



MEDIOBANCA

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

**Milan, 22 February 2012**



## **Financial statements for six months ended 31 December 2011 approved**

### **Solid performance by ordinary activities**

### **Growing contribution by RPB division**

### **Net profit €63m, due to €269m securities writedowns**

- ◆ **Six months impacted by Eurozone crisis, reduction in value of the main asset classes, and exceptionally difficult operating conditions for financial institutions**
- ◆ **In this scenario, the increased diversification of the Group's income sources and growing contribution from the RPB division enabled the following performance:**
  - ◆ **revenues down 4% Y.o.Y.<sup>1</sup> (to €973m), exclusively as a result of reduced income from PI (down from €113m to €58m); ordinary activities show revenues stable at €901m, on:**
    - ◆ **net interest income up 4% to €555m, boosted by RPB (up 15% to €362m),**
    - ◆ **net trading income stable<sup>2</sup> Y.o.Y. (at €113m) but increasing in last quarter,**
    - ◆ **fee income down 12% to €234m, due to reduced corporate activity**
  - ◆ **operating costs down 2% (to €399m), with labour expenses down 5%**
  - ◆ **reduction in the cost of risk (116 bps, vs 130 bps at end-Dec. 2010) and in bad loans as % of total loans (down from 1.9% to 1.7%)**
  - ◆ **writedowns/losses on AFS/PI securities portfolios totalling €269m (not material last year), €114m of which in respect of Greek sovereign debt (now recognized @30% of nominal value) and €55m on RCS MediaGroup (@€1.23 per share); €44m gain on sale of property in Monaco**
  - ◆ **net profit €63m (vs €263m last year), entirely attributable to RPB division**
  - ◆ **normalized ROE stable at 8%**
  - ◆ **improvement in funding and liquidity:**
    - ◆ **funding: up from €51.7bn to €54bn as a result of €4bn, three-year ECB loan at end-December and increase in CheBanca! deposits (up from €10bn to €10.7bn in last quarter)**
    - ◆ **liquid financial assets up to €18.7bn (30/9/11: €16.7bn)**
  - ◆ **Core Tier 1 ratio 11.0% (30/6/11: 11.2%)**

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<sup>1</sup> Y.o.Y.: six months July-December 2011 vs six months July-December 2010

<sup>2</sup> As from this quarter, the heading "Net trading income" no longer includes gains (losses) on disposals of AFS securities.

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With Renato PAGLIARO in the chair, the Directors of Mediobanca approved the Group's financial statements for the six months ended 31 December 2011, as illustrated by Chief Executive Officer Alberto NAGEL.

## **Consolidated results**

The six months under review were impacted by the deterioration in the Eurozone crisis, which led to reductions in value of the main asset classes, accelerating the contraction in the various economies. This backdrop made for operating conditions which were exceptionally difficult for banks. But despite the adverse scenario, the increased diversification of the Group's income sources, each of which shows different correlations to market trends, enabled a solid performance in ordinary activities, careful cost control and an improvement in asset quality. The sharp decrease in net profit to €63.4m (31/12/10: €262.9m) was caused by the €268.9m (€4.8m) losses on the securities and investments portfolios.

In more detail, the Group's revenues declined by 4.5%, from €1,018.9m to €973.3m, due exclusively to the reduced contribution from equity-accounted companies, net of which core revenues would be stable at €901.5m:

- ◆ net interest income was up 4.3%, from €531.5m to €554.6m, due to the retail and private banking division ("RPB", up 14.8% from €315m to €361.5m), with a reduced contribution from corporate and investment banking ("CIB", down 8.5%, from €223.6m to €204.5m);
- ◆ net trading income remained at last year's levels, totalling €12.5m (31/12/10: €11.3m), reflecting the reduction in spreads on sovereign debt recorded in December;
- ◆ net fees and commissions fell 11.8%, from €265.9m to €234.4m, reflecting the reduction in CIB fees (from €63.7m to €25.9m), penalized by the slowdown in corporate activity;
- ◆ the amount contributed by the equity-accounted companies fell from €10.2m to €7.8m, due to the low contribution from Assicurazioni Generali in the second quarter (€2.6m, against €63.3m).

Operating costs fell by 2%, from €407.2m to €399.2m, due primarily to the reduction in labour costs (down 4.8%).

Loan loss provisions, down 3.2% (from €219.4m to €212.3m), reflect an improvement in consumer finance (where the provisions declined from €154.5m to €149.2m) and retail banking (down from €15m to €7.1m), with a slight deterioration in CIB (with provisions increasing from €49.5m to €54.0m).

Provisions and losses for other financial assets totalled €268.9m (€4.8m), and include a further adjustment for Greek government securities totalling €14.5m (with the assets now recognized at around 30% of their nominal value); €5.2m in impairment charges to the RCS MediaGroup investment (corresponding to a net present value of €1.23 per share), €37.8m losses in disposals, and €59.4m in writedowns to AFS equities, €34m of which in respect of the Delmi investment (in connection with the Edison stake being swapped for that in Edipower).

