



MEDIOBANCA
Banca di Credito Finanziario S.p.A.

FY results at 30 June 2011

Milan, 21 September 2011

Good results affected by impairments

FY11 results

- Good normalized results

- Revenues up 7% to €2.0bn
- Cost of risk down 20% to 120bps
- PBT up 27% to €792m

- All divisions improved

- CIB: income mix and asset quality enhanced
- Consumer finance: growth leveraged
- Retail banking: NII become material

- Impairments totalling €313m

- €155m on equities, €120m of which Telco
- €120m on bonds, €109m of which Greek
- €38m in Telco/Greek bonds impairments by AG

- Group results

- Net profit €369m (down 8%), ROTE 6%
- Dividend flat at €0.17ps
- Core tier 1 ratio up to 11.2%

FY11: PBT adjusted up 27%, NII up 17%

€m	FY11 results			
	FY11 June11	FY10 June10	Δ Y.o.Y*	FY09 June09
Income one-offs	(38)	109		157
Loan loss recovery	75			
Securities writedowns	(275)	(150)		(451)
Total gross one-offs	(238)	(41)		(294)
Income adjusted	2,039	1,909	+7%	1,619
Net interest income	1,070	917	+17%	861
Fee income	520	534	-2%	512
Securities income	449	459	-2%	246
Total costs	(824)	(773)	+7%	(730)
Loan provisions	(424)	(517)	-18%	(504)
PBT adjusted	792	625	+27%	385
Group income	2,002	2,018	-1%	1,776
Group PBT	554	583	-5%	91
Group net profit	369	401	-8%	2

* Y.o.Y. = June11/June10

2011 one-offs: €313m negative, €75m positive

FY11 results

Negative one-offs (€m)

Bond impairments	(120)
of which	
- Greek bonds @ mkt price, end-June	(109)
- Other bonds	(11)
Equity impairments	(155)
of which	
- Telco@ €1.8ps for TI	(120)
- Other unlisted shares	(35)
Pro-rata impact for MB on AG net profit	(38)
due to Telco/Greek bond writedowns brought forward*	

Positive one-offs (€m)

Loan loss recovery in corporate	75
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Greek bonds exposure

Nominal value: €400m

Asset class: €350m AFS + €50m HFT

Maturity: 95% by 2020

Current book value: €243m

* Anticipation of losses incurred by Ass.Generali linked to writedowns charged on Greek debt securities and Telco (€38m pro-rata MB) in its 2Q11; as MB consolidates AG profits with a one-quarter delay, this reduction in value should have been reflected by MB in its P&L next quarter

2Q11 impacted by financial markets deterioration

€m	FY11 results					
	2Q11 June11	1Q11 March11	Δ Q.o.Q *	4Q10 Dec10	3Q10 Sept10	2Q10 June10
Income one-offs	(38)	(5)		7	(3)	(2)
Loan loss recovery	75					
Securities writedowns	(256)			(19)	(1)	(44)
Total gross one-offs	(217)	(5)		(12)	(4)	(46)
Income adjusted	472	537	-12%	528	502	420
Net interest income	271	268	+1%	269	262	256
Fee income	115	139	-18%	153	113	119
Securities income	86	130	-33%	106	127	45
Total costs	(211)	(206)	+2%	(219)	(188)	(185)
Loan provisions	(103)	(102)	+1%	(107)	(112)	(125)
PBT adjusted	159	230	-31%	202	201	110
Group income	436	532	-18%	535	499	418
Group PBT	(58)	224	nm	190	197	64
Group net profit	(50)	156	nm	135	128	46

* Q.o.Q. = 2Q11/1Q11

Solidity preserved, liquidity put to work

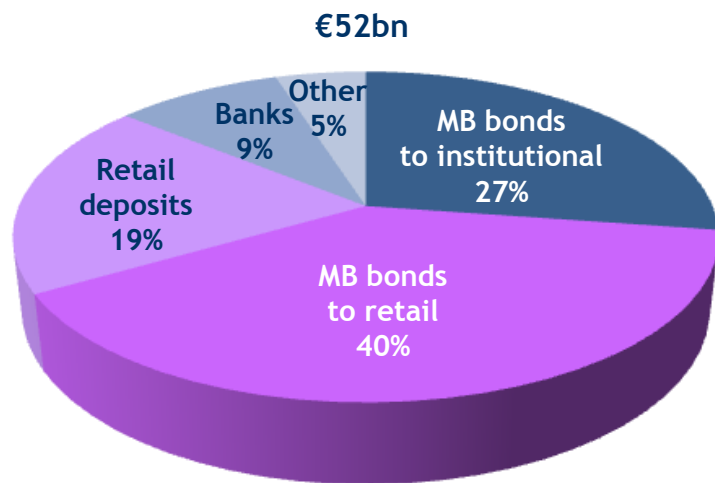
€bn	FY11 results				
	FY11 June11	1H11 Dec10	FY10 June10	Δ H.o.H*	Δ Y.o.Y*
Funding	51.7	52.9	53.8	-2%	-4%
<i>of which</i>					
MB bonds	34.5	34.6	35.2	~	-2%
Retail deposits	10.0	10.0	9.6	~	+4%
Banks	4.7	5.5	6.0	-14%	-21%
Loans to customers	36.2	35.1	33.7	+3%	+7%
<i>of which</i>					
Corporate	22.5	22.2	21.1	+1%	+6%
Consumer	8.9	8.5	8.3	+5%	+8%
Mortgage	4.1	3.7	3.5	+11%	+16%
Treasury + AFS + HTM	18.7	20.7	23.3	-10%	-20%
Core Tier 1 ratio	11.2%	11.1%	11.1%		
Loans/deposits	70%	66%	63%		
RWA/assets	91%	90%	86%		

