



MEDIOBANCA

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LIMITED COMPANY
SHARE CAPITAL FULLY PAID UP: €435,510,047
REGISTERED OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY
REGISTERED IN THE MILAN COMPANIES' REGISTER
TAX IDENTIFICATION CODE AND VAT NUMBER: 00714490158
REGISTERED AS A BANK AND A BANKING GROUP UNDER REGISTRATION NO. 10631.0.
PARENT COMPANY OF THE MEDIOBANCA S.P.A. BANKING GROUP

Registration document for the twelve months ended 30 June 2016

**Drawn up in accordance with Consob resolution no. 11971 issued on 14 May 1999 and
EC commission regulations no. 809/2004 approved on 29 April 2004
enacting the methods of application for Directive 2003/71 EC as amended by
Directive 2010/73 EU and by Implementing Regulations (EU) no. 486/2012 and no. 862/2012**

Issuer

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

Registration Document filed with Consob on 7 November 2016 following approval as notified by memo no. 98806/16 issued on 4 November 2016.

The Registration Document is valid for twelve months from the date of approval and is available both on the Bank's website at www.mediobanca.it and the head office of Mediobanca itself at Piazzetta Enrico Cuccia 1, 20121 Milan, Italy.

In order to have full disclosure on the Bank and its offerings and/or prices for financial instruments, the Registration Document should be read in conjunction with the Prospectus or Base Prospectus (including the Definitive Terms and Conditions, the Executive Summary for each individual offering and/or listing, and any Supplements and Additional Notices, and the documentation incorporated via reference as amended.

The investor is also invited to read carefully the section entitled "Risk factors" contained within the Registration Document and the individual Information Reports and Summaries approved from time to time, for a review of the Risk factors that must be taken into consideration with reference to the Issuer and the relevant types of financial instrument.

Publication of the Registration Document does not entail any judgement by Consob on the advisability of the investments proposed and the merits of the data and information relating thereto.



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Notices for the investor

In order to be able to evaluate a potential investment correctly, investors are invited to assess the information contained in the Registration Document and its supplements, if any, carefully, including the risk factors specific to the Issuer and the sector in which it operates.

For detailed information on these risk factors, please see Section 3 of the Registration Document ("Risk factors"). Investors' attention is drawn to the following points in particular:

- ◆ On 26 May 2016, Consob, with the support of the Italian finance police, carried out an inspection at the premises of Mediobanca with a view to obtaining documents and information regarding the takeover bid launched by an SPV owned by Mediobanca (International Media Holding) for RCS shares. In the period from 25 February 2016 to 18 May 2016 an inspection was carried out by the Bank of Italy – as part of the ECB's supervision - on the FINREP (financial reporting) and COREP (common reporting) processes, with reference in particular to the quality of the internal and external reporting flows to the supervisory authorities. To date, the results of neither inspection have been notified to the Issuer. For further details see Risk factor 3.1.7 "Judicial proceedings and inspections in course" of the Registration Document.
- ◆ On 29 July 2016, Mediobanca published, by means of a press release, the results of the stress test exercise carried out by the ECB. In the adverse scenario up to 2018, the test showed an impact of 94 bps on CET1. Thus the phase-in CET1 ratio would decline from 12.40% (as at December 2015) to 11.46% (as at December 2018), a level which is still comfortably above the SREP requirement currently set at 8.75%. For further details see Risk factor 3.2.2 of the Registration Document ("Risk linked to changes in banking sector regulation and amendments to regulations governing bank crisis resolution").



1 Information regarding the persons responsible for this Registration Document

1.1. Persons responsible

Mediobanca – Banca di Credito Finanziario S.p.A. ("**Mediobanca**", the "**Issuer**" or the "**Company**"), with its registered office in Piazzetta Enrico Cuccia 1, Milan, in the persons of its representatives-at-law Massimo Bertolini (Head of Company Financial Reporting) and Stefano Vincenzi (Legal Counsel), is responsible for the information provided in this Registration Document.

1.2. Declaration of responsibility

Mediobanca - Banca di Credito Finanziario S.p.A. hereby states that, having applied all reasonable diligence relevant for such purposes, the information contained in the Registration Document is, as far as Mediobanca is aware, in accordance with the facts and does not present any omissions such as would affect its meaning.



2 Auditors of the financial statements

2.1. External and supervisory auditors

PricewaterhouseCoopers S.p.A. with registered offices in Via Monte Rosa 91, Milan, Italy – registered as an auditor in the register instituted by the Italian Ministry of Economics and Finance pursuant to Article 1, para. 1, letter g) of Italian Legislative Decree no. 39/10 and Article 1 of Italian Ministerial Decree no. 144 issued on 20 June 2012 - audited the consolidated and statutory financial statements of Mediobanca as at 30 June 2016 (see section 11.3.1 below), and also the statutory and consolidated financial statements of Mediobanca as at 30 June 2015 (see section 11.3.1 below).

At the annual general meeting held on 27 October 2012, the Statutory Audit Committee PricewaterhouseCoopers S.p.A. were appointed to audit the statutory and consolidated full-year and interim financial statements, to perform other activities provided for under Article 155 of Italian Legislative Decree 58/98, and to sign off the “Unico” and “770” tax declarations for the years until the financial year ending 30 June 2021.

2.2. Information regarding resignations, dismissals or failures to renew the appointment of the external auditors or the auditors responsible for auditing the financial statements

As at the date on which this document was published, there is no information regarding any resignations, dismissals or failures to renew the appointment of the external auditors or the auditors responsible for auditing the financial statements.



