

MEDIOBANCA

Banca di Credito Finanziario

1H 2004-2005 results

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Milan, 11 March 2005



Mediobanca group: strategic priorities and 1H highlights

Mediobanca
1H 2004-2005 results

Mediobanca group

**Enhance
earnings
quality**

Revenues up 10% to € 496m

Group GOP up 10% to € 314m

Adjusted PBT* up 17% to € 286m

** Adjusted PBT = group profit before tax - EIP writedowns/writebacks*



**Stabilize WB
contribution
despite
tough
environment**

6% top line increase to € 274m

C/I ratio 23%

GOP up 5% to € 211m

Mediobanca group: strategic priorities and 1H highlights

Mediobanca
1H 2004-2005 results

Mediobanca group

**Growing
profitability
from retail
business**

RFS

PBT¹ up 33% to € 53m

New loans up 23% (PFS
up 27%)

PB

GOP up 10% and PBT²
up 96%

AUM³ to € 13.7bn (up
26% in 12 months)

Contribution to group GOP up from 32% to 35%

1) Before tax and minorities

2) After minorities

3) CMB + 100% Banca Esperia



**EIP
management
and capital
allocation**

Unlocking value from strategic portfolio

- /// six month NAV increase: € 832m
- /// NAV per share up from € 8.1 to € 8.9 (strategic portfolio up from € 6.5 to € 7.5)
- /// strategic portfolio 2Y IRR 20%

Non-strategic portfolio reduction (€ 126m)

Freed capital reinvested in PB (€ 94m)

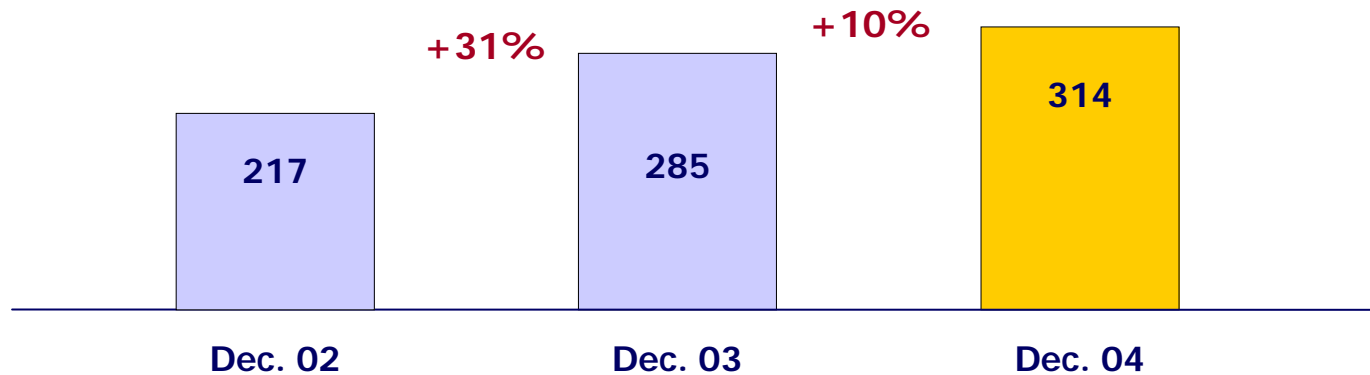
Mediobanca group: 1H results

Mediobanca
1H 2004-2005 results

Mediobanca group

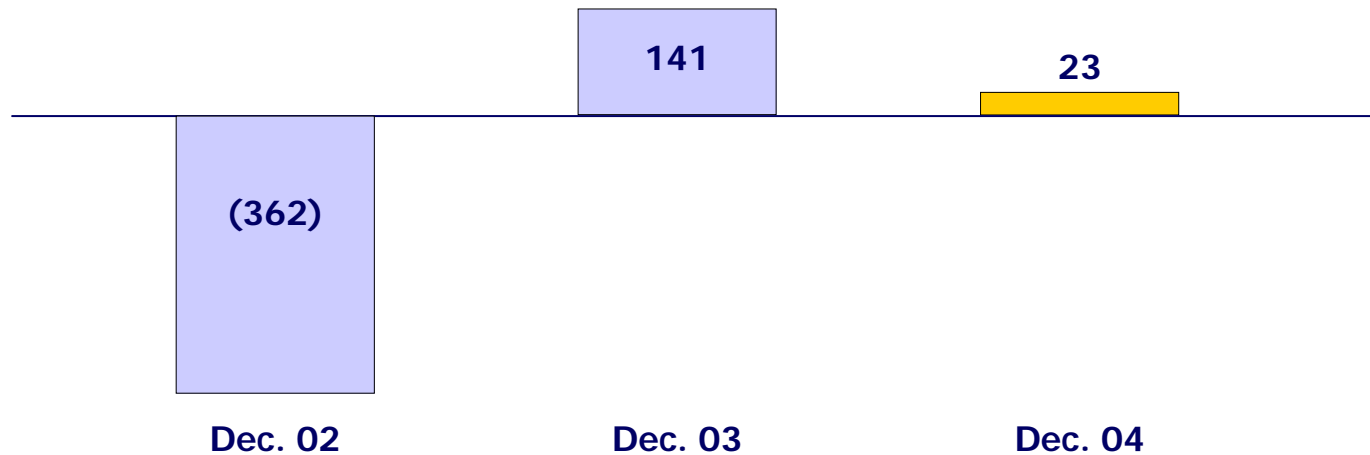
Gross operating profit

€ m



Net portfolio results

€ m



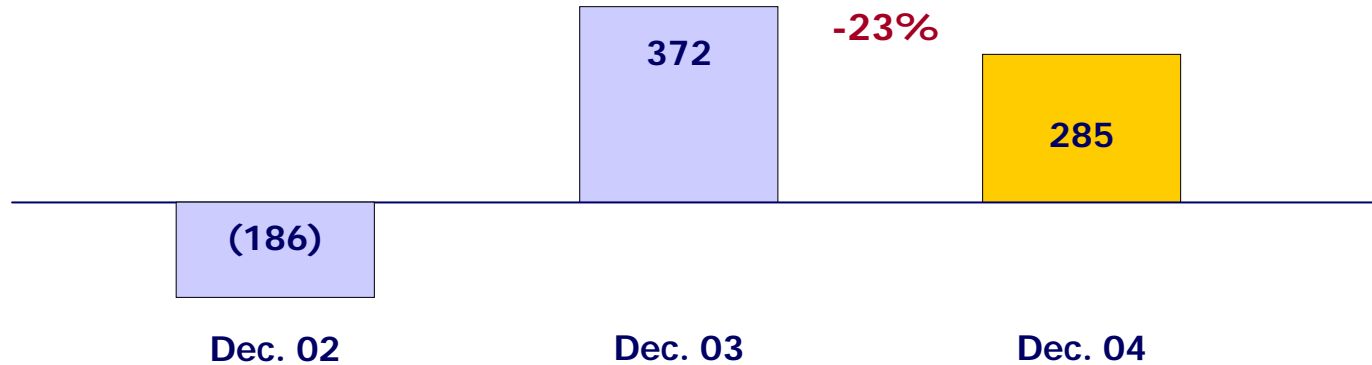
Mediobanca group: 1H results

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1H 2004-2005 results

Mediobanca group

Profit before tax*

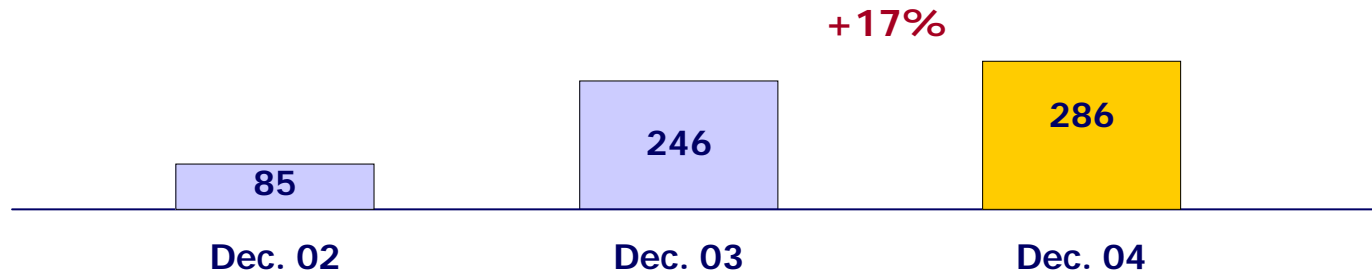
€ m



* After minorities

Normalized profit before tax

€ m



Dec. 02 normalized PBT = PBT (€ - 186m) + EIP writedowns (€ 271m)

Dec. 03 normalized PBT = PBT (€ 372m) - EIP writebacks (€ 126m)

Dec. 04 normalized PBT = PBT (€ 285m) + EIP writedowns (€ 1m)



