



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

## **Mediobanca Board of Directors' meeting**

**Milan, 25 February 2011**



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## Financial statements for six months ended 31 December 2010 approved

**Q4 2010 net profit up 6% Q.o.Q.<sup>1</sup> to €135m**

**Net interest income up 20% and LLPs down 19% Y.o.Y.**

**Loan book up 5% Y.o.Y.**

**Liquidity and capital solidity confirmed**

- ◆ **Despite the deterioration in financial markets at the tail-end of 2010, the Mediobanca Group's results for the six months show:**
  - ◆ **Total income: up 9% Y.o.Y. net of trading (to €908m) with net interest income growing steadily (up 20% Y.o.Y.) and net fee income recovering in the last quarter; trading volatile but comfortably profitable the whole time (€126m)**
  - ◆ **Loan loss provisions: down 19% Y.o.Y.; cost of risk declining to 130 bps**
  - ◆ **Net profit: €263m, doubled versus the previous six months (stable Y.o.Y.)**
  - ◆ **Profitability growing: ROE<sup>2</sup> 8%, RORWA<sup>3</sup>:1.4%**
  - ◆ **Tier 1 ratio 11.1%; total capital ratio 14.3% (following issue of €750m lower Tier 2 bond)**
  
- ◆ **Significant trends for the individual segments were as follows:**
  - ◆ **CIB: increasing contribution from international branches**
    - ◆ **Margins holding up net of cost of risk, loan book up 4% Y.o.Y.**
    - ◆ **Fee income recovering during the last quarter**
  - ◆ **Consumer credit: growth in profitability confirmed**
    - ◆ **Total income: up 10% Y.o.Y.; market share at end-December 2010 9.3% (up 2 pp in last 12 months)**
    - ◆ **Cost of risk: 375 bps (31/12/09: 420 bps)**
    - ◆ **Net profit €40m (€6m)**
  - ◆ **CheBanca!: material contribution to Group total income**
    - ◆ **Revenues doubled to €90m**
    - ◆ **Net loss for six months reduced to €15m**
    - ◆ **Deposits stable at €10.0bn, despite reduction in returns**

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<sup>1</sup> Y.o.Y.: six months July-December 2010 vs six months July-December 2009; Q.o.Q.: quarter October-December 2010 vs quarter July-September 2010.

<sup>2</sup> ROE: annualized net profit/average net equity.

<sup>3</sup> RORWA: annualized pre-tax profit/risk-weighted assets.



With Renato PAGLIARO in the chair, the Directors of Mediobanca approved the Group's financial statements for the six months ended 31 December 2010, as illustrated by Chief Executive Officer Alberto NAGEL.

### **Consolidated results**

Despite the deterioration in financial markets due to the sovereign debt crisis at the tail-end of 2010, the Mediobanca Group earned a net profit of €262.9m in the six months. This result is double the €130.7m earned during the previous six months, and in line with the €270.1m posted at the same stage last year, which was boosted by higher gains on disposals of AFS securities (€131.1m, over €70m of which from the sale of a tranche of Fiat shares) and exceptionally high trading profits (€173.3m, compared with €105.4m this year).

Group ROE stood at 8% and RORWA 1.4%, driven by the earnings trend in banking activities and the strong recovery in profits by the Retail and Private Banking ("RPB") division in particular.

Total income at Group level was up 9% Y.o.Y. net of the securities portfolio, reflecting the following performances:

- ◆ net interest income continued to grow, reaching €531.5m (up 20.3% Y.o.Y.), in the last quarter particularly due to a recovery in volumes plus a reduced cost of funding in RPB (up 29.5% Y.o.Y., to €315m); net interest income in Corporate and Investment Banking ("CIB"), up 3.6% Y.o.Y. to €223.6m, saw the high levels reported in previous quarters confirmed in the last quarter as well;
  - ◆ net fee and commission income recovered in the last quarter due to an improved contribution from CIB, the international operations in particular; however, year-on-year fees were down 6.5% Y.o.Y., to €265.9m, reflecting the sticky market conditions as a result of the weak economic recovery and the sovereign debt crisis;
  - ◆ net trading income was volatile but comfortably profitable the whole time, totalling €126m without significant gains from disposals of AFS securities (€15.2m), unlike the first six months last year, when gains of €131.1m were recorded, along with exceptionally high trading profits of €173.3m (compared with €105.4m this year) due to the more favourable market environment (in particular during the three months to end-September 2009);
  - ◆ profits from equity-accounted companies increased from €106.3m to €110.2m, as a result of a positive contribution from the principal investing companies (up from €105.6m to €116.7m, in part due to RCS MediaGroup returning to profit), which offset the loss on Pirelli & C. (€5.7m, due to market valuations in connection with the Prelios spinoff).
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Operating costs continued the trend seen in recent quarters, up slightly by 3.2% year-on-year, from €394.4m to €407.2m, €5.2m of which was due to staff costs (up 2.5%) and €7.6m to administrative expenses (up 4.1%).