There was also a one-off, €43.9m gain on disposal of a property in the Principality of Monaco.

Turning now to the balance-sheet aggregates, the Group shows an improved position in funding and liquidity, its capital solidity remaining unchanged. The various items performed as follows:

- ◆ funding increased from €51.7bn to €54bn, as a result of the three-year, €4bn European Central Bank loan granted at end-December, which partly offset the reduction in debt securities in issue (from €34.5bn to €32.4bn). CheBanca! deposits increased from €10bn to €10.7bn, with the majority of the increase concentrated in the last quarter;



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- ◆ liquid financial assets (treasury, AFS, HTM and LR) returned to their end-June levels (€18.7bn), having fallen to €16.7bn in September, boosted by the use of the ECB funding;
  - ◆ loans and advances to customers were up 4.4%, from €36.2bn to €37.8bn, due to positive trends in CIB business (up 4.9%), mortgage lending (up 5.5%) and consumer credit (up 2.3%);
  - ◆ bad loans (non-performing, sub-standard, restructured and overdue items) fell by 2.14%, from €709.9m to €694.7m, while a high coverage rate was maintained (70% for consumer credit, 45% for mortgage lending and 36% for corporate finance). Asset quality continued to be satisfactory, in that bad loans as a percentage of total assets declined in all business areas, from 1% to 0.93% in the large corporate segment, from 4.6% to 4.5% in leasing, and from 2% to 1.7% in consumer credit, and remained unchanged in mortgage lending at 2.4%;
  - ◆ net equity fell from €6.5bn to €6.0bn, reflecting the adverse effect of the markets on valuation reserves (which have recovered since January), while core tier 1 capital was stable at €6.1bn. The Group's main capital ratios remain at adequate levels, with the core tier 1 ratio at 11.01% (30/6/11: 11.19%), and the total capital ratio at 13.48% (14.36%).

## Divisional results

### CIB: solid performance from ordinary activities, heavy writedowns to securities

- ◆ **Revenues down 5% Y.o.Y., but up 2% half-on-half due to the positive contribution from trading, which in the last quarter offset weak performances in fees and net interest income**
- ◆ **Costs down 5%, cost of risk under control**
- ◆ **Pre-tax ordinary profit up 6% half-on-half, from €218m to €233m**
- ◆ **Net loss of €37m at the bottom-line level, due to €222m in adjustments/writedowns to AFS securities, including provisions of €114m in respect of Greek sovereign debt**

Despite the difficult operating scenario, the division posted revenues of €448m, down just 5% year-on-year and up 2% half-on-half (€439m), reflecting the following performances by individual items:

- ◆ net interest income fell 8.5%, from €223.6m to €204.5m, reflecting the increase in the cost of funding; this item remained stable at the previous half-year's level (€205m), driven by the increase in business volumes recorded primarily in the summer quarter; the performance for the six months reflects the €4.8m negative impact of the demerger of various assets by Compass to Mediobanca S.p.A.;
- ◆ net trading income rose from €87.5m to €100m, helped by the performance in fixed-income trading, in the second quarter particularly;
- ◆ net fee and commission income declined from €163.7m to €125.9m, chiefly due to the reduction in M&A fees: the six months under review saw a sharp contraction in investment banking deal volumes which affected the European market.

At the same time costs were down 5.4%, from €71m to €61.8m, due to the reduction in the variable staff remuneration component (from €21.4m to €107.5m), which offset the increase in operating expenses linked to the structural expansion (998 staff, up 74).

Loan loss provisions rose from €49.5m last year to €54m: this increase regards both leasing (up from €2.6m to €3.9m) and wholesale banking (up from €36.9m to €40.1m).



Provisions for other financial assets of €175.4m include the additional adjustment taken to holdings in Greek sovereign debt securities (€14.5m, now reflecting an average of 30% of the nominal value), the automatic accounting mechanisms triggered in respect of listed shares (€13.8m), and Delmi (€34m); plus losses arising on disposal of AFS securities totalling €46.7m.

A net loss for the six months of €37.4m was recorded, compared with a €44.7m profit posted last year.

Turning to the balance-sheet aggregates, there was an increase in loans and advances to customers, up from €27.6bn to €29.2bn (including amounts lent to Group companies) and in net treasury assets (up from €9.5bn to €10.6bn), with the increase in funding from €44.9bn to €47.9bn deriving primarily from the ECB financing granted.