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3 Risk factors

3.1. Risks attributable to the Issuer and the Mediobanca Group

3.1.1. Market risk

The issuer's earnings and business have been and may in the future be affected by a number of global factors including: political, economic and market conditions; the availability and cost of capital; the level and volatility of share and bond market prices; the prices of raw materials and interest rates; currency exchange rates and other market indexes; changes and developments in technology; the availability and cost of credit; inflation; and the perception and level of confidence held by investors in financial markets.

Mediobanca's exposure to price risk on the trading book is measured on a daily basis by calculating two main indicators: sensitivity (the so-called "Greeks") to minor changes in risk factors (such as interest rates, share prices, exchange rates, credit spreads, inflation and volatility); and value-at-risk, calculated on the basis of expected volatilities and the correlations between the risk factors concerned, updated daily, assuming a disposal period of a single trading day and a confidence level of 99%. Such indicators are subject to operating limits at the overall level and also at the level of macro-areas and individual business, to prevent excessive risks from being taken and ensure operations are in line with the Bank's risk appetite.

In addition to these metrics, *ad hoc* indicators are compiled to capture tail risks not measured by VaR, and stress tests carried out on the main risk factors, to show the impact which significant movements in the main market variables (such as share prices and interest or exchange rates) might have, calibrated on the basis of the most pronounced historical oscillations.

The issuer's results are also impacted by the financial and economic situation, and are subject to fluctuation due to a range of factors beyond the issuer's control and which the issuer is unable to foresee. These include the extreme volatility which equity and credit markets experienced in the recent past, both in Italy and elsewhere, sharp changes in the performance of equities and bonds, and the lack of liquidity of domestic and international markets. Fluctuations may themselves be impacted by the reduced levels of market activity worldwide, the effects of which may be reflected in the size, number and timing of mandates awarded in the investment banking sector, in brokering activity and intermediation fees.

3.1.2. Risk linked to sovereign exposures

A further market risk is the possibility of reductions in the credit standing of third parties in which the Issuer holds investments in the form of equities or bonds issued by such parties. Such reductions in credit standing could lead to losses and/or adversely impact on the Issuer's ability to commit such shares or bonds or to use them differently for liquidity purposes. The Issuer is exposed by its very nature to potential changes in the value of financial instruments, including securities issued by sovereign states, due to fluctuations in interest rates, exchange rates and currencies, stock market and commodities prices and credit spreads, and/or other risks. As at 30 June 2016, the Bank's exposure to government securities was equal to 35.8%, of its total assets, with Italian government securities accounting for 25.9% and German bonds 4.8%. For further information, please see the relevant table in section 3.3, "Select financial information".



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3.1.3. Market competition risk

The issuer faces intense competition, in particular on the Italian market, from other businesses operating in the financial services sector. This is a fiercely competitive sector on the domestic market, where the issuer's business is most highly concentrated. The issuer is also in competition with commercial banks, investment banks and other companies, both Italian and non-Italian, which provide financial services in Italy and this could impact on the Issuer's competitiveness.

3.1.4. Issuer liquidity risk

The Issuer's liquidity may be affected if the extreme volatility experienced by domestic and international markets in recent months is to continue in the future.

Liquidity risk is defined as the risk of the Bank not being able to meet its own certain and predictable payment commitments when they become payable, either because of the inability to raise funds on the market (funding liquidity risk), or because of being unable to cash in its financial assets without incurring capital losses (market liquidity risk).

The Group is able to meet its cash outflows from inflows of cash, assets which may be cashed in quickly, and its own ability to obtain credit, but in general terms a deterioration in the general macro-economic situation, the market scenario and/or the Issuer's credit standing could impact negatively on its liquidity profile.

As for the liquidity indicators, as at 30 June 2016, the loan-to-deposit ratio was 95%.

Since 30 June 2014, the supervisory reporting in respect of short-term and medium-/long-term liquidity has been operative, in the form of the liquidity coverage ratio (LCR) for the former and the stable funding ratio ("SF") for the latter, with no problems emerging. Since the 30 September 2016 report, a new reporting system has been adopted for the liquidity coverage indicator introduced by Commission Delegated Regulation EU 61/2015. Accordingly, since April 2016 the Mediobanca Group has reported the additional liquidity monitoring metrics ("ALMM").

As at 30 June 2016 both the indicators instituted under the Basel III regulations were above the limit set (LCR and NSFR >100%), at 244% and 109% respectively.

For further details please see section 3.3 "Select financial information" of the Registration Document.

3.1.5. Credit risk

The Issuer is exposed to the risks traditionally associated with credit activity. Accordingly, breach by its customers of contracts entered into and their own obligations, or the possible failure to provide information or the provisions of incorrect information by them regarding their respective financial and credit situation, could impact negatively on the earnings, capital and/or financial situation of the Issuer. For further details on capital ratios and credit risk indicators, please see section 3.3 "Select financial information" of the Registration Document.

