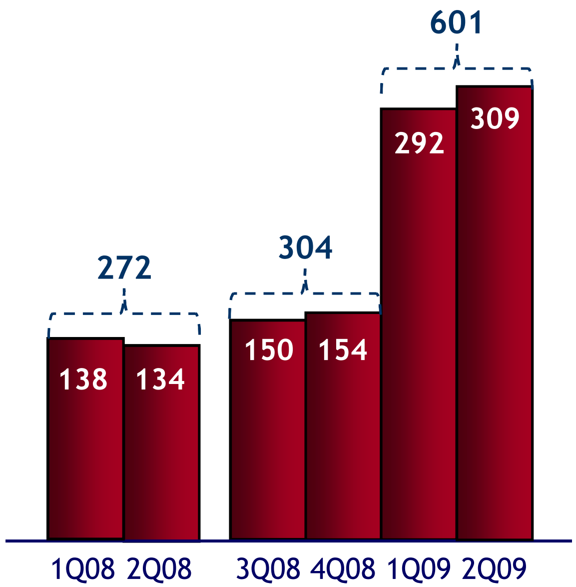
AFS and PI contribution = income (AFS disposals and dividends, PI) + writedowns (AFS and PI), other

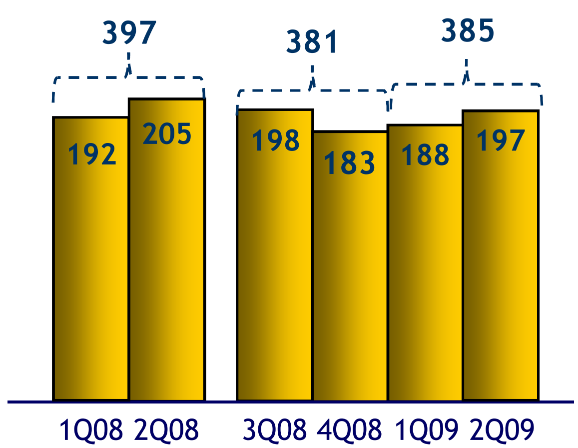
CheBanca! costs

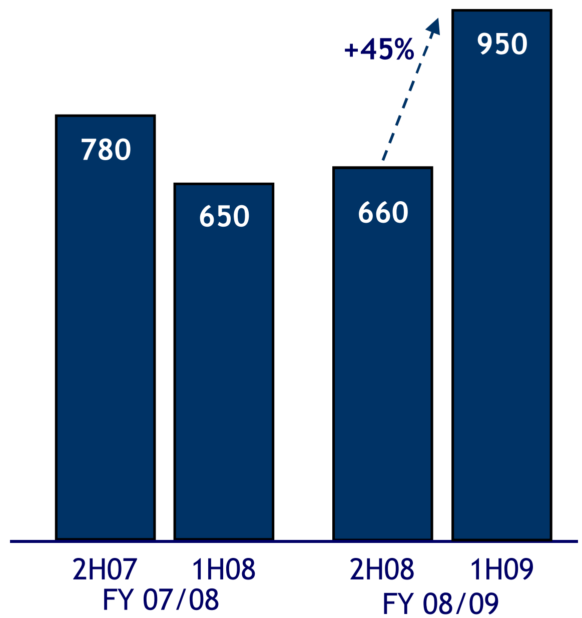
Banking income up 13% Y.o.Y., up 45% 1H09/2H08

FY 2009 results

CIB income (excl. AFS - €m)	RPB income (€m)	Banking income* (€m)







- 1H09 income doubled vs 2H08
- Income up 32%Y.o.Y.

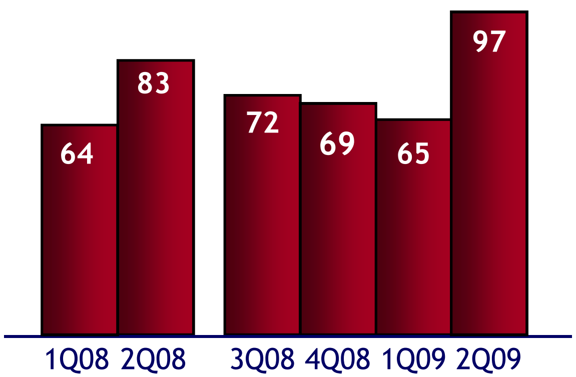
- Income resilient (<2% Y.o.Y.)
- Consumer recovering progressively

- 1H09 income up 45% vs 2H08
- Income up 13%Y.o.Y.

*Group banking income differs from the sum of CIB and RPB income, as Banca Esperia is equity-accounted, as opposed to being accounted for pro-rata as in RPB divisional figures

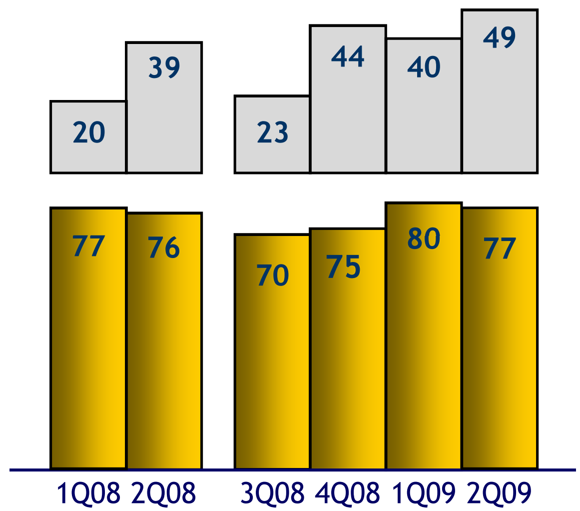
Reducing ordinary C/I ratio – CheBanca! roll out

CIB costs (€m)



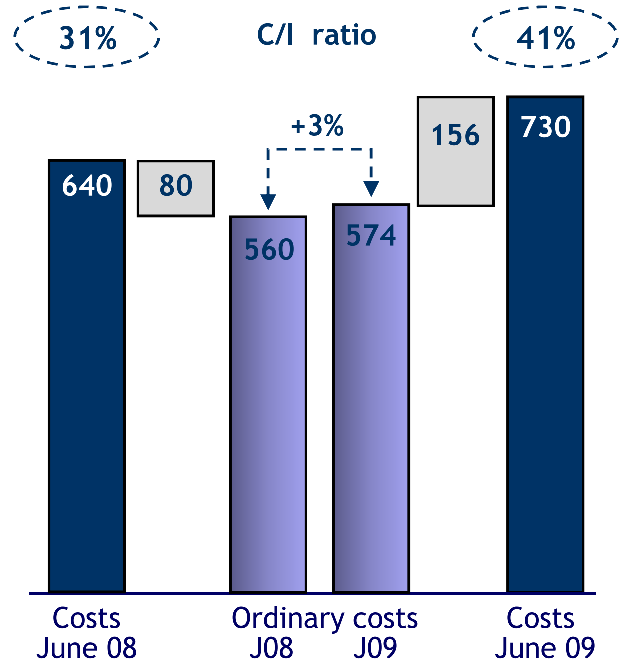
- Costs up 9% Y.o.Y.
- C/I ratio down to 28%