Mediobanca group: 1H results

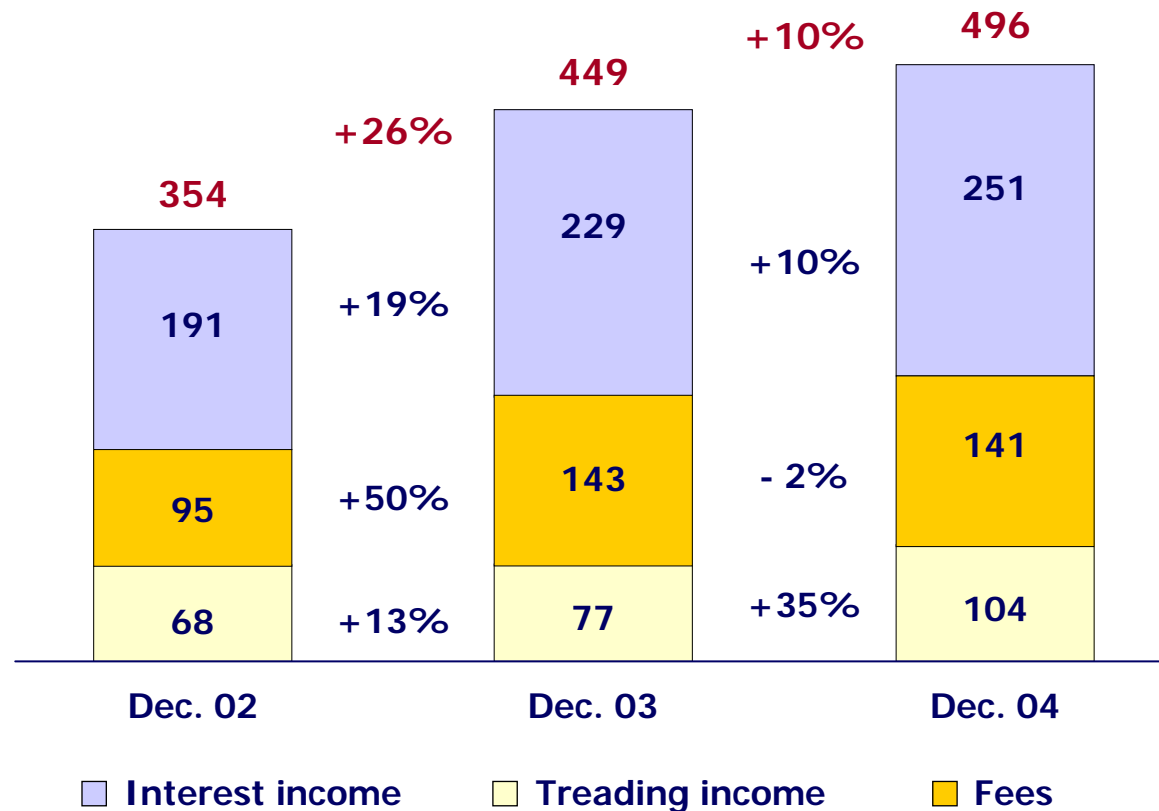
Mediobanca
1H 2004-2005 results

Mediobanca group

Group revenues

€ m

Double-digit increase in top line driven by interest income (up 10%) and stable fees



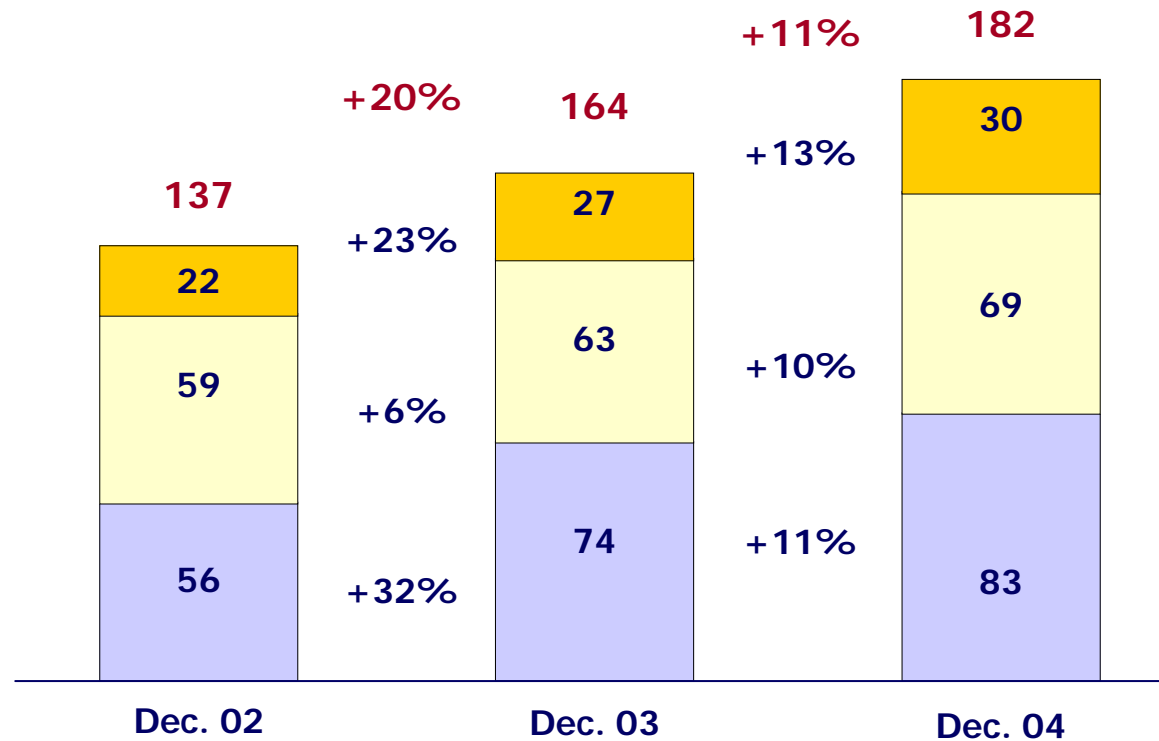
Mediobanca group: 1H results

Mediobanca
1H 2004-2005 results

Mediobanca group

Group costs

€ m



11% cost increase
mainly due to
retail activity
growth

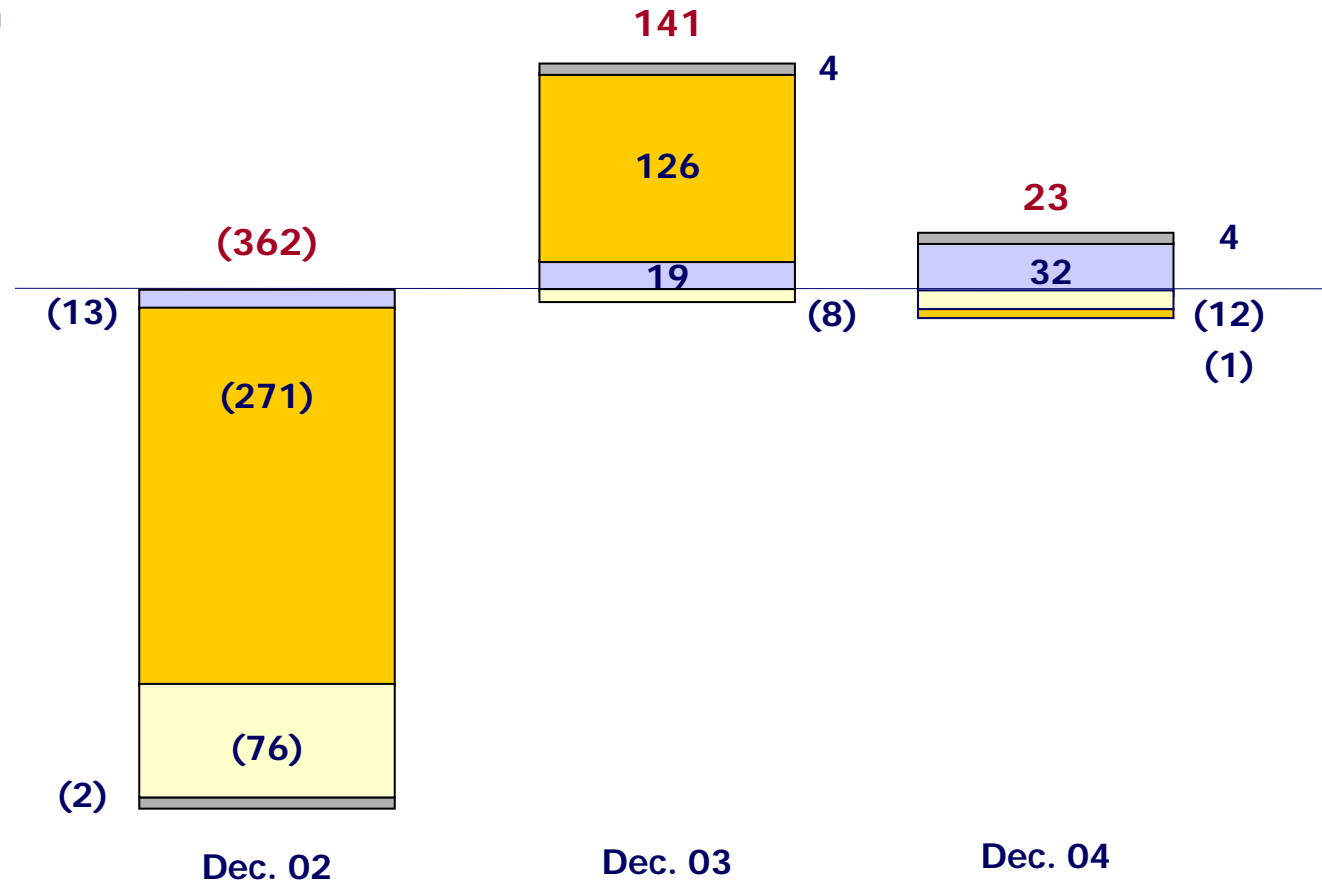
■ Personnel ■ Administrative expenses ■ Fees to dealers and others



Net portfolio result

Mediobanca group

€ m



- Writedowns/backs to investment ptf
- Net gain (loss) from disposals
- Writedowns/backs to treasury ptf
- Equity-accounted companies