* H.o.H. = June11/Dec10 Y.o.Y. = June11/June10

Funding: diversified by product and channel

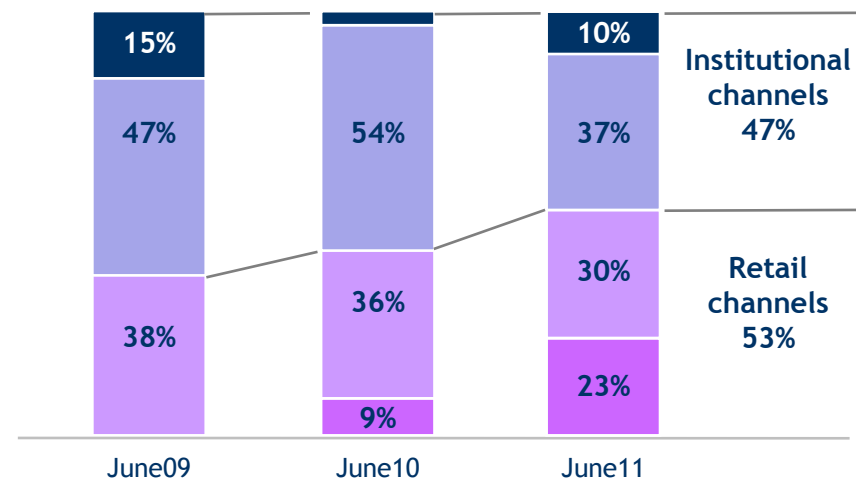
FY11 results

MB Group funding stock: breakdown by product



- 60% of funding stock attributable to retail
- MB bonds expiring: €7bn < June12, €5bn < June13

MB bonds issued: breakdown by channel



- Distribution channels enlarged: MOT accounts for 23%, retail channels for 53%

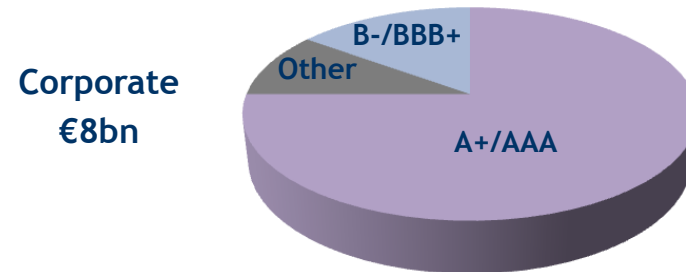
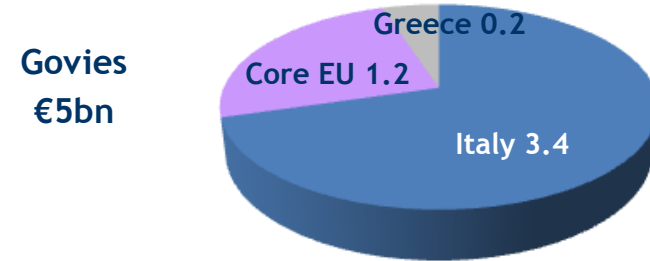
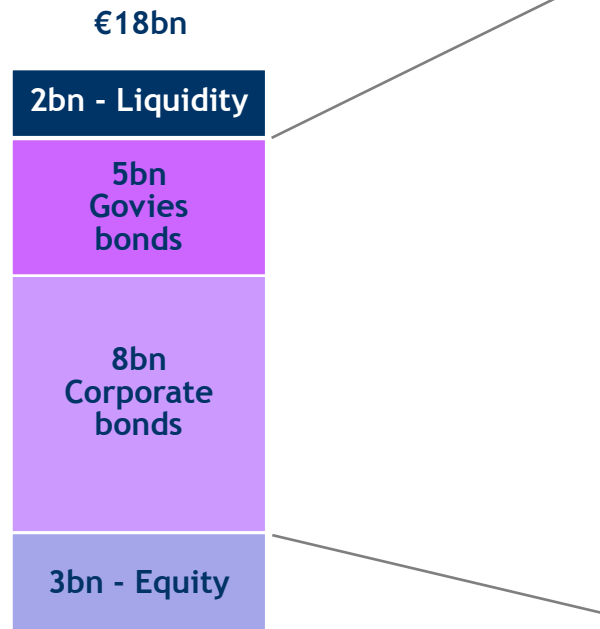
MOT Third parties Private placements Public offers

Liquid and diversified securities portfolio

FY11 results

Ptf breakdown as at August-end (HFT+AFS+HTM+LR)

Bond portfolio breakdown (€bn)