RPB costs (€m)



- Costs down 2% Y.o.Y. (CB! exc.)
- Consumer C/I ratio down to 37%

Group costs (€m)



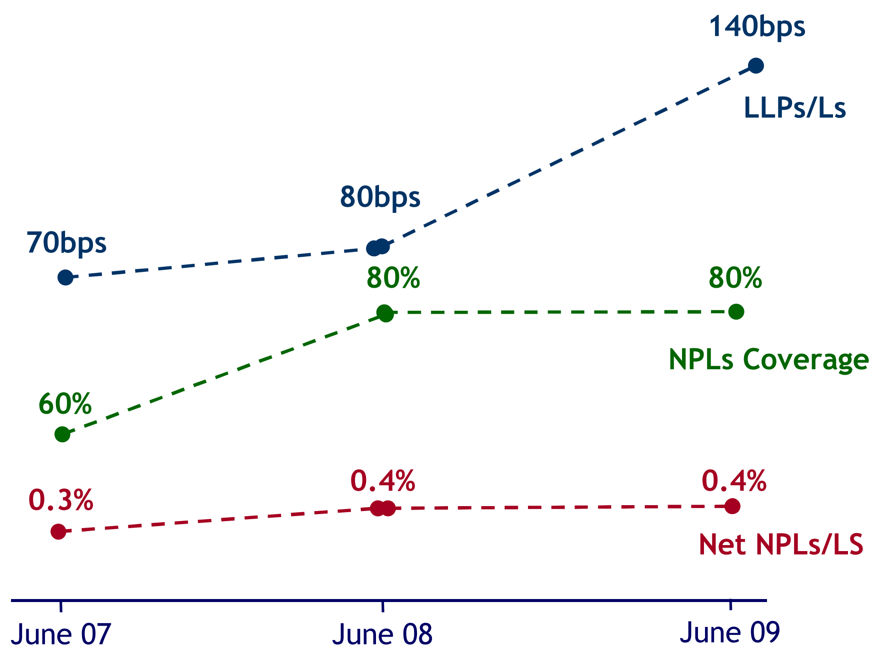
- Ordinary costs up 3%
- Total group C/I up to 41%

CheBanca! costs

Prudent approach to asset quality

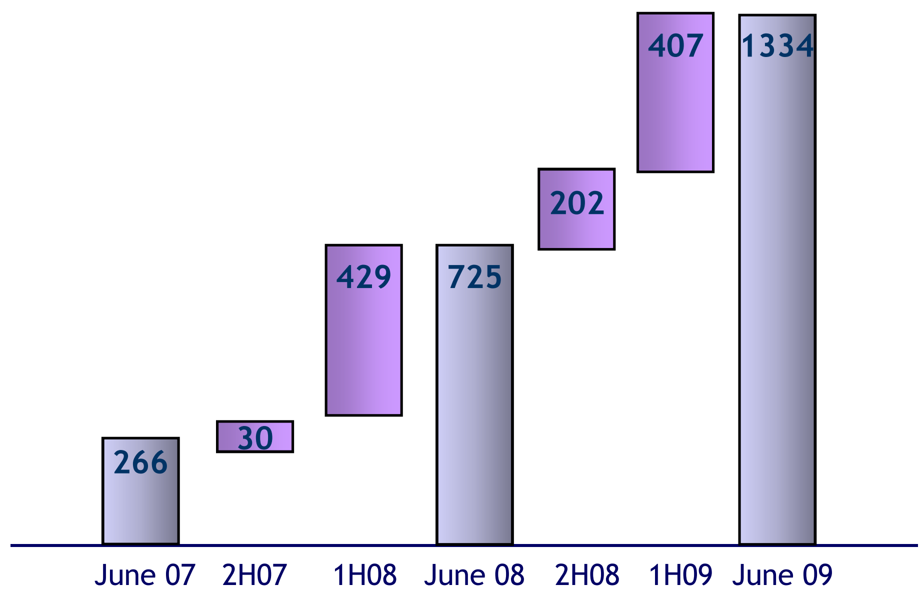
FY 2009 results

Asset quality ratios trend



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

Gross bad loans trend (€m)

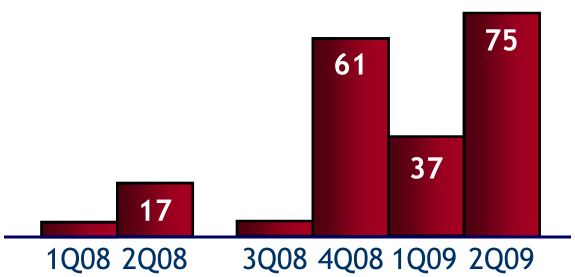


- Gross bad loans almost doubled Y.o.Y.
- Bad loans coverage ratio 50%

Cost of risk linked to economic recession

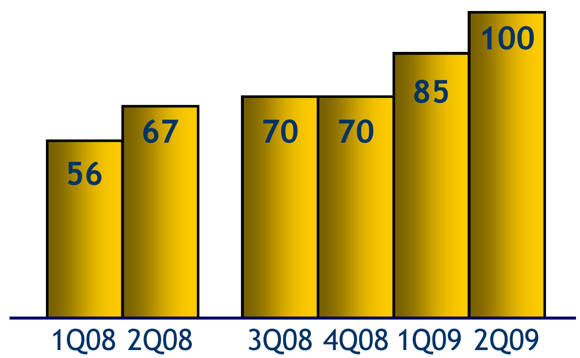
FY 2009 results

CIB LLPs (€m)