More generally, counterparties may fail to meet their respective obligations versus the Issuer due to bankruptcy, lack of liquidity, operating malfunctions or for other reasons. The bankruptcy of a major market participant, or fears that it might not meet its commitments, can cause huge liquidity problems, losses, or breaches by other institutions which in turn could impact negatively on the Issuer. The Issuer is also subject to the risk that in some



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circumstances, some of its receivables from third parties, including sovereign states, may not be collectable. Moreover, a reduction in the credit standing of third parties in which the Issuer holds securities or bonds could lead to losses and/or impact negatively on the Issuer's capability to restrict again or use differently such securities and bonds for purposes of liquidity. A significant reduction in the credit standing of the Issuer's counterparties could therefore have a negative impact on the Issuer's own results. While in many cases the Issuer can require further guarantees from counterparties in financial difficulty, disputes may arise regarding the amount of the guarantee which the Issuer is entitled to receive and the value of the asset forming the guarantee. Breach levels, reductions in credit standing and disputes over the value of guarantees increase significantly during periods of market tension and illiquidity. The Mediobanca Group has adopted every procedure to manage its risk positions with a view to ensuring that the value of the credits is not impaired, by constantly monitoring the exposures and in particular through a rigorous process of managing credits which show irregular performances, using all recovery instruments available in the retail area in particular.

The following table shows the Issuer's credit risk indicators on a consolidated basis for the financial years ended 30 June 2015 and 30 June 2016 compared with the average system data as at 31 December 2014 and 31 December 2015 published by the Bank of Italy (the Issuer's financial year ends on 30 June so comparison as at this date is not possible).

Credit risk indicators*

Indicators	30/6/15	Avg. system data as at	30/6/16	Avg. system data as at
	(%)	30/6/15 (%)**	(%)	31/12/15 (%)**
Gross bad debts/gross loans	1.8%	9.0%	1.7%	9.5%
Net bad debts/net loans	0.8%	4.7%***	0.7%	4.8%***
Gross NPLs/gross loans	6.9%	16.9%	5.9%	17.7%
Net NPLs/net loans	3.5%	10.9%***	2.9%	10.8%***
Bad debts coverage ratio	65.7%	57.4%	66.6%	58.6%
NPL coverage ratio	53.2%	41.7%	54.3%	43.4%
Net bad debts/net equity	3.2%	-	3.1%	-
Cost of risk****	1.68%	-	1.24%	-

* Data refer to the entire statutory area of consolidation used to prepare the Review of Operations. For purposes of completeness, please note that the same indicators calculated for the prudential consolidation area are shown in part E "Credit risk: credit quality" of the Notes to the Accounts.

** Data taken for reports of financial stability published by the Bank of Italy (no. 1: April 2016, table 4.1 p. 34, and no. 2: November 2015, table 4.1 p. 37) and refer to figures for large banks.

*** Data taken from annex to Bank of Italy annual reports for 2014 and 2015 and refer to figures for the total system as at 31 December 2014 and at 31 December 2015 respectively.

**** Cost of risk obtained from the ratio between total net loan loss provisions for the period and average net customer loans.

3.1.6. Operational risk

Operational risk is the risk of incurring losses due to errors, breaches, interruptions, damage caused by internal processes, staff or systems or caused by external events.

The Issuer is exposed to many kinds of operational risk, including the risk of fraud on the part of staff or externals, the risk of unauthorized transactions being executed by employees, and the risk of errors in the operating systems, including those due to flaws or malfunctions in the computer or telecommunications systems. The systems and methods adopted to manage operational risk have been designed to ensure that such risks linked to the above activities are kept adequately under control. Any obstruction or flaw in such systems could impact negatively on the Issuer's financial system or operating results.



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The Mediobanca Group has implemented a series of measures aimed at mitigating such risks; in particular, in the course of formalizing company processes the most significant risk sources and the respective measures to control them have been identified; a disaster recovery procedure has been implemented; access to IT systems is constantly monitored; and insurance policies have been executed to cover staff, the most valuable assets and to cover cash management.

3.1.7. Judicial proceedings and inspections in course

As at the date hereof, Mediobanca and its Group companies are not, or have not been, involved in proceedings initiated by the public authorities, legal disputes, arbitrations or administrative procedures involving claims for damages or cash payments which could have or which have, in the recent past, had significant consequences for the Group's financial position or profitability, nor are there, so far as Mediobanca is aware, any disputes, arbitrations or administrative procedures either imminent or already announced.

The provision for risks and charges (which at 30 June 2016 amounted to €147.94m) comfortably covers any charges that may be payable as a result of the claims made against Mediobanca and the Group companies.

On 26 May 2016, Consob, with the support of the Italian finance police, carried out an inspection at the premises of Mediobanca with a view to obtaining documents and information regarding the takeover bid launched by an SPV owned by Mediobanca (International Media Holding) for RCS shares.

In the period from 25 February 2016 to 18 May 2016 an inspection was carried out by the Bank of Italy – as part of the ECB's supervision - on the FINREP (financial reporting) and COREP (common reporting) processes, with reference in particular to the quality of the internal and external reporting flows to the supervisory authorities.

To date, the results of neither inspection have been notified to the Issuer.

A description of the main tax and legal disputes still outstanding is provided in section 11.6 "Legal and arbitration proceedings" purely for information purposes.

3.2. Risks attributable to the sector in which the Issuer and the Mediobanca Group operate

3.2.1. System risks linked to the economic/financial crisis and to uncertainties in the macroeconomic scenario

It should be noted that the earnings capacity and stability of the financial system in which the Issuer operates may be impacted by the general economic situation and the trends on financial markets, and, in particular, by the solidity and growth prospects of the economies of the country or countries in which the Issuer operates, including its/their credit standing, as well as the solidity and growth prospects of the Eurozone as a whole.