- Diversified portfolio
- Govies equal to 27% of bonds portfolio

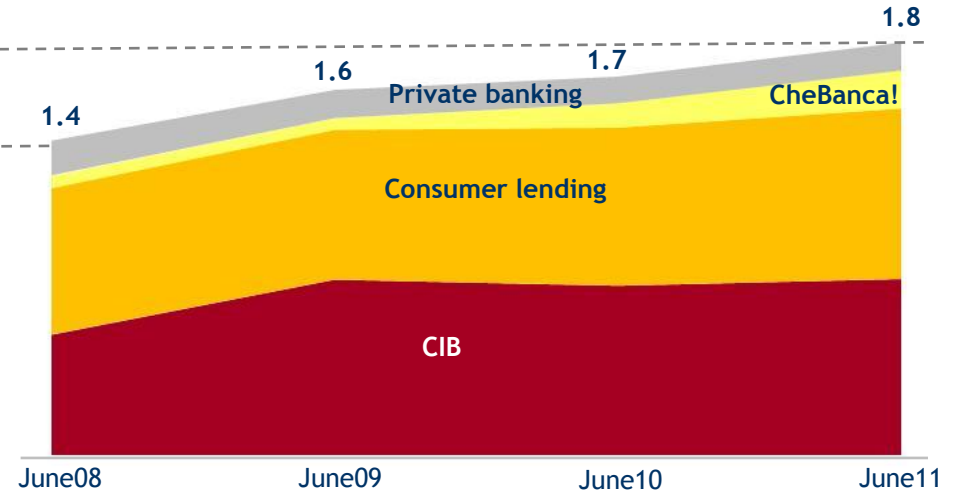
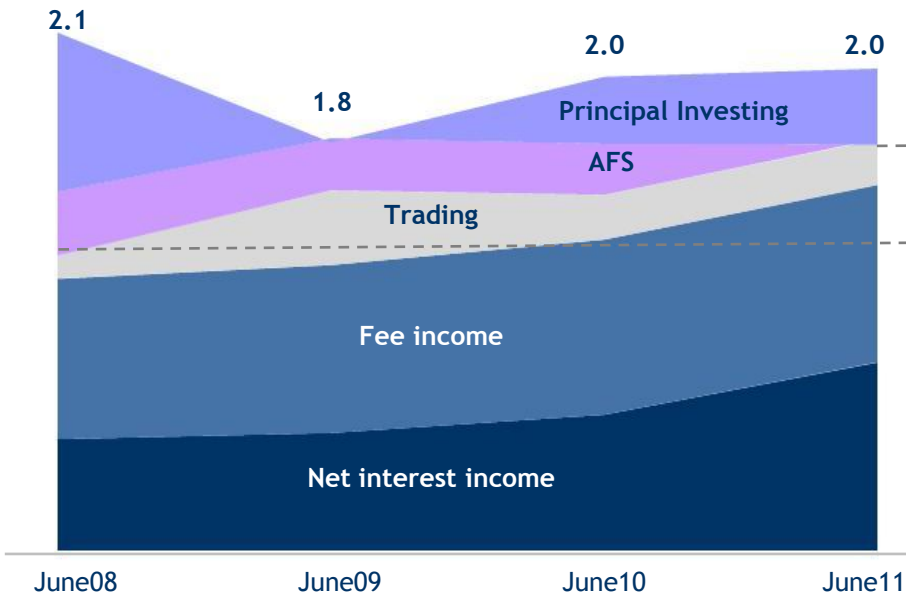
- Greek exposure reduced to €0.2bn
- 75% of corporate bonds A+/AAA rated

Improved revenues mix by CIB Int. and Consumer

FY11 results

Total revenues by source (€bn)

Banking revenues by business (€bn)



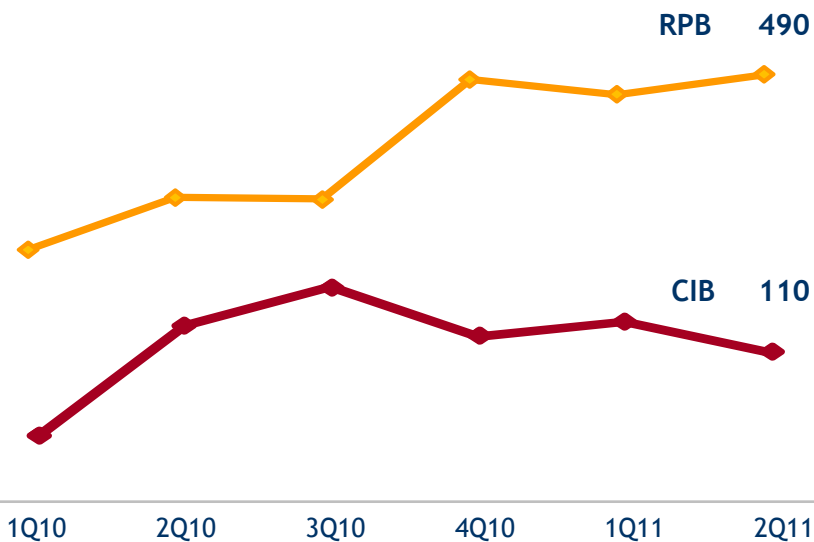
- Income from banking up steadily, driven by NII and fees

- CIB resilient
- Consumer business growing
- Retail banking becoming material

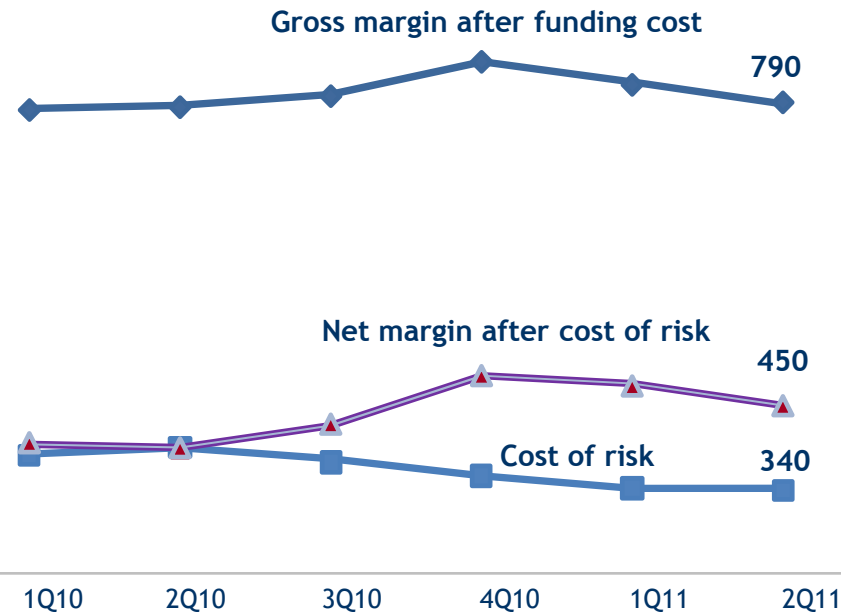
Retail focused on high margin segments

FY11 results

CIB and RPB net margins* (bps)