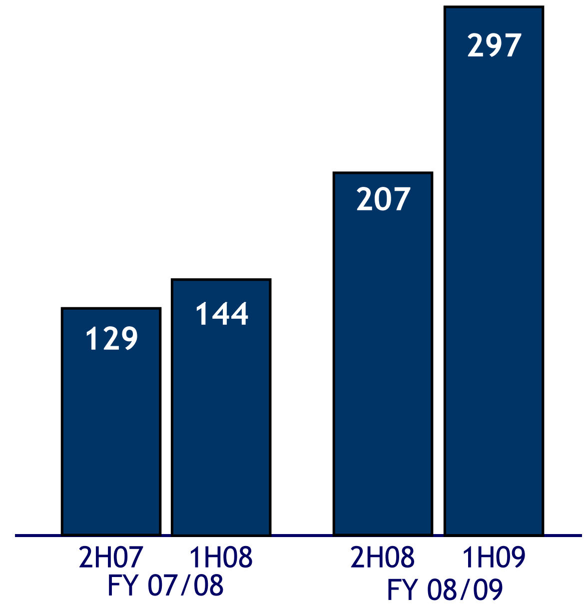
- 65% of LLPs to performing loans
- LLP/total loans ratio = 75 bps
- NPLs/total loans ratio = 0.1%

RPB LLPs (€m)



- 90% of LLPs in consumer finance*
- LLP/total loans ratio = 270bps
- NPLs/total loans ratio = 1.1%

Group LLPs (€m)



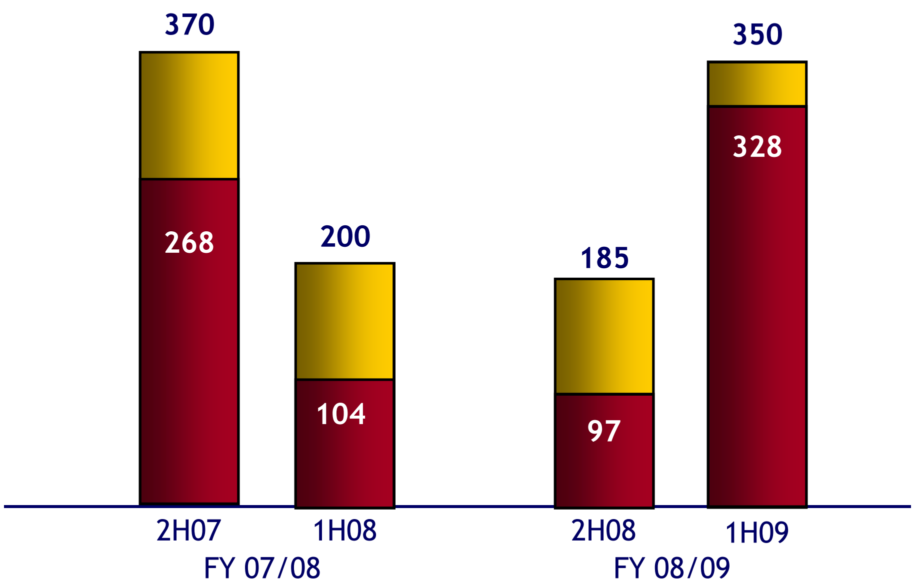
- LLP/tot.loans ratio = 140 bps
- NPLs/tot. loans ratio = 0.4%
- NPLs coverage ratio = 80%

* Stringent criteria applied in consumer finance, where the LLP/loan ratio is 360 bps. At the ninth unpaid instalment the account is sold to a factoring company at ~10% of its face value

Profitability clawed back

FY 2009 results

Banking PBT* trend (€m)

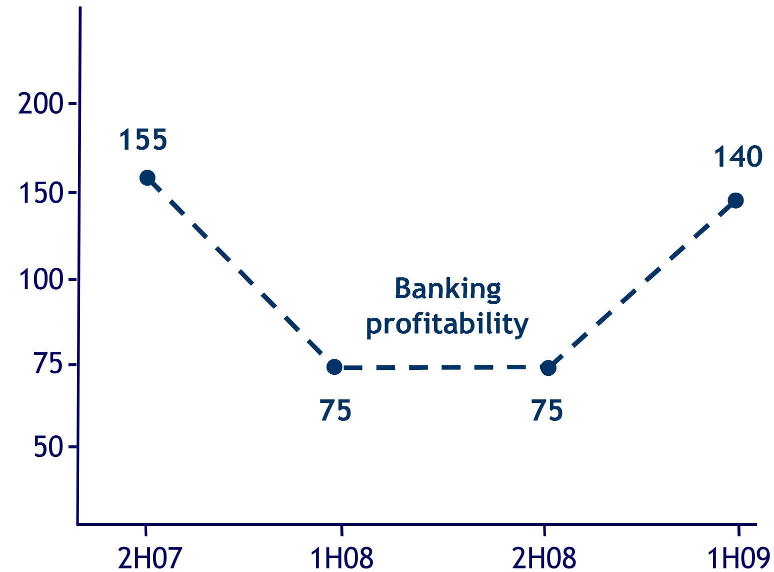


- CIB: 1H09 PBT 3x 2H08, up 14% Y.o.Y.
- RPB: PBT hit by higher cost of funding/risk

* Adjusted to exclude AFS contribution and CheBanca! costs

CIB RPB

Gross RORWA trend (bps)

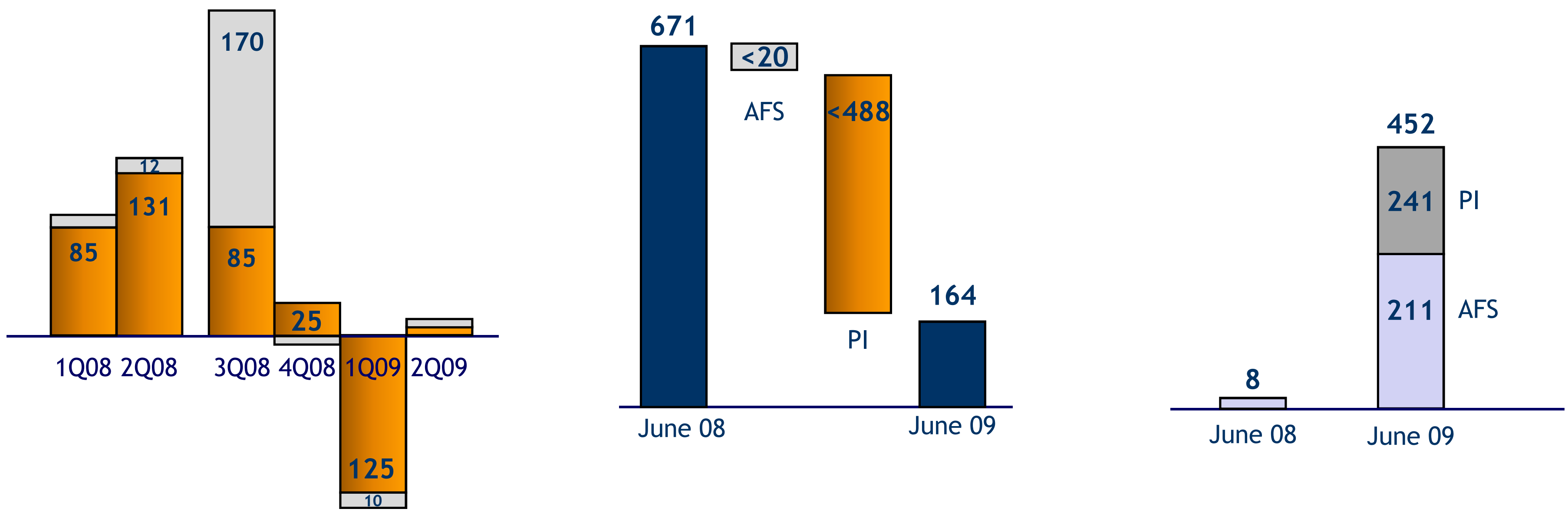


•Banking profitability clawed back despite LLP trend due to income growth and RWA control

