



**MEDIOBANCA**  
*Banca di Credito Finanziario S.p.A.*

## **1Q results as at 30 September 2009**

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Milan, 28 October 2009

# Another solid quarter in banking, equities positive again

1Q10 results

## Main trends

- Banking income up 13% Q.o.Q. and 63% Y.o.Y. Income from equities half that reported 1Y ago but recovering
- PBT from banking €235m, doubled Q.o.Q. partly due to reductions of:
  - 15% in costs, due to seasonality
  - 19% in risk provisions in all divisions
- Equities contribution positive after being negative for the last 3 quarters, despite writedowns
- Net profit at €201m despite increased tax rate (higher contribution from banking income)

## Group KPIs (€m)

	Sept09 3Q09	Sept08 3Q08	Δ Y.o.Y	June09 2Q09	Δ Q.o.Q
Total income	678	594	+14%	499	+36%
Banking	553	339	+63%	491	+13%
AFS + PI	125	255	-51%	8	+16x
Total costs	(182)	(159)	+14%	(214)	-15%
Risk provisions	(141)	(76)	+86%	(174)	-19%
Writedowns	(74)	-	nm	(93)	-21%
PBT	287	359	-20%	18	nm
Banking	235	104	+2x	103	+2x
AFS + PI	52	255	-5x	(85)	nm
Net result	201	310	-35%	(37)	nm

# No major changes in balance sheet

1Q10 results

## Main trends

- €1.1bn of new retail deposits in the quarter (CheBanca! up 17%): total funding flat, as banking funds reduced proportionately
- Treasury+AFS still increasing, due to CB! funding investment
- Loans flat in all segments, given weak demand
- Tangible book up 6%, as AFS reserve returned positive (equity and bond segments)

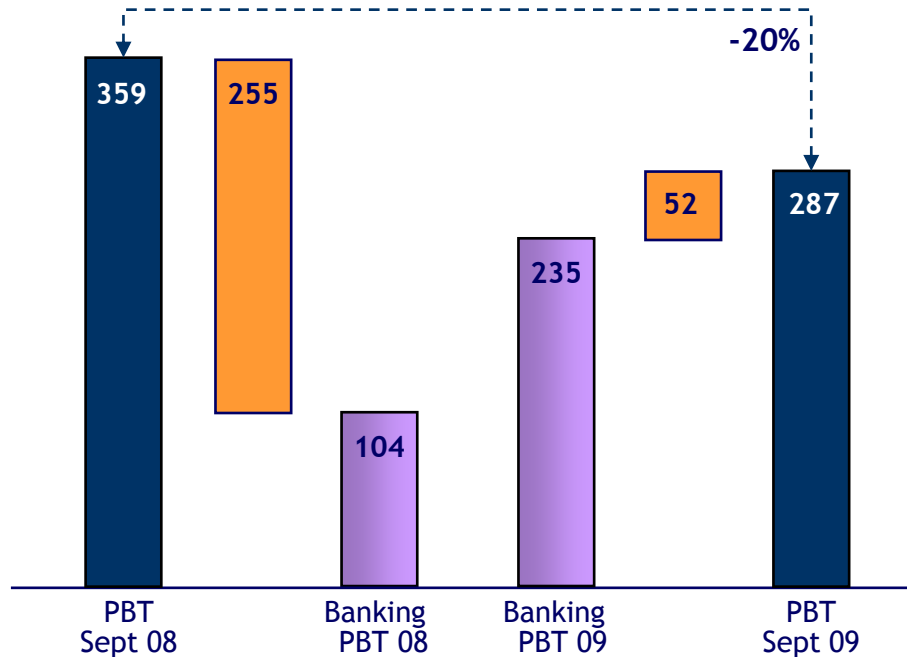
## Group KPIs (€bn)

	Sept09	June09	Δ
Funding	52.8	53.4	-1%
<i>of which</i>			
Retail deposits	7.3	6.2	+17%
Treasury + AFS	20.0	19.4	+3%
Loans	34.6	35.2	-2%
Tangible book	5.6	5.4	+6%
Total assets	60.6	60.7	-