#### **RPB: growth driver at Group level**

- ◆ **Revenues up 11% to €494m, driven by net interest income (up 15% Y.o.Y. and up 7% quarter-on-quarter to €362m)**
- ◆ **Cost/income ratio: 52%**
- ◆ **Cost of risk down to 230 bps (31/12/10: 270 bps)**
- ◆ **Net profit: €96m, due partly to the €44m gain; normalized profit €52m, up 32% (31/12/10: €38m)**

This division reported a profit of €95.8m (€38m), partly as a result of the gain realized on disposal of the property owned by CMB mentioned above (€43.9m).

Net of this item, the result still showed a 36% improvement, which reflects the 10.6% increase in revenues, from €446.1m to €493.5m, driven by growth in net interest income (up 14.8%, from €315m to €361.5m) and net fee and commission income (up 4.7%, from €122.2m to €128m), offsetting the reduction in gains on AFS disposals from CheBanca! (€0.6m compared with €38.5m last year).

The increase in operating costs, from €249.2m to €255.1m, reflects the increase in the headcount (which rose from 2,521 to 2,657) and business volumes (loans and advances to customers were up 6.2%, funding up 1.2%).

Loan loss provisions fell again, by 7.3%, from €169.9m to €157.6m, following improvement in both consumer credit (from €154.5m to €149.2m) and mortgage lending (from €15m to €7.1m).

#### **Further growth in consumer credit: revenues up 6%, net profit up 47%**

- ◆ **Compass: now second-ranking Italian operator, with a market share of 10.1% in 2H 2011**
  - ◆ **Revenues up 6% Y.o.Y. and 8% Q.o.Q. to €361m, with all income sources contributing**
  - ◆ **Cost/income ratio stable at 35%, despite structural enhancement (headcount up 4% to reach 1,364; 4 new branches opened in the quarter, for a total of 150)**
  - ◆ **Cost of risk down to 340 bps, from 375 bps at 31/12/10 and 345 bps at 30/6/11), with bad loans declining**
  - ◆ **Net profit: up 47%, from €40m last year to €58m**
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Consumer credit showed revenues up 6% to €361.3m, with an improvement in both the main revenue items: net interest income rose 5%, from €257.5m to €269.5m (€4.8m of which due to the demerger of certain assets to Mediobanca S.p.A.), and fees 10%, from €83.3m to €91.6m. Operating costs also increased by 6%, from €117.9m to €125.5m, due to the increase in headcount (up 4% to 1,364) and number of branches (4 new branches for a total of 150). Net profit came in at €58.3m, up 47% on the €39.7m reported last year, helped by lower loan loss provisions (which were down 3%, from €154.5m to €149.2m). Loans and advances to customers grew by 2.3% during the six months, from €8,926.9m to €9,131.4m, on new loans for the period of €2,467.5m, up 11.9% (€2,205.5m), while bad loans decreased, from €174.5m to €154.2m, and account for just 1.7% of total lending.

### **Retail banking: business strongly growing**

- ◆ Deposits up 7% to €10.7bn, customers up 25% to 470,000, products sold up 30% to 590,000
- ◆ Net loss stable at €15m, despite lack of gains on disposals of AFS securities (31/12/10: €39m)
- ◆ Net interest income doubled, from €43m to €78m, but does not yet fully reflect increase in returns on deposits (since October)
- ◆ Operating costs stable, cost of risk halved from 85 bps to 35 bps

CheBanca! showed a net loss of €14.6m, virtually unchanged from last year despite the lack of gains on AFS securities (€38.5m last year). The six months' results were boosted by higher net interest income (up from €43.4m to €77.9m), with net fees and commissions resilient at €3.6m (€3.5m) and a slight reduction in operating costs (down from €90.4m to €89.1m); while loan loss provisions fell sharply, from €15m to €7.1m. As at end-December, funding raised from the retail channel totalled €10,671.3m, reflecting a substantial increase since the balance-sheet date (€9,960.3m) despite the crisis on funding markets. Loans and advances to customers also grew 5%, from €4,102.6m to €4,327.1m, on a slight increase in new loans for the six months (€411.2m, as compared with €383.5m).

### **Private banking: AUM stable**

- ◆ AUM stable at €12.6bn:
  - ◆ Banca Esperia: €6.4bn (30/6/11: €6.9bn), chiefly due to market effect
  - ◆ CMB: €6.2bn (€5.8bn)
- ◆ Net profit: €52m, due to non-recurring items (€45.5m); normalized profit: €7m (31/12/10: €13m)

Private banking showed a profit of €52.1m, helped by the gain on the property disposal by CMB (€43.9m) and the sale of the hedge fund business unit by Banca Esperia to Tages (€1.6m). The segment shows total income declining, from €53.6m to €50.6m, due to the reduction in net fee and commission income (from €35.4m to €32.8m, shared equally between CMB and Banca Esperia), partly offset by trading profits from CMB (€4.1m, compared with €3.6m). Operating costs remained stable at €40.5m (€40.9m), whereas provisions for loan losses and other financial assets grew from €0.7m to €1.7m, and gains on disposals of AFS securities reduced to zero from €1.5m last year. Assets under management on a discretionary/non-discretionary basis were virtually stable over the six months, at €12.7bn (€12.6bn, with the increase by CMB (from €5.8bn to €6.2bn) offset by the reduction at Banca Esperia (from €6.9bn to €6.4bn, due chiefly to the market effect).