PI and AFS: €1bn negative impact from equities
(reduced income + writedowns)

Income from PI and AFS (quarterly and annual trends, €m)

Equity writedowns (€m)



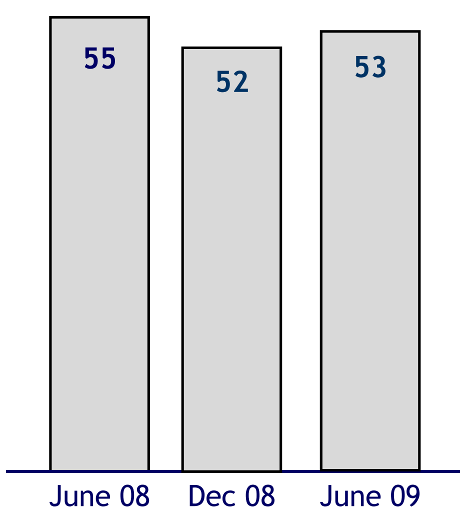
- Income from PI down €488m, mainly due to AG loss in 4Q08; reduced income from AFS due to lower dividends
- €452m in writedowns, 50% for PI and 50% for AFS, due to “significant or prolonged” unrealized losses

PI income
(pro-rata companies net profit, consolidated with one-quarter delay)

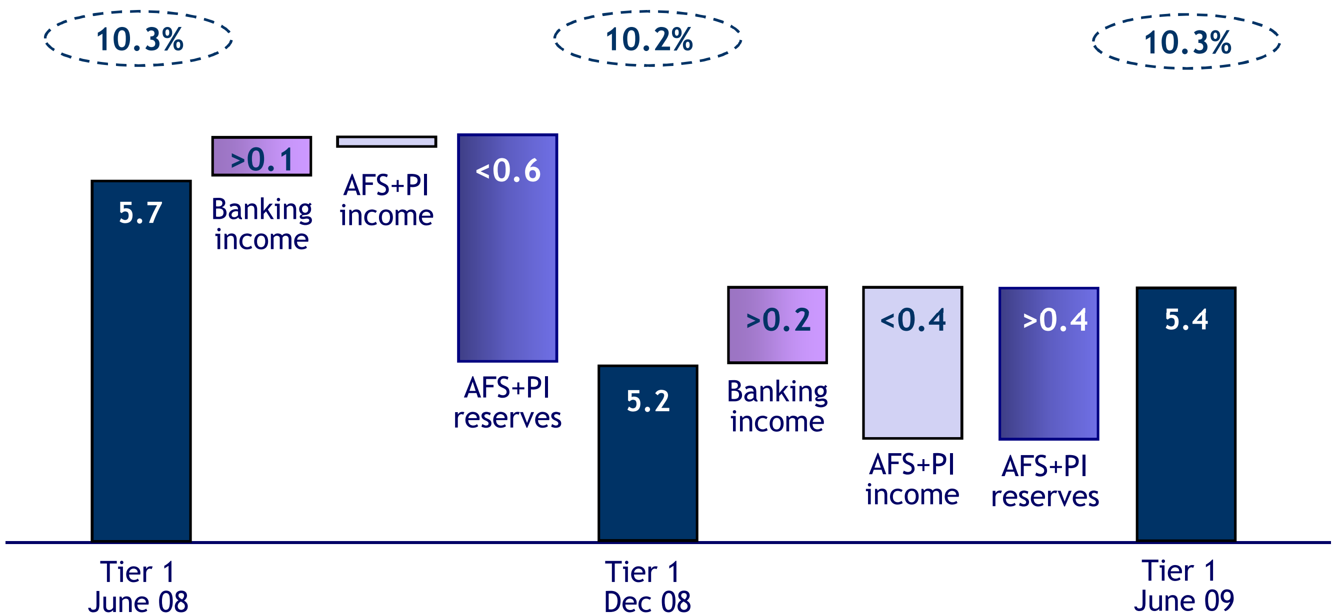
AFS income
(disposals and dividends)

Core Tier 1 ratio 10.3%

RWA (€bn)



Core Tier 1 trend (€bn)



- RWA optimization: down 4% Y.o.Y., up 2% in last 6M

- Banking contribution always positive
- Negative impact of AFS+PI reserves bottomed out in March 09