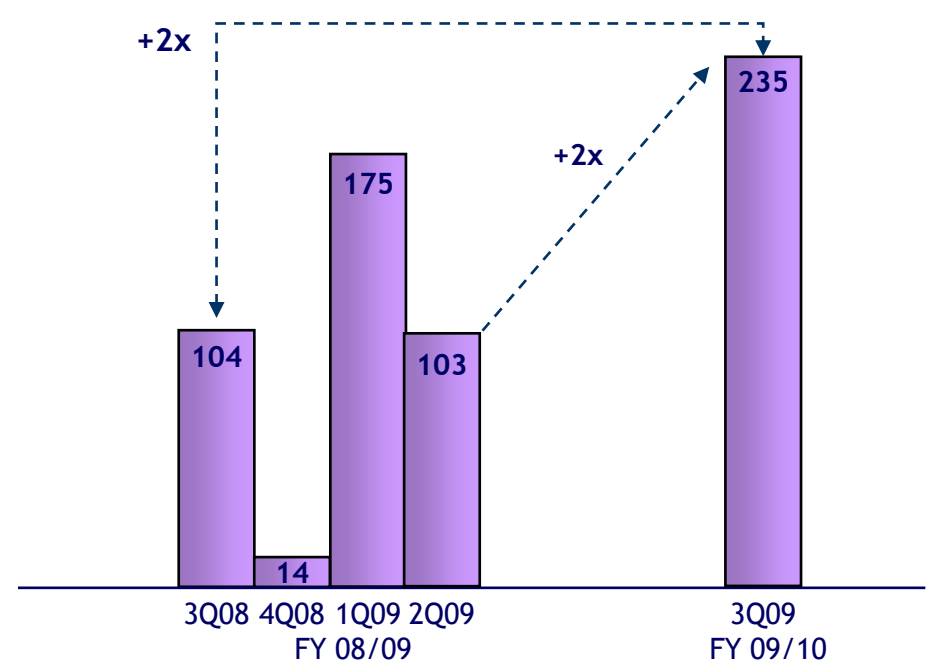
# Banking PBT to record level

1Q10 results

PBT- annual trend (€m)



Banking PBT trend (€m)



• Reduced contribution from PI+AFS but clearly positive, having been negative for the last 3 quarters

• Banking PBT climbed to record levels despite higher costs and LLPs, driven by CIB activities

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

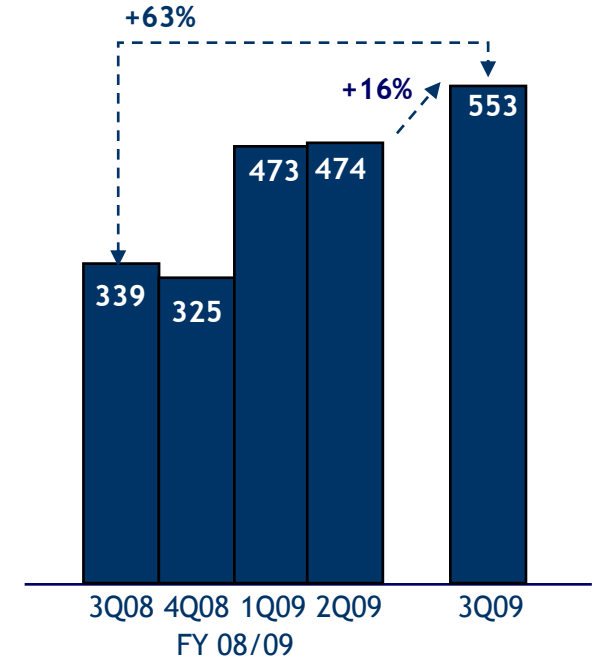
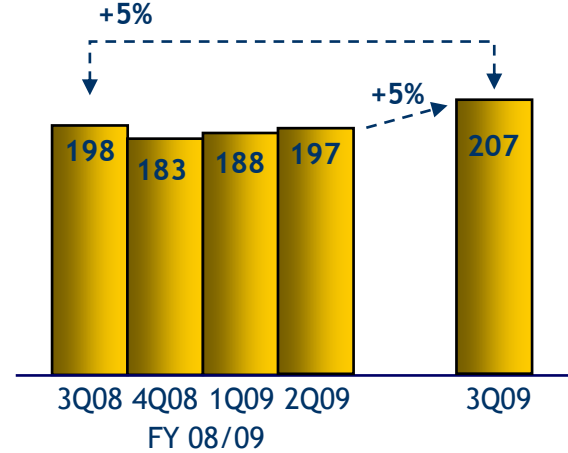
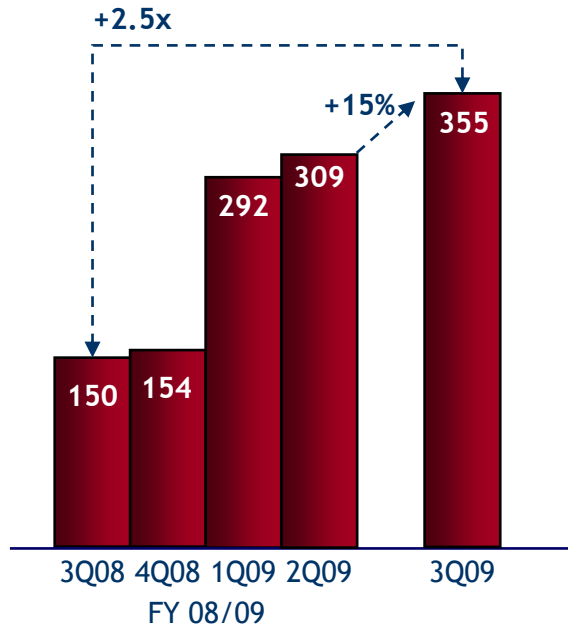
# Banking income: CIB driving growth, RPB recovering