**PBT
less impacted
by writedowns/
writebacks**

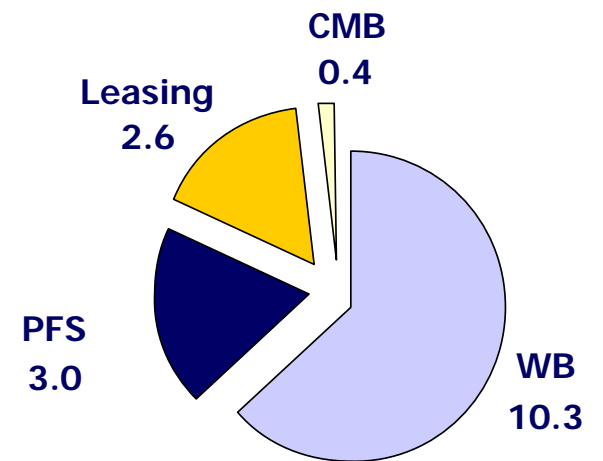
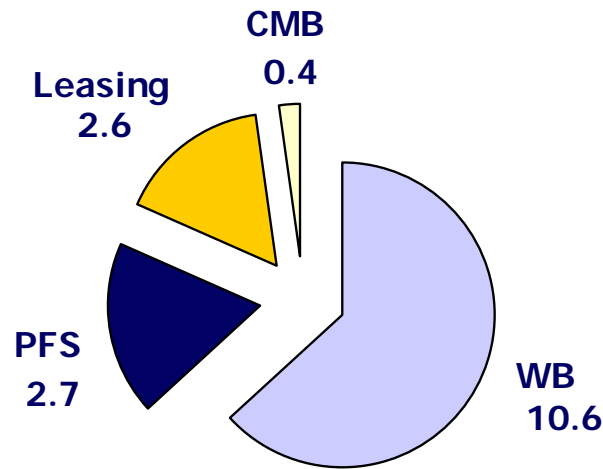


Loan book

Mediobanca group

June 04
Loan book € 16.3bn

Dec. 04
Loan book € 16.3bn



Retail/SMEs = 35%

Retail/SMEs = 37%

Significant increase in PFS loan book, with growing contribution to group results



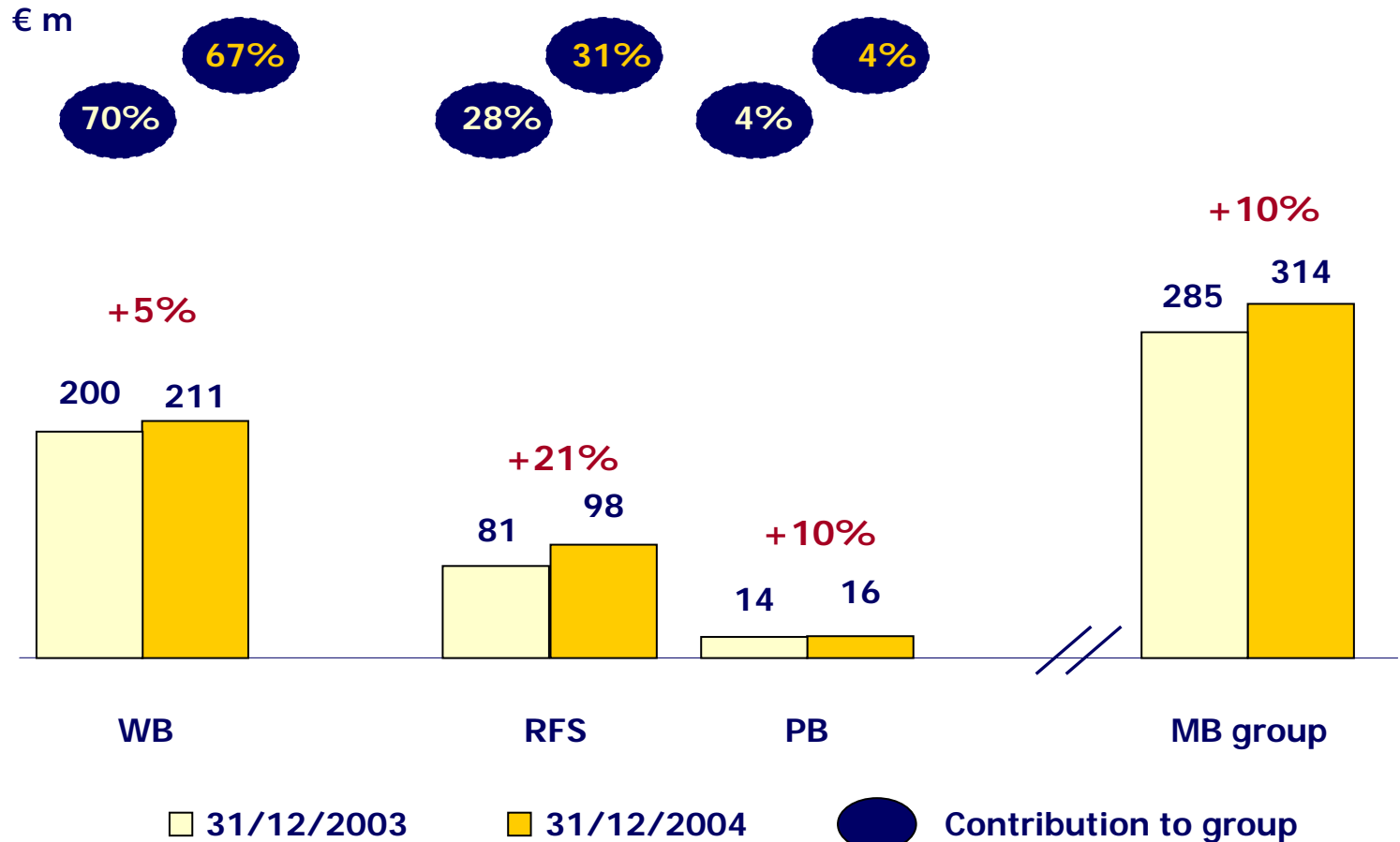
Segmental analysis



GOP by core businesses

Segmental analysis

Group GOP
increase
backed by
3 business
growth



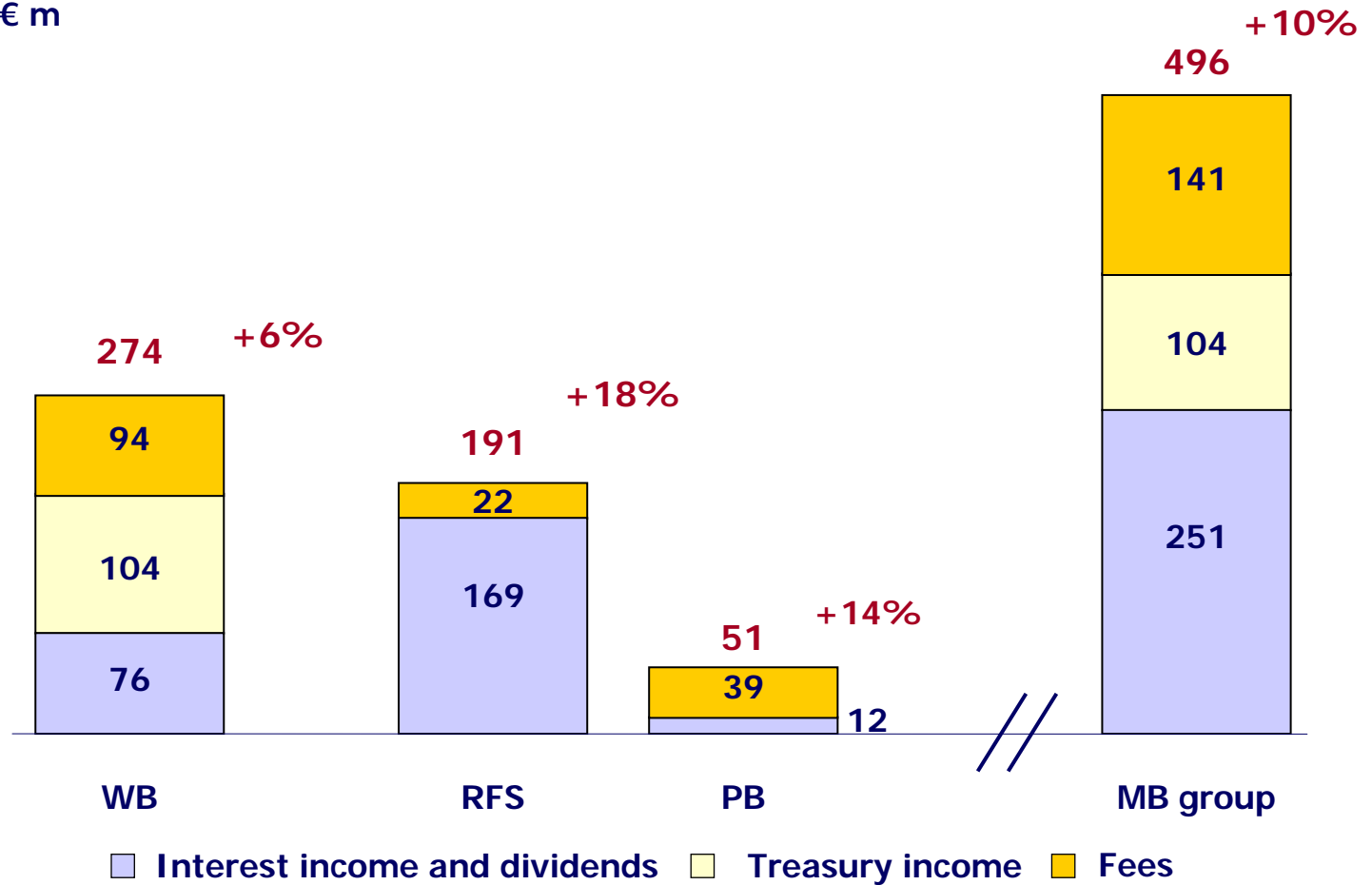
- Differences between group and sum-of-parts figures due to
- EIP contribution (€ 7m lower in 2003 and 2004)
 - consolidation entries
 - Banca Esperia: equity-accounted in group figures; here booked pro-rata