Loan loss provisions were down 18.9%, from €270.4m to €219.4m, confirming the signs of improvement seen in the previous quarters, in the corporate and consumer credit segments particularly. Of the total amount for this item, €169.9m involved households (31/12/09: €182.7m), €36.9m (€70.5m) wholesale banking, and €12.6m (€17.2m) leasing.

Provisions for financial assets, most of which were taken during the last quarter, also declined sharply, from €90.4m to €19.9m, €12.5m of which in respect of AFS equities. The stock market recovery led, among other things, to an increase of €40.8m in the relevant valuation reserve, €27.3m of which in respect of shares already subject to impairment charges in previous years.

On the balance-sheet side, the Group's capital solidity, liquidity position and diversified funding sources are all confirmed. There was a reduction in treasury funds, from €15bn to €11.1bn, while loans and advances to customers rose from €33.7bn to €35.1bn and the AFS fixed-income portfolio also increased, from €5.2 to €5.9bn, as did the fixed asset portfolio (from €1.5bn to €2bn). Funding was stable at €52.9bn (€53.9bn), €10bn of which from the CheBanca! retail banking channel (€9.6bn). Assets under management in private banking rose from €11.7bn to €12.1bn.

Net equity was up 4%, to €6.6bn. The Group's core Tier 1 ratio was at 11.1% (30/6/10: 11.1%), while the total capital ratio increased from 13.0% to 14.3% following the issue of a €750m Lower Tier 2 subordinated bond.

## **Divisional results**

### **CIB: growing contribution from international branches**

- ◆ **International branches contribution: 32% of CIB total income for the six months**
  - ◆ **Margins holding up, net of cost of risk**
  - ◆ **Fees recovering in the last quarter (up 58% Q.o.Q., but still down 8% Y.o.Y)**
  - ◆ **Trading income comfortably profitable at €126m**
  - ◆ **Cost of risk: 45 bps (31/12/09: 80), asset quality improving**
  - ◆ **Net profit €145m, RORWA 1.2% (3x RORWA for 6 months ended 30/6/10)**
  - ◆ **Loan stock up 4%**
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This division reported a net profit of €144.7m. The reduction compared to the €208.4m at the same stage last year is largely attributable to lower net trading income of €97.2m (€263.9m), reflecting a much less favourable market scenario than twelve months previously. The reduction in total income, from €659.7m to €477.3m, reflects the following performances by individual items:

- ◆ net interest income rose by 3.6%, from €215.8m to €223.6m, due solely to the contribution from wholesale banking (which increased from €178.8m to €187.5m) on the back of favourable repricing of assets; net interest income earned from leasing operations was stable at €36.1m (€37m);
- ◆ net trading income fell from €263.9m to €97.2m, due to lower gains on disposals of AFS securities totalling €3.9m (compared with €84.6m in the six months ended 31 December 2009, over €70m of which from the sale of a tranche of Fiat shares), and dealing profits virtually halving, from €170.8m to €87.5m, in line with the market fluctuations;
- ◆ net fee and commission income declined from €178.5m to €163.7m, reflecting the ongoing market uncertainty for corporate and investment banking. Fees recovered in the last quarter (up 58% Q.o.Q).

International branches contributed 32% of CIB total income for the six months; well diversified in terms of both revenue sources (NII approx. 30%, fees 45%, trading 25%) and geography (UK approx. 40%, Spain 30%, Germany 20%, France 10%).

The 8.4% increase in costs, from €157.7m to €171m, reflects higher labour costs of €124.1m (€113.8m) due to strengthening the headcount both in Italy and elsewhere, and the related increase in administrative expenses, from €43.9m to €46.9m.

Loan loss provisions of €49.5m show a sharp reduction from last year's €87.7m, due entirely to corporate business (€36.9m, versus €70.5m), with two sub-standard accounts having been repaid during the six months, and no further losses of value; corporate impaired assets fell from €243.6m to €161.5m, i.e. from 1.5% to 0.9%. This means that margins on assets net of risk improved year-on-year, and the high levels recorded in previous quarters were confirmed in the last quarter as well.

Provisions for other financial assets of €15m involved adjustments to reflect fair value for shares already subject to impairment charges (€2.6m) and long-term reductions in value for unlisted shares and bonds totalling €12.4m.

Turning to the balance-sheet aggregates, the AFS securities portfolio grew from €5.1bn to €6.2bn, and loans and advances to customers from €24.6bn to €26.5bn, financed by the reduction in treasury funds from €16.4bn to €12.8bn.