1Q10 results

CIB income (excl. AFS - €m)

RPB income (€m)

Banking income (€m)\*



- Growth driven by trading and fees
- NII flat Q.o.Q, up 9% Y.o.Y

- Income growth due to CBI: NII recovering, gains on investments

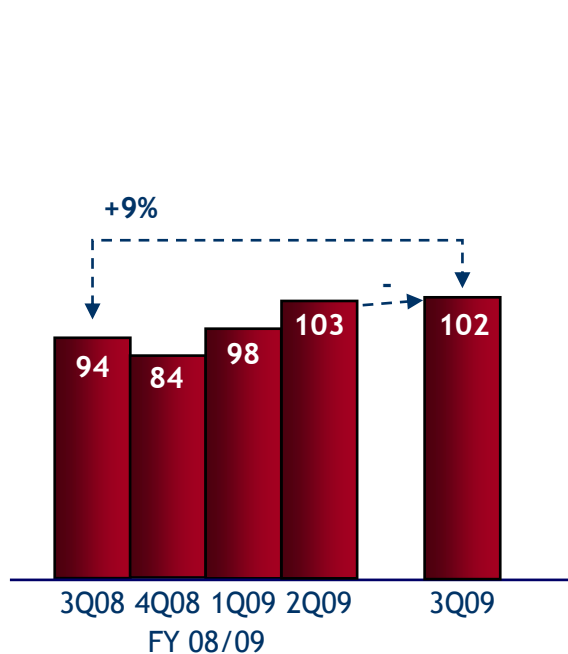
- Steady growth in last Qs: income up 16% driven by all sources

\*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

# Net interest income: single digit growth Q.o.Q

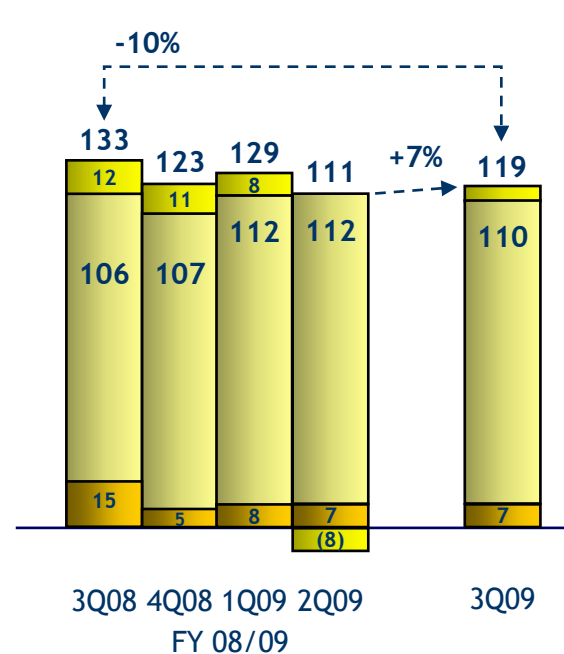
1Q10 results

## CIB NII (€m)



- NII growth fully due to enlarging spread Q.o.Q and Y.o.Y

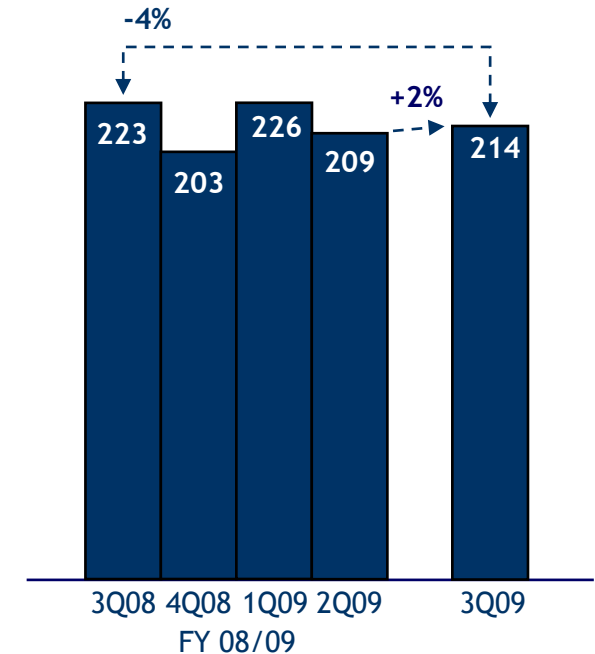
## RPB NII (€m)