The Issuer's performance is also influenced by the general economic situation, both national and for the Eurozone as a whole, and by the trend on financial markets, in particular by the solidity and growth prospects of the geographical areas in which the Issuer operates. The macroeconomic scenario currently reflects considerable areas of uncertainty, in relation to: (a) the recent developments in connection with the results of the UK referendum in which the country voted to leave the European Union: indeed, the impact which Brexit will produce on the economy of the United Kingdom, the international economy as a whole, financial markets, and the situation regarding the Italian state and that of the Issuer is at present hard



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to predict; (b) the trends in the real economy with reference to the prospects of recovery and growth in the national economy and/or resilience of growth in the economies of those countries, such as the United States and China, which have delivered growth, even substantial, in recent years; (c) future developments in the monetary policy of the ECB for the Eurozone area, and the Fed for the US dollar area, and the policies implemented by various countries to devalue their own currencies for competitive reasons; (d) the sustainability of the sovereign debt of certain countries, and the tensions noted more or less frequently on financial markets. In this connection, attention should be drawn in particular to: (i) the recent developments in the Greek sovereign debt crisis, which raised considerable uncertainties (as yet not entirely dispelled) over the prospects of Greece remaining part of the Eurozone, not to mention, in an extreme scenario, the risk of contagion between the sovereign debt markets of the various countries, and indeed the very resilience of the European monetary system based on the single currency; (ii) the recent turbulence on the main Asian financial markets, in particular China. There is therefore the risk that the future development of these scenarios could impact adversely on the Issuer's capital, earnings and financial situation.

3.2.2. Risk linked to changes in banking sector regulation and amendments to regulations governing bank crisis resolution

The Issuer is subject to extensive European and national regulation, and in particular to supervision by the Bank of Italy and Consob. The regulations applicable to banks, to which the Issuer is subject, governs the sectors in which banks may operate, in order to safeguard their stability and solidity, limiting the exposure to risk. In particular, the Issuer and the banking companies which form part of the Issuer's group are bound to comply with the capital adequacy requirements instituted by the EU regulations and by Italian law.

Furthermore, as the issuer of financial instruments which are distributed among the general public and/or listed, the Issuer is required to comply with additional provisions issued by Consob. In addition to the supranational and national regulations and to primary or regulatory norms in the financial and banking area, the Issuer is subject to specific regulations on subjects such as, *inter alia*, anti-money-laundering, usury and protection of customer (consumer) rights.

The sharp and prolonged crisis on financial markets has led to more rigorous regulations being adopted by international authorities. As from 1 January 2014, part of the supervisory regulations have been amended based on the guidelines emerging from the Basel III agreements, with a view chiefly to strengthening the minimum capital requirements, controlling the degree of financial leverage, and introducing policies and quantitative rules to mitigate liquidity risk among banking institutions.

In particular, as far as regards raising capital requirements, the Basel III agreements provide for a phase-in regime in which the minimum capital levels will increase gradually; when fully implemented, i.e. from 2019, these levels will require banks to have a Common Equity Tier 1 ratio equal to at least 7% of their risk-weighted assets, a Tier 1 Capital ratio of at least 8.5%, and a Total Capital ratio of at least 10.5% of RWAs (these minimum levels include the so-called capital conservation buffer).

On 27 November 2015, the ECB notified the Mediobanca Group of the results of the Supervisory Review and Evaluation Process 2015 (SREP), setting the capital requirement which the Bank has to meet on a consolidated basis at a CET1 ratio of 8.75%. This level, which is 25



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bps lower than the requirement notified for 2014 was met comfortably at 30 June 2016 when the Group's phase-in CET1 stood at 12.08% (and its total capital ratio at 15.27%).

On 29 July 2016, Mediobanca published, by means of a press release, the results of the stress test exercise carried out by the ECB. In the adverse scenario up to 2018, the test showed an impact of 94 bps on CET1. Thus the phase-in CET1 ratio would decline from 12.40% (as at December 2015) to 11.46% (as at December 2018), a level which is still comfortably above the SREP requirement currently set at 8.75%.

Furthermore, under the Basel III agreements banks are required to monitor their leverage ratios, i.e. the ratio between their tier 1 capital and overall exposure, pursuant to Article 429 of EU regulation 575/13. This indicator has been subject to disclosure by banks since 2015; however, as at the date hereof, the minimum threshold and start-date for monitoring this indicator have still not been finalized. The Mediobanca Group's leverage ratio as at 30 June 2016 was 9.93% (fully-phased) and 9.52% (phase-in regime).

As far as regards liquidity, the Basel III regulations provide, among other things, for the introduction of a short-term indicator (the "Liquidity Coverage Ratio", or "LCR"), the purpose of which is to establish and maintain a liquidity buffer to allow the Bank to survive for a period of thirty days in the event of grave stress, and a structural liquidity indicator (the "Net Stable Funding Ratio", or "NSFR") with a time horizon of over twelve months, to ensure that asset/liability maturity structure is sustainable.

With reference to these indicators, it should be noted that:

- ◆ for the LCR indicator, a minimum level of 60% has been set from 1 October 2015, a minimum level of 70% in 2016, and a minimum level of 80% in 2017, with this minimum increasing gradually to reach 100% as from 1 January 2018 in accordance with EU regulation no. 575/2013 (the "CRR") – for further details see section 3.3, "Select financial information";
- ◆ for the NSFR indicator, although the Basel Committee's proposal involved a minimum level of 100% to be met starting from 1 January 2018, at present no provision has been made in the CRR for a regulatory limit on structural liquidity.

As at 30 June 2016 these regulatory indicator stood at 244% and 109%. Even though the new prudential requirements are to be phased in gradually under the new regulatory framework, the impact on the Issuer's operating performance could be significant.

Further information and details on these indicators is provided in section 3.3, "Select financial information" of this Registration Document.