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### **Principal Investing: growing contribution**

- ◆ **Net contribution positive, with €105m profit (up 21% Y.o.Y.)**
- ◆ **Market value of shareholdings unchanged at €3.0bn (€3.3bn based on current prices)**

The share of the investee companies' profits attributable to the Group rose from €105.6m to €116.7m, with all the investments contributing positively: Assicurazioni Generali contributed €105.1m (€116.4m), RCS MediaGroup €4.6m (compared with a €4.7m loss) and Telco €7.3m (as compared with a €4.2m).

### **RPB: return to profit**

- ◆ **Net profit of €38m earned by the division (31/12/09: loss of €26m), gross RORWA 1.2%**
- ◆ **Total income up 20% Y.o.Y., driven by net interest income (up 30% Y.o.Y.)**
- ◆ **Loan loss provisions down 7%**

This division returned to profit during the period under review, with a bottom line of €38m, compared with the €26.2m loss reported at the same stage last year, due to an increase in total income (up 19.8%, from €406m to €486.2m), cost savings (down 2.1%, from €254.5m to €249.2m) and lower loan loss provisions (down 7%, from €182.7m to €169.9m). Revenues were boosted by higher net interest income (up 29.5%, from €243.3m to €315m), on the back of healthy contributions from all three segments, and higher net trading income of €49m (€37.2m) generated by CheBanca! as part of treasury management. The cost savings achieved by CheBanca! and CMB offset the slight, €2m increase in consumer credit due to strengthening the headcount. The reduction in loan loss provisions, from €182.7m to €169.9m, was attributable solely to consumer credit operations (down 10.3%, from €172.3m to €154.5m), while for mortgage loans provisioning was higher than for the equivalent period last year, up from €9.1m to €15m, but confirmed at the levels seen in the last four quarters.

Turning to the balance-sheet aggregates, loans and advances to customers were up 2.6% to €12.9bn, €8.5bn of which from consumer credit and €3.7bn from mortgage lending; CheBanca! customer deposits rose from €9.6bn to €10.0bn, while assets under management totalled €12.1bn (€11.7bn), €5.67bn of which for CMB (unchanged) and €6.4bn (€6bn) for Banca Esperia.

### **Consumer credit: profitable, sustainable growth confirmed**

- ◆ **Growth in new business continued, up 18% Y.o.Y., with market share reaching at end-December 9.3% (up 2 pp in the last 12 months)**



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- ◆ Total income up 10%, driven by net interest income (up 14% Y.o.Y.)
  - ◆ Growth rate in costs slowing (up 2% Y.o.Y)
  - ◆ Cost of risk constantly and gradually reducing (now 375 bps, vs 420 bps at 31 December 2009 and 405 bps at 30 June 2010)
  - ◆ Net profit €40m (31/12/09: €6m), RORWA 1.8%

Consumer credit reported a 10% increase in revenues, from €310m to €341m, on higher net interest income (up from €225.4m to €257.5m) and fees more or less in line with last year (€83.3m, compared with €84.8m). The increase in costs, from €115.9m to €117.9m, reflects a small contractual increase in the cost of labour and upgrades to the facilities (labour costs up €1.8m). Net profit increased, from €5.8m to €39.7m, on lower loan loss provisions (down from €172.3m to €154.5m) reflecting the improved risk profile of the portfolio confirmed by the reduction in impaired assets (from €238.2m to €192.3m, or from 2.89% to 2.26% of the loan book). At the same time loans and advances to customers for the six months were up 2.5%, from €8,271m to €8,475.8m, on new loans of €2,205.5m for the period, up 17.7% year-on-year (€1,873.2m).

### **Retail Banking: CheBanca!: tangible contribution to Group revenues**

- ◆ Total income doubled to reach €90m
- ◆ Customers at end-December 2010 totalling 385,000 (30/6/10: 340,000), and 460,000 products sold (440,000)
- ◆ Net loss reduced to €15m (31/12/09: €49m)
- ◆ Deposits stable at €10.0bn

Retail banking activity (CheBanca!) showed a net loss of €14.7m, lower than the €48.8m loss recorded one year previously due to an increase in revenues, from €37.3m to €90.1m, on higher net interest income (€43.4m, against €5.4m) and gains on disposals (€43.2m, compared with €29.2m). Operating costs decreased, from €93.3m last year to €90.4m, helped by the French mortgage lending operations closing from 1 January 2010. The cost of risk increased, from €9.1m to €15m, albeit in line with the average for the last four quarters, while impaired assets grew €90.2m to €100.7m. As at end-December, funding raised from the retail channel totalled €9,950.8m, up 4.1% since the balance-sheet date (€9,561.1m). Loans and advances to customers also increased, from €3,545m to €3,698.8m, while new loans for the period were lower, at €383.5m (€443m).