- Consumer and Retail progressively benefiting from lower cost of funding

Private banking
  Consumer finance
  Retail banking

## Group NII (€m)\*



- Quarterly growth due to CB! recovery

\*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

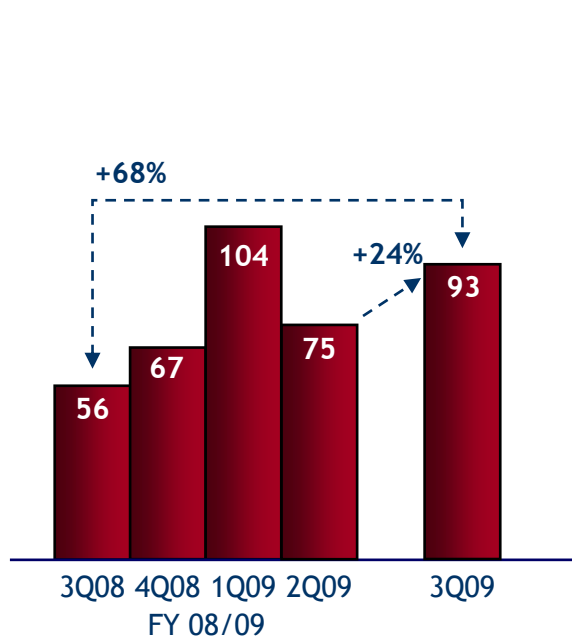
# Fees driven by CapMkt

1Q10 results

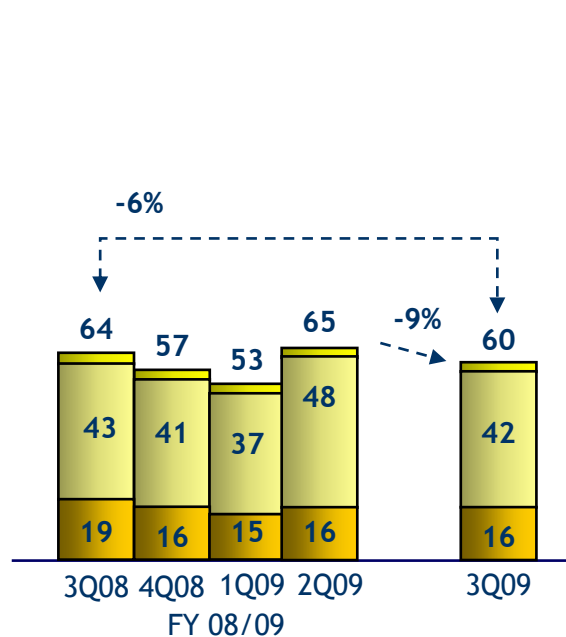
## CIB fees (€m)

## RPB fees (€m)

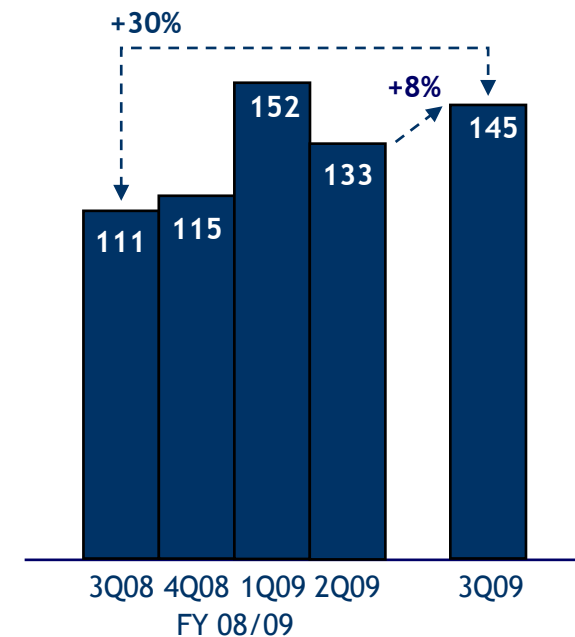
## Group fees (€m)\*



• Another solid quarter driven by CapMkt activities



• Slowdown due to seasonality in consumer



• Material growth driven by CIB

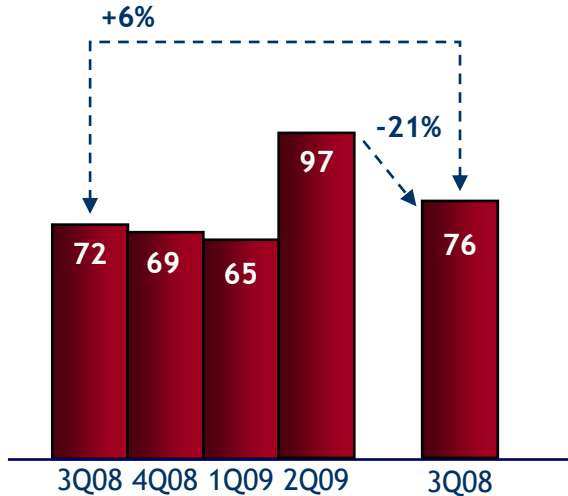
Private banking
  Consumer finance
  Retail banking