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### **Principal investing (“PI”): lower revenues and writedowns**

- ◆ **Net profit: €2.5m (31/12/10: €105m), as a result of Assicurazioni Generali’s contribution to revenues halving (from €105m to €66m) and the writedown to the RCS stake (€55m)**
- ◆ **Market value of investments: €2.4bn**

This division’s results for the six months show a profit of €2.5m (31/12/10: €105.3m), down sharply as a result of the reduced contribution from Assicurazioni Generali (which declined from €105.1m to €65.9m, with just €2.6m in the last quarter) and the writedown to the Group’s investment in RCS MediaGroup (€55.2m) to a price of €1.23 per share. The book value of the investments (€2,511m) fell by €201.3m, chiefly due to the reduction in the valuation reserve for Assicurazioni Generali.

### **Mediobanca S.p.A.**

For the six months ended 31 December 2011, Mediobanca made a net loss of €24.3m, compared with a €30.1m profit at the same stage last year, in a market scenario requiring major adjustments to the values of AFS securities and equity investments. Total income fell from €126.8m to €74.9m, with the main items performing as follows:

- ◆ net interest income fell by 10.8%, from €69.1m to €50.9m, due to the widespread increase in the cost of funding;
- ◆ net trading income (trading profits and dividends) climbed 9.3%, from €95.2m to €104.1m;
- ◆ net fee and commission income decreased by 21.6% to €19.9m (€53m), as a result of the reduced contribution from M&A and capital market activity.

The 6.2% reduction in operating costs, from €60.9m to €50.9m, was driven by staff costs which were €4.2m lower, due to the reduction in the variable remuneration component. The increase in other administrative expenses was modest, up €4.2m.

Fixed financial assets and AFS securities generated losses of €38m (compared with a €5.7m profit last year). Loan loss provisions came in at €39.7m, up slightly on the first half of 2010 (€37m).

Provisions for other financial assets grew from €9.5m to €175.4m, with €59.4m attributable to equities (€34m of which to Delmi) and €116m to bonds (€114.5m of which to Greek sovereign debt). The €57.2m writedown taken to equity investments regards the impairment charges made to the RCS MediaGroup stake.

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Investor Relations  
Tel. no.: (0039) 02-8829.860/647

[jessica.spina@mediobanca.it](mailto:jessica.spina@mediobanca.it)  
[luisa.demaria@mediobanca.it](mailto:luisa.demaria@mediobanca.it)

Media Relations  
Tel. no.: (0039) 02-8829.627/319

[lorenza.pigozzi@mediobanca.it](mailto:lorenza.pigozzi@mediobanca.it)  
[stefano.tassone@mediobanca.it](mailto:stefano.tassone@mediobanca.it)





## Restated profit and loss account

Mediobanca Group (€m)	6 mths to	6 mths to	Y.o.Y. chg. %
	31/12/10	31/12/11	
Net interest income	531.5	554.6	4.3%
Net trading income	111.3	112.5	1.1%
Net fee and commission income	265.9	234.4	-11.8%
Equity-accounted companies	110.2	71.8	-34.8%
<b>Total income</b>	<b>1,018.9</b>	<b>973.3</b>	<b>-4.5%</b>
Labour costs	(211.4)	(201.3)	-4.8%
Administrative expenses	(195.8)	(197.9)	1.1%
<b>Operating costs</b>	<b>(407.2)</b>	<b>(399.2)</b>	<b>-2.0%</b>
Gains (losses) on AFS, HTM & LR *	15.1	(37.8)	n.m.
Loan loss provisions	(219.4)	(212.3)	-3.2%
Provisions for other financial assets	(19.9)	(231.1)	n.m.
Other income (losses)	0.1	43.7	n.m.
<b>Profit before tax</b>	<b>387.6</b>	<b>136.6</b>	<b>-64.8%</b>
Income tax for the period	(122.2)	(71.4)	-41.6%
Minority interest	(2.5)	(1.8)	-28.0%
<b>Net profit</b>	<b>262.9</b>	<b>63.4</b>	<b>-75.9%</b>

