MEDIOBANCA

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

# 3Q/9M results as at March 2010

**Milan, 10 May 2010**

# Positive trends confirmed in last quarter



- **Despite the fragile economic scenario, last three quarters' trends confirmed**
  - Top line and net profit growing, driven by both banking activities and securities
  - Cost of risk reducing, driven by wholesale; NPLs coverage>80% preserved
  - Writedowns to AFS lowering but still material

- **Last quarter news**
  - CIB: loan book flat at Dec09 levels, NII shrinking QoQ but FY growth expectation confirmed
  - Retail banking: CheBanca! costs reducing, deposits continuing to grow despite lowered remuneration (€1.3bn net inflow in 1Q10)
  - Consumer credit: Compass has resumed growth, gaining rapidly market share and new customers

- **Liquid and solid balance sheet**
  - Loans/deposits ratio to 0.6x, tangible book value up to €6bn (representing 10% of total assets)
  - Core Tier1 ratio > 11%

# Steady growth delivered in top line and net profit



## Main trends

- YoY: revenues up 25%, driven by continuing growth in NII and fees (up 4%) and income from securities doubling; top-line growth offset higher costs and loan loss provisions; PBT seven times higher than last year at €520m; net profit at €354m.
- QoQ: total income resilient at high average quarterly level; material reductions in costs (down 9% driven by Retail) and loan provisions (down 6% driven by Wholesale); net profit at €84m.

## Group KPIs (€m)

| | March10 9m | March09 9m | Δ YoY | 1Q10 3m | 4Q09 3m | 3Q09 3m |
|---|---|---|---|---|---|---|
| Total income | 1,600 | 1,277 | +25% | 455 | 467 | 678 |
| NII + Fees | 1,076 | 1,030 | +4% | 350 | 367 | 358 |
| Trading + AFS + PI | 524 | 247 | +2x | 105 | 100 | 320 |
| Total costs | (588) | (516) | +14% | (193) | (213) | (182) |
| Provisions to loans | (392) | (330) | +19% | (122) | (130) | (141) |
| Writedowns | (105) | (359) | -71% | (15) | (17) | (74) |
| Profit before taxes | 520 | 73 | +7x | 124 | 108 | 287 |
| Net profit | 354 | 39 | +9x | 84 | 69 | 201 |

# Liquid and solid balance sheet

3Q/9M results

## Main trends

- Liquid and solid balance sheet
  - loan/deposit ratio at 0.6x
  - treasury+AFS up 9% QoQ, 38% YoY
  - tangible book up to €6.0bn
  - core Tier1 ratio above 11%
  - tangible BV = 10% assets
- Funding still growing driven by Retail contribution
- Loan volumes down YoY but flat at Dec09 level in all segments (CIB at €21bn, RPB at €12bn); signs of new growth

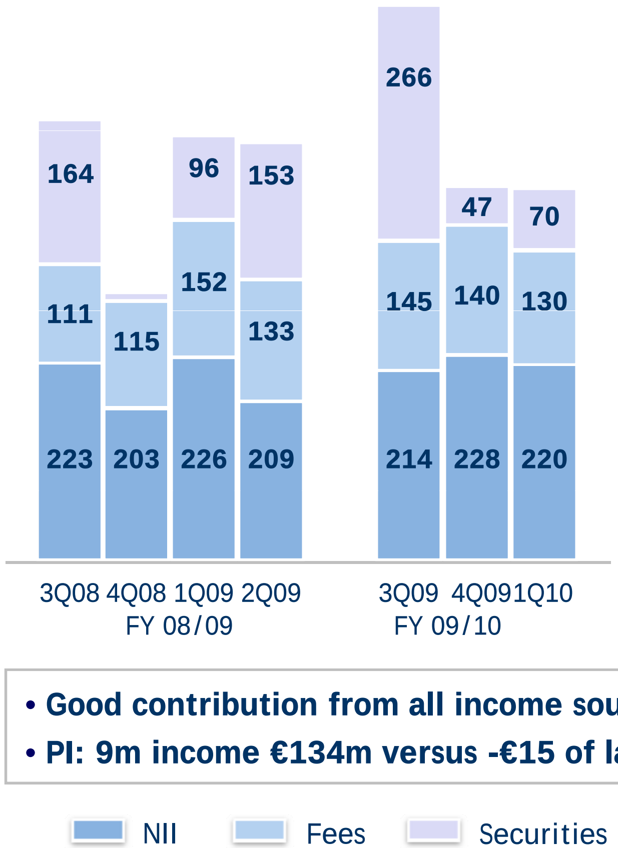
## Group KPIs (€bn)

| | March10 | Dec09 | March09 | Δ QoQ | Δ YoY |
|---|---|---|---|---|---|
| Funding | 54.6 | 52.9 | 51.7 | +3% | +6% |
| *of which* retail | 9.1 | 7.9 | 4.3 | +16% | +2x |
| Loans to customers | 33.3 | 33.5 | 36.3 | -1% | -8% |
| Treasury + AFS | 23.2 | 21.3 | 16.7 | +9% | +38% |
| Tangible book | 6.0 | 5.9 | 4.9 | +3% | +23% |
| Total assets | 62.9 | 60.8 | 58.5 | +3% | +7% |
| Core Tier 1 | > 11% | 11% | | | |

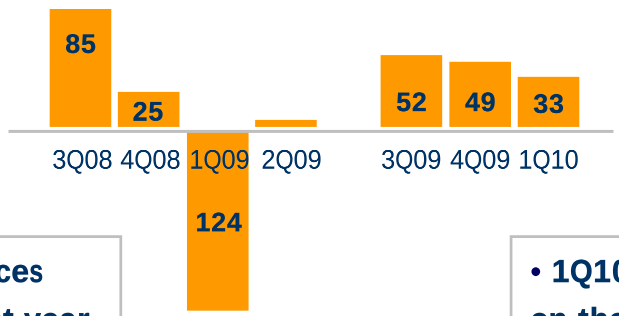
# Top line up 25% YoY, resilient at high-avg quarterly level



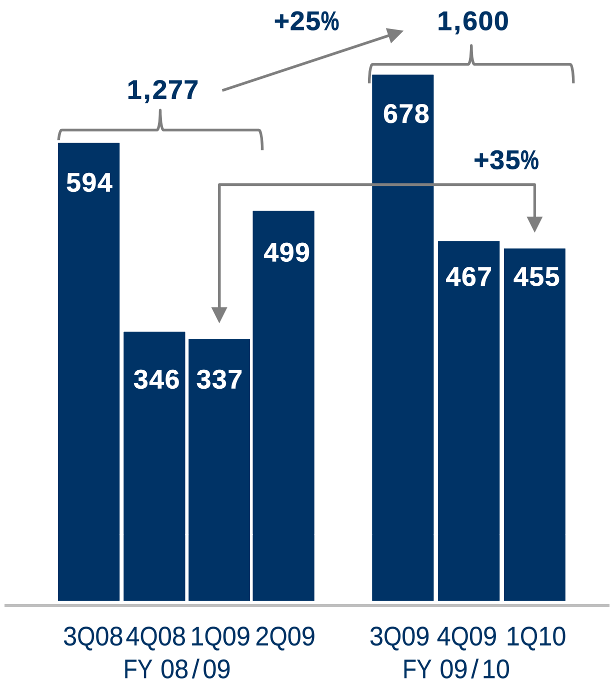
## Banking income (€m)