\*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

# Cost up 14% Y.o.Y; quarterly savings due to seasonality

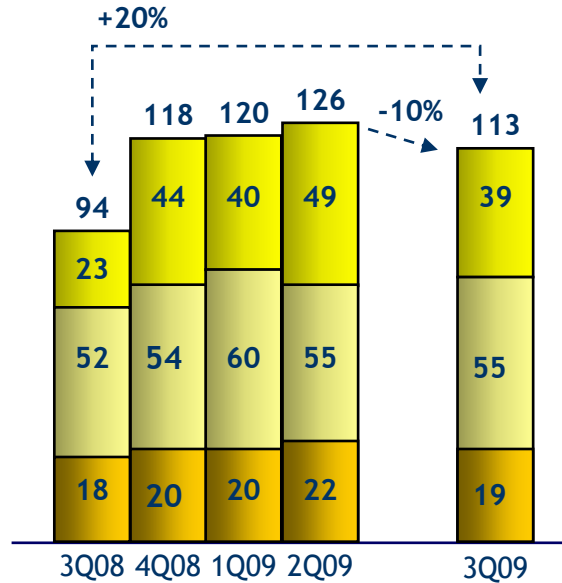
1Q10 results

## CIB costs (€m)



- 2Q09 high due to bonuses
- Growth due to int. branches

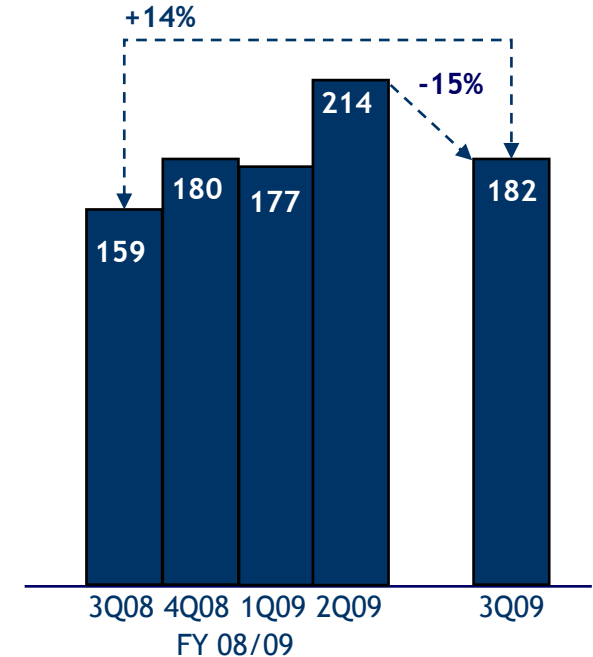
## RPB costs (€m)



- Seasonal slowdown in CheBanca!
- Efficiencies in private banking

■ Private banking   
 ■ Consumer finance   
 ■ Retail banking

## Group costs (€m)\*



- Costs up 14% Y.o.Y due to ongoing investment in distribution platforms

\*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



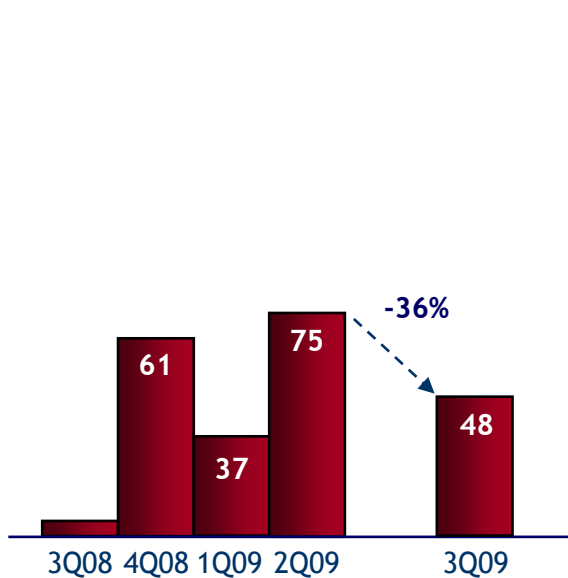
# Cost of risk reducing, but scenario still tough

1Q10 results

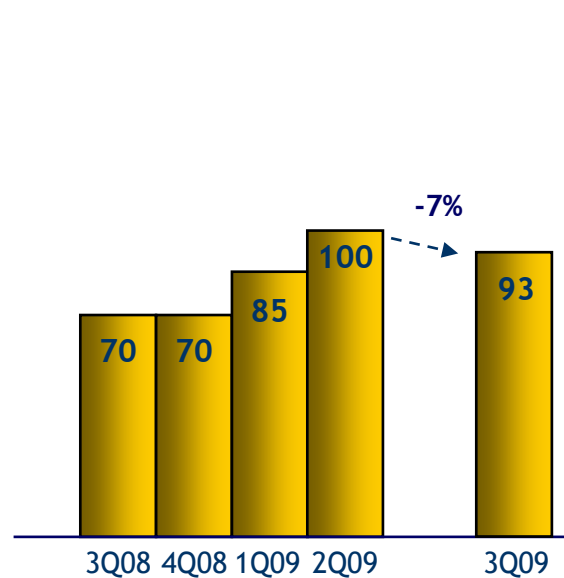
## CIB LLPs (€m)