## Private Banking

- ◆ AUM up 3% in the six months, to €12.1bn, Banca Esperia increasing (up 7% to €6.4bn), CMB stable (at €5.7bn)

Private banking showed a profit of €13m, down from the €16.8m reported last year (after one-off gains of €5.5m). Revenues decreased, from €58.7m to €55.1m, on lower trading income (€5.6m, versus €8m), while the reduction in fees (from €38.2m to €35.4m) was offset by the higher net interest income, from €12.5m to €14.1m. Gross operating profit, net of one-off items, grew from €11.3m to €13.5m, in part due to lower operating costs and provisions for loan losses and securities (€40.9m compared with €45.3m, and €0.7m compared with €2.2m respectively). Assets under management on a discretionary/non-discretionary basis at the reporting date totalled €12.1bn (€11.7bn), €5.7bn of which was attributable to CMB (unchanged) and €6.4bn (€6bn) to Banca Esperia.

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Restated consolidated profit and loss account

Mediobanca Group (€ m)	6 mths to	6 mths to	Y.o.Y. chg. %
	31/12/09	31/12/10	
Net interest income	441.7	531.5	20.3%
Net trading income	313.0	126.4	-59.6%
Net fee and commission income	284.3	265.9	-6.5%
Equity-accounted companies	106.3	110.2	3.7%
<b>Total income</b>	<b>1,145.3</b>	<b>1,034.0</b>	<b>-9.7%</b>
Labour costs	(209.4)	(214.6)	2.5%
Administrative expenses	(185.0)	(192.6)	4.1%
<b>Operating costs</b>	<b>(394.4)</b>	<b>(407.2)</b>	<b>3.2%</b>
Loan loss provisions	(270.4)	(219.4)	-18.9%
Provisions for other financial assets	(90.4)	(19.9)	-78.0%
Other income (losses)	5.6	0.1	n.m.
<b>Profit before tax</b>	<b>395.7</b>	<b>387.6</b>	<b>-2.0%</b>
Income tax for the period	(124.6)	(122.2)	-1.9%
Minority interest	(1.0)	(2.5)	n.m.
<b>Net profit</b>	<b>270.1</b>	<b>262.9</b>	<b>-2.7%</b>

Quarterly profit and loss accounts

€ m	FY2009/10				FY2010/11	
	I Q	II Q	III Q	IV Q	I Q	II Q
	30/9/09	31/12/09	31/3/10	30/6/10	30/9/10	31/12/10
Net interest income	213.9	227.8	219.6	255.7	262.1	269.4
Net trading income	266.3	46.7	70.0	-29.2	79.7	46.7
Net fee and commission income	144.6	139.7	130.0	119.2	113.1	152.8
Equity-accounted companies	53.3	53.0	35.0	72.2	43.8	66.4
<b>Total income</b>	<b>678.1</b>	<b>467.2</b>	<b>454.6</b>	<b>417.9</b>	<b>498.7</b>	<b>535.3</b>
Labour costs	(96.0)	(113.4)	(83.2)	(87.0)	(103.4)	(111.2)
Administrative expenses	(85.8)	(99.2)	(110.4)	(97.9)	(84.6)	(108.0)
<b>Operating costs</b>	<b>(181.8)</b>	<b>(212.6)</b>	<b>(193.6)</b>	<b>(184.9)</b>	<b>(188.0)</b>	<b>(219.2)</b>
Loan loss provisions	(140.9)	(129.5)	(121.9)	(124.5)	(112.3)	(107.1)
Provisions for other financial assets	(73.5)	(16.9)	(15.1)	(44.5)	(1.1)	(18.8)
Other income (losses)	5.4	0.2	(0.1)	(0.3)	0.0	0.1
<b>Profit before tax</b>	<b>287.3</b>	<b>108.4</b>	<b>123.9</b>	<b>63.7</b>	<b>197.3</b>	<b>190.3</b>
Income tax for the period	(85.6)	(39.0)	(38.3)	(18.3)	(68.1)	(54.1)
Minority interest	(1.1)	0.1	(1.3)	1.0	(1.6)	(0.9)
<b>Net profit</b>	<b>200.6</b>	<b>69.5</b>	<b>84.3</b>	<b>46.4</b>	<b>127.6</b>	<b>135.3</b>