Consumer finance margins (bps)



- RPB: high margins due to additional NII from retail banking and focus on profitable products (i.e. consumer lending)
- CIB: margin impacted by increased cost of funding

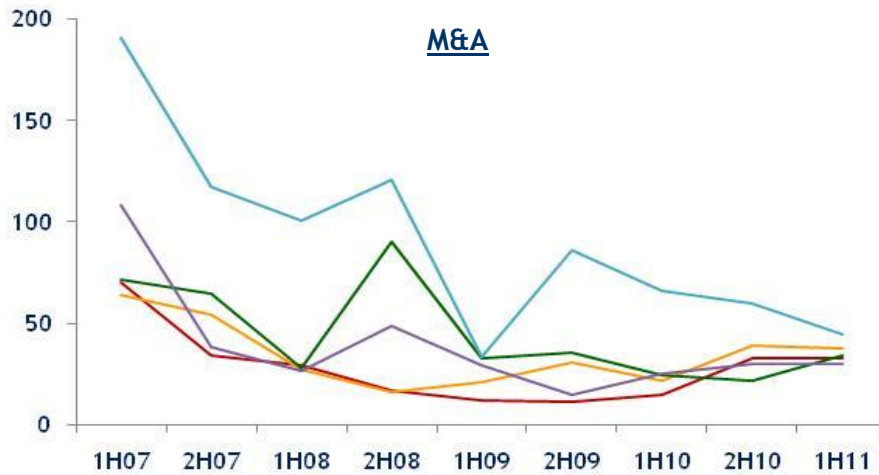
* CIB net margin = (NII + lending fees - LLPs)/(loans + treasury)

* RPB net margin = (total income - LLPs)/loans

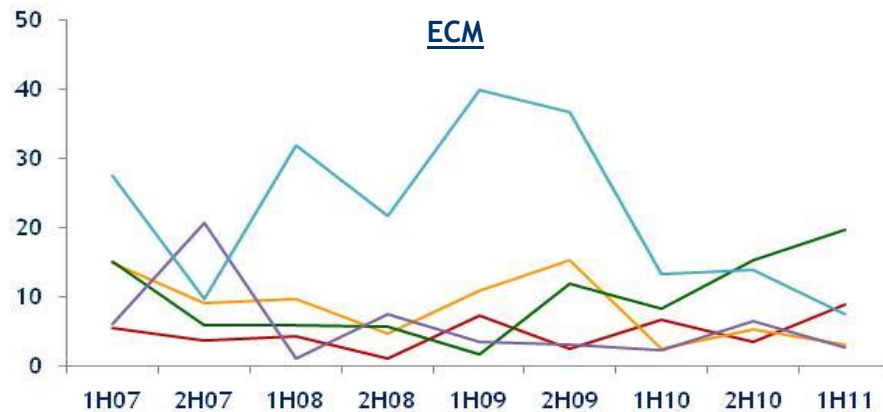
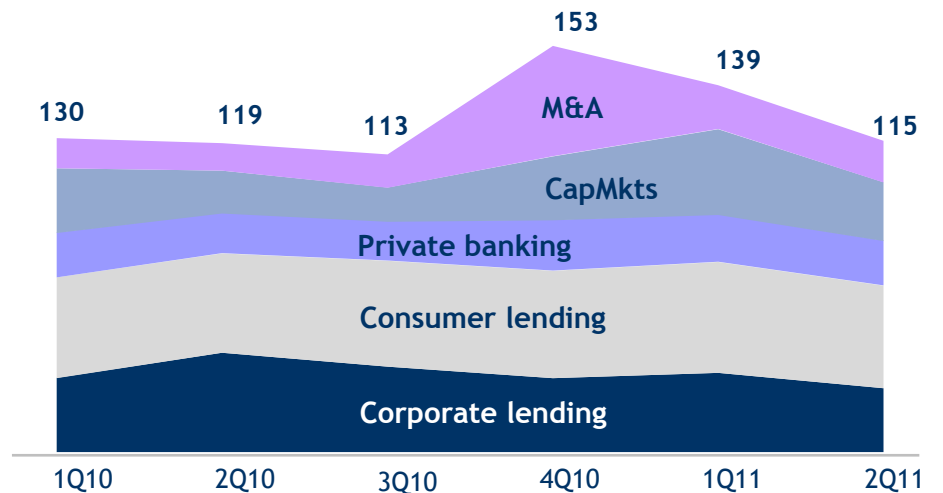
Fee income: coping with low volumes in 2H

FY11 results

CIB European volumes (Dealogic, €bn)



Group fees by business segment (€m)



- Solid contribution from corporate and consumer lending
- Capmkts and M&A contribution volatile