## PI income (€m)




## Total income (€m)




- Good contribution from all income sources
- PI: 9m income €134m versus -€15 of last year

- 1Q10: another high-average quarter, up 35% on the same period of last year

MB Group

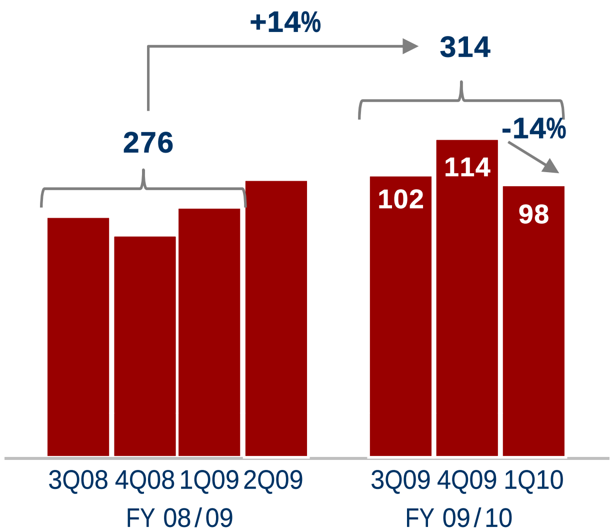


MEDIOBANCA
Banca di Credito Finanziario S.p.A.

# NII growing in RPB

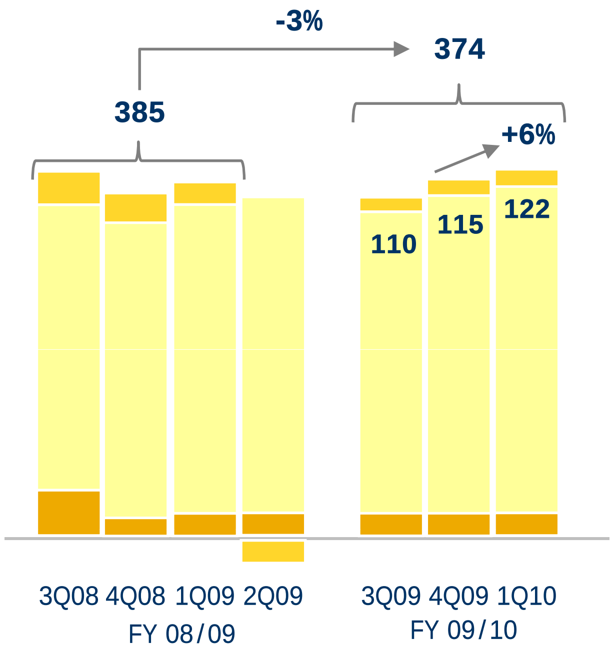
3Q/9M results

CIB NII (€m)




• Slowdown in 1Q10 due treasury yield decrease. Repricing ongoing supporting upward trend

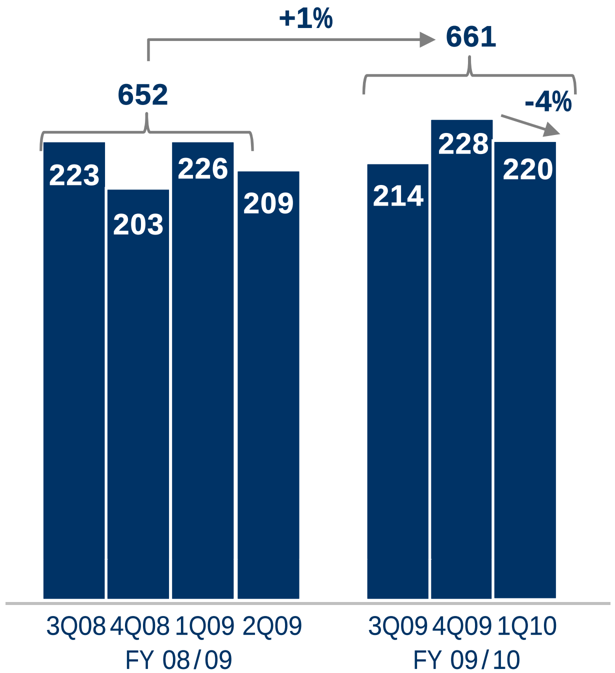
RPB NII (€m)