## Quarterly profit and loss accounts

Mediobanca Group (€m)	FY 10/11				FY 11/12	
	I Q	II Q	III Q	IV Q	I Q	II Q
	30/9/10	31/12/10	31/3/11	30/6/11	30/9/11	31/12/11
Net interest income	262.1	269.4	268.3	270.5	281.8	272.8
Net trading income	77.9	33.4	74.3	3.6	3.8	108.7
Net fee and commission income	113.1	152.8	139.4	115.0	117.1	117.3
Equity-accounted companies	43.8	66.4	53.4	39.4	73.0	-1.2
<b>Total income</b>	<b>496.9</b>	<b>522.0</b>	<b>535.4</b>	<b>428.5</b>	<b>475.7</b>	<b>497.6</b>
Labour costs	(101.3)	(110.1)	(106.8)	(100.6)	(100.8)	(100.5)
Administrative expenses	(86.7)	(109.1)	(99.1)	(110.2)	(95.8)	(102.1)
<b>Operating costs</b>	<b>(188.0)</b>	<b>(219.2)</b>	<b>(205.9)</b>	<b>(210.8)</b>	<b>(196.6)</b>	<b>(202.6)</b>
Gains (losses) on AFS, HTM & LR*	1.8	13.3	(3.2)	7.6	(15.8)	(22.0)
Loan loss provisions	(112.3)	(107.1)	(101.5)	(27.9)	(102.8)	(109.5)
Provisions for other financial assets	(1.1)	(18.8)	(0.1)	(255.5)	(70.2)	(160.9)
Other income (losses)	0.0	0.1	0.0	0.0	0.0	43.7
<b>Profit before tax</b>	<b>197.3</b>	<b>190.3</b>	<b>224.7</b>	<b>-58.1</b>	<b>90.3</b>	<b>46.3</b>
Income tax for the period	(68.1)	(54.1)	(67.4)	9.0	(32.3)	(39.1)
Minority interest	(1.6)	(0.9)	(1.3)	(1.2)	(1.2)	(0.6)
<b>Net profit</b>	<b>127.6</b>	<b>135.3</b>	<b>156.0</b>	<b>-50.3</b>	<b>56.8</b>	<b>6.6</b>

\* Restated, previously accounted for as Net trading income





## Restated consolidated balance sheet

Mediobanca Group (€m)	31/12/10	30/6/11	31/12/11
<b>Assets</b>			
Treasury funds	11,139.5	8,608.0	9,391.1
AFS securities	7,552.4	7,749.9	6,859.6
<i>of which: fixed income</i>	5,902.2	6,092.3	5,534.8
<i>equities</i>	1,634.5	1,643.6	1,312.6
Fixed assets (HTM & LR)	1,984.4	2,308.1	2,412.6
Loans and advances to customers	35,102.0	36,225.6	37,833.5
Equity investments	3,445.8	3,156.1	2,976.9
Tangible and intangible assets	756.2	757.8	728.4
Other assets	1,125.0	1,376.7	1,270.6
<i>of which: tax assets</i>	830.3	967.0	1,003.0
<b>Total assets</b>	<b>61,105.3</b>	<b>60,182.2</b>	<b>61,472.7</b>
<b>Liabilities</b>			
Funding	52,905.7	51,712.9	54,028.8
<i>of which: debt securities in issue</i>	34,584.9	34,460.5	32,422.8
<i>retail deposits</i>	9,950.8	9,960.3	10,671.3
Other liabilities	1,061.1	1,258.9	1,036.1
<i>of which: tax liabilities</i>	476.2	565.8	430.7
Provisions	183.3	182.6	182.0
Net equity	6,692.3	6,659.2	6,162.4
<i>of which: share capital</i>	430.6	430.6	430.6
<i>reserves</i>	6,152.7	6,113.9	5,619.3
<i>minority interest</i>	109.0	114.7	112.5
Profit for the period	262.9	368.6	63.4
<b>Total liabilities</b>	<b>61,105.3</b>	<b>60,182.2</b>	<b>61,472.7</b>
Core tier 1 capital	6,109.4	6,156.1	6,127.3
Regulatory capital	7,851.5	7,899.1	7,499.8
RWAs	55,044.7	55,025.5	55,638.8

## Ratios (%) and per share data (€)

Mediobanca Group (€m)	31/12/10	30/6/11	31/12/11
Total assets/net equity	9.1	9.0	10.0
Loans/deposits	0.7	0.7	0.7
Core tier 1 ratio	11.1	11.2	11.0
Regulatory capital/RWAs	14.3	14.4	13.5
S&P rating	A+	A+	A
Cost/income ratio	40.0	41.6	41.0
NPLs/loans*	0.5	0.5	0.5
RORWA gross	1.4	1.0	0.5
RORWA net	1.0	0.7	0.2
EPS (€)	0.31	0.43	0.07
BVPS (€)	7.6	7.6	7.0
DPS (€)	-	0.17	-
No. of shares outstanding (millions)	861.1	861.1	861.1

\* Not including Cofactor third party accounts.