Costs growth due to CIB int. and retail build up

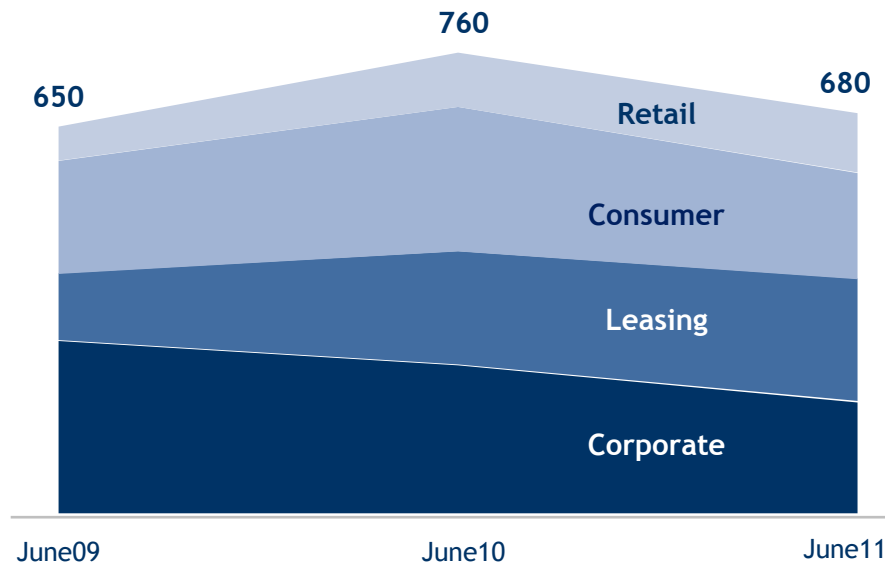
€m	FY11 results				
	FY11 June11	FY10 June10	Δ Y.o.Y*	FY09 June 09	FY08 June08
Group costs	824	773	+7%	730	640
Employees no.	3,452	3,242	+6%	3,105	3,039
CIB costs	341	303	+12%	302	277
Employees no.	964	882	+9%	850	834
of which CIB Italy**	569	523	+9%	507	500
CIB International	130	94	+38%	74	55
Cost/income	37%	30%		28%	32%
Compass costs	250	240	+4%	222	232
Employees no.	1,341	1,295	+4%	1,284	1,522
Cost/income	36%	38%		37%	39%
CheBanca! costs	184	180	-	156	80
Employees no.	923	845	+9%	730	470
Cost/income	115%	180%			

* Y.o.Y. = June11/June10; **Leasing excluded

Credit quality and LLPs improving

FY11 results

Net bad loans stock* (€m)



Asset quality ratios trend*

	FY10	FY11
LLPs (bps)	150	120**
Gross Bad Ls/Ls	4.1%	3.4%
NPLs	1.9%	1.4%
Watch list Ls	1.4%	1.1%
Coverage Bad Ls	47%	48%
NPLs	84%	74%
Watch list Ls	26%	43%
Net Bad Ls/Ls	2.3%	1.9%
NPLs	0.4%	0.5%
Watch list Ls	1.0%	0.7%

- Bad loans down in absolute and relative terms, driven by improvements in consumer lending and corporate
- LLPs thus down from 150bps to 120bps
- Coverage of bad loans at 48%, with higher provisioning on watch list

*Net of third-parties' NPLs acquired by Cofactor

** Normalized cost of risk, net of one-off writeback

Profitability indexes: retail improving

FY11 results

	FY11 June11	FY10 June10	FY09 June09
Group RWA (€bn)	55.0	53.4	52.7
<i>of which</i> CIB	40.3	39.7	40.2
RPB	11.5	10.8	10.2
ROTE adjusted	9%	8%	5%
ROTE stated	6%	7%	0
RORWA (% gross)	1.0	1.1	0.2
<i>of which</i> CIB	1.0	1.0	0.9
RPB	1.0	(0.2)	(0.2)
<i>Consumer lending</i>	1.7	0.8	1.2
<i>Retail banking</i>	(2.5)	(5.8)	(7.3)

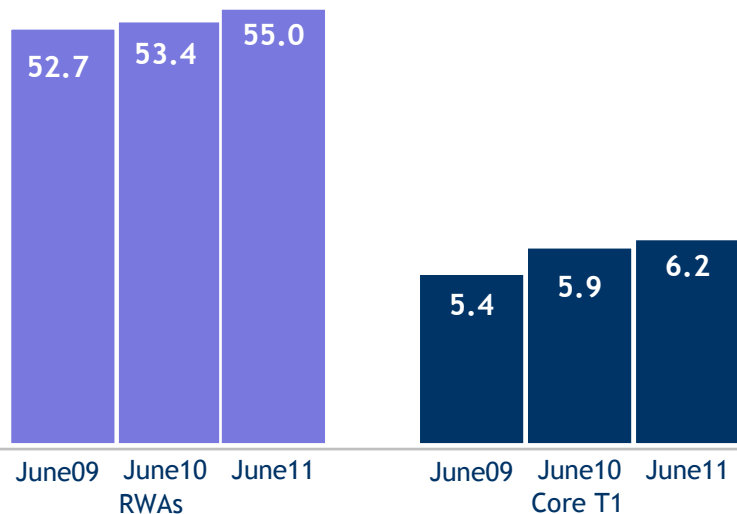
Capital and dividend

FY11 results

RWAs and core tier1 (€bn), leverage ratios

RWAs / Assets = 91%

Core T1 / Assets = 11%



- RWAs up 3%
- Core tier 1 up 4%, low leverage preserved

Dividend policy

	FY09	FY10	FY11
Cash DPS €	0	0.17	0.17
Total dividend €m	0	144	146
Stated payout	0	36%	40%
Cashed payout	0	56%	67%
Retained earnings €m	2	257	222
Core Tier1 ratio	10.3%	11.1%	11.2%

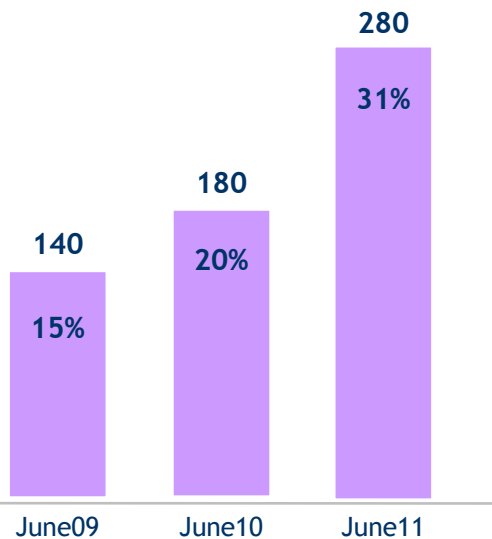
- Dividend policy based on cash payout and capital ratios