• Third consecutive quarter of growth, due to lowered cost of funding

Private banking
Consumer finance
Retail banking

Group NII (€m)*



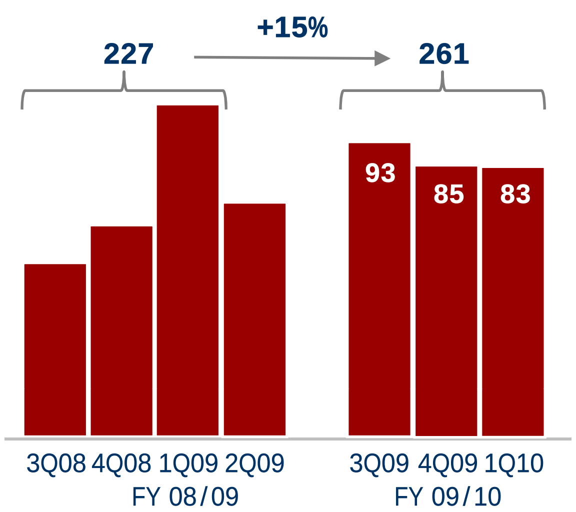

• Corporate/retail diversification drove good quarterly NII performance

*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 levels

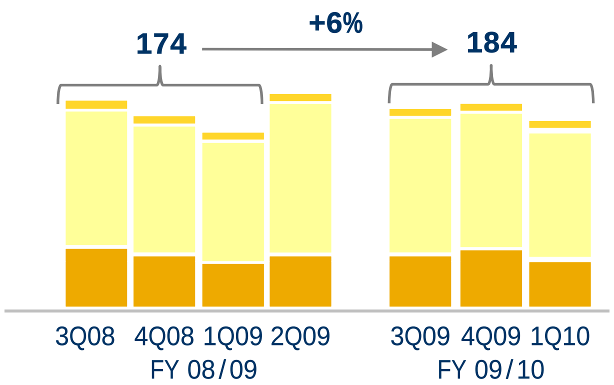
3Q/9M results

## CIB fees (€m)



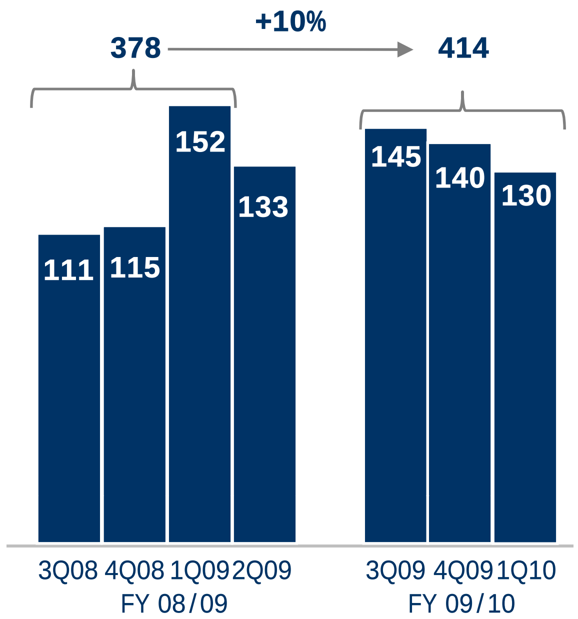

• Solid performance driven by CapMkt and Lending activities

## RPB fees (€m)




• Up 6% YoY

## Group fees (€m)*



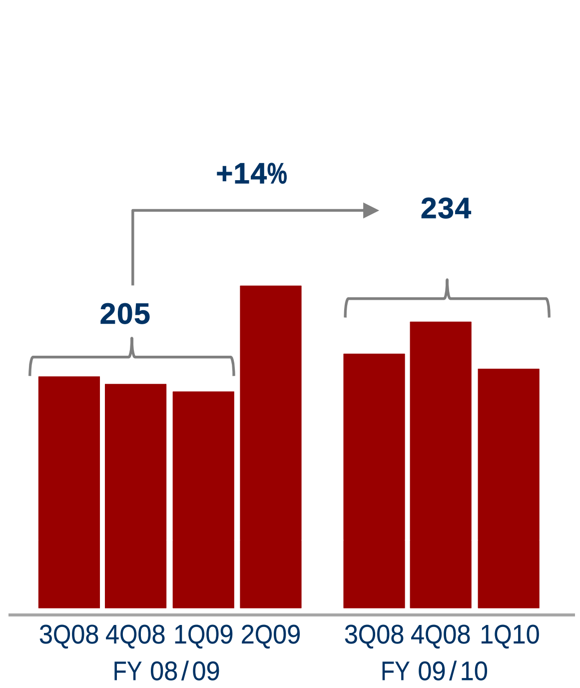

• Fee income up 10% YoY. Average quarterly contribution increasing

*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 reducing in Retail

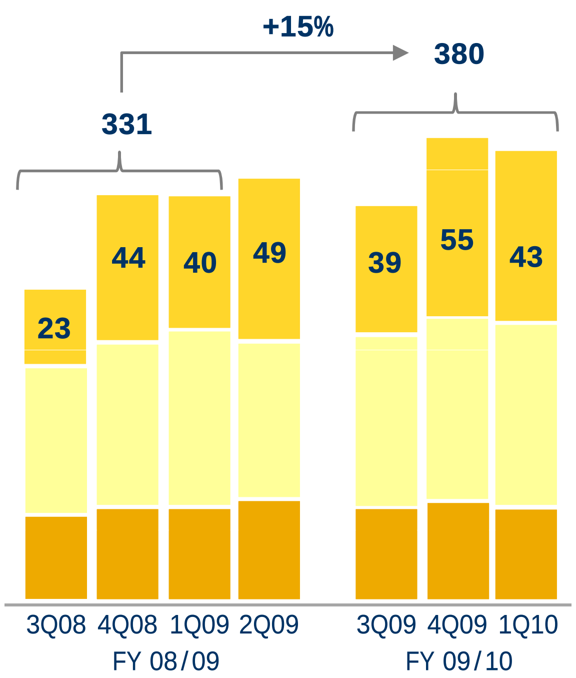
3Q/9M results

## CIB costs (€m)




- Seasonal reduction in 1Q10

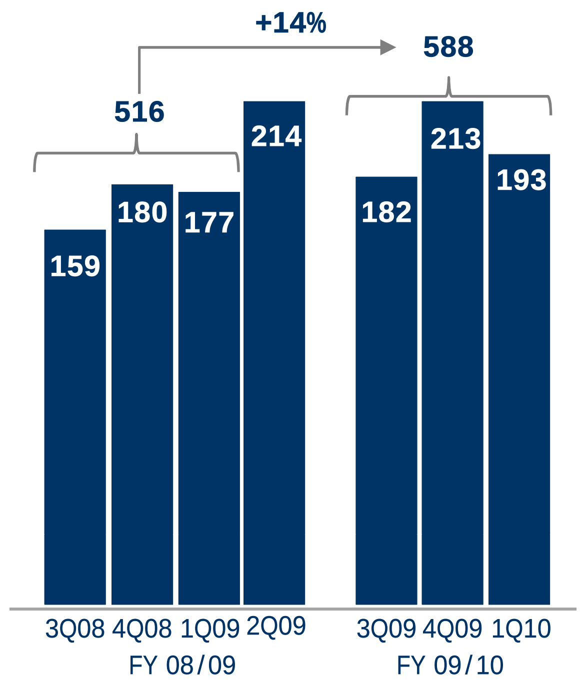
## RPB costs (€m)




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

Private banking | Consumer finance | Retail banking

## Group costs (€m)*



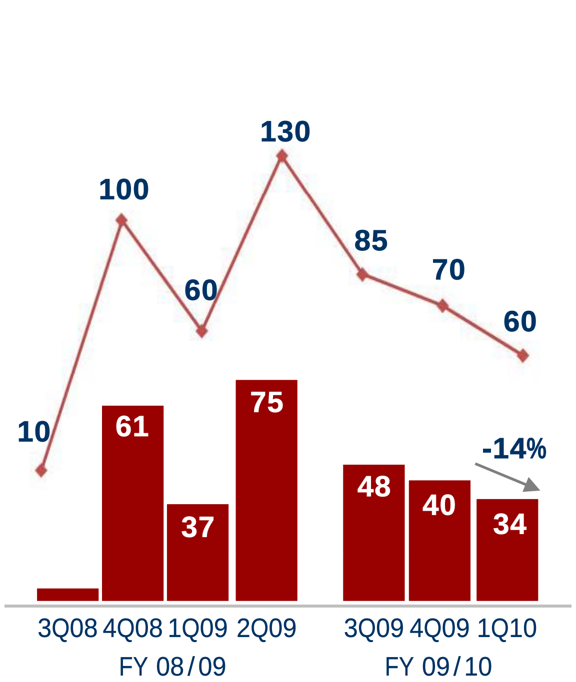

- Costs up 14% YoY
- C/I ratio 37%

*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 steadily reducing, driven by wholesale