Revenues by core businesses

Segmental analysis

€ m



WB
top line buoyant

Strong
performance by
RFS and PB

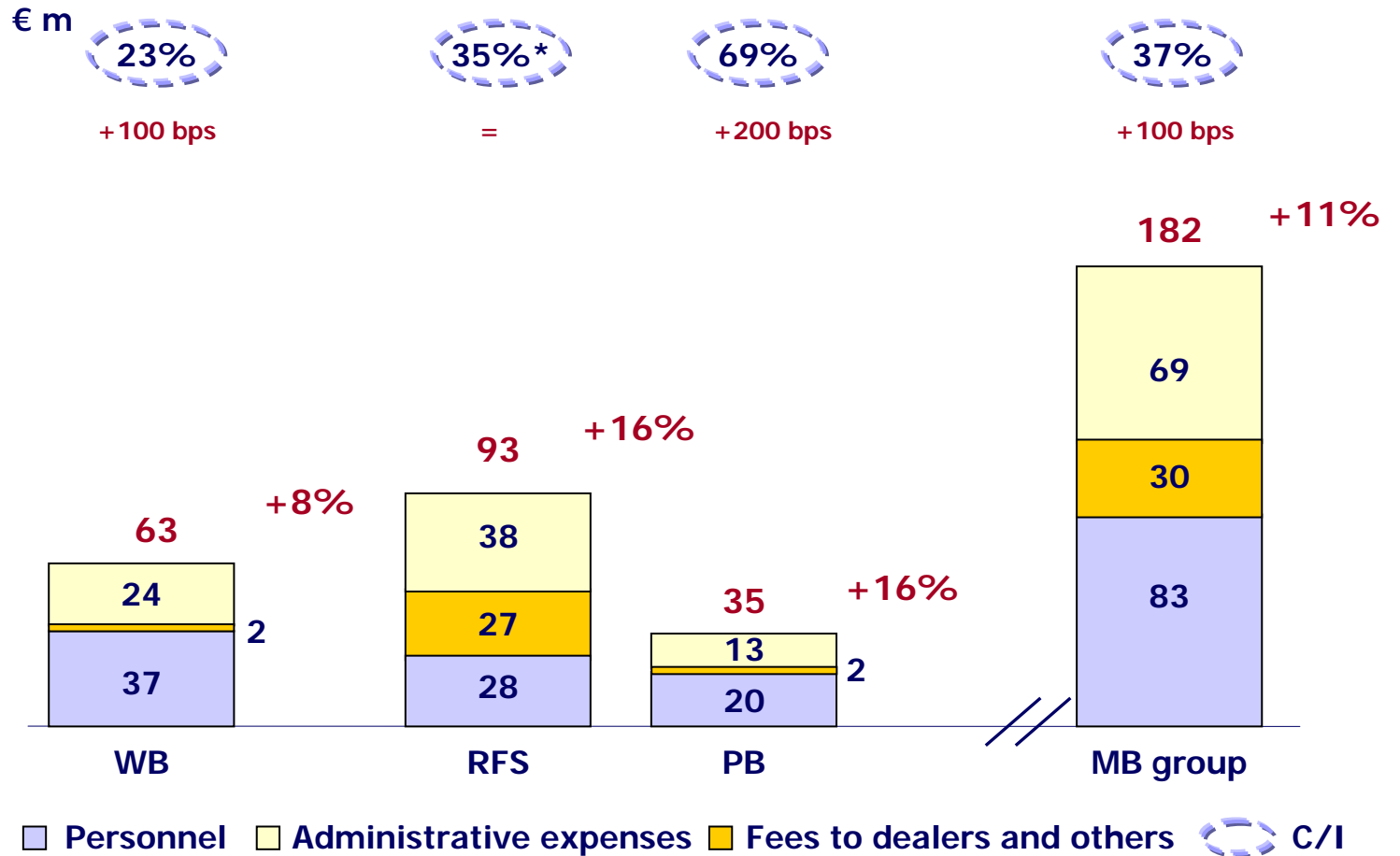
- Differences between group and sum-of-parts figures due to
- EIP (€ 5m lower)
 - consolidation entries
 - Banca Esperia: equity-accounted in group figures; here booked pro-rata



Costs by core businesses

Segmental analysis

Costs driven by growing businesses



Differences between group and sum-of-parts figures due to

- EIP (€ 3m lower)
- consolidation entries
- Banca Esperia: equity-accounted in group figures; here booked pro-rata

* Cost/income ratio excludes fees to dealers



Segmental analysis: Wholesale banking



Wholesale banking: 1H 2004-05 results

Mediobanca
1H 2004-2005 results

Segmental analysis: Wholesale banking

Environment

- /// 2004 GDP up 1.1%, declining in fourth quarter (down 0.3%)
- /// 3Y interest rate down 40 bps in six months
- /// Low corporate lending demand, spreads reduced
- /// S&P MIB up 10%
- /// Strong decline in domestic M&A market (down 26%)

Six months results

- /// GOP increase (up 5%)
- /// Balanced revenue mix
 - /// fees 34%
 - /// interest income 28%
 - /// trading 38%
- /// Superior cost control maintained (C/I ratio = 23%)
- /// Excellent asset quality combined with stable lending spread
- /// Paris branch: € 1.6bn lending committed