CIB: increased contribution from int. operations

FY11 results

Revenues: non-domestic/total

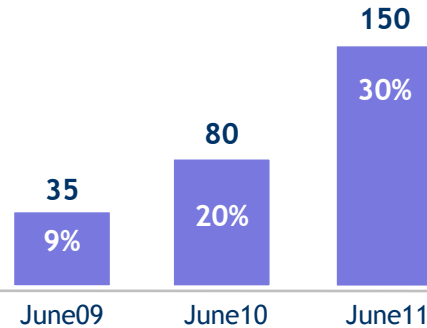
€m, % of banking CIB revenues



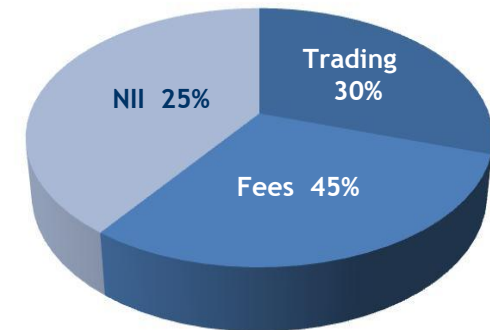
• International operations' contribution to CIB income and PBT up significantly, now equal to around 30%

PBT: non-domestic/total

€m, % of banking CIB PBT



Revenues by product



• Diversification by product and country (40% UK, 30% G, 20% S, 10% F)

CIB: asset quality improvement offset impairments

€m	FY11 results							
	12M June11	12M June10	Δ Y.o.Y	2Q11 June11	1Q11 March11	4Q10 Dec10	3Q10 Sept10	2Q10 June10
Income one-offs	0	109		1	(5)	7	(3)	(2)
Loan loss recovery	75	0		75	0	0	0	0
Securities writedowns	(150)	(136)		(135)	0	(14)	(1)	(39)
Total gross one-offs	(75)	(27)		(59)	(5)	(7)	(4)	(41)
Income adjusted	913	897	+2%	173	267	227	246	139
Net interest income	429	429	~	104	101	108	116	115
Fee income	315	332	-5%	65	86	100	64	72
Trading	168	136	+24%	3	79	19	67	(48)
Total costs	(341)	(303)	+12%	(83)	(87)	(90)	(81)	(69)
Loan provisions	(100)	(156)	-36%	(27)	(23)	(25)	(25)	(34)
PBT adjusted	472	438	+8%	62	157	112	141	36
CIB income	913	1,006	-9%	174	262	234	243	137
CIB PBT	396	411	-4%	3	152	105	137	(5)
CIB Net profit	242	243	~	4	94	66	79	(15)

Principal investing: Telco and early AG impact

FY11 results

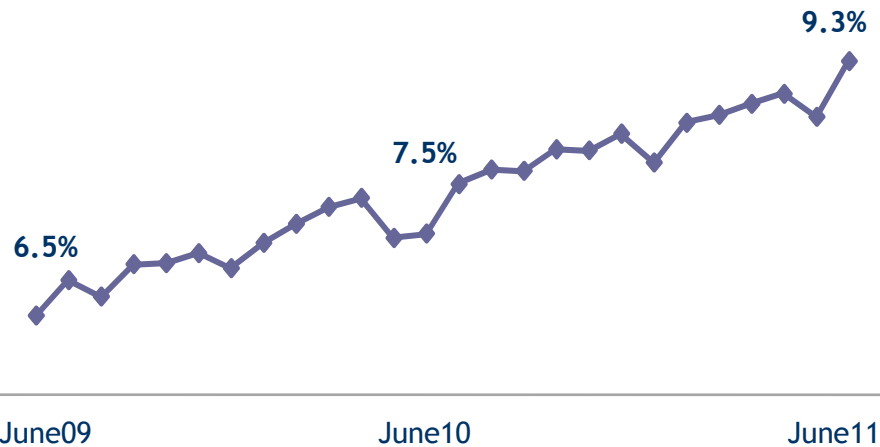
€m	12M June11	12M June10	Δ Y.o.Y	2Q11 June11	1Q11 March11	4Q10 Dec10	3Q10 Sept10	2Q10 June10
Total income	196	204	-4%	35	48	62	51	70
Ass. Generali	239	232		82	52	59	46	71
Ass. Generali *	(38)			(38)				
RCS Media Group	3	(17)		(3)	0	2	3	(4)
Telco	0	(2)		(4)	(3)	4	4	3
Writedowns	(125)	(12)	nm	(120)	0	(5)	0	(5)
Net profit	69	187	-62%	(85)	49	55	51	63
Market value (€bn)	3.1	3.0	+1%	3.1	3.2	3.0	3.1	3.0
RWA (€bn)	3.2			3.2	3.3	3.4		2.9

* Anticipation of losses incurred by Ass.Generali linked to writedowns charged on Greek debt securities and Telco (€38m pro-rata MB) in its 2Q11; as MB consolidates AG profits with a one-quarter delay, this reduction in value should have been reflected by MB in its P&L next quarter

Consumer: growth leveraged due to stronger distribution

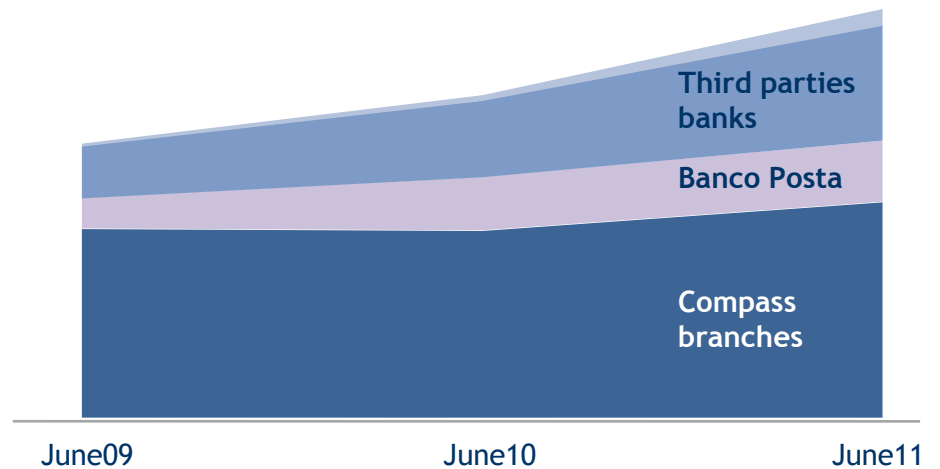
FY11 results

Compass annual market share (new loans)