New features in the regulatory panorama include Directive 2014/59/EU issued by the European Parliament and Council, and published on 12 June 2014 in the European Union's *Official Journal*, to provide a framework for the recovery and resolution of banks and investment companies (the "Bank Recovery and Resolution Directive" or the "BRRD", or the "Directive"), as part of the attempt to define a Single Resolution Mechanism and a Single Resolution Fund.



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The new features introduced by the BRRD include the introduction of instruments and powers which the national authorities responsible for banking crisis resolution (the "Authorities") can adopt to resolve a situation of crisis or failure for a bank. This is to guarantee continuity of the entity's essential functions, thus minimizing the impact of the failure on the economy and the financial system, and keeping the cost for tax-payers down to a minimum as well, while ensuring that the shareholders are the first to incur losses and that creditors bear them after the shareholders, with the proviso that no creditor should incur losses in excess of those which they would have incurred if the bank had been placed in liquidation under normal insolvency proceedings. In particular, the directive provides for a transition from a crisis resolution system which is based on public resources (a bail-out system) to one in which losses are transferred to shareholders, to holders of subordinated debt securities, to holders of non-subordinated and unguaranteed debt securities, and finally to depositors for the share in excess of the guaranteed share, i.e. in excess of €100,000.00 ("bail-in"). Hence, in the event of the bail-in tool being applied, investors may have the value of their investments written down, even to a nominal value of zero, or bonds converted to equity, even without formal declaration of insolvency on the part of the Issuer.

Furthermore, where they have grounds to do so, the authorities may request use of the Single Resolution Fund provided for under EU regulation no. 806/2014 issued by the European Parliament and Council, to be financed with grants paid in by banks at the national level.

The Directive has been enacted at national level through Italian Legislative Decree nos. 180 and 181 issued on 16 November 2015, published in the *Gazzetta Ufficiale* on 16 November 2015 and in force as of the same date, with the exception of the provisions relating to the bail-in tool, which came into force on 1 January 2016. The provisions of the Directive may also be applied to financial instruments already in issue, i.e. even if they were issued before the aforementioned deadlines.

Although the Issuer has undertaken to comply with this complex system of rules and regulations, failure to do so, or possible changes in the regulations themselves and/or in the methods of interpreting and/or applying them by the relevant authorities, could entail significant adverse effects to the operating results and the earnings, capital and financial situation of the Issuer.

Furthermore, it should be noted that with the introduction of Directive 2014/49/EU (on deposit guarantee systems) on 16 April 2014, the BRRD referred to above (Directive 2014/59/EU) and the institution of the Single Resolution Mechanism (EU regulation no. 806/14 issued on 15 July 2014), credit institutions are obliged to establish specific provisions to protect deposits and to contribute to the Bank Resolution Fund. In this connection it should be noted that the profit and loss account for the 2015/16 financial year includes:

- ◆ a one-off contribution of €57.3m to the Bank Resolution Fund in connection with the situations involving Banca delle Marche, Banca Popolare dell'Etruria, Cassa di Risparmio di Chieti and Cassa di Risparmio di Ferrara;
- ◆ €28.2m in ordinary contributions to the same fund (in addition to the €13.5m set aside last year); and



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- ◆ €6.4m in transfers made to the new Deposit Guarantee Scheme (DGS) for FY 2015 and 1H 2016.



3.3. Select financial information

Some consolidated earnings and financial indicators as at 30 June 2016 (taken from the consolidated financial statements of Mediobanca as at 30 June 2016 approved by the Board of Directors on 21 September 2016) are set forth below, along with comparative data for the year ended 30 June 2015.

Annual consolidated data as at 30 June 2016

Table 1

Regulatory capital and solvency margins

Indicators and own funds (regulations in force since 1/1/14)	30 June 2015 (€m or %)	30 June 2016 (€m or %)	Minimum levels set by regulations**
Common equity Tier 1 – CET1	7,137.5	6,504.8	
Additional Tier 1 – AT1	–	–	
Tier 2 – T2	1,745.1	1,722.4	
Own funds	8,882.6	8,227.2	
Risk-weighted assets (RWAs*)	59,577.1	53,861.5	
Common equity tier 1/RWA (CET1 ratio)	11.98%	12.08%	7%
Tier 1/RWAs (T1 ratio)	11.98%	12.08%	8.5%
Total capital ratio	14.91%	15.27%	10.5%
Risk-weighted assets/total assets	84.3	77.1	
Leverage ratio*** (temporary)	10.9	9.5	

* Risk-weighted assets (RWAs) have been calculated using the standardized methodology for credit and market risks and the base methodology for operational risks.

** Limits include the capital conservation buffer (2.5%) for the minimum levels set by the regulations.

*** The leverage ratio is the Group's regulatory and tier 1 capital expressed as a percentage of its total exposure (i.e. the sum of its assets and off-balance-sheet exposures). This indicator was introduced by the Basel Committee to keep down debt and contain excessive use of financial leverage in the banking sector.

The capital ratios as at 30 June 2016 have been calculated in accordance with the new supervisory regulations consisting of a directive ("Capital Requirements Directive IV – CRD IV") and a regulation ("Capital Requirements Regulation – CRR") issued by the European Parliament in July 2013 and incorporated into the Italian regulatory framework under Bank of Italy circular no. 285 issued in December 2013.¹

The Common Equity Tier 1 ratio and Tier 1 Ratio stood at 12.08% and the Tier 1 ratio at 15.27% compared with a minimum requirement of 7% for the CET1 ratio, 8.5% for the Tier 1 ratio and 10.5% for the Total Capital Ratio.