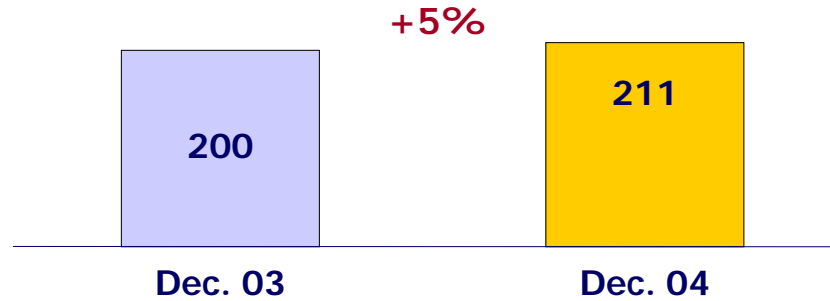
WB: 1H results

Mediobanca
1H 2004-2005 results

Segmental analysis: Wholesale banking

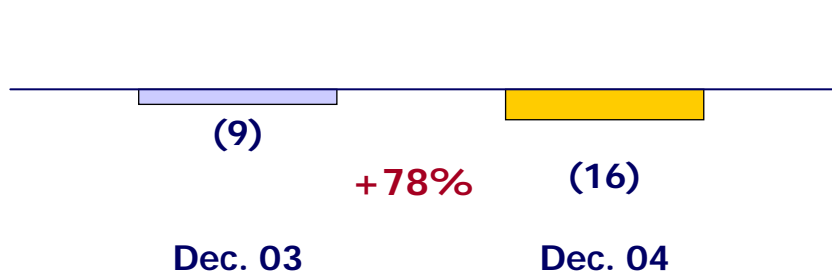
Gross operating profit

€ m



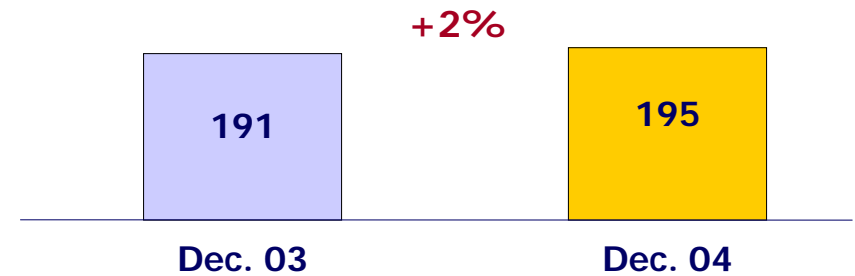
Writedowns to treasury portfolio

€ m



Profit before tax

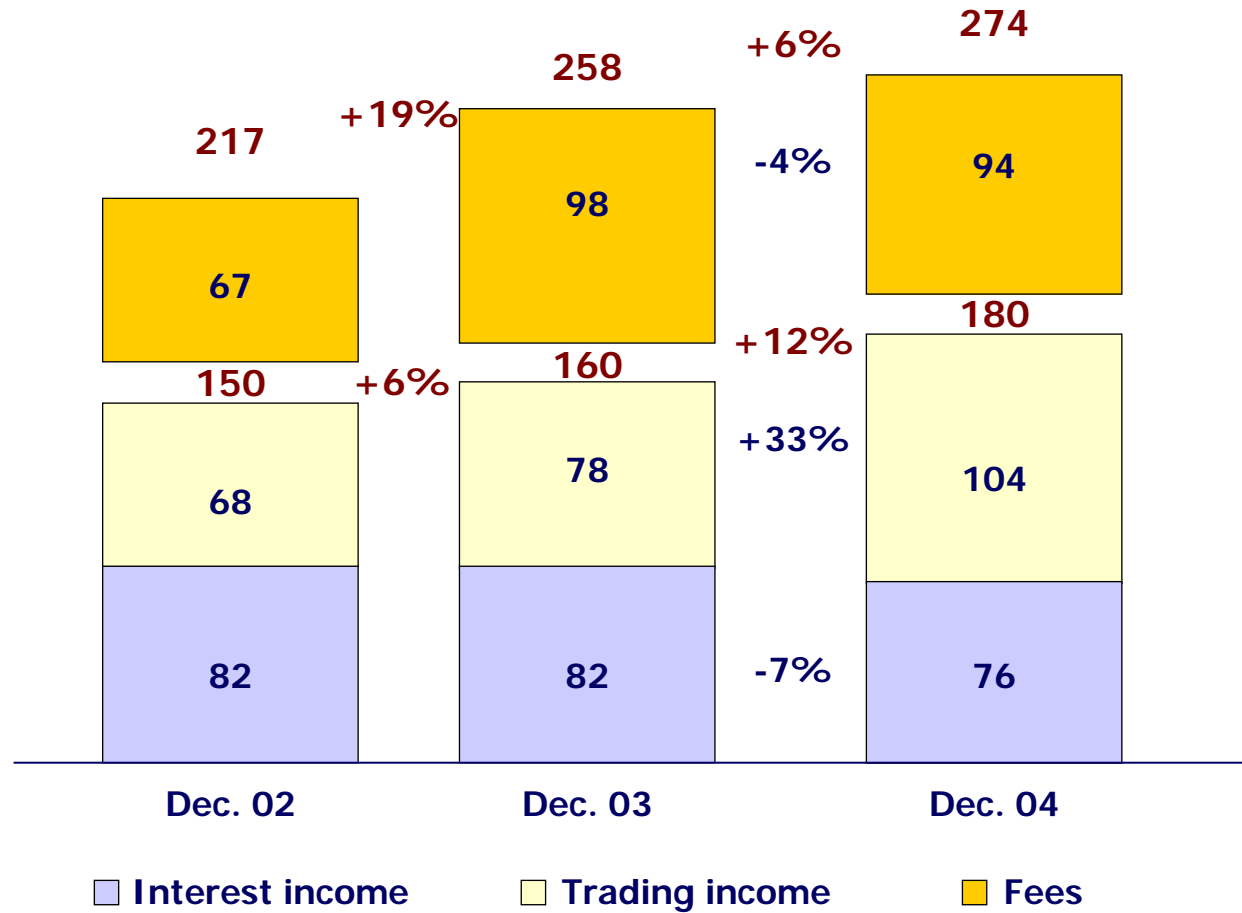
€ m



Revenues growth

Segmental analysis: Wholesale banking

€ m



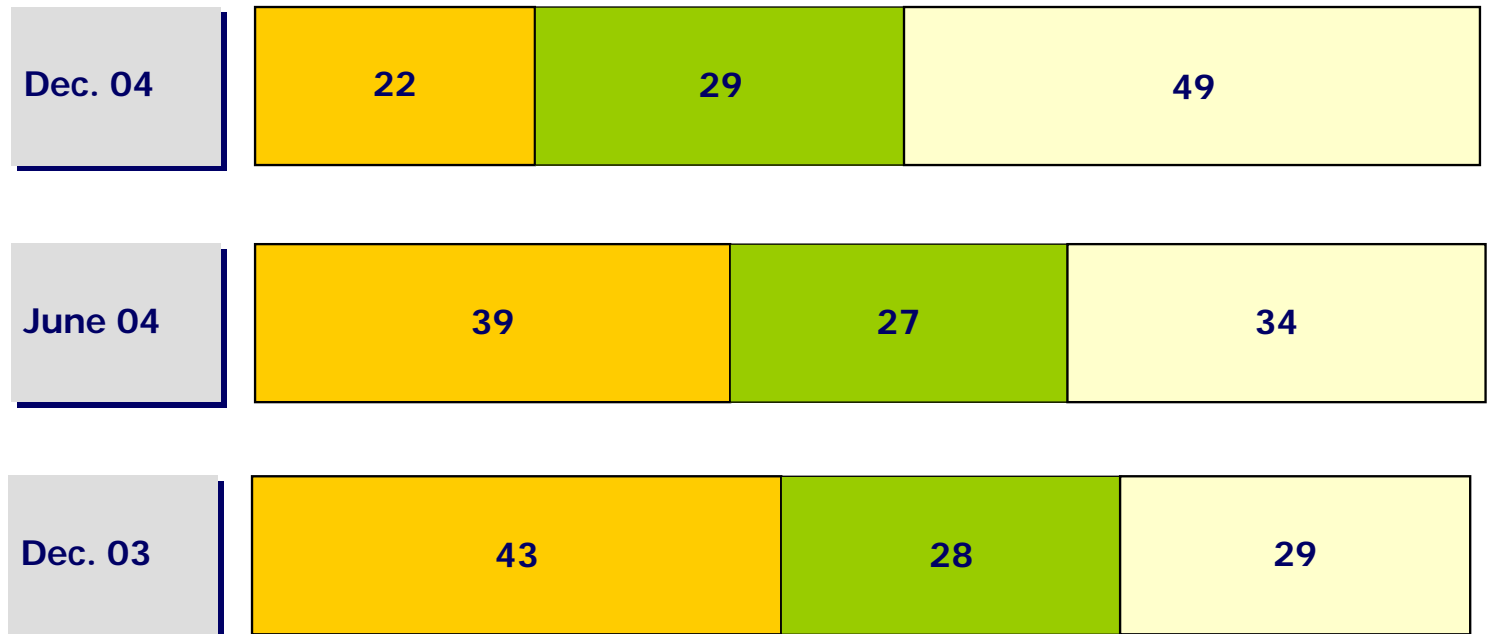
Significant fees contribution
Treasury earnings increased



Revenues: fees by product

Segmental analysis: Wholesale banking

Breakdown WB fees (%)



■ C&CF ■ L&SF ■ CapMkt

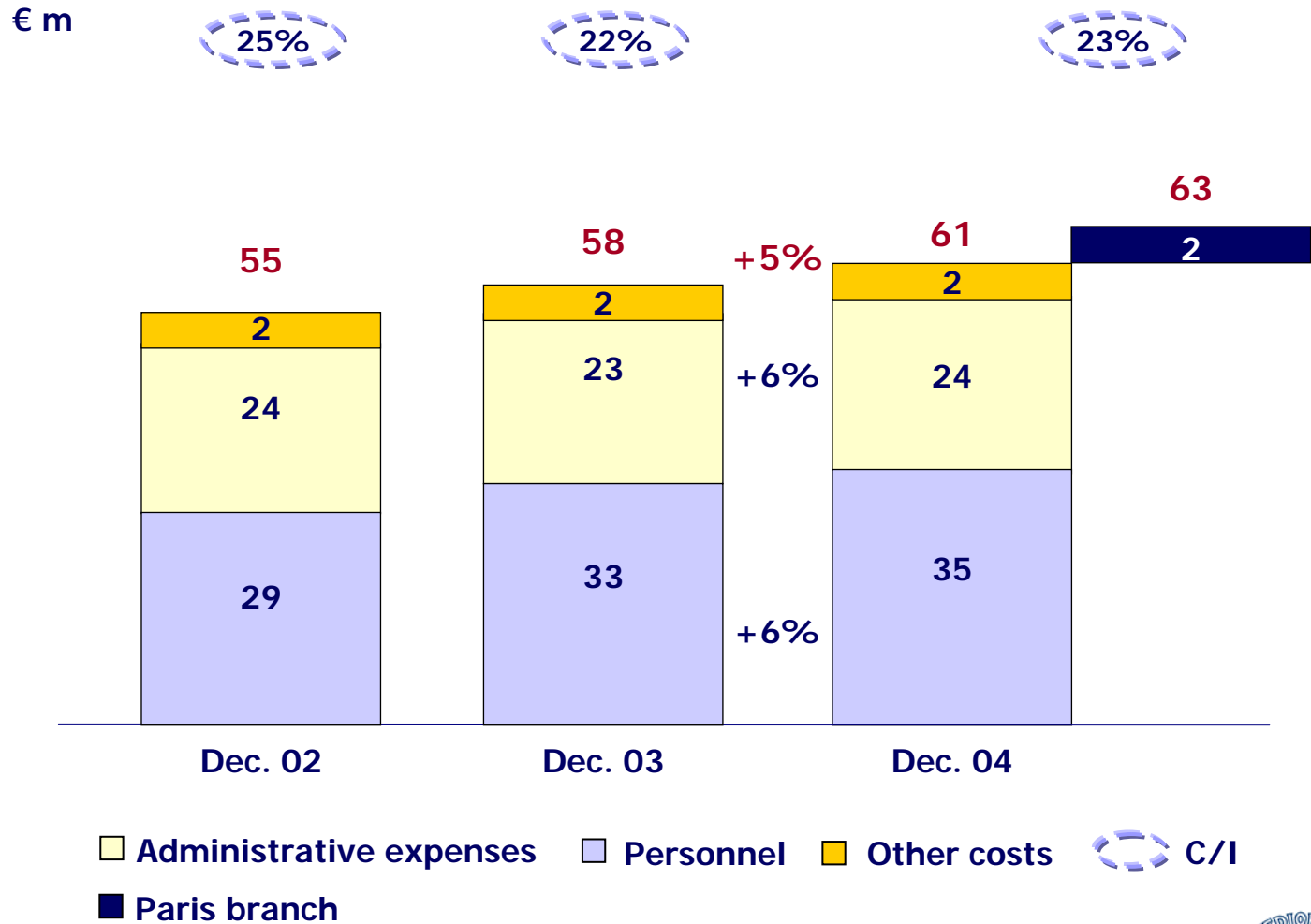
ECM deal flow
offsets flat
M&A market



Cost trends

Segmental analysis: Wholesale banking

**C/I ratio
below 25%**



Segmental analysis: Equity investment portfolio

Equity investment portfolio: 2004-05 results

Mediobanca
1H 2004-2005 results

Segmental analysis: Equity investment portfolio

Strategic stakes

- /// 2Y strategic portfolio IRR¹ = 20%
- /// € 187m invested in strategic stakes
- /// Investment performance²
 - /// RCS = 17%
 - /// Telecom = 17%
 - /// Pirelli = 13%
 - /// Generali = 13%
- /// € 3.6bn in unrealized gains (up 21% in six months)

Non-strategic stakes

- /// € 126m divested in past six months
 - /// Capitalia: (100% disposed)
 - /// Commerzbank (50%)
 - /// Ciments Français (26%)
- /// gains on disposal € 32m
- /// unrealized gains € 179m
- /// Ferrari and Burgo positively impacted by
 - /// Maserati spin-off
 - /// cycle in paper industry