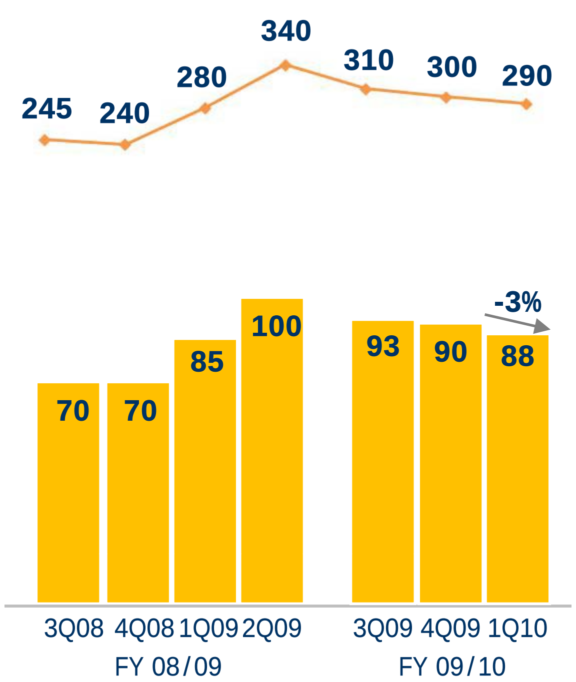
3Q/9M results

## CIB LLPs (€m and bps)



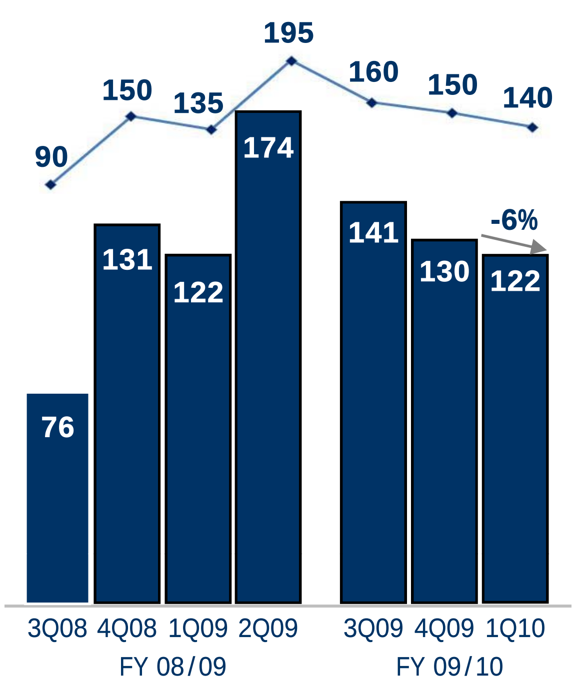

- Cost of risk reducing in last 3Qs

## RPB LLPs (€m and bps)




- Consumer: improvement trend confirmed

## Group LLPs (€m and bps)*




- Cost of risk reducing in last 3Qs driven by wholesale

*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

# CIB: sound top line, loan provisions reducing

3Q/9M results

## Main trends

- YoY: top line up 16%, driven by all income sources: NII up 14%, fees up 15% and income from securities up 13%. Growth offset higher costs (up 14%), risk provisions (up 17%) and taxes. Impact of securities writedowns reducing but still material. Net profit up 27% (to €259m).
- QoQ: total revenues down 9%, driven by temporary weak NII (down 14%) due to lower treasury yield. Seasonal reduction in costs (down 6%) but steady decline in risk provisions (down 14%), with the cost of risk down to last year's levels (60 bps). Volumes flat at December 2009 levels.

## KPIs (€m)

| | March10 9m | March09 9m | ∆ YoY |
|---|---|---|---|
| Total revenues | 870 | 750 | +16% |
| NII + Fees | 575 | 503 | +14% |
| Trading +AFS | 295 | 247 | +19% |
| Total costs | (234) | (205) | +14% |
| Risk provisions | (122) | (104) | +17% |
| AFS write-downs | (97) | (145) | -33% |
| PBT | 417 | 296 | +41% |
| Net results | 259 | 203 | +27% |
| Cost/income | 27% | 27% | |
| LLPs/Ls (bps) | 75 | 60 | |
| Loans (€bn) | 21.0 | 24.2 | -13% |

# PI: increased earnings contribution

3Q/9M results

## Main trends

- Income growing due to recovery by Ass. Generali; contributions from RCS and Telco still negative (€13m and €5m respectively)
- Holding in Ass.Generali reduced to 13.2% following buyout of Alleanza minorities (effective from 1 October 2009)
- NAV up 46% YoY but at current prices down to €3.2bn (down 20% from €4.0bn at Dec09)

## KPIs (€m)

| | March10 9m | March09 9m | Δ YoY |
|---|---|---|---|
| Total income | 134 | (15) | nm |
| Ass.Generali | 161 | (7) | nm |
| Writedowns | (8) | (208) | nm |
| Net profit | 121 | (207) | nm |
| NAV (€bn) | 3.8 | 2.6 | +46% |

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

# Compass: well positioned to leverage growth



- Compass: specialist operator in consumer lending since 1960s
- Two years since the merger, Linea integration completed
  - single operating platform which can be scaled up for further growth
  - advanced proprietary know-how both in terms of lending and credit recovery
  - entire customer database and product/channel matrix governed by a single innovative CRM
- Compass has resumed growth in a still stagnant market gaining market share and new customers
  - ranked 4th overall, 3rd in personal loans and finalized loans*
  - top ranked in brand awareness and customer satisfaction**
- Compass well positioned to leverage growth given its:
  - strong diversified distribution network
  - valuable and increasing customer base
  - diversified product portfolio
  - no concerns on asset quality
  - efficient structure

* Source: Assofin 4Q09
** Demoskopea CATI survey in the period Jan-Mar 2010

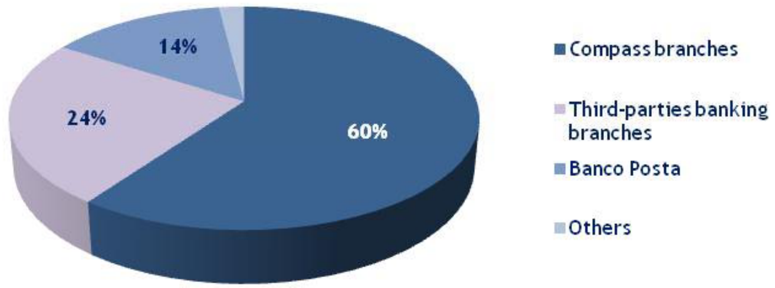
# Well diversified distribution network



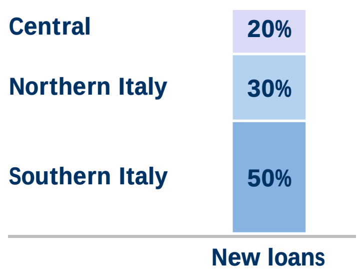
## KPI's

- 146 branches throughout Italy which allow:
  - coverage of territory, high brand visibility
  - high speed of execution in commercial activities
  - ability to control pricing through distribution network downstream
  - direct control of finance disbursed
- 4,500 third-party banking branches (60 partnership)
  - strong contribution from banking channel to growth
  - in the last 6m 5 new agreements reached, others in the pipeline
- 14,000 BancoPosta outlets
- 37,000 agreement with dealers
- 4,000 insurance agents (14 partnerships)