The fully-phased ratios as at 30 June 2016 (i.e. with full application of the CRR/CRD IV rules, in particular the possibility of including the entire AFS reserve within CET1 and weighting a share of the Assicurazioni Generali investment at 370% compared to the phased-in capital ratios as at the same date (and shown in Table 1) rise from 12.08% to 12.57% (for the CET1 and T1 ratio) and from 15.27% to 15.87% (for the total capital ratio). Please refer to the Issuer's consolidated financial statements for further details (p.248; see www.mediobanca.com).

1) The new, EU-wide regime (enacted also in Italy) governing capital requirements for the banking system known as CRD IV (the Capital Requirements Directive), consisting in particular of:

- ◆ Directive 2013/36/EU issued by the European Parliament and Council on 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;
- ◆ Regulation EU 575/2013 issued by the European Parliament and Council on 26 June 2013 on prudential requirements for credit institutions and investment firms.



Mediobanca continues to have capital ratios which above those required by the regulatory guidelines as shown by the Internal Capital Adequacy Assessment Process (ICAAP) and confirmed by the Supervisory Review and Evaluation Process (SREP), which for 2015 set the minimum CET1 level at 8.75%.

The ECB has begun a review of its assessment of the most significant European banks (a definition which includes the Issuer) for the 2016 SREP.

Table 2

Credit risk indicators*

Indicators	30/6/15	Avg. system data at	30/6/16	Avg. system data at
	(%)	30/6/15 (%)**	(%)	31/12/15 (%)**
Gross bad debts/gross loans	1.8%	9.0%	1.7%	9.5%
Net bad debts/net loans	0.8%	4.7%***	0.7%	4.8%***
Gross NPLs/gross loans	6.9%	16.9%	5.9%	17.7%
Net NPLs/net loans	3.5%	10.9%***	2.9%	10.8%***
Bad debts coverage ratio	65.7%	57.4%	66.6%	58.6%
NPL coverage ratio	53.2%	41.7%	54.3%	43.4%
Net bad debts/net equity	3.2%	-	3.1%	-
Cost of risk****	1.68%	-	1.24%	-

* Data refer to the entire statutory area of consolidation used to prepare the Review of Operations. For purposes of completeness, please note that the same indicators calculated for the prudential consolidation area are shown in part E "Credit risk: credit quality" of the Notes to the Accounts.

** Data taken for reports of financial stability published by the Bank of Italy (no. 1: April 2016, table 4.1 p. 34, and no. 2: November 2015, table 4.1 p. 37) and refer to figures for large banks.

*** Data taken from annex to Bank of Italy annual reports for 2014 and 2015 and refer to figures for the total system as at 31 December 2014 and at 31 December 2015 respectively.

**** Cost of risk obtained from the ratio between total net loan loss provisions for the period and average net customer loans.

The cost of risk declined during the year under review, from 53 bps to 19 bps for the corporate segment, from 369 bps to 317 bps for consumer business, from 45 bps to 34 bps for retail business, and from 53 bps 51 bps for leasing. The coverage ratio for NPLs improved further at the consolidated level (up from 53% to 54%), while the coverage ratio for performing consumer loans increased from 0.8% to 1%.

Table 3

Large risks

	30/6/15	30/6/16
Large risks /total loans	21.40%	18.50%
No. of large risks*	6	6
Book value**	12,699 (€m)	7,303 (€m)
Weighted value	8,879 (€m)	5,298 (€m)
Large risks indicator based on book value	142.90%	88.80%
Large risks indicator based on weighted value	99.95%	64.40%

* Groups with exposures of more than 10% of regulatory capital (excluding the Republic of Italy).

** Exposure net of writedowns.

The term "Large risks", under the regulations on risk concentration currently in force, is defined as the sum of risk-weighted assets by cash and off-balance-sheet transactions versus an individual client or group of related clients, equal to or higher than 10% of the Group's own net equity.



Table 4

NPLs: composition

	30/6/15 Net values €m	30/6/15 Gross values €m	30/6/16 Net values €m	30/6/16 Gross values €m
Bad debts	258.90	612.87	255.02	622.62
Likely default	798.38	1,580.61	710.65	1,373.94
Overdue NPLs	94.98	187.15	51.03	142.41
Total NPLs	1,152.26	2,380.63	1,016.70	2,138.97

* Data refer to the entire statutory area of consolidation used to prepare the Review of Operations. For purposes of completeness, please note that the same indicators calculated for the prudential consolidation area are shown in part E "Credit risk: credit quality" of the Notes to the Accounts.

New definitions of bad loans have been adopted in accordance with the provisions of Bank of Italy circular 272/08, seventh update (three different sub-categories: non-performing, likely default and past due), along with provision for exposures subject to tolerance measures, known as "forborne", which may be applied to all assets, performing or non-performing, totalling €1,203m (gross; €596m net) and €462m (gross; €412m net) respectively.

Table 5

Main consolidated balance sheet items (pursuant to Bank of Italy circular no. 262/05)

	30/6/15 €m	30/6/16 €m
Assets		
Due from banks	6,078,30	5,386,60
Due from customers	37,122,50	37,881,50
Financial assets*	21,990,60	21,053,50
Total assets	70,710,60	69,818,60
Liabilities		
Debt securities in issue	20,154,50	21,813,10
Financial liabilities**	23,194,10	19,421,70
Direct funding (from customers)***	16,873,40	18,164,50
Total liabilities	61,843,50	60,896,80
Net equity	8,867,10	8,921,80
of which: share capital	433,60	435,50
Net interbank position ****	8,225,70	6,553,70

* Includes financial assets held for trading, AFS securities, financial assets held to maturity and hedge derivatives.