## RPB LLPs (€m)

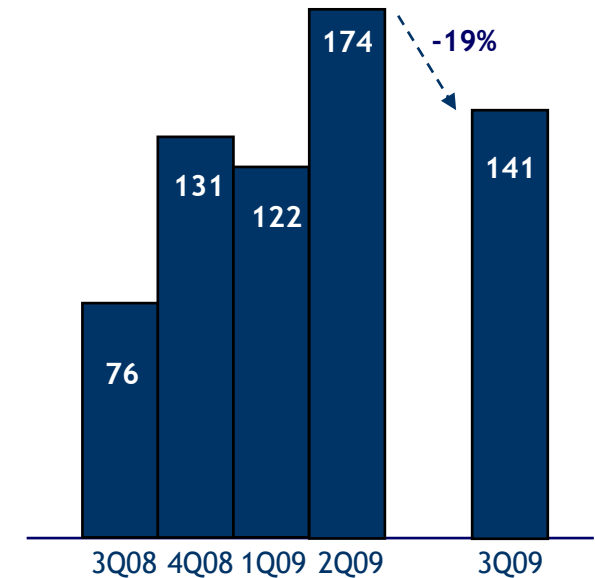
## Group LLPs (€m)



- LLP/loans = 85 bps (130 in 2Q09)
- 75% of LLPs to performing loans
- No new bad loans in 3Q09



- LLP/loans = 310 bps (340 in 2Q09)
- Consumer = 420 bps (440 in 2Q09)
- Retail = 75 bps (130 in 2Q09)

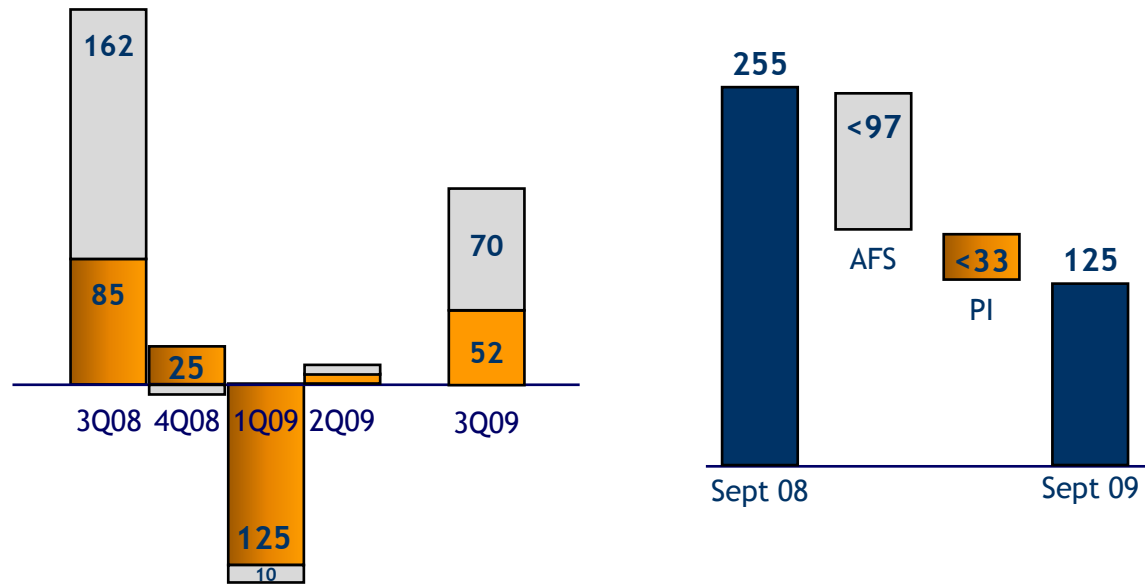


- LLP/loans = 160 bps (200 in 2Q09)

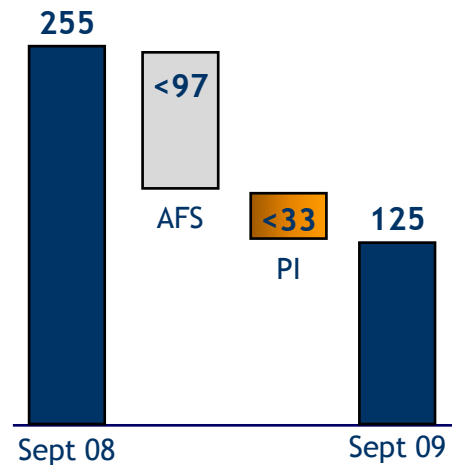
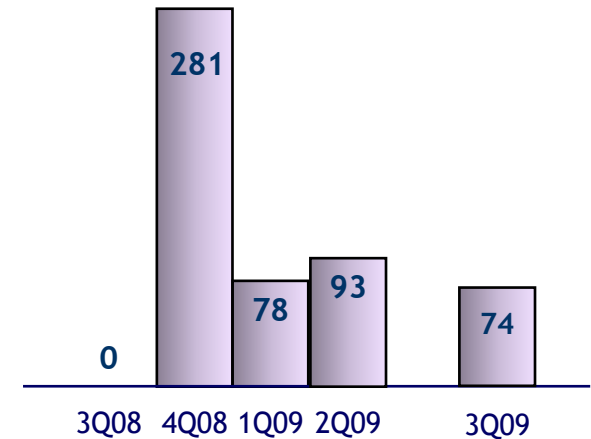
# PI and AFS: recovering from their lows