1) Dec. 02-Dec. 04

2) Δ market price Dec. 04 June 04

EIP: 1H results

Mediobanca
1H 2004-2005 results

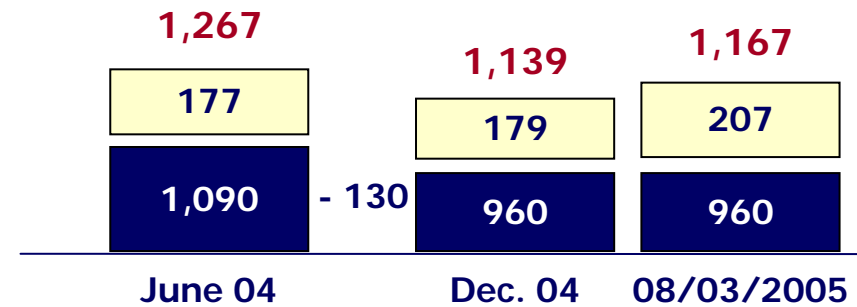
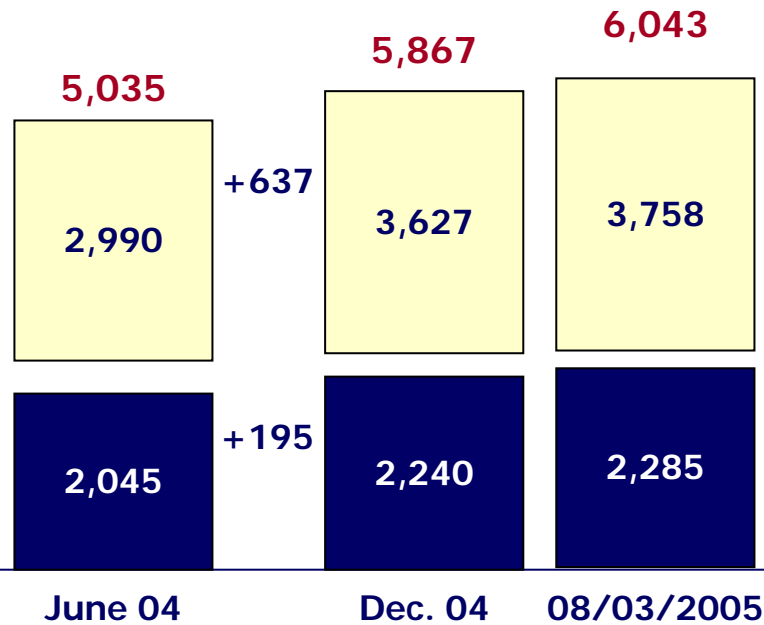
Segmental analysis: Equity investment portfolio

Strategic portfolio

Non-strategic portfolio

€ m

€ m



■ Book value □ Unrealized gains current price



Δ NAV
€ 832m
(curr. price)

Ongoing
reduction

EIP: 1H results and composition

Segmental analysis: Equity investment portfolio

Strategic portfolio

€ m	% ord. Dec. 04	Book value June 04	Investments disposals	Writedowns writebacks	Book value Dec.04	Unrealized gains Dec. 04
Assicurazioni Generali	14.12	1,252	8		1,260	3,240
Telecom Italia, ord.	1.73	409	37	7	453	84
Pirelli & C., ord. + warrants	4.35	97	20		117	40
RCS Mediagroup, ord.	14.07	126	122		248	190
Fiat, ord.	2.64	126		1	127	(1)
Italmobiliare, ord.	9.50	35			35	74
Total strategic		2,045	187	8	2,240	3,627

Non-strategic portfolio

€ m	% ord. Dec. 04	Book value June 04	Investments disposals	Writedowns writebacks	Book value Dec.04	Unrealized gains Dec. 04
Ciments Français	8.42	147	(53)		94	111
Commerzbank	0.58	103	(51)	(1)	51	2
Mediolanum	1.97	80		(8)	72	3
Finmeccanica	0.98	54		(4)	50	5
Gemina ord.	12.66	36		5	41	1
Capitalia		22	(22)		0	
Fondiarria-SAI, ord. + warrants	1.99	47			47	26
Others		19			19	4
Convertible bonds and other securities		81			81	27
Other unlisted shares		501	5	(1)	505	
<i>of which Ferrari</i>	<i>15</i>	<i>342</i>			<i>342</i>	
<i>of which Burgo</i>	<i>22</i>	<i>55</i>			<i>55</i>	
Total non-strategic		1,090	(121)	(9)	960	179

Segmental analysis: Retail financial services

Retail financial services: 2004-05 results

Mediobanca
1H 2004-2005 results

Segmental analysis: Retail financial services

Environment

- /// New consumer credit loans up 14% in six months
 - /// finalized loans: steady growth rate (up 8%) and leadership in volumes (€ 11.3 bn)
 - /// personal loans: 40% growth rate (new volumes € 5 bn)
- /// Leasing: 19% increase in new loans

Six months results

- /// PFS
 - /// new loans up 27%
 - /// revenues up 24% and PBT up 44%
 - /// 11 new branches opened; new commercial agreements signed
- /// Leasing
 - /// new loans up 18%
 - /// stable revenues and GOP

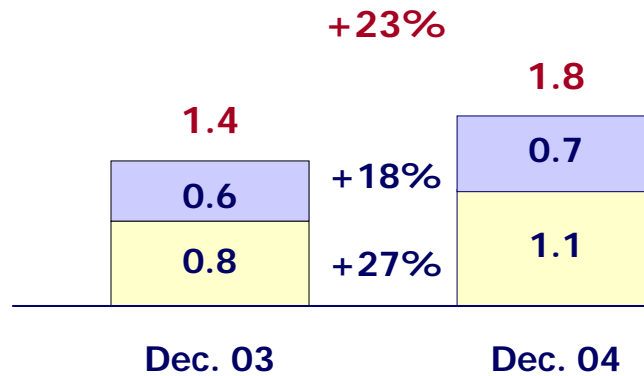
Sources: Assofin, Assilea July 04 – Dec 04