** Includes amounts due to banks, trading liabilities and hedge derivatives.

*** Includes amounts due to customers and financial liabilities recognized at fair value.

**** Net balance between amounts due to banks and amounts due from banks.

Table 5 shows the main consolidated balance-sheet items required by Bank of Italy circular no. 262/05 as amended, while Table 5-bis below shows the principal balance-sheet items restated according to a format considered to provide a more accurate reflection of the Mediobanca Group's operations. Both tables contain only the main items: the full balance sheets are shown on pp. 66-67 and p. 25 of the Bank's Annual Report.

Table 5-bis

Main balance sheet items (Mediobanca S.p.A.)

	30/6/15	30/6/16
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	€m	€m
Assets		
Net treasury funds	4,920.30	5,517.10
AFS securities	8,063.10	8,639.40
T Fixed financial assets (HTM & LR)	1,793.90	2,165.20
Loans and advances to customers	32,889.60	34,592.70
Equity investments i	3,411.40	3,193.30
Total assets	53,209.10	56,350.10
Liabilities		
Funding	42,711.30	45,933.80
of which: debt securities in issue	19,671.10	21,088.40
Net equity	8,277.30	8,317.30
of which: share capital	433.6	435.5
Total liabilities	53,209.10	56,350.10

As Table 5-bis shows, the balance-sheet aggregates show that total assets increased from €53.2bn to €56.4bn, reflecting growth in loans and advances to customers, up 5.2% from €32.9bn to €34.6bn (in all business segments), in AFS securities (from €8.1bn to €8.6bn), and in treasury assets (from €4.9bn to €5.5bn). At the same time there were also increases in debt securities (from €19.7bn to €21.1bn) and funds raised from Retail Banking (from €9.6bn to €10.7bn).

Table 6

Main consolidated profit and loss account items (pursuant to Bank of Italy circular no. 262/05)

	30/6/15 €m	30/6/16 €m	Y.o.Y. chg %
Net interest income	1,142.5	1,200.5	5.1%
Net fee and commission income	366.3	322.7	-11.9%
Total income	1,776.7	1,747.0	-1.7%
Net profit from financial and insurance operations	1,312.8	1,360.8	3.7%
Operating costs	-779.7	-901.2	15.6%
Profit before tax	757.1	736.3	-2.7%
Net profit	589.8	604.5	2.5%

Table 6 shows the main consolidated profit-and-loss account items required by Bank of Italy circular no. 262/05 as amended, while Table 6-bis below shows the principal profit-and-loss account items restated according to a format considered to provide a more accurate reflection of the Mediobanca Group's operations. Both tables contain only the main items: the full profit-and-loss accounts are shown on p. 68 and p. 24 of the Bank's Annual Report.

Table 6-bis

Main consolidated profit and loss account items restated

	30/6/15 €m	30/6/16 €m	Y.o.Y. chg %
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Net interest income	1,142.5	1,206.7	5.6%
Net fee and commission income	471.8	450.0	-4.6%
Total income	2,045.4	2,046.6	0.1%
Operating costs	-847.2	-891.9	5.3%
Gross operating profit	757.1	736.3	-2.7%
Net profit	589.8	604.5	2.5%

In a financial year where at least three of the four quarters were affected by significant market turmoil and by structural reductions in interest rates, the Mediobanca Group delivered a net profit of €604.5m, higher than the €589.8m reported last year, due to a good performance by banking activities (with gross operating profit up 8.9%, from €423m to €460.5m) and Principal Investing (up 13.5%, from €242.5m to €275.3m). A summary of the Group's results for the twelve months is presented below, including by business areas:²

- ◆ net interest income was up 5.6%, from €1,142.5m to €1,206.7m, confirming the trends witnessed in recent quarters, with Consumer Banking up 12.9% (from €694.1m to €783.7m), due to higher volumes and resilient margins, and wholesale banking declining (from €217.5m to €177.9m) as a result of the reduction in asset profitability, which was more pronounced than the trend in the cost of funding;
- ◆ net treasury income totalled €133.1m (€207.1m), reflecting reduced contributions from the banking book of €17.1m (versus €75.5m last year), and from forex trading of €18.5m (€59.9m), only in part offset by the improvement in fixed-income trading (€36.8m, compared with a €22.2m loss last year);
- ◆ net fee and commission income came in at €450.1m (including €8.9m contributed by Cairn Capital for the second half-year), below the €471.8m reported at end-June 2015, due to fees earned by Wholesale Banking reducing from €259.3m to €219.2m as a result of the less favourable market performance, and fees earned from Consumer Banking declining from €147m to €140.8m; worth mentioning is the improved performance by CheBanca!, with fees up from €27.6m to €43.4m, reflecting the increase in indirect funding (from €2,853m to €3,938m);
- ◆ profits earned by the equity-accounted companies rose from €224m to €256.7m, due to higher profits reported by Assicurazioni Generali.

Operating costs were up 5.3%, from €847.2m to €891.9m, including approx. €10m attributable to Cairn Capital, the increase being split equally between labour costs (up 5.1%) and administrative expenses (up 5.4%) due to higher volumes, in Retail Banking and Consumer Banking in particular, and to enhancement of the central and governance systems (in particular risk management, treasury and regulation).