Restated consolidated balance sheet

Mediobanca Group (€ m)	31/12/09	30/6/10	31/12/10
<b>Assets</b>			
Treasury funds	13,502.7	14,976.0	11,139.5
AFS securities	7,807.1	6,825.7	7,552.4
<i>of which: fixed income</i>	6,051.1	5,248.6	5,902.2
<i>equities</i>	1,263.9	1,538.8	1,634.5
Fixed assets (HTM & LR)	1,334.0	1,455.4	1,984.4
Loans and advances to customers	33,468.9	33,701.5	35,102.0
Equity investments	3,037.7	3,348.0	3,445.8
Tangible and intangible assets	762.9	762.6	756.2
Other assets	934.5	1,188.3	1,125.0
<i>of which: tax assets</i>	700.3	924.5	830.3
<b>Total assets</b>	<b>60,847.8</b>	<b>62,257.5</b>	<b>61,105.3</b>
<b>Liabilities</b>			
Funding	52,904.1	53,852.3	52,905.7
<i>of which: debt securities in issue</i>	35,983.6	35,193.3	34,584.9
<i>retail deposits</i>	7,857.8	9,561.1	9,950.8
Other liabilities	1,183.4	1,387.2	1,061.1
<i>of which: tax liabilities</i>	541.4	633.1	476.2
Provisions	183.8	183.6	183.3
Net equity	6,306.4	6,433.6	6,692.3
<i>of which: share capital</i>	430.5	430.5	430.6
<i>reserves</i>	5,771.0	5,899.8	6,152.7
<i>minority interest</i>	104.9	103.3	109.0
Profit for the period	270.1	400.8	262.9
<b>Total liabilities</b>	<b>60,847.8</b>	<b>62,257.5</b>	<b>61,105.3</b>
Core Tier 1 capital	5,761.8	5,924.2	6,109.4
Total capital	6,736.9	6,927.9	7,851.5
RWAs	52,389.4	53,426.0	55,044.7

Ratios (%) e per share data (€)

Mediobanca Group (%)	31/12/09	30/6/10	31/12/10
Total assets / Net equity	9.6	9.7	9.1
Loans / Deposits	0.6	0.6	0.7
Core Tier 1 ratio	11.0	11.1	11.1
Total capital	12.9	13.0	14.3
Rating S&P	AA-	A+	A+
Cost/income ratio	34.4	38.3	39.4
NPLs/loans *	0.4	0.4	0.5
RORWA gross (annualized)	1.5	1.1	1.4
RORWA net (annualized)	1.0	0.8	1.0
EPS (€)	0.31	0.47	0.31
BVPS (€)	7.2	7.4	7.6
DPS (€)	861.1	861.1	861.1
No. shares outstanding (m)	9.6	9.7	9.1

\* Not including Cofactor third party accounts



**Profit-and-loss figures/balance-sheet data by division**

6 mths to 31/12/10 (€ m)	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
Net interest income	223.6	(3.9)	315.0	531.5
Net trading income	97.2	0.0	49.0	126.4
Net fee and commission income	163.7	0.0	122.2	265.9
Equity-accounted companies	(7.2)	116.7	0.0	110.2
<b>Total income</b>	<b>477.3</b>	<b>112.8</b>	<b>486.2</b>	<b>1,034.0</b>
Labour costs	(124.1)	(2.8)	(97.4)	(214.6)
Administrative expenses	(46.9)	(1.2)	(151.8)	(192.6)
<b>Operating costs</b>	<b>(171.0)</b>	<b>(4.0)</b>	<b>(249.2)</b>	<b>(407.2)</b>
Loan loss provisions	(49.5)	0.0	(169.9)	(219.4)
Provisions for other financial assets	(15.0)	(4.5)	(0.4)	(19.9)
Other income (losses)	0.1	0.0	0.0	0.1
<b>Profit before tax</b>	<b>241.9</b>	<b>104.3</b>	<b>66.7</b>	<b>387.6</b>
Income tax for the period	(94.7)	1.0	(28.7)	(122.2)
Minority interest	(2.5)	0.0	0.0	(2.5)
<b>Net profit</b>	<b>144.7</b>	<b>105.3</b>	<b>38.0</b>	<b>262.9</b>
Treasury funds	12,790.9	0.0	4,212.6	11,139.5
AFS securities	6,242.5	133.9	2,065.6	7,552.4
Fixed assets (HTM & LR)	1,983.6	0.0	2,555.5	1,984.4
Equity investments	377.4	3,010.3	0.0	3,445.8
Loans and advances to customers	26,515.1	0.0	12,894.7	35,102.0
<i>of which to Group companies</i>	4,293.8	0.0	0.0	0.0
Funding	44,963.7	259.8	21,183.2	52,905.7
RWAs	40,884.3	3,381.2	10,768.4	55,044.7
No. of staff	923	0	2,518	3,320

\* Includes 121 staff employed by Banca Esperia pro-forma, not included in the Group total.