- Compass mkt share up to 10.6% in July 2011
- After 3 years' shrinking, market resumed growth in Q4

Compass distribution by channel (new personal loans)



- Distribution drastically diversified and enlarged
- Direct and indirect distribution now roughly equal

Consumer lending: net profit 4x, new loans up 19%

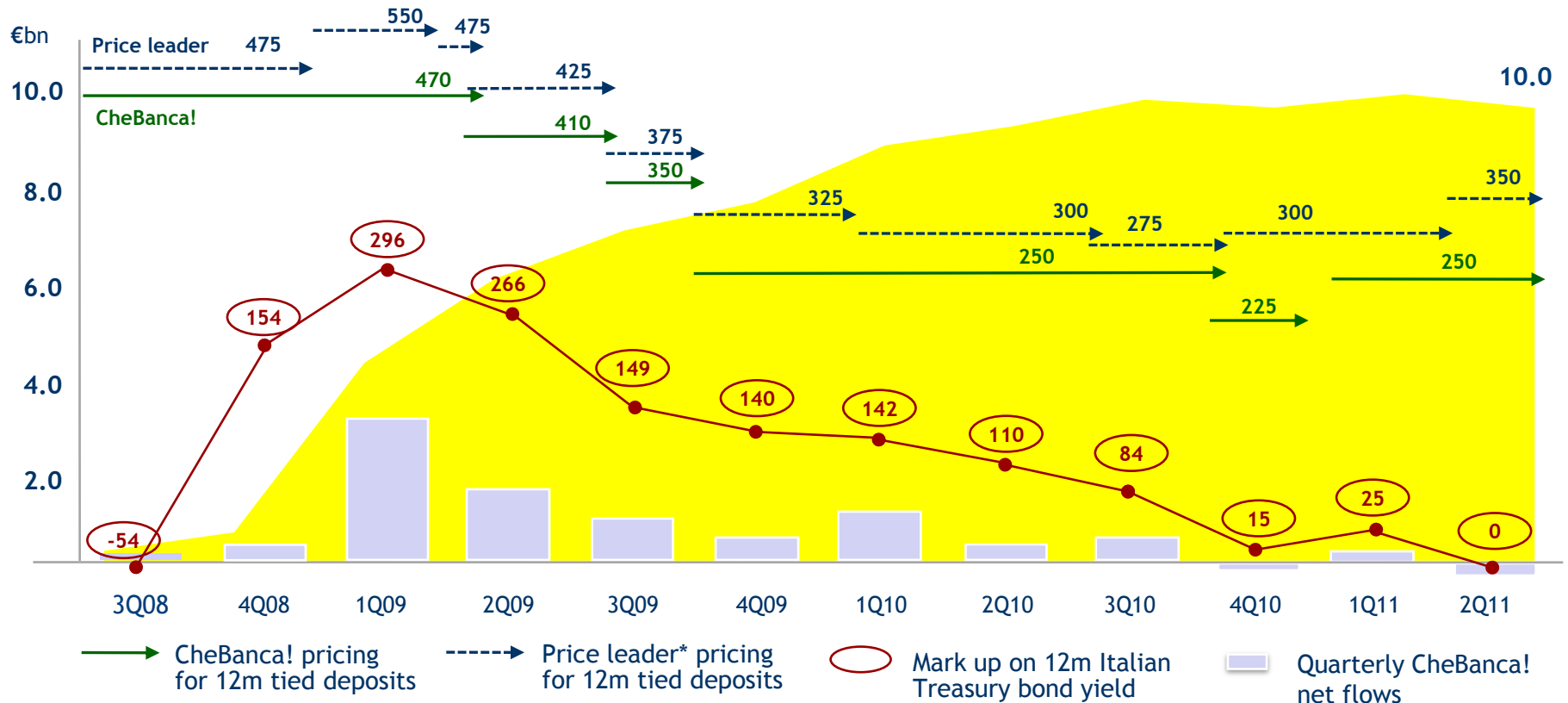
FY11 results

€m	12M June11	12M June10	Δ Y.o.Y	2Q11 June11	1Q11 March11	4Q10 Dec10	3Q10 Sept10	2Q10 June10
Total income	687	638	+8%	170	177	176	165	167
Total costs	(250)	(240)	+4%	(67)	(65)	(60)	(58)	(60)
Loan provisions	(302)	(337)	-10%	(74)	(74)	(75)	(80)	(83)
<i>Cost of risk, bps</i>	350	410		345	345	365	390	405
Net profit	91	22	+4x	33	18	27	13	12
New loans	4,828	4,054	+19%	1,384	1,239	1,179	1,026	1,105
Loans (€bn)	8.9	8.3	+8%	8.9	8.6	8.5	8.4	8.3
RWA (€bn)	8.0	7.4	+9%	8.0	7.6	7.5		7.4

CheBanca! pricing intended to generate NII

FY11 results

Funding stock and pricing for 12m tied deposits (€bn, bps)