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

6 mths to 31/12/11 (€m)	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
Net interest income	204.5	(3.9)	361.5	554.6
Net trading income	107.5	0.0	4.0	112.5
Net fee and commission income	125.9	0.0	128.0	234.4
Equity-accounted companies	10.3	61.5	0.0	71.8
<b>Total income</b>	<b>448.2</b>	<b>57.6</b>	<b>493.5</b>	<b>973.3</b>
Labour costs	(107.5)	(2.8)	(97.9)	(201.3)
Administrative expenses	(54.3)	(1.4)	(157.2)	(197.9)
<b>Operating costs</b>	<b>(161.8)</b>	<b>(4.2)</b>	<b>(255.1)</b>	<b>(399.2)</b>
Gains (losses) on AFS, HTM & LR	(46.7)	0.0	0.5	(37.8)
Loan loss provisions	(54.0)	0.0	(157.5)	(212.3)
Provisions for other financial assets	(175.4)	(55.3)	(0.5)	(231.1)
Other income (losses)	0.0	0.0	45.5	43.7
<b>Profit before tax</b>	<b>10.3</b>	<b>(1.9)</b>	<b>126.4</b>	<b>136.6</b>
Income tax for the period	(45.9)	4.4	(30.6)	(71.4)
Minority interest	(1.8)	0.0	0.0	(1.8)
<b>Net profit</b>	<b>(37.4)</b>	<b>2.5</b>	<b>95.8</b>	<b>63.4</b>
Treasury funds	10,593.8	0.0	3,738.0	9,391.1
AFS securities	5,658.0	137.8	1,443.2	6,859.6
Fixed assets (HTM & LR)	4,101.1	0.0	3,671.1	2,412.6
Equity investments	384.2	2,511.2	0.0	2,976.9
Loans and advances to customers	29,182.8	0.0	14,606.9	37,833.5
<i>of which to Group companies</i>	5,606.5	n.m	n.m	n.m
Funding	(47,851.9)	(259.8)	(22,354.5)	(54,028.8)
RWAs	40,821.7	3,032.6	11,757.7	55,638.8
No. of staff	998	0	2,657*	3,520

\* Includes 135 staff employed by Banca Esperia pro-forma, not included in the Group total



6 mths to 31/12/10	Corporate & Investment Banking	Principal Investing	Retail & private Banking	Group
(€m)				
Net interest income	223.6	(3.9)	315.0	531.5
Net trading income	93.3	0.0	8.9	111.3
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>473.4</b>	<b>112.8</b>	<b>446.1</b>	<b>1,018.9</b>
Labour costs	(121.4)	(2.8)	(95.1)	(211.4)
Administrative expenses	(49.6)	(1.2)	(154.1)	(195.8)
<b>Operating costs</b>	<b>(171.0)</b>	<b>(4.0)</b>	<b>(249.2)</b>	<b>(407.2)</b>
Gains (losses) on AFS, HTM & LR	3.9	0.0	40.0	15.1
Loan loss provisions	(49.5)	0.0	(169.9)	(219.4)
Provisions for other financial assets	(15.0)	(4.5)	(0.3)	(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	n.m	n.m	n.m
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	924	0.0	2,521*	3,324

\* Includes 121 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. %
	31/12/10	31/12/11	
Net interest income	223.6	204.5	-8.5%
Net trading income	93.3	107.5	15.2%
Net fee and commission income	163.7	125.9	-23.1%
Equity-accounted companies	(7.2)	10.3	n.m.
<b>Total income</b>	<b>473.4</b>	<b>448.2</b>	<b>-5.3%</b>
Labour costs	(121.4)	(107.5)	-11.4%
Administrative expenses	(49.6)	(54.3)	9.5%
<b>Operating costs</b>	<b>(171.0)</b>	<b>(161.8)</b>	<b>-5.4%</b>
Gains (losses) on AFS, HTM & LR	3.9	(46.7)	n.m.
Loan loss provisions	(49.5)	(54.0)	9.1%
Provisions for other financial assets	(15.0)	(175.4)	n.m.
Other income (losses)	0.1	0.0	n.m.
<b>Profit before tax</b>	<b>241.9</b>	<b>10.3</b>	<b>n.m.</b>
Income tax for the period	(94.7)	(45.9)	-51.5%
Minority interest	(2.5)	(1.8)	-28.0%
<b>Net profit</b>	<b>144.7</b>	<b>(37.4)</b>	<b>n.m.</b>
Treasury funds	12,790.9	10,593.8	-17.2%
AFS securities	6,242.5	5,658.0	-9.4%
Fixed assets (HTM & LR)	1,983.6	4,101.1	n.m.
Equity investments	377.4	384.2	1.8%
Loans and advances to customers	26,515.1	29,182.8	10.1%
<i>of which to Group companies</i>	4,293.8	5,606.5	30.6%
Funding	(44,963.7)	(47,851.9)	6.4%
RWAs	40,884.3	40,821.7	-0.2%
No. of staff	924	998	8.0%
Cost/income ratio (%)	36.1	36.1	
NPLs/loans (%)	0.2	0.2	
RORWA gross (annualized) (%)	1.2	0.1	