## Personal loans by channel



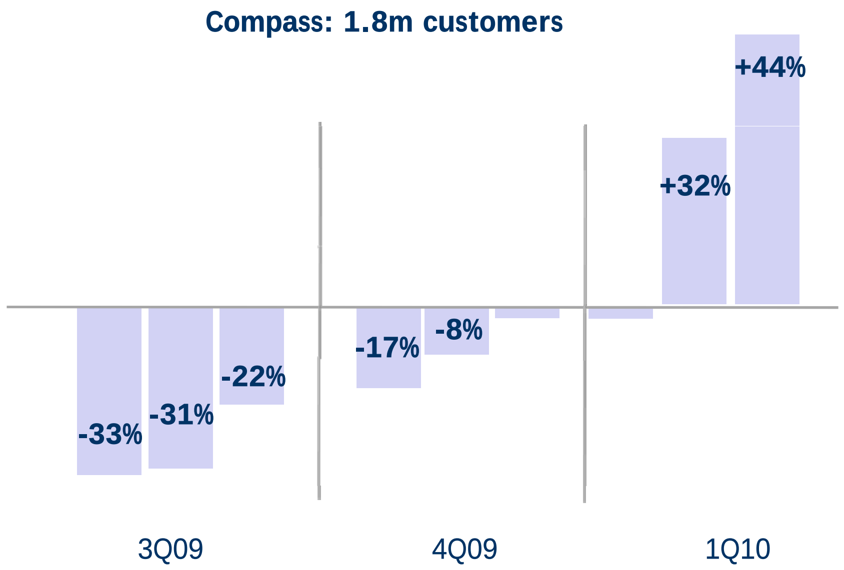

## New loans and branches by geographical area



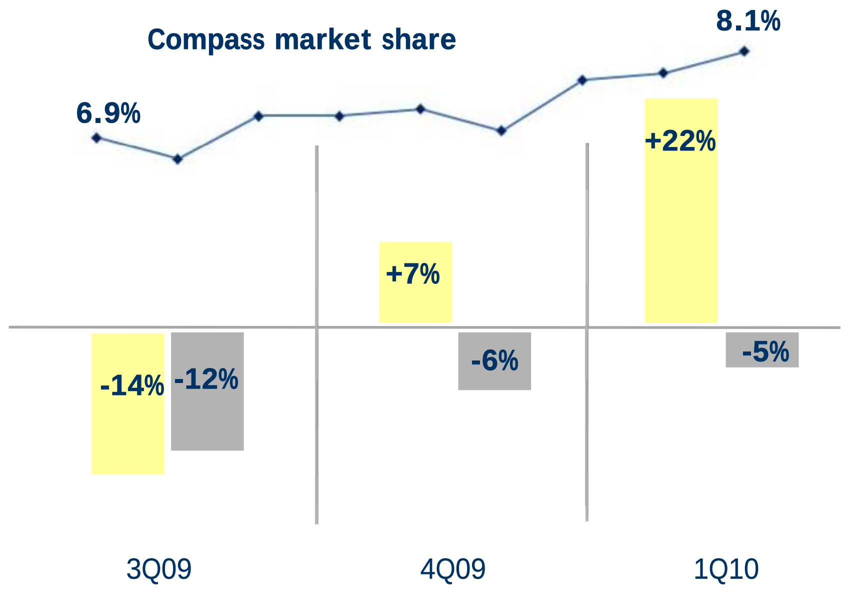

# Valuable and increasing customer base

3Q/9M results

## Compass new customers (Δ YoY)




## New loans (Δ YoY, Compass monthly market share)




- Sharp, significant rebound in customer acquisition rate
- Customer base "value" up 10% in last 1Y (income/customer)

- Italian consumer lending mkt improving but still shrinking
- Compass mkt share climbed >8% in last 9m (>11% in PP)

Compass   Italian market (source: Assofin)

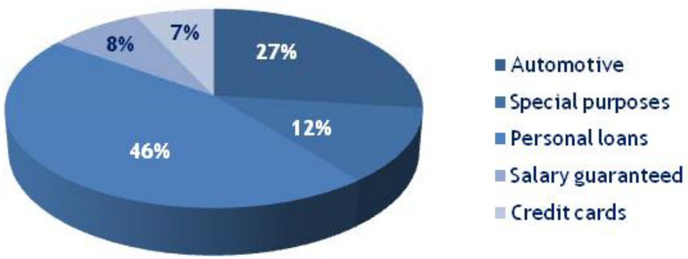
# Profitable portfolio, no concerns on asset quality

3Q/9M results

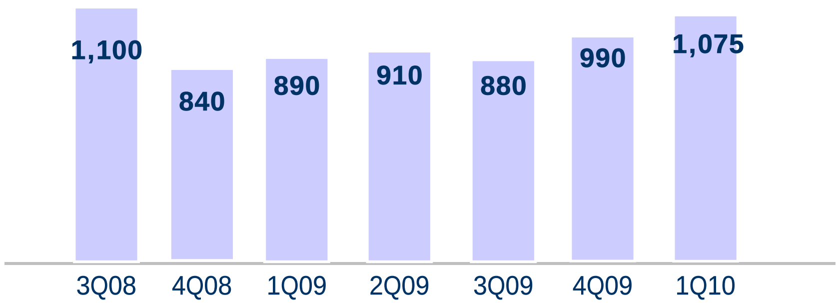
## KPI's

- Wide product range, focused on profitable segment; new loans growing
- No concerns on asset quality
  - NPLs/Ls = 0.8% NPLs coverage = 90%
- Gross bad loans decreased in last 6m
- Cost of risk steadily decreasing since Q309