Strong CIB performance

FY 2009 results

Main trends

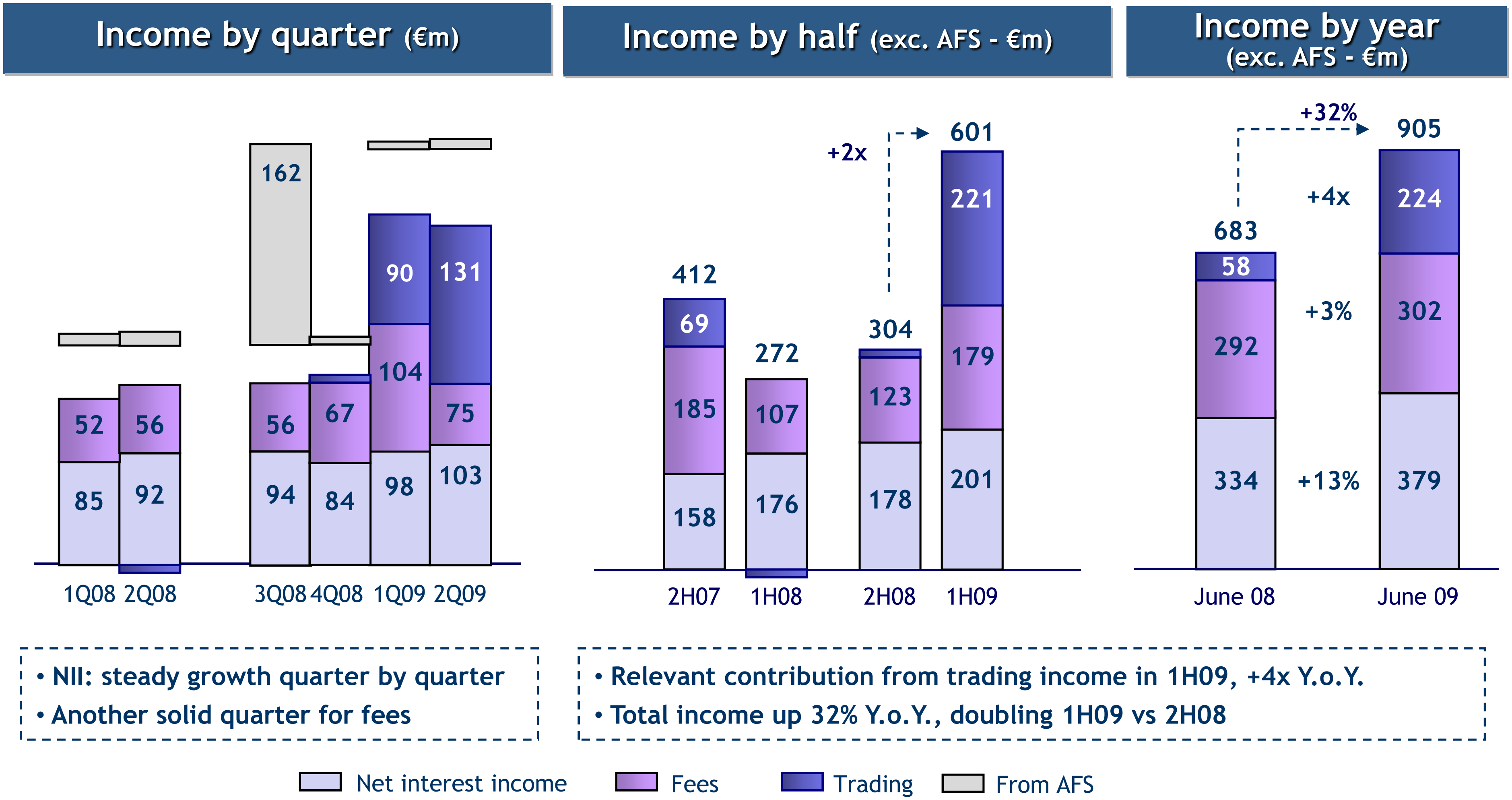
- Sound banking performance. Stripping out AFS contribution (income and writedowns):
  - income up 32%, with all income sources growing
  - PBT up 14%, despite LLP being up 5x
  - Gross RORWA up to 1.0%, partly due to RWA optimization (down 7%)
- Income from international branches up 70%, representing now 15% of total CIB income or 20% of total fees and NII
- Loan book up 2%

KPIs (€m)

	June 08	June 09	Δ
Total income	874	1061	+21%
Banking[1]	683	905	+32%
AFS	191	157	-18%
PBT	562	378	-33%
Banking[1]	371	424	+14%
AFS	191	(47)	
Net profit	464	230	-51%
Cost/income ratio	32%	28%	
LLP/total loans	15bps	75bps	
Gross RORWA[1]	0.85%	1.00%	
Loans (€bn)	22.7	23.1	+2%

[1] Excl. AFS

CIB: steady growth by all income sources



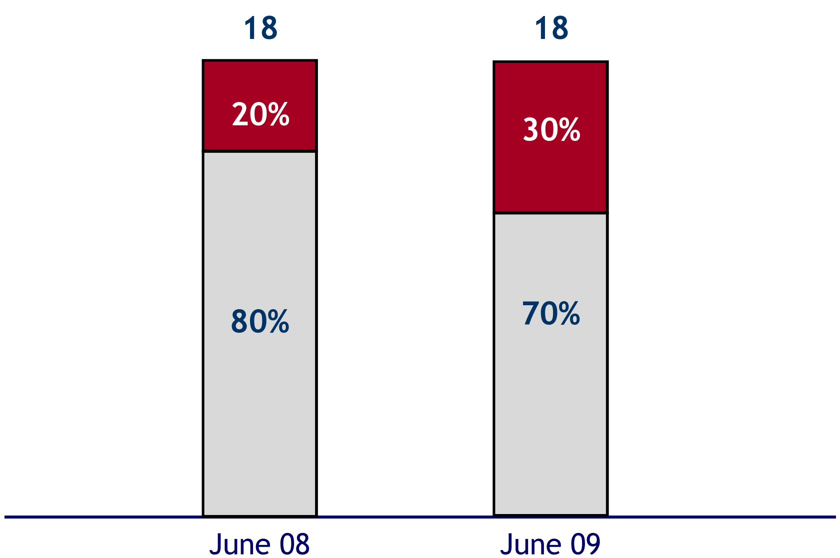
- NII: steady growth quarter by quarter
- Another solid quarter for fees

- Relevant contribution from trading income in 1H09, +4x Y.o.Y.
- Total income up 32% Y.o.Y., doubling 1H09 vs 2H08

Acceleration in international activities

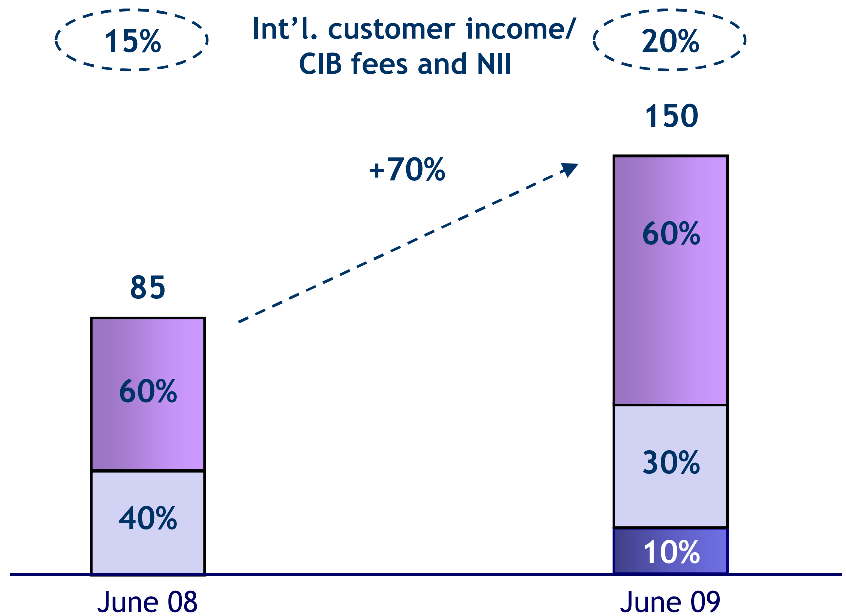
FY 2009 results

CIB loan book (€bn)