6 mths to 31/12/09 (€ m)	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
Net interest income	215.8	(5.2)	243.3	441.7
Net trading income	263.9	0.0	37.2	313.0
Net fee and commission income	178.5	0.0	125.7	284.3
Equity-accounted companies	1.5	105.6	(0.2)	106.3
<b>Total income</b>	<b>659.7</b>	<b>100.4</b>	<b>406.0</b>	<b>1,145.3</b>
Labour costs	(113.8)	(2.8)	(97.6)	(209.4)
Administrative expenses	(43.9)	(1.3)	(156.9)	(185.0)
<b>Operating costs</b>	<b>(157.7)</b>	<b>(4.1)</b>	<b>(254.5)</b>	<b>(394.4)</b>
Loan loss provisions	(87.7)	0.0	(182.7)	(270.4)
Provisions for other financial assets	(82.6)	(6.6)	(0.9)	(90.4)
Other income (losses)	0.0	0.0	5.6	5.6
<b>Profit before tax</b>	<b>331.7</b>	<b>89.7</b>	<b>(26.5)</b>	<b>395.7</b>
Income tax for the period	(122.2)	(2.7)	0.3	(124.6)
Minority interest	(1.1)	0.0	0.0	(1.0)
<b>Net profit</b>	<b>208.4</b>	<b>87.0</b>	<b>(26.2)</b>	<b>270.1</b>
Treasury funds	14,496.8	0.0	3,745.7	13,502.7
AFS securities	5,187.0	119.0	3,156.4	7,807.1
Fixed assets (HTM & LR)	1,333.3	0.0	1,021.7	1,334.0
Equity investments	414.9	2,565.3	0.5	3,037.7
Loans and advances to customers	24,821.8	0.0	12,104.3	33,468.9
<i>of which to Group companies</i>	3,427.4	0.0	0.0	0.0
Funding	43,068.8	259.8	19,331.3	52,904.1
RWAs	39,343.3	2,608.7	10,431.3	52,389.4
No. of staff	853	0	2,450	3,196

\* Includes 107 staff employed by Banca Esperia pro-forma, not included in the Group total



**Corporate & Investment Banking**

CIB (€ m)	6 mths to	6 mths to	Y.o.Y. chg. %
	31/12/09	30/9/10	
Net interest income	215.8	223.6	3.6%
Net trading income	263.9	97.2	-63.2%
Net fee and commission income	178.5	163.7	-8.3%
Equity-accounted companies	1.5	(7.2)	n.m.
<b>Total income</b>	<b>659.7</b>	<b>477.3</b>	<b>-27.6%</b>
Labour costs	(113.8)	(124.1)	9.1%
Administrative expenses	(43.9)	(46.9)	6.8%
<b>Operating costs</b>	<b>(157.7)</b>	<b>(171.0)</b>	<b>8.4%</b>
Loan loss provisions	(87.7)	(49.5)	-43.6%
Provisions for other financial assets	(82.6)	(15.0)	-81.8%
Other income (losses)	0.0	0.1	n.m.
<b>Profit before tax</b>	<b>331.7</b>	<b>241.9</b>	<b>-27.1%</b>
Income tax for the period	(122.2)	(94.7)	-22.5%
Minority interest	(1.1)	(2.5)	n.m.
<b>Net profit</b>	<b>208.4</b>	<b>144.7</b>	<b>-30.6%</b>
Treasury funds	14,496.8	12,790.9	-11.8%
AFS securities	5,187.0	6,242.5	20.3%
Fixed assets (HTM & LR)	1,333.3	1,983.6	48.8%
Equity investments	414.9	377.4	-9.0%
Loans and advances to customers	24,821.8	26,515.1	6.8%
<i>of which to Group companies</i>	3,427.4	4,293.8	25.3%
Funding	43,068.8	44,963.7	4.4%
RWAs	39,343.3	40,884.3	3.9%
No. of staff	853	923	8.2%
Cost/income ratio (%)	23.9	35.8	
NPLs/loans (%)	0.2	0.2	
RORWA gross (annualized) (%)	1.7	1.2	



CIB by segment- 6 mths to 31/12/10 (€ m)	Wholesale	Leasing	Total CIB
Net interest income	187.5	36.1	223.6
Net trading income	97.2	0.0	97.2
Net fee and commission income	162.2	1.5	163.7
Equity-accounted companies	(7.2)	0.0	(7.2)
<b>Total income</b>	<b>439.7</b>	<b>37.6</b>	<b>477.3</b>
Labour costs	(114.7)	(9.4)	(124.1)
Administrative expenses	(41.4)	(5.5)	(46.9)
<b>Operating costs</b>	<b>(156.1)</b>	<b>(14.9)</b>	<b>(171.0)</b>
Loan loss provisions	(36.9)	(12.6)	(49.5)
Provisions for other financial assets	(15.0)	0.0	(15.0)
Other gains (losses)	0.1	0.0	0.1
<b>Profit before tax</b>	<b>231.8</b>	<b>10.1</b>	<b>241.9</b>
Income tax for the period	(89.9)	(4.8)	(94.7)
Minority interest	0.0	(2.5)	(2.5)
<b>Net profit</b>	<b>141.9</b>	<b>2.8</b>	<b>144.7</b>
Loans and advances to customers	22,035.5	4,479.6	26,515.1
<i>of which to Group companies</i>	4,293.8	0.0	4,293.8
RWA	37,259.0	3,625.3	40,884.3
New loans	N/A	586.8	N/A
No. of staff	716	207	923
No. of branches	N/A	12	N/A
Cost/income ratio (%)	35.5	39.6	35.8
NPLs/loans (%)	0.0	0.9	0.2
RORWA gross (annualized) (%)	1.2	0.6	1.2