CIB by segment - 6 mths to 31/12/11 (€m)	Wholesale	Leasing	Total CIB
Net interest income	171.2	33.3	204.5
Net trading income	108.2	(0.7)	107.5
Net fee and commission income	123.0	2.9	125.9
Equity-accounted companies	10.3	0.0	10.3
<b>Total income</b>	<b>412.7</b>	<b>35.5</b>	<b>448.2</b>
Labour costs	(97.9)	(9.6)	(107.5)
Administrative expenses	(48.7)	(5.6)	(54.3)
<b>Operating costs</b>	<b>(146.6)</b>	<b>(15.2)</b>	<b>(161.8)</b>
Gains (losses) on AFS, HTM & LR	(46.7)	0.0	(46.7)
Loan loss provisions	(40.1)	(13.9)	(54.0)
Provisions for other financial assets	(175.4)	0.0	(175.4)
Other income (losses)	0.0	0.0	0.0
<b>Profit before tax</b>	<b>3.9</b>	<b>6.4</b>	<b>10.3</b>
Income tax for the period	(42.1)	(3.8)	(45.9)
Minority interest	0.0	(1.8)	(1.8)
<b>Net profit</b>	<b>(38.2)</b>	<b>0.8</b>	<b>(37.4)</b>
Loans and advances to customers	24,869.2	4,313.6	29,182.8
<i>of which to Group companies</i>	5,606.5	0.0	5,606.5
RWA	36,959.4	3,862.3	40,821.7
Erogato	n.m.	494.9	n.m.
No. of staff	794	204	998
No. of branches	n.m.	12	n.m.
Cost/income ratio (%)	35.5	42.8	36.1
NPLs/loans (%)	0.0	1.1	0.2
RORWA gross (annualized) (%)	0.0	0.3	0.1



CIB by segment - 6 mths to 31/12/11 (€m)	Wholesale	Leasing	Total CIB
Net interest income	187.5	36.1	223.6
Net trading income	93.3	0.0	93.3
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>435.8</b>	<b>37.6</b>	<b>473.4</b>
Labour costs	(112.2)	(9.2)	(121.4)
Administrative expenses	(43.9)	(5.7)	(49.6)
<b>Operating costs</b>	<b>(156.1)</b>	<b>(14.9)</b>	<b>(171.0)</b>
Gains (losses) on AFS, HTM & LR	3.9	0.0	3.9
Loan loss provisions	(36.9)	(12.6)	(49.5)
Provisions for other financial assets	(15.0)	0.0	(15.0)
Other income (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
Erogato	n.m.	586.8	n.m.
No. of staff	717	207	924
No. of branches	n.m.	12	n.m.
Cost/income ratio (%)	35.8	39.6	36.1
NPLs/loans (%)	0.0	0.9	0.2
RORWA gross (annualized) (%)	1.2	0.6	0.1



Principal Investing

PI (€m)	6 mths to	6 mths to	Y.o.Y. chg. %
	31/12/10	31/12/11	
Net interest income	(3.9)	(3.9)	n.m.
Net trading income	0.0	0.0	n.m.
Net fee and commission income	0.0	0.0	n.m.
Equity-accounted companies	116.7	61.5	-47.3%
<b>Total income</b>	<b>112.8</b>	<b>57.6</b>	<b>-48.9%</b>
Labour costs	(2.8)	(2.8)	0.0%
Administrative expenses	(1.2)	(1.4)	16.7%
<b>Operating costs</b>	<b>(4.0)</b>	<b>(4.2)</b>	<b>5.0%</b>
Gains (losses) on AFS, HTM & LR	0.0	0.0	n.m.
Loan loss provisions	0.0	0.0	n.m.
Provisions for other financial assets	(4.5)	(55.3)	n.m.
Other income (losses)	0.0	0.0	n.m.
<b>Profit before tax</b>	<b>104.3</b>	<b>-1.9</b>	<b>n.m.</b>
Income tax for the period	1.0	4.4	n.m.
Minority interest	0.0	0.0	n.m.
<b>Net profit</b>	<b>105.3</b>	<b>2.5</b>	<b>n.m.</b>
AFS securities	133.9	137.8	2.9%
Equity investments	3,010.3	2,511.2	-16.6%
RWAs	3,381.2	3,032.6	-10.3%