- Loans from international customers up to 30%, of which 9% France, 8% Spain and 6% Germany

International customer income (€m)



- Growth driven by NII and fees
- Increasing contribution to CIB P&L

PI: income wiped out, writedowns emerging; recovery in 3Q09

Main trends

- Contribution from PI wiped out due to reduced income from all investments, in particular Assicurazioni Generali
- Writedowns totalling €241m
  - €144m for Telco
  - €94m for RCS MediaGroup
- NAV down 40%, but recovering since end-March 2009: current NAV €3.6bn
- Contribution positive again in September (having been neutral or negative since 4Q08)

KPIs (€m)

	June 08	June 09
Total income	476	(12)
Ass.Generali	455	8
Writedowns	(8)	(241)
PBT	460	(260)
Net result	487	(236)
NAV (bn)	5.1	3.0

[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: profitable despite margin squeeze and cost of risk

FY 2009 results

Main trends

- New business down 23%, due to weak demand and more stringent lending policy
- Income up 2%, driven by fees (up 13%); NII progressively recovering quarter by quarter
- Costs down 4%, due to Compass-Linea synergies (headcount cut by 240 staff)
- Loan provisions up to 360 bps, in order to keep stable:
  - NPLs/total loans ratio at 1.2%
  - NPLs coverage ratio at 85%
- Net profit benefits from €46m one-off positive tax effect[1]

KPIs (€m)

	June 08	June 09	Δ
Income	592	605	+2%
PBT	116	86	-26%
Net result	32	85	
Cost/income	39%	37%	
LLPs/Ls	270bps	360bps	
Gross RORWA[1]	1.8%	1.3%	
Loans (€bn)	8.4	8.1	-3%
New loans (€bn)	4.9	3.8	-23%

[1] €46m one-off effect from amounts which had been provided upon the merger of Linea and Equilon into Compass being released from taxation

CIB PI RPB

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Private banking: preserving asset base

FY 2009 results

Main trends

- AUM down 9% to €12.4bn, with CMB resilient at €8bn
- Income down 19%, due to lower fees (down 25%)
- Net result halved, in part due to increasing costs (up 7%)

KPIs (€m)

	June 08	June 09	Δ
Income	141	114	-19%
Net result	57	26	-54%
AUM (€bn)	13.5	12.4	-9%

Retail banking: roll out faster than expected

FY 2009 results

Main trends

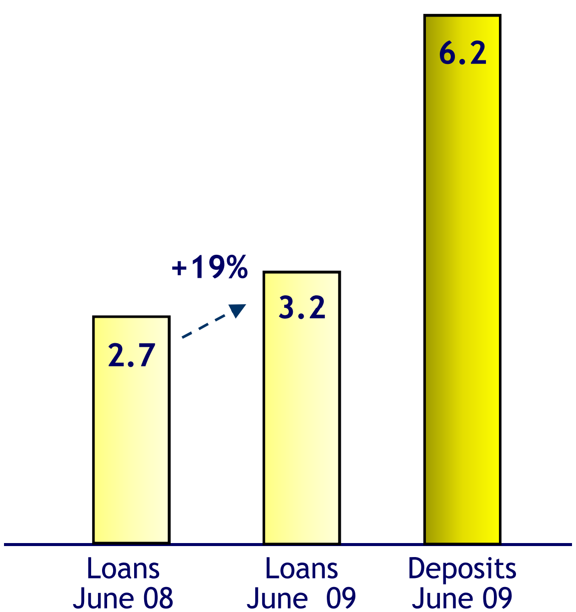
- Roll out faster than expected
  - deposits over €6bn, 3x 2009 budget
  - 165,000 customers
  - 200,000 products sold
- Material contribution to group funding, now broadly diversified
  - 40% of new Group funds raised
  - 12% of Group funding stock
- Loss due to €156m start-up costs

KPIs (€m)

	June 08	June 09	Δ
Income	49	47	-5%
PBT	(45)	(136)	
Net result	(30)	(100)	
Loan book (€bn)	2.7	3.2	+19%
Deposits (€bn)	-	6.2	
Staff	470	730	+55%
Branches	38	55	+50%

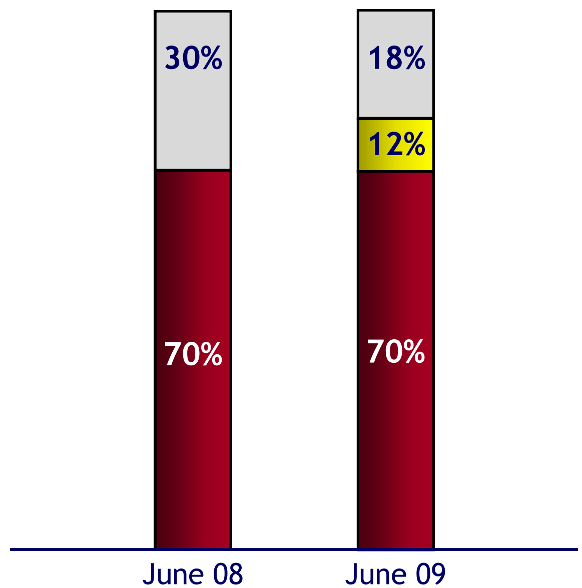
Retail up to 12% of Group funding, 40% of new funds

CB! loans/deposits (€bn)



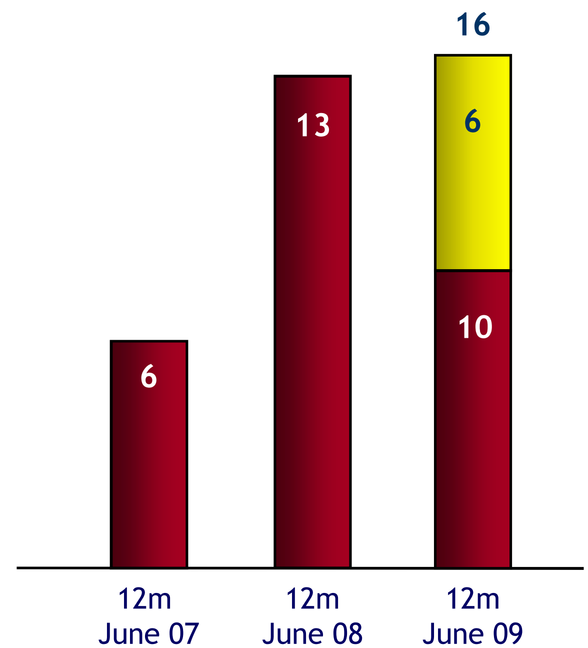
• CheBanca! overfunded

MB Group funding



• Retail deposits 12% of total

New funds raised (€bn)