CIB by segment- 6 mths to 31/12/09 (€ m))	Wholesale	Leasing	Total CIB
Net interest income	178.8	37.0	215.8
Net trading income	263.9	0.0	263.9
Net fee and commission income	177.6	0.9	178.5
Equity-accounted companies	1.5	0.0	1.5
<b>Total income</b>	<b>621.8</b>	<b>37.9</b>	<b>659.7</b>
Labour costs	(104.7)	(9.1)	(113.8)
Administrative expenses	(37.5)	(6.4)	(43.9)
<b>Operating costs</b>	<b>(142.2)</b>	<b>(15.5)</b>	<b>(157.7)</b>
Loan loss provisions	(70.5)	(17.2)	(87.7)
Provisions for other financial assets	(82.6)	0.0	(82.6)
Other gains (losses)	0.0	0.0	0.0
<b>Profit before tax</b>	<b>326.5</b>	<b>5.2</b>	<b>331.7</b>
Income tax for the period	(118.8)	(3.4)	(122.2)
Minority interest	0.0	(1.1)	(1.1)
<b>Net profit</b>	<b>207.7</b>	<b>0.7</b>	<b>208.4</b>
Loans and advances to customers	20,127.3	4,694.5	24,821.8
<i>of which to Group companies</i>	3,427.4	0.0	3,427.4
RWA	35,440.8	3,907.4	39,343.3
New loans	N/A	576.5	N/A
No. of staff	624	211	835
No. of branches	N/A	12	N/A
Cost/income ratio (%)	22.9	40.9	23.9
NPLs/loans (%)	0.0	0.8	0.2
RORWA gross (annualized) (%)	1.8	0.3	1.7



### Principal investing

PI (€ m)	6 mths to	6 mths to	Y.o.Y. chg. %
	31/12/09	31/12/10	
Net interest income	(5.2)	(3.9)	-25.0%
Net trading income	0.0	0.0	n.m.
Net fee and commission income	0.0	0.0	n.m.
Equity-accounted companies	105.6	116.7	10.5%
<b>Total income</b>	<b>100.4</b>	<b>112.8</b>	<b>12.4%</b>
Labour costs	(2.8)	(2.8)	n.m.
Administrative expenses	(1.3)	(1.2)	-7.7%
<b>Operating costs</b>	<b>(4.1)</b>	<b>(4.0)</b>	<b>-2.4%</b>
Loan loss provisions	0.0	0.0	n.m.
Provisions for other financial assets	(6.6)	(4.5)	-31.8%
Other income (losses)	0.0	0.0	n.m.
<b>Profit before tax</b>	<b>89.7</b>	<b>104.3</b>	<b>16.3%</b>
Income tax for the period	(2.7)	1.0	n.m.
Minority interest	0.0	0.0	n.m.
<b>Net profit</b>	<b>87.0</b>	<b>105.3</b>	<b>21.0%</b>
AFS securities	119.0	133.9	12.5%
Equity investments	2,565.3	3,010.3	17.3%
RWAs	2,608.7	3,381.2	29.6%





**Retail & Private banking**

RPB (€ m)	6 mths to	6 mths to	Y.o.Y. chg. %
	31/12/09	31/12/10	
Net interest income	243.3	315.0	29.5%
Net trading income	37.2	49.0	31.7%
Net fee and commission income	125.7	122.2	-2.8%
Equity-accounted companies	(0.2)	0.0	n.m.
<b>Total income</b>	<b>406.0</b>	<b>486.2</b>	<b>19.8%</b>
Labour costs	(97.6)	(97.4)	-0.2%
Administrative expenses	(156.9)	(151.8)	-3.3%
<b>Operating costs</b>	<b>(254.5)</b>	<b>(249.2)</b>	<b>-2.1%</b>
Loan loss provisions	(182.7)	(169.9)	-7.0%
Provisions for other financial assets	(0.9)	(0.4)	-55.6%
Other income (losses)	5.6	0.0	n.m.
<b>Profit before tax</b>	<b>(26.5)</b>	<b>66.7</b>	<b>n.m.</b>
Income tax for the period	0.3	(28.7)	n.m.
Minority interest	0.0	0.0	n.m.
<b>Net profit</b>	<b>(26.2)</b>	<b>38.0</b>	<b>n.m.</b>
Treasury funds	3,745.7	4,212.6	12.5%
AFS securities	3,156.4	2,065.6	-34.6%
Fixed assets (HTM & LR)	1,021.7	2,555.5	n.m.
Equity investments	0.5	0.0	n.m.
Loans and advances to customers	12,104.3	12,894.7	6.5%
Funding	19,331.3	21,183.2	9.6%
RWAs	10,431.3	10,768.4	3.2%
No. of staff	2,450	2,518	2.8%
No. of branches	211	188	-10.9%
Cost/income ratio (%)	62.7	51.3	
NPLs/loans* (%)	0.8	1.0	
RORWA gross (annualized) (%)	n.m.	1.2	

\* Not including Cofactor third-party accounts.