Retail & Private Banking

RPB (€m)	6 mths to	6 mths to	Y.o.Y. chg. %
	31/12/10	31/12/11	
Net interest income	315.0	361.5	14.8%
Net trading income	8.9	4.0	-55.1%
Net fee and commission income	122.2	128.0	4.7%
Equity-accounted companies	0.0	0.0	n.m.
<b>Total income</b>	<b>446.1</b>	<b>493.5</b>	<b>10.6%</b>
Labour costs	(95.1)	(97.9)	2.9%
Administrative expenses	(154.1)	(157.2)	2.0%
<b>Operating costs</b>	<b>(249.2)</b>	<b>(255.1)</b>	<b>2.4%</b>
Gains (losses) on AFS, HTM & LR	40.0	0.5	n.m.
Loan loss provisions	(169.9)	(157.5)	-7.3%
Provisions for other financial assets	(0.3)	(0.5)	66.7%
Other income (losses)	0.0	45.5	n.m.
<b>Profit before tax</b>	<b>66.7</b>	<b>126.4</b>	<b>89.5%</b>
Income tax for the period	(28.7)	(30.6)	6.6%
Minority interest	0.0	0.0	n.m.
<b>Net profit</b>	<b>38.0</b>	<b>95.8</b>	<b>n.m.</b>
Treasury funds	4,212.6	3,738.0	-11.3%
AFS securities	2,065.6	1,443.2	-30.1%
Fixed assets (HTM & LR)	2,555.5	3,671.1	43.7%
Equity investments	0.0	0.0	n.m.
Loans and advances to customers	12,894.7	14,606.9	13.3%
Funding	(21,183.2)	(22,354.5)	5.5%
RWAs	10,768.4	11,757.7	9.2%
No. of staff	2,521	2,657	5.4%
No. of branches	188	194	3.2%
Cost/income ratio	55.9	51.7	
NPLs/loans* (%)	1.0	1.0	
RORWA gross (annualized) (%)	1.2	2.2	

\* Not including Cofactor third-party accounts.



RPB by segment - 31/12/11	Consumer credit	Retail banking	Private banking	Total RPB
(€m)				
Net interest income	269.5	77.9	14.1	361.5
Net trading income	0.2	0.1	3.7	4.0
Net fee and commission income	91.6	3.6	32.8	128.0
Equity-accounted companies	0.0	0.0	0.0	0.0
<b>Total income</b>	<b>361.3</b>	<b>81.6</b>	<b>50.6</b>	<b>493.5</b>
Labour costs	(42.4)	(30.2)	(25.3)	(97.9)
Administrative expenses	(83.1)	(58.9)	(15.2)	(157.2)
<b>Operating costs</b>	<b>(125.5)</b>	<b>(89.1)</b>	<b>(40.5)</b>	<b>(255.1)</b>
Gains (losses) on AFS, HTM & LR	0.0	0.6	(0.1)	0.5
Loan loss provisions	(149.2)	(7.1)	(1.2)	(157.5)
Provisions for other financial assets	0.0	0.0	(0.5)	(0.5)
Other income (losses)	0.0	0.0	45.5	45.5
<b>Profit before tax</b>	<b>86.6</b>	<b>(14.0)</b>	<b>53.8</b>	<b>126.4</b>
Income tax for the period	(28.3)	(0.6)	(1.7)	(30.6)
Minority interest	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>58.3</b>	<b>(14.6)</b>	<b>52.1</b>	<b>95.8</b>
Loans and advances to customers	9,131.4	4,327.1	1,148.4	14,606.9
RWA	8,128.2	1,902.2	1,727.3	11,757.7
New loans	2,467.5	411.2	0.0	2,878.7
AUM	n.m.	n.m.	12,610.5	n.m.
No. of staff	1,364	938	355	2,657
No. of branches	150	44	n.m.	194
Cost/income ratio (%)	34.7	n.m.	80.0	51.7
NPLs/loans* (%)	0.8	1.6	1.3	1.0
RORWA gross (annualized) (%)	2.1	n.m.	6.2	2.2

\* Not including Cofactor third-party accounts.



RPB by segment - 31/12/10	Consumer credit	Retail banking	Private banking	Total RPB
(€m)				
Net interest income	257.5	43.4	14.1	315.0
Net trading income	0.1	4.7	4.1	8.9
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>340.9</b>	<b>51.6</b>	<b>53.6</b>	<b>446.1</b>
Labour costs	(40.7)	(26.9)	(27.5)	(95.1)
Administrative expenses	(77.2)	(63.5)	(13.4)	(154.1)
<b>Operating costs</b>	<b>(117.9)</b>	<b>(90.4)</b>	<b>(40.9)</b>	<b>(249.2)</b>
Gains (losses) on AFS, HTM & LR *	0.0	38.5	1.5	40.0
Loan loss provisions	(154.5)	(15.0)	(0.4)	(169.9)
Provisions for other financial assets	0.0	0.0	(0.3)	(0.3)
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	12,894.6
RWA	7,489.0	1,790.0	1,489.4	10,768.4
New loans	2,205.5	383.5	n.m.	2,589.0
AUM	n.m.	n.m.	12,078	n.m.
No. of staff	1,316	869	336	2,521
No. of branches	146	42	n.m.	188
Cost/income ratio (%)	34.6	n.m.	76.3	55.9
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.

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