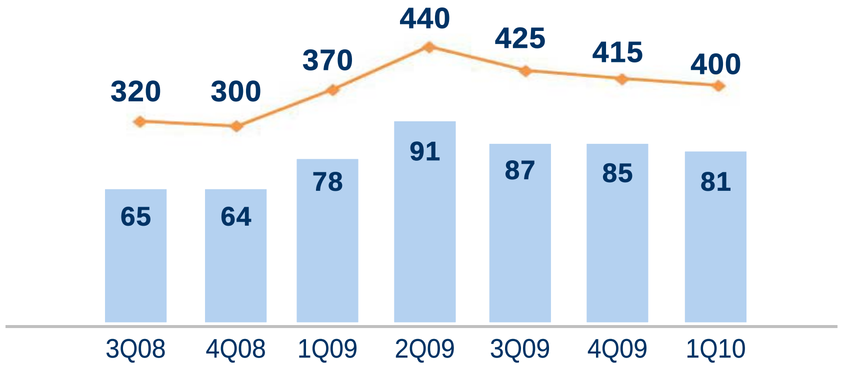
## Product range (9m new loans as at March10)




## New loan trend (€m)




## Consumer finance LLPs/Ls (€m, bps)



# Consumer credit: positive stance and outlook

3Q/9M results

## Main trends

- After two years of slowdown new loans up 15% in the last 6m
- Total income gradually improving, due to NII trend (up 6% QoQ, up 7% YoY) helped by lower cost of funding
- Cost growth (up 8% YoY) due to collection costs; efficient structure (cost/income ratio 38%) but additional cost reduction expected
- Cost of risk has been gradually reducing QoQ since summer 2009
- Net result partly depressed by high tax burden due to LLPs being deductible only in part

* Includes €46m one-off tax gain

## KPIs (€m)

| | March10 9m | March09 9m | Δ YoY |
|---|---|---|---|
| Total income | 471 | 446 | +6% |
| Total costs | (180) | (166) | +8% |
| Risk provisions | (254) | (207) | +23% |
| PBT | 37 | 73 | -49% |
| Net profit | 10 | 86* | -89% |
| Cost/income | 38% | 37% | |
| LLPs/Ls (bps) | 410 | 330 | |
| New loans (€bn) | 2.9 | 2.8 | +4% |
| Loans (€bn) | 8.1 | 8.3 | -2% |

# CheBanca!: successful business model

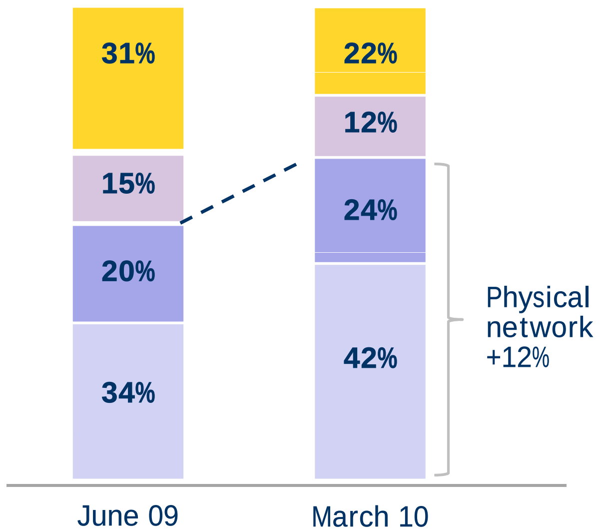


- CheBanca!: innovative specialist banking retail operator launched in May 2008 to act as "a funding arm" of Mediobanca Group
- Two years since its launch, CheBanca! has achieved a distinctive position in the market for its:
  - high brand awareness
  - innovative multichannel distribution network
  - scalable and efficient operating platform
  - affluent and stable customers base
  - cost-effective and transparent but not most remunerative products
  - strong commercial results: 400K product sold, 310K customers, €9.1bn deposits
- CheBanca! losses bottoming out as:
  - asset profitability expected to grow due to:
    - i) lowering cost of funding /different asset mix
    - ii) progressive introduction of profitable new products
    - iii) leveraging on valuable customer base, increasing cross selling
  - costs reducing

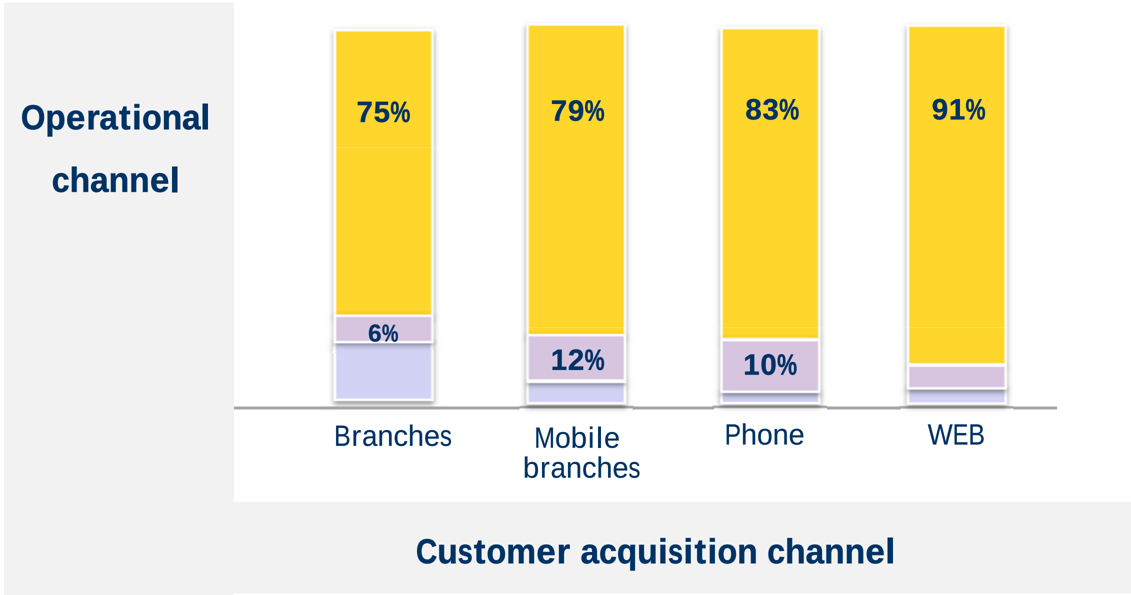
# Multi-channel distribution model proved effective