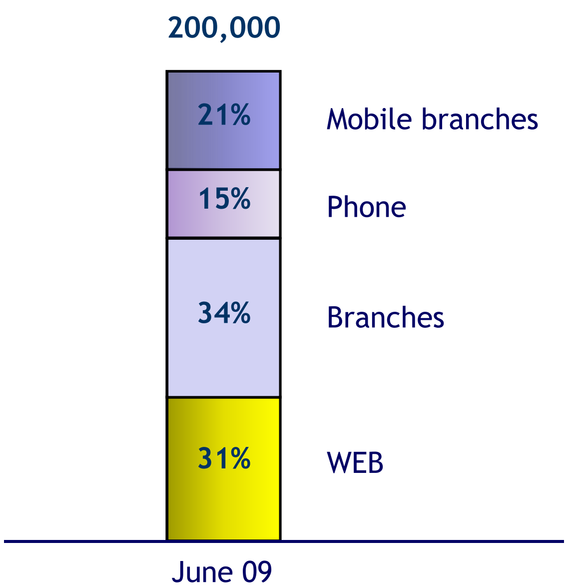
• Retail deposits 40% of new funds

Interbank/others MB bonds CheBanca! deposits

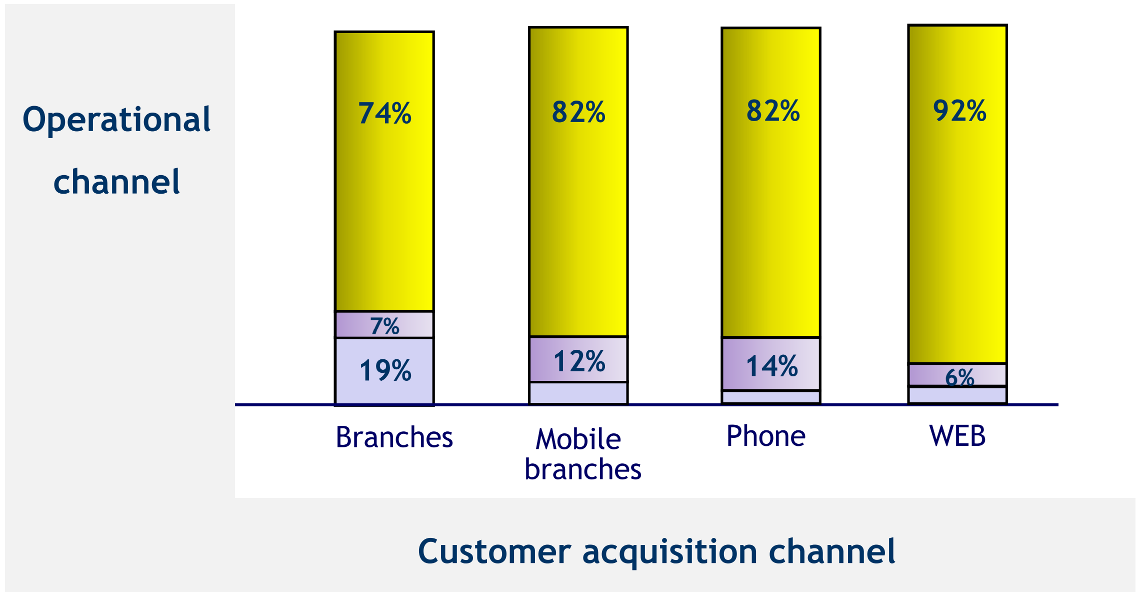
Low-cost, multi-channel retail model confirmed

FY 2009 results

Products by channel



Customer acquisition/operations by channel



• All distribution channels effective

• The high percentage of customers acquired through branches who operate via direct channels confirms the validity of the low-cost, multi-channel model

WEB Branches Phone Mobile branches

CIB PI RPB

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Agenda

1.	Full year 09 results
2.	Capital strengthening

Capital ratios: recent developments

Main trends

- In the last 12m (July 08/June 09) the leading European[1] and American[2] banks have generated losses of €60bn. In the meantime, almost all of them have deleveraged balance sheets and sought public aid (capital increased by €100bn in EU and $140bn in U.S.) to rebuild their Tier1 ratios
- After recent events, market standards and regulators seem to be oriented in asking for:
  - Core Tier 1 to be aligned with Tier 1
  - Core Tier 1 level to be raised to ~8% for retail banks and ~10/11% for investment banks

Capital ratios (June 09)

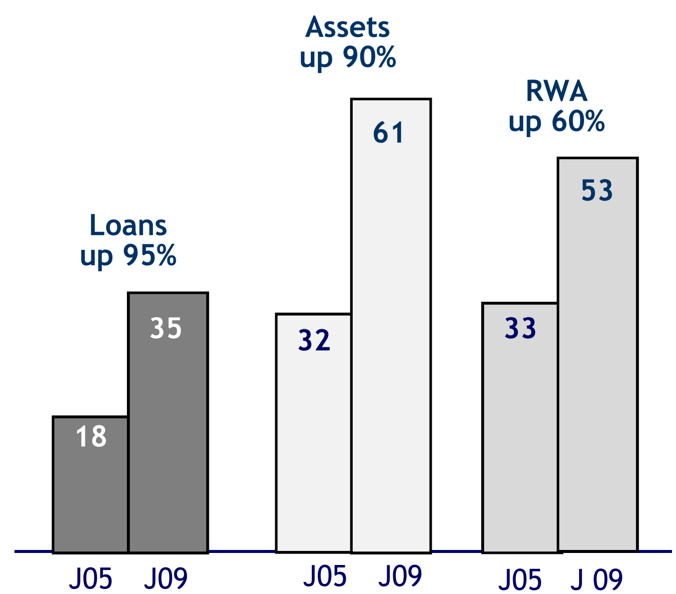
	Core Tier 1	Tier 1
Mediobanca	**10.3%**	**10.3%**
JPMorgan	7.7%	9.7%
Goldman Sachs	NA	16.1%
Morgan Stanley	NA	15.8%
Citigroup	NA	12.7%
BOFA	6.9%	11.9%
Deutsche Bank	7.8%	11.0%
BNP Paribas	7.2%	9.3%
Société Générale	7.3%	9.5%
Credit Suisse	10.4%	15.5%
UBS	10.1%	13.2%
Intesa San Paolo	6.9%	7.7%
Unicredit Group	6.9%	7.7%
MPS	5.4%	5.8%
Banco Popolare	6.2%	6.6%
UBI	7.2%	7.8%