RFS: 1H results

Segmental analysis: Retail financial services

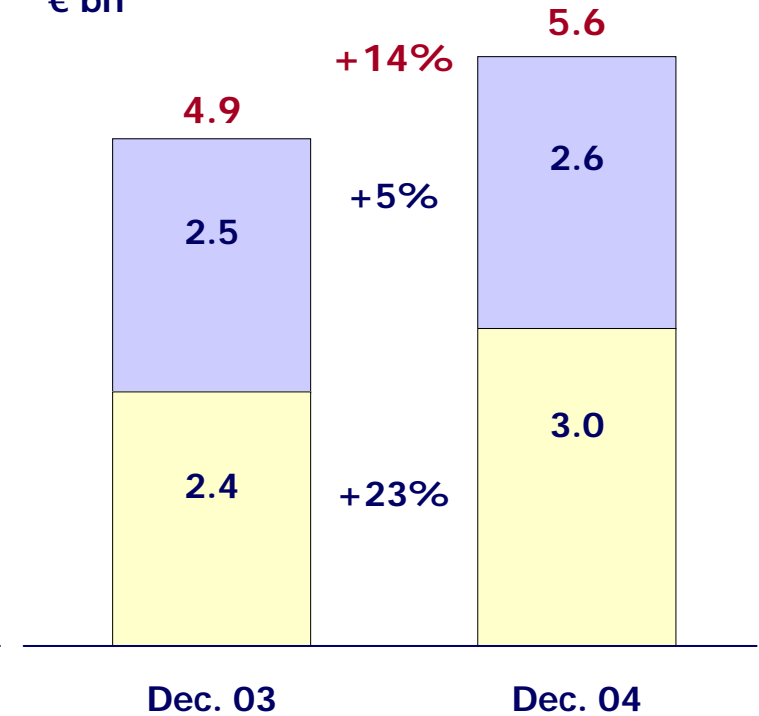
New loans

€ bn



Loans outstanding

€ bn



■ Leasing ■ PFS

Significant growth in PFS

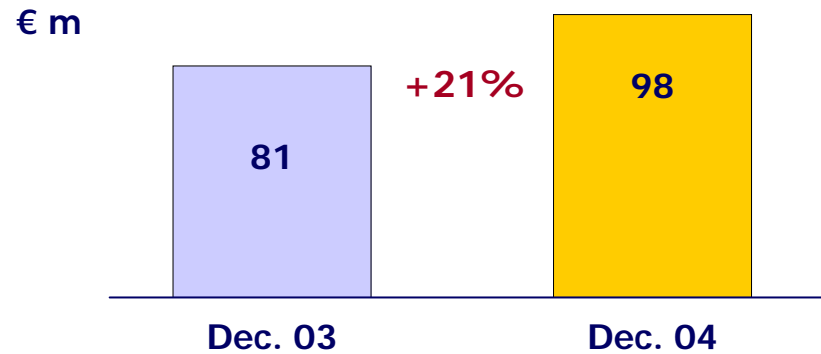


RFS: 1H results

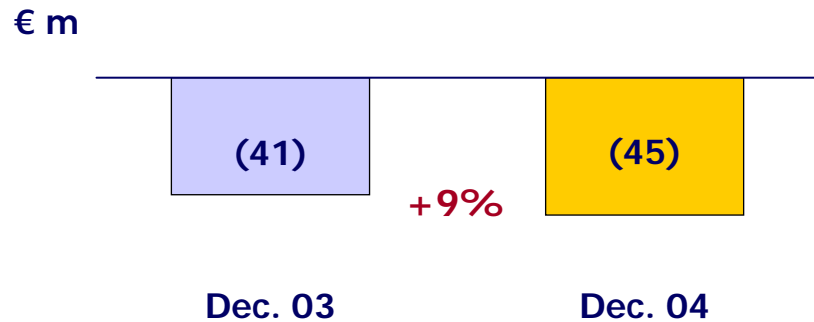
Mediobanca
1H 2004-2005 results

Segmental analysis: Retail financial services

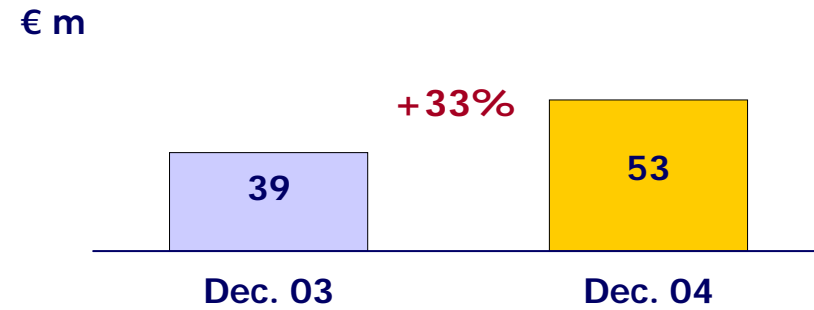
Gross operating profit



Loans losses and provisions



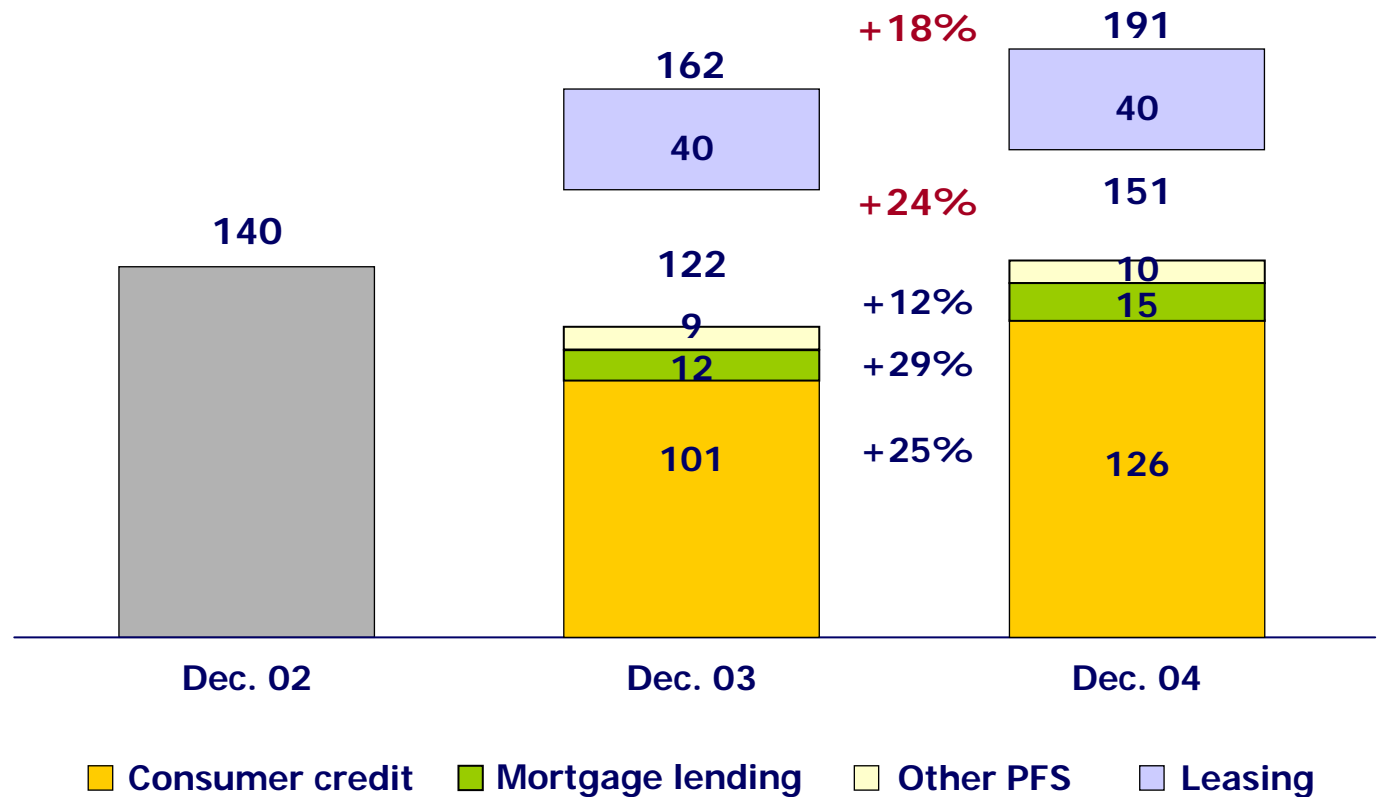
Profit before tax



Revenue streams

Segmental analysis: Retail financial services

€ m



RFS income up 18% driven by consumer credit and mortgage lending

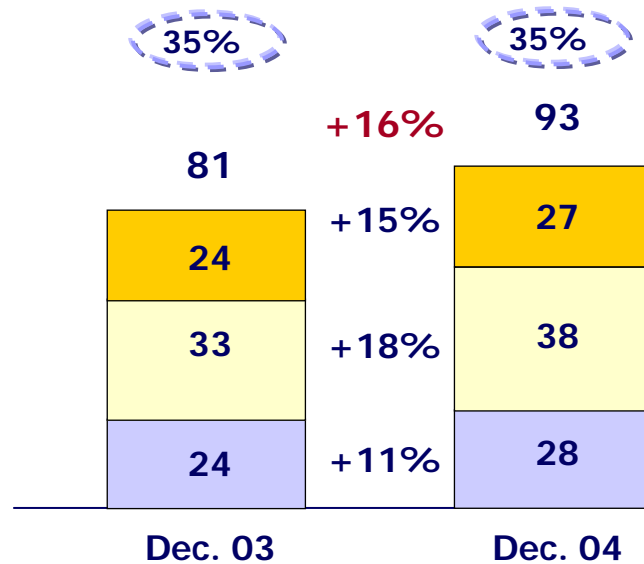


Cost trends

Segmental analysis: Retail financial services

Costs by nature

€ m

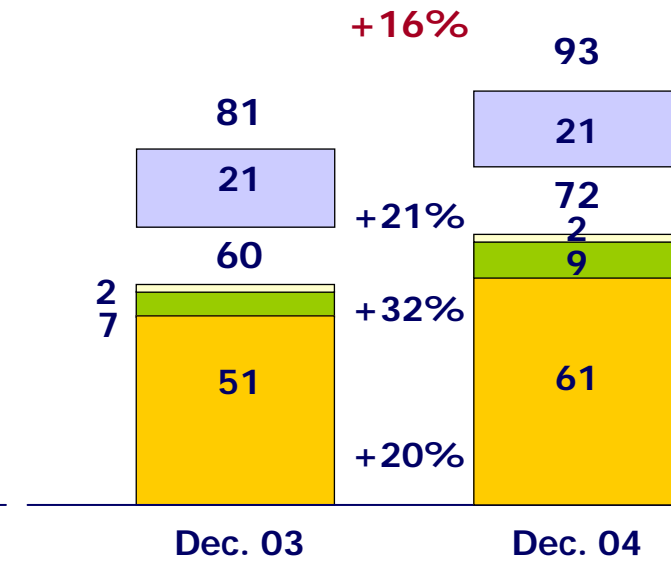


Personnel Fees to dealers
Administrative expenses

C/I

Costs by business

€ m



Consumer credit Mortgage lending
Other PFS Leasing

Cost increase
driven by
organic growth
(new branches
/new volumes)

Cost/income ratio does not include fees to dealers

Segmental analysis: Private banking

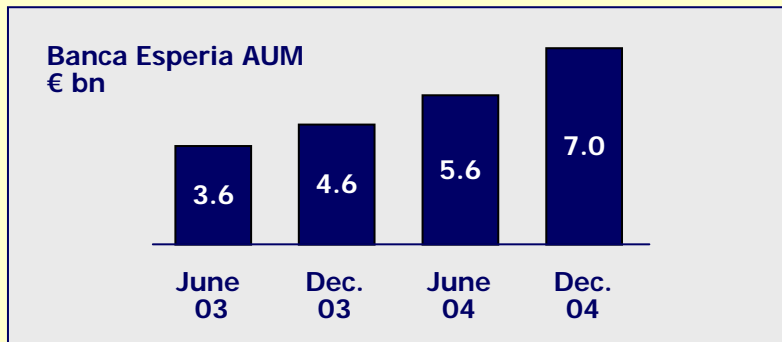
Private banking: 2004-05 targets and results

Mediobanca
1H 2004-2005 results

Segmental analysis: Private banking

Banca Esperia¹

- /// 131 bankers and support staff, 9 branches
- /// AUM € 7bn (up 52% in 12 months)
- /// 2004 best performer in asset raising (€ 2.5 bn)
- /// Fees up 55% from € 27m to € 42m
- /// PBT up 240% from € 3m to € 10.6m
- /// C/I ratio reduced to 77% from 86%

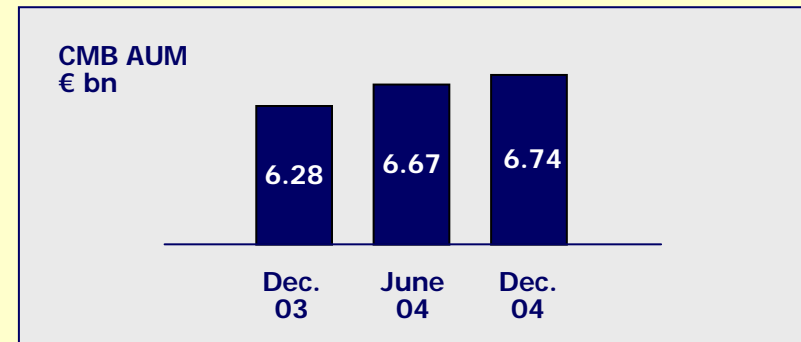


1) Consolidated accounts for 12 months ended Dec. 04

WB EIP RFS PB

CMB¹

- /// € 94m invested to acquire 38.4% stake in December 2004
- /// return on investment: 7.8% (2004 net profit € 29m, against total investment of € 371m)
- /// PBT* up 31% from € 22.5m to € 29.4m
- /// AUM € 6.7bn (up 7%)
- /// Total revenues up 12% from € 60m to € 67m