3Q/9M results

## Product sold by channel




## Customer acquisition/operations by channel




- **All channels highly effective, increasing role of physical branches**

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

Web Branches Phone Mobile branches

# CheBanca!: complete/diversified distribution network



## Distribution model of key competitors

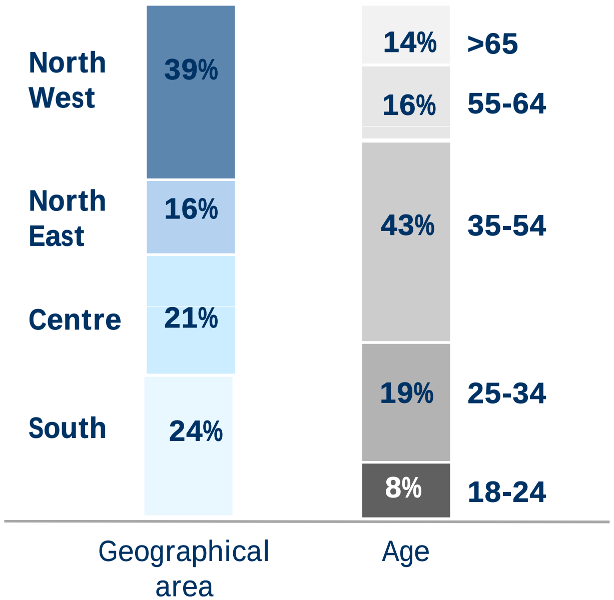
| | Fixed branches | Mobile branches | Phone | Web | Financial advisers |
|---|---|---|---|---|---|
| CheBanca! | ✔ CheBanca! branded | ✔ | ✔ | ✔ | ✔ Azimut |
| ING DIRECT | - | ✔ | ✔ | ✔ | - |
| IWBank | -* | - | ✔ | ✔ | -* |
| Webank.it | -* | - | ✔ | ✔ | ✔ |
| FINECO | -* | - | ✔ | ✔ | ✔ |
| BARCLAYS | ✔ Barclays branded | - | ✔ | ✔ | ✔ |

*Operations possible at BPM (Webank), Unicredit (Fineco) branches; IWBank: informative/administrative branches
Source: company websites as at May 2010

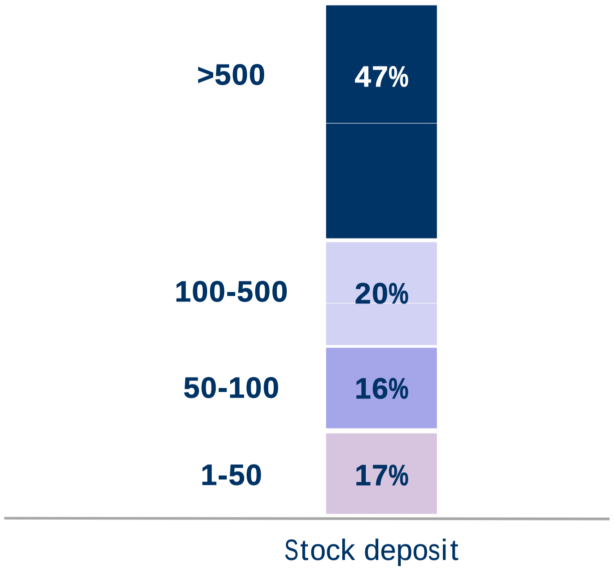
# Stable and affluent customer base

3Q/9M results

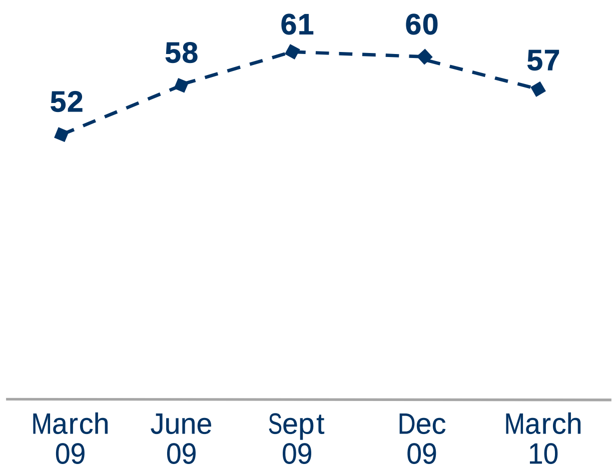
## Customer breakdown (%)




## Deposits by avg balance (€'000)




## Avg deposits balance trend (€'000)




- Customer base (310,000) well diversified by age and area

- Focus on "affluent" segment

- High and stable average balances



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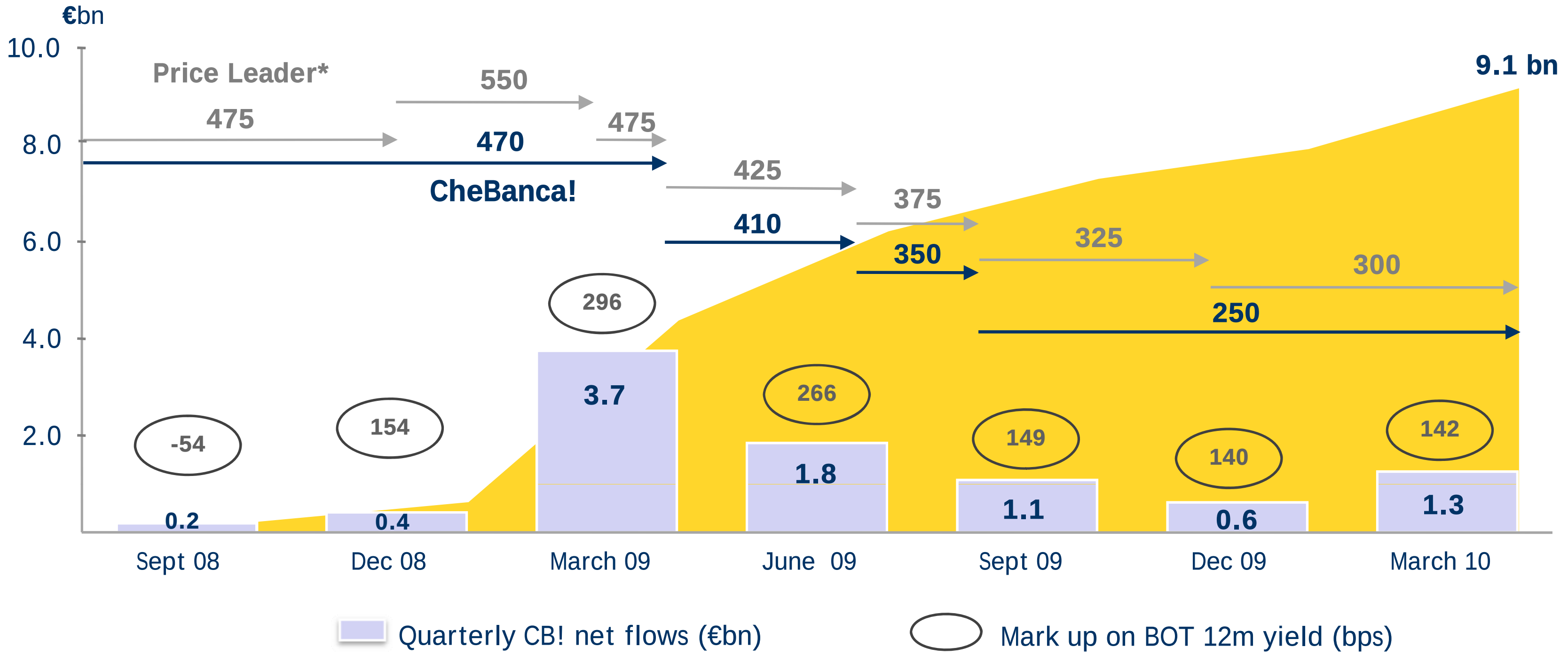
# Deposit stock growing steadily