Net gains on the securities portfolio of €124.2m (30/6/15: €125.6m) include the gain realized on tendering the Group's stake in Pirelli under the terms of the takeover bid for the company (€87.7m), the sale of 3 million shares in Assicurazioni Generali (€20m), plus other gains totalling €16.5m, split equally between listed and unlisted equities. Writedowns to securities totalled €19.4m (€20.4m), including a €10.2m charge taken on RCS MediaGroup as at 31 December 2015, plus €7m in respect of unlisted equities.

²See pp. 29ff for the full composition of the business areas referred to.



Other provisions and charges of €104.3m include a one-off contribution of €57.3m to the Bank Resolution Fund in connection with the situations involving Banca delle Marche, Banca Popolare dell'Etruria, Cassa di Risparmio di Chieti and Cassa di Risparmio di Ferrara; €28.2m in ordinary contributions to the same fund for 2015 and 2016 (in addition to the €13.5m set aside last year), and €6.4m in transfers made to the new Deposit Guarantee Scheme (DGS) for FY 2015 and 1H 2016.

Turning now to the individual areas of activity:

Corporate and Private Banking (CIB) delivered a €134m net profit, down on the €192.9m reported last year, with revenues down 17.7% due largely to the reduced contribution from treasury income, on resilient loans and advances to customers; loan loss provisions were also down, from €74.9m to €28.5m. Both segments delivered lower earnings than last year: Wholesale Banking saw revenues fall from €157m to €104.5m, and Private Banking from €35.9m to €29.5m.

Retail and Consumer Banking (RCB) shows a net profit of €178m, more than twice the €80.4m reported last year, on higher revenues of €1,116.9m (€1,008m) and lower loan loss provisions of €377m (€443.4m). Consumer credit posted a net profit of €170.5m (€94m), with revenues up 9.9%, from €841.3m to €924.5m, driven by 12.9% growth in net interest income, with costs virtually unchanged and loan loss provisions declining from €423m to €360.4m despite the higher volumes and enhanced provisioning for non-performing loans (65%) and performing loans (2%). CheBanca!, in line with expectations, posted its first-ever net profit for the twelve months, of €7.5m, boosted by strong top-line growth (from €166.7m to €192.4m), driven by fees (which were up 57.2%, from €27.6m to €43.4m) in connection with the growth in asset management, with costs flat at €163.3m (€160.6m) and loan loss provisions down from €20.4m to €16.6m.

Principal Investing reported net profit up from €335.4m to €370.2m, due to an increased contribution from Assicurazioni Generali of €255m (€223.9m); gains realized on disposal totalling €119.8m include €20m from the sale of 3 million Assicurazioni Generali shares (0.22% of the company's share capital).

The Corporate Centre (including leasing) reflects a loss of €77m, which is higher than last year (30/6/15: €24.1m) because of the payments made to the Bank Resolution Fund referred to above. Leasing operations show a net profit of €4.6m (€3.3m), with revenues up from €55.2m to €54.6m and loan loss provisions down from €15.3m to €13.4m.

Table 7

Liquidity indicators

	30/6/15	30/6/16
Loan to deposit ratio ¹⁾	100%	95%

1) Ratio between amounts due to customers and the sum of direct funding and debt securities in issue.

Since 30 June 2014 the new supervisory reporting requirements have been active with reference to the indicators of short-term liquidity (Liquidity Coverage Ratio - LCR) and medium-/long-term (Stable Funding - SF) indicator, with no particular criticalities noted. As at 30 June 2015 both the supervisory indicators required under Basel III were above the set limit (LCR and NSFR >100%).³ With reference to these indicators, it should be noted that:

³ Liquidity coverage ratio (LCR) for short-term liquidity: it is calculated as the ratio between: (i) the value of the stock of high-quality liquid assets (HQLAs) and (ii) the total net cash outflows calculated using the scenario parameters set by the regulations in force.



- ◆ for the LCR indicator, a minimum level of 60% has been set from 1 October 2015, a minimum level of 70% in 2016, and a minimum level of 80% in 2017, with this minimum increasing gradually to reach 100% as from 1 January 2018 in accordance with EU regulation no. 575/2013 (the “CRR”);
- ◆ for the NSFR indicator, although the Basel Committee’s proposal involved a minimum level of 100% to be met starting from 1 January 2018, at present no provision has been made in the CRR for a regulatory limit on structural liquidity.

As at 30 June 2016, these indicators stood at 244% and 109% respectively.

The Mediobanca Group monitors and manages liquidity risk in accordance with the provisions of internal documents approved in accordance with Bank of Italy circular no. 263/06 (as amended): the Liquidity risk management policy (the “Policy”) and the Contingency funding plan (“CFP”).

The objectives and metrics described above are addressed through the preparation of the Group Funding Plan, involving sustainable analysis of sources and applications, short-term and structural, and through definition of the Group Risk Appetite Framework, which involves defining the Group’s appetite for risk. Throughout the twelve months under review, the regulatory indicators (the liquidity coverage ratio and net stable funding ratio) and the other indicators established in the Group Risk Appetite Framework remained within the set limits at all times.

The Group’s objective is to maintain a level of liquidity that will allow it to meet the payment obligations it has undertaken, ordinary and extraordinary, at the present maturities, while at the same time keeping the costs involved to a minimum and hence without incurring non-recurring losses. Specifically, monitoring operating liquidity is intended to ensure that the mismatch between cash inflows and outflows, expected and not expected, remains sustainable in the short term.

Throughout the entire twelve months under review, both indicators, short- and long-term, were at all times above the limits set in the Policy.

With a view to optimizing the cost of funding, in a market scenario with low returns on applications of cash apart from mortgages and/or corporate loans, the