[1] Source R&S: Barclays, BNP Paribas, Commerzbank, Crédit Agricole, Deutsche Bank, HSBC, Ing, Lloyds, RBS, Societé Générale, UBS
[2] Source R&S: Bofa, Citigroup, Goldman Sachs, JPMorgan, Morgan Stanley

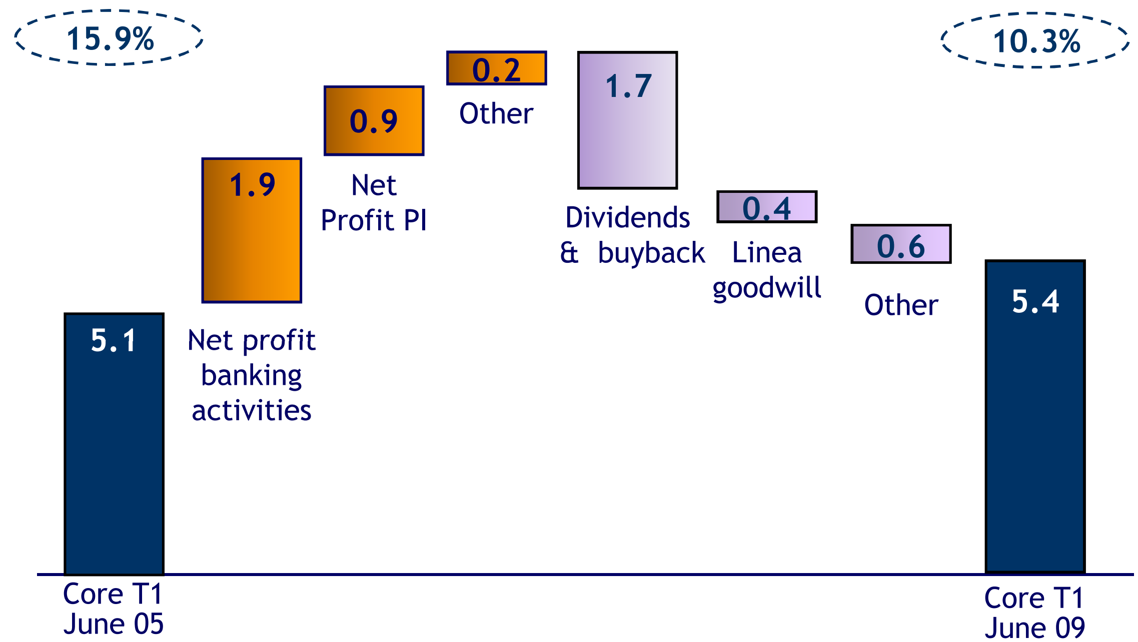
MB has self-financed major growth in last 4Y

Capital strengthening

Loans, assets and RWA (€bn)



Core Tier 1 trend (€bn)



- RWA up 60% in last 4Y, driven by banking activities

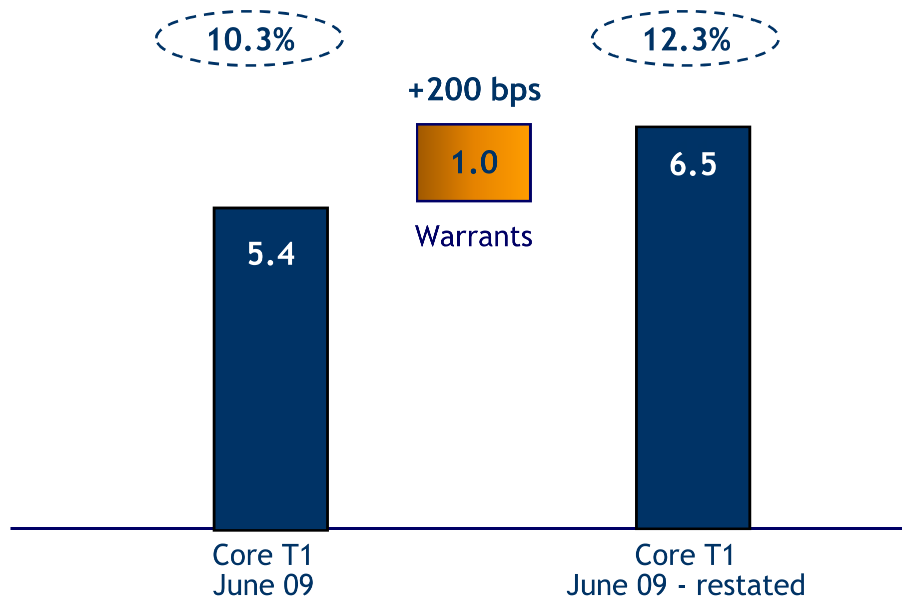
- MB has self-financed growth by creating €3bn of Tier 1 capital, 2/3 from banking activities, and returning €1.7bn to shareholders

Capital strengthening to compete in future scenario

KPIs

- MB has financed the material growth achieved through internal resources; last capital increase took place in 1998
- High level of capital needed to:
  - reinforce operational flexibility
  - finance growth
  - preserve rating
- Higher capital base will confirm Mediobanca among the best capitalized European banks
- Terms
  - 1 bonus share : 20 shares
  - 1 warrant : 1 share
  - 1 share : 7 warrants at €9.0[1]

Impact on June 09 Tier 1 (€bn)



- Capital strengthening provides 200 bps additional Tier1

[1] Warrants will be listed and convertible starting from 1 January 2010 until March 2011

MB price (17 Sept.)	Bonus share value	Warrant value	MB price ex
€9.77	€0.46	€0.13	€9.18

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Conclusion

- Mediobanca went successfully through-out the storm
  - preserving banking profitability and capital
  - improving business positioning, liquidity and source of funding
  - strengthening independency and corporate culture
- In continuity Mediobanca strategy is focused on
  - CIB: reinforcing franchise, improving margins, preserving asset quality, strict risk control
  - PI: contribution come back to be positive
  - RPB: improving margins and reshaping process in key areas:
    - Consumer: from merger to growth
    - CheBanca!: from start up to recognised player
    - Private banking: management change to face new challenge
- Strategy coherence and capital strengthening put Mediobanca in the best shape to catch further growth opportunities

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