**Funding stock and pricing for 12m linked deposit (€bn, bps)**




- **Funding stock steadily growing despite lower mark-up and most remunerative 12m lock-up expiring (90% retention)**
- **CheBanca! never price leader**

* Out of a peer group made up of: Barclays, Fineco, ING, IWBank, Rendimax, We@Bank

# CheBanca! product range far to be completed

3Q/9M results

## Product portfolio of key competitors

| | Transactions | | | Investments | | | | Financing | | Insurance | | | Pensions |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | C/C | Credit card | Prepaid cards | Deposit | Repos | Trading on- line | AUM | Mortgage | Personal loans | Life | Casualty | Car | Pension funds |
| CheBanca! | ✔ | ✔ | ✔ | ✔ | ✔ | - | - | ✔ | -* | - | - | - | - |
| ING DIRECT | ✔ | ✔ | - | ✔ | - | ✔ | ✔ | ✔ | - | - | - | - | - |
| IWBank | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Webank.it | ✔ | ✔ | ✔ | ✔ | - | ✔ | ✔ | ✔ | ✔ | - | ✔ | ✔ | - |
| FINECO THE NEW BANK | ✔ | ✔ | ✔ | - | ✔ | ✔ | ✔ | ✔ | ✔ | - | - | - | ✔ |
| BARCLAYS | ✔ | ✔ | - | ✔ | - | ✔ | ✔ | ✔ | ✔ | - | - | - | - |

- 1st step: CheBanca! start-up simplest customers' needs met efficiently to drive customer base growth
- 2nd step: CheBanca! to become the "first customers' bank", introducing more sophisticated/remunerative products

*Compass personal loans at CheBanca! mobile branches

# Retail banking: more revenues to come

3Q/9M results

## Main trends

- YoY: CheBanca! doubled total income due to NII recovering, yield on liquidity invested and loan book growing; costs trend (in line with budget) linked to business developing
- QoQ
  - 3 new branches opened (up to 68)
  - €9.1bn in deposits, up 17% QoQ
  - Costs down 21%

## KPIs (€m)

| | March10 9m | March 09 9m | Δ YoY |
|---|---|---|---|
| Total income | 71 | 35 | +2x |
| Total costs | (137) | (107) | +28% |
| Risk provisions | (16) | (18) | -13% |
| Net results | (61) | (66) | -8% |
| Loan book (€bn) | 3.5 | 3.1 | +13% |
| Deposits (€bn) | 9.1 | 4.3 | +2x |
| Staff (no.) | 850 | 672 | +26% |
| Branches (no.) | 68 | 44 | +55% |

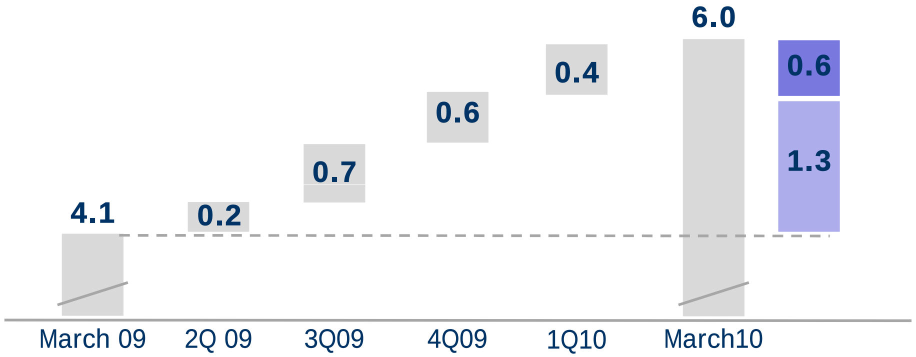
# Private banking: AUM stock rebuilding ongoing…

3Q/9M results

## Main trends at Banca Esperia

- AUM up 50% to €6.0bn in last 12m
- 70% of AUM growth due to net inflows (€1.3bn)
- 50% of net inflow unrelated to tax amnesty
- Enhancing distribution network

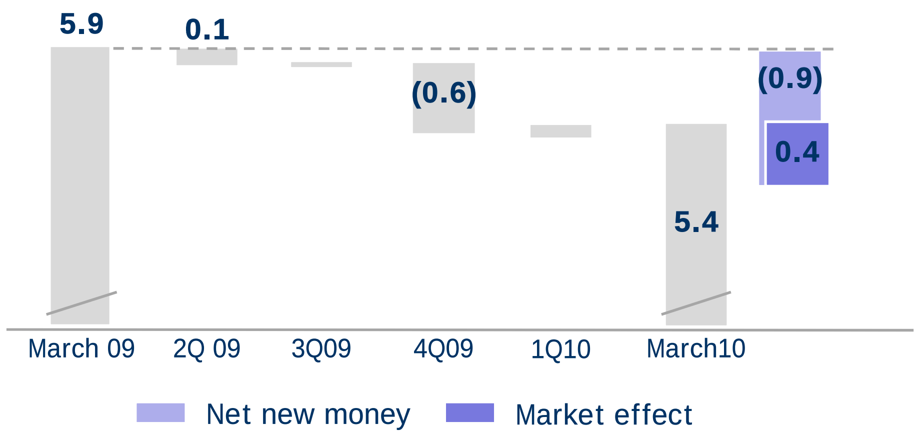
## Banca Esperia AUM (pro-rata, €bn)




## Main trends at CMB

- Tax amnesty impacted negatively in 2009, AUM has recovered slightly since 1Q10
- New CEO to develop growth strategy in Monaco and Switzerland

## Compagnie Monégasque de Banque AUM (€bn)



# ...not yet reflected in profitability

3Q/9M results

## Main trends

- **CMB. Despite negative effect of tax amnesty, diversification in traditional banking business allowed CMB to deliver €55m of revenues and €22m of net profit.**
- **Banca Esperia. Despite significant inflows, total income still suffering from low margins and shifting asset mix towards more conservative solutions.**

## KPIs (€m)

| | March10 9m | March09 9m | Δ YoY |
|---|---|---|---|
| Total income | 84 | 87 | -3% |
| - CMB | 55 | 64 | -14% |
| - Banca Esperia* | 23 | 19 | +21% |
| Net result | 24 | 24 | - |
| - CMB | 22 | 23 | -4% |
| - Banca Esperia* | 0 | 0 | nm |
| AUM net (€ bn) | 11.4 | 10.0 | +15% |
| - CMB | 5.4 | 5.9 | -8% |
| - Banca Esperia* | 6.0 | 4.1 | +46% |

* Banca Esperia accounted pro-rata (50%)

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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