1Q10 results

Income from PI and AFS (€m)



Equity writedowns (€m)



- Income from PI halved Y.o.Y, but recovering from past quarters; lower gains from AFS stake disposals
- €74m residual writedowns for AFS, due to “prolonged” unrealized losses

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

AFS income  
(disposals and dividends)

# Strong CIB performance

1Q10 results

## Main trends

- Banking income up 15% Q.o.Q and almost tripled Y.o.Y driven by fees and trading, both up more than 20%
- Banking PBT totalled €230m, up 65% Q.o.Q, partly due to reduction of:
  - 21% in costs, due to seasonality
  - 36% in risk provisions
- Equities recovering: after 3 negative quarters, the equity impact in 3Q09 was neutral as gains from AFS stake disposals offset residual writedowns
- Net result largely positive (€147m) despite increased tax rate

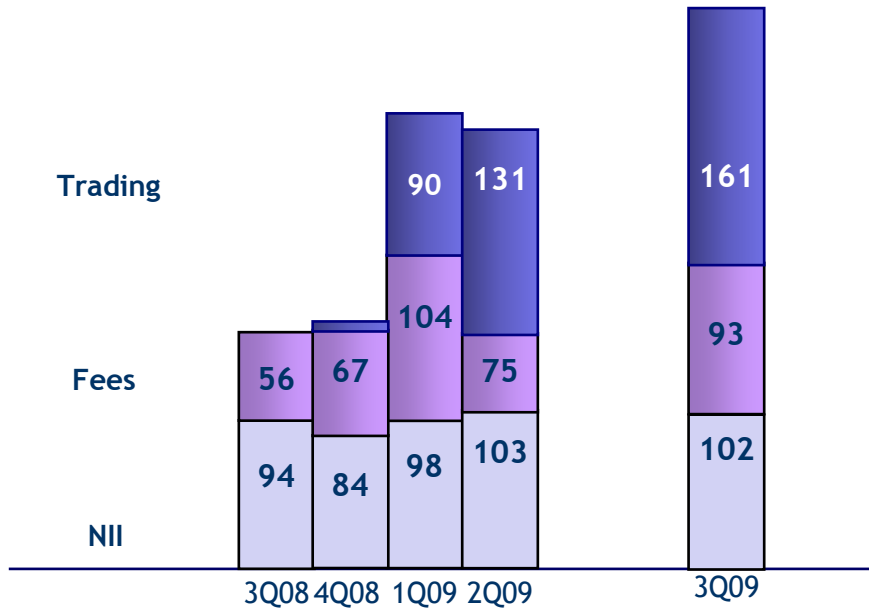
## KPIs (€m)

	Sept09 3Q09	Sept08 3Q08	Δ Y.o.Y	June09 2Q09	Δ Q.o.Q
Total income	428	320	+34%	311	+38%
Banking	355	150	+2.5x	309	+15%
AFS	73	170	-57%	2	nm
PBT	230	242	-5%	82	+3x
Banking	230	72	+3x	138	+65%
AFS	0	170	nm	(56)	nm
Net profit	147	200	-27%	27	+5x
Cost/income	18%	31%		22%	
LLP/loans	85 bps	10 bps		130 bps	
Loans (€bn)	26.0	28.2	-8%	26.3	-1%