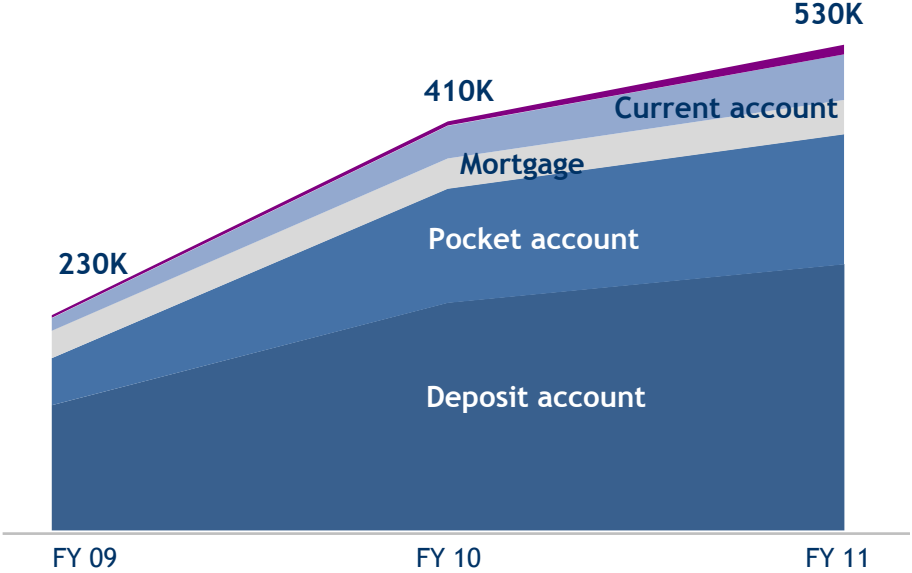
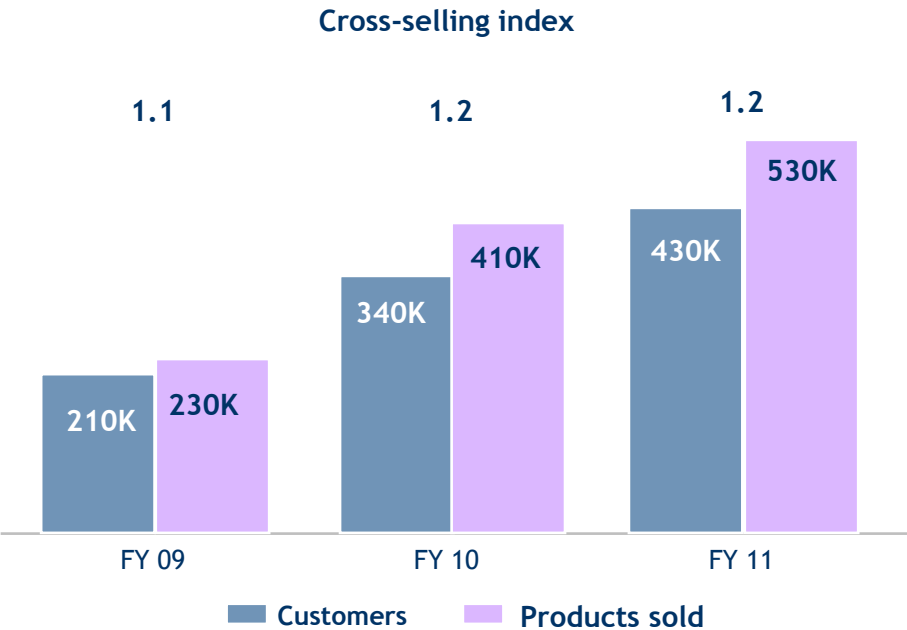
* Out of a peer group made up of: Fineco, ING, IWBanck, Mediolanum, Rendimax, Webank, Barclays

Retail banking: customers up 26%, product sold up 30%

FY11 results

CheBanca! customers and products ('000)

Product breakdown



- Customer base enlarged
- Cross selling index still low

- Products introduced in 1H11 not still pushed (insurance, MB bonds, securities accounts, etc.)

Retail banking: income up 60%, with NII 3x

€m	FY11 results							
	12M June11	12M June10	Δ Y.o.Y	2Q11 June11	1Q11 March11	4Q10 Dec10	3Q10 Sept10	2Q10 June10
Total income	158	98	+60%	37	31	50	40	27
Net interest income	112	33	+3x	40	29	29	14	24
Securities & fee income	45	66	-31%	(3)	2	21	26	3
Total costs	(184)	(180)	+2%	(48)	(46)	(53)	(38)	(43)
Loan provisions	(21)	(23)	-10%	(2)	(4)	(7)	(8)	(7)
<i>Cost of risk, bps</i>	<i>54</i>	<i>68</i>		<i>45</i>	<i>45</i>	<i>80</i>	<i>90</i>	<i>85</i>
Net result	(39)	(79)	-51%	(11)	(13)	(10)	(5)	(18)
Deposits (€bn)	10.0	9.6	+4%	10.0	10.2	10.0	10.1	9.6
Loans (€bn)	4.1	3.5	+16%	4.1	3.8	3.7	3.6	3.5
RWA (€bn)	1.9	1.8	+8%	1.9	1.8	1.8		1.8

Conclusions

- **Positive banking results for the year even in a critical environment, due to:**
 - diversification of businesses and funding sources
 - high liquidity and core tier1 capital
 - good asset quality and conservative approach
- **Macro environment becoming tougher and unhelpful to banking, de-risking as a priority**
- **MB Group focus: consolidation of banking activities**
 - Preserving liquidity, capitalization and asset quality
 - CIB: coping with margin reduction, still upgrading structures on a cost-optimization approach
 - Consumer finance: defending net margins, fuelling growth by enlarging distribution
 - Retail banking: increasing cross-selling, stronger role as a funding-arm of the group



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FY results as at June 2011

Milan, 21 September 2011

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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