RPB by segment - 31/12/10 (€ m)	Consumer credit	Retail Banking	Private Banking	Total RPB
Net interest income	257.5	43.4	14.1	315.0
Net trading income	0.2	43.2	5.6	49.0
Net fee and commission income	83.3	3.5	35.4	122.2
Equity-accounted companies	0.0	0.0	0.0	0.0
<b>Total income</b>	<b>341.0</b>	<b>90.1</b>	<b>55.1</b>	<b>486.2</b>
Labour costs	(41.4)	(28.5)	(27.5)	(97.4)
Administrative expenses	(76.5)	(61.9)	(13.4)	(151.8)
<b>Operating costs</b>	<b>(117.9)</b>	<b>(90.4)</b>	<b>(40.9)</b>	<b>(249.2)</b>
Loan loss provisions	(154.5)	(15.0)	(0.4)	(169.9)
Provisions for other financial assets	(0.1)	0.0	(0.3)	(0.4)
Other income (losses)	0.0	0.0	0.0	0.0
<b>Profit before tax</b>	<b>68.5</b>	<b>(15.3)</b>	<b>13.5</b>	<b>66.7</b>
Income tax for the period	(28.8)	0.6	(0.5)	(28.7)
Minority interest	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>39.7</b>	<b>(14.7)</b>	<b>13.0</b>	<b>38.0</b>
Loans and advances to customers	8,475.8	3,698.8	720.1	12,894.7
RWAs	7,489.0	1,790.0	1,489.4	10,768.4
New loans	2,205.5	383.5	0.0	2,589.0
AUM	n.m.	n.m.	12,078	n.m.
No. of staff	1,316	869	333	2,518
No. of branches	146	42	0.0	188
Cost/income ratio (%)	34.6	n.m.	74.2	51.3
NPLs/loans* (%)	0.8	1.5	0.2	1.0
RORWA gross (annualized) (%)	1.8	n.m.	1.8	1.2

\* Not including Cofactor third-party accounts.



RPB by segment - 31/12/09 (€ m)	Consumer credit	Retail Banking	Private Banking	Total RPB
Net interest income	225.4	5.4	12.5	243.3
Net trading income	0.0	29.2	8.0	37.2
Net fee and commission income	84.8	2.7	38.2	125.7
Equity-accounted companies	(0.2)	0.0	0.0	(0.2)
<b>Total income</b>	<b>310.0</b>	<b>37.3</b>	<b>58.7</b>	<b>406.0</b>
Labour costs	(39.6)	(30.6)	(27.4)	(97.6)
Administrative expenses	(76.3)	(62.7)	(17.9)	(156.9)
<b>Operating costs</b>	<b>(115.9)</b>	<b>(93.3)</b>	<b>(45.3)</b>	<b>(254.5)</b>
Loan loss provisions	(172.3)	(9.1)	(1.3)	(182.7)
Provisions for other financial assets	0.0	0.0	(0.9)	(0.9)
Other income (losses)	0.0	0.0	5.6	5.6
<b>Profit before tax</b>	<b>21.8</b>	<b>(65.1)</b>	<b>16.8</b>	<b>(26.5)</b>
Income tax for the period	(16.0)	16.3	0.0	0.3
Minority interest	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>5.8</b>	<b>(48.8)</b>	<b>16.8</b>	<b>(26.2)</b>
Loans and advances to customers	8,038.7	3,418.0	647.7	12,104.4
RWA	6,952.9	1,993.3	1,485.2	10,431.3
New loans	1,873.2	443.0	0.0	2,316.2
AUM	n.m.	n.m.	10,864.0	n.m.
No. of staff	1,279	842	329	2,450
No. of branches	146	65	0	211
Cost/income ratio (%)	37.4	n.m.	77.2	62.7
NPLs/Loans* (%)	0.8	0.9	0.1	0.8
RORWA gross (annualized) (%)	0.6	n.m.	2.3	n.m.

\* Not including Cofactor third-party accounts.

As required by Article 154-bis, paragraph 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the financial information contained in this document corresponds to that contained in the company's documents, account books and ledger entries.

Head of  
Company Financial Reporting  
Massimo Bertolini