1) Consolidated accounts for 12 months ended Dec. 04

* After minorities



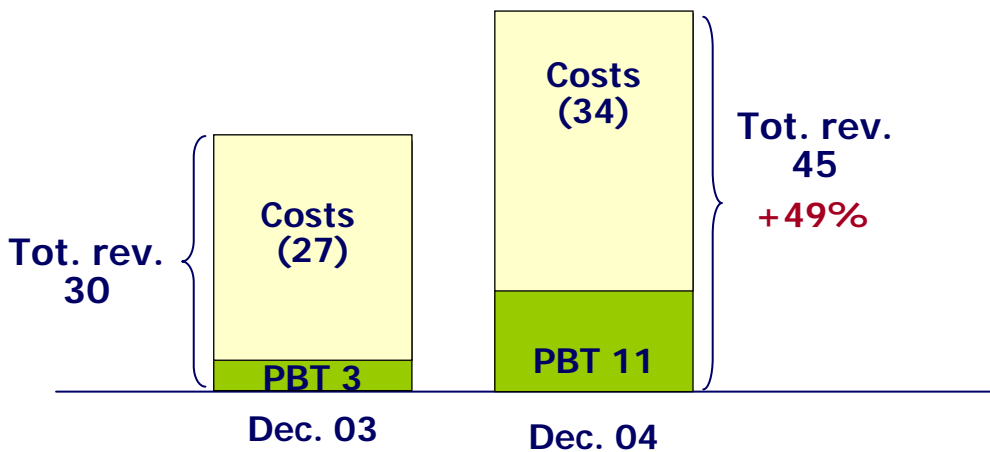
PB: Banca Esperia and CMB 12 months results

Mediobanca
1H 2004-2005 results

Segmental analysis: Private banking

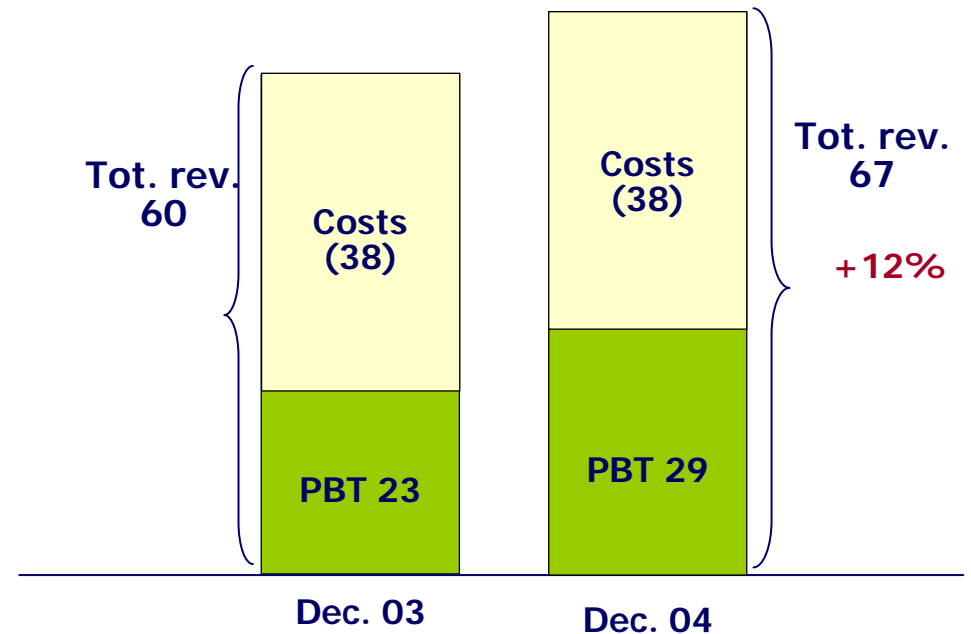
Banca Esperia

€ m



CMB

€ m



Data refers to twelve months ended 31/12/04
100% Banca Esperia

PBT = Profit after minorities

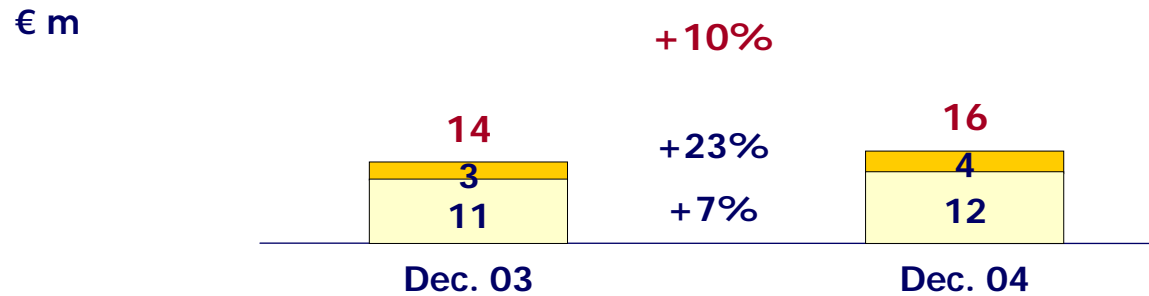


Contribution to
PBT enhanced by
CMB minorities
acquisition

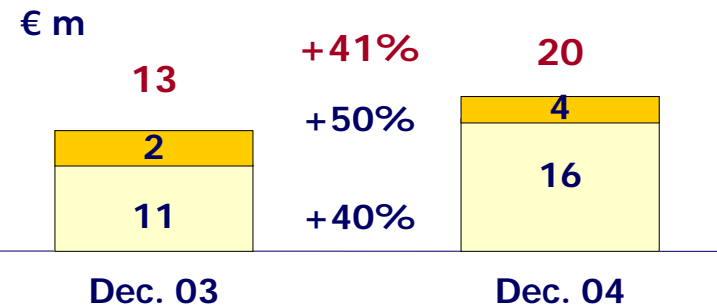
PB: 1H contribution to group results

Segmental analysis: Private banking

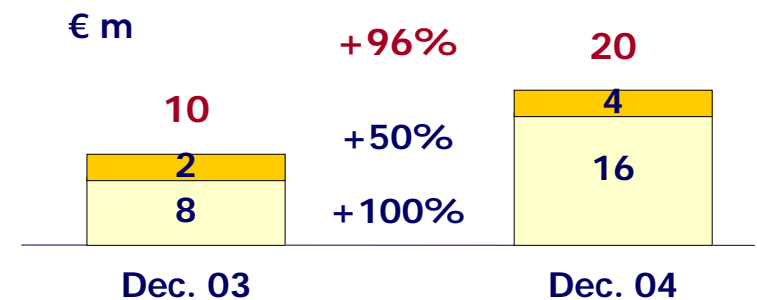
Gross operating profit



Profit before tax and minorities



Profit before tax*



■ 48.5% Banca Esperia □ CMB and others

All figures refer to six months ended 31 Dec. 04 (CMB fully consolidated, BE 48.5% accounted)

* After minorities

Capital allocation and profitability indicators

Segmental analysis

Mediobanca
1H 2004-2005 results

Capital allocation and profitability indicators

Dec. 2004 - €	1H PBT € m	Risk weighted assets	Allocated capital
Wholesale banking	195	20.7 bn	1.6 bn
Equity investment ptf	24 / 265 ¹	3.3 bn	3.2bn
Retail financial services	47 ²	6.1 bn	233m
Private banking	20	0.5 bn	396m
MB Group	285 bn	30.6 bn	

1) Including € 241m of unrealized gains (average six months)

2) After minorities

- /// WB. Allocated capital reflects capital adequacy requirements regarding credit risk, market risk and risk linked to investment banking activities
- /// EIP. Allocated capital reflects regulatory requirements for bank's interests (K=BV)
- /// RFS. Allocated capital equal to Compass group shareholders' funds
- /// PB. Allocated capital equal to total capital invested in Banca Esperia (€ 25m) and CMB (€ 371m)



Mediobanca
1H 2004-2005 results

ROAC

Capital allocation and profitability indicators

	1H ROAC ¹		2003-2004 ROAC	2004-2005 Target
	Dec. 04	Dec. 03		
	WB	8.2%		
EIP	0.8% / 8.3% ²	4.3% / 7.2% ²	6.3% - 19.8%	15%
RFS	13.8%	12.3%	24.9%	20%
PB	5.0%	3.3%	5.6%	8%

1) Assuming a 33% tax rate on WB and RFS

2) Including unrealized gains (€ 241m in 2004 and € 90m in 2003)



Stock option plan

MB group stock option plan

Mediobanca
1H 2004-2005 results

Stock option plan

Features

- /// 45 million options granted from 1999
- /// 11 million options exercised to date
- /// 34 million options outstanding (4% of fully diluted share capital)
- /// 124 key people involved

Goals

- /// to represent an integral part of key people's compensation and link it to value creation
- /// to pursue key people retention
- /// to encourage senior management to become MB shareholders
- /// to set time restrictions on exercise (blackout periods: March, 1-15 May, September – November)



Policy adopted by General Managers:

- /// to invest 50% of net capital gains in MB shares

- /// to recommend senior management
 - /// adopt the same policy
 - /// progressive exercise of outstanding stock options

MEDIOBANCA

Banca di Credito Finanziario