# CIB: good diversification of revenues and fees

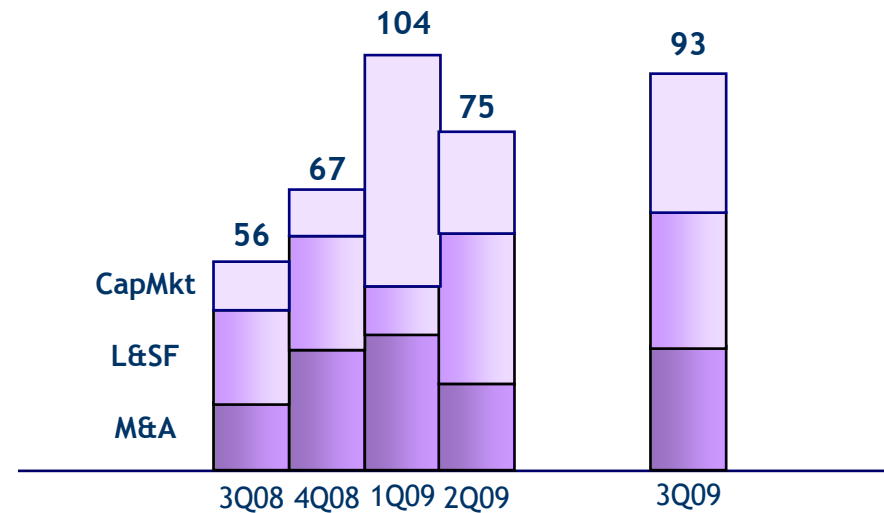
1Q10 results

CIB income breakdown (ex AFS, €m)



- Even at its peak trading only accounts for 40% of quarterly income; another good quarter in fees

Fee breakdown (€m)



- Fee income diversified between products
- CapMkt still buoyant, M&A recovering

# PI recovering

1Q10 results

## Main trends

- Contribution positive in 3Q09 (having been neutral or negative for the last three quarters)
- NAV has been recovering since end-March 2009: current NAV €4.1bn

## KPIs (€m)

	Sept09 3Q09	Sept08 3Q08	Δ Y.o.Y	June09 2Q09	Δ Q.o.Q
Total income	52	85	-39%	3	nm
Ass.Generali	59	81	-27%	15	+4x
Writedowns	-	-	-	(33)	nm
Net result	50	86	-42%	(29)	nm
NAV (€bn)	3.9	4.9	-20%	3.0	+30%

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

# Consumer credit: seasonally weak

1Q10 results

## Main trends

- New business still weak (down 15% Y.o.Y) - due to low demand and more stringent lending policy - but return to growth expected in next quarters
- Revenue stability (up 2% Y.o.Y; down 5% Q.o.Q because of fees seasonality): NII flat Q.o.Q, up 4% Y.o.Y
- HR costs down as integration delivers synergies, but overall costs flat Q.o.Q because of increased collection costs
- Cost of risk reducing Q.o.Q, but scenario still tough

## KPIs (€m)

	Sept 09 3Q09	Sept 08 3Q08	Δ Y.o.Y	June 09 2Q 09	Δ Q.o.Q
Income	152	149	+2%	159	-5%
Costs	55	52	+5%	55	-
Risk provisions	87	65	+34%	91	-4%
Net results	3	18	-83%	(1)	nm
Cost/income	36%	35%		35%	
LLPs/Ls	420bps	320bps		440bps	
Loans (€bn)	8.0	8.4	-4%	8.1	-1%
New loans (€bn)	0.9	1.0	-15%	1.1	-3%

# Retail banking: growing steadily

1Q10 results

## Main trends

- Over €7bn deposits, growing steadily despite lower remuneration
- Total income tripled Q.o.Q due to:
  - NII recovering: upturn linked to renewal of 12m deposits (the bulk of which raised in 1Q09)
  - yield on invested liquidity
- Product range starting to be enlarged

## KPIs (€m)

	Sept 09 3Q09	Sept 08 3Q08	Δ Y.o.Y	June 09 2Q 09	Δ Q.o.Q
Income	29	14	+2x	11	+3x
Costs	(39)	(23)	+56%	(49)	-20%
Net result	(12)	(11)		(34)	
Loan book (€bn)	3.1	2.6	+21%	3.0	+4%
Deposits (€bn)	7.3	0.2	nm	6.2	+17%
Staff	783	515	+52%	730	+7%

# Private banking: AUM trend back to positive

1Q10 results

## Main trends

- AUM recovering (up 6% Q.o.Q)
- Banca Esperia up 16% with €0.5bn net inflows
- CMB: mainly market effect
- Revenues still impacted by asset mix and low interest rates
- Cost savings achieved (costs down 12% Q.o.Q)
- Banca Esperia refocusing on higher end of market

## KPIs (€m)

	Sept 09 3Q09	Sept 08 3Q08	Δ Y.o.Y	June 09 2Q 09	Δ Q.o.Q
Income	26	36	-20%	27	-3%
Costs	(19)	(18)	+9%	(22)	-12%
Net result	12	17	-31%	3	+3x
AUM (€bn)	13.1	12.4	+6%	12.4	+6%
- Banca Esperia	5.0	4.2	+18%	4.3	+16%
- CMB	8.1	8.2	-1%	8.1	+1%



# Conclusion

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1Q10 results

- MB closed the first three months of the new financial year with good results
- Some performances/items either non-recurring or it's too early to say if they are sustainable, such as:
  - gains on disposal of AFS securities and income from trading
  - reductions in costs and loan loss provisions
- Greater visibility on the other trends based on current market conditions, such as:
  - development of CIB activities
  - contribution from equities (PI and AFS) returning to positive
  - CheBanca! becoming a recognised player
- Overall the Group is expected to deliver an appreciable net profit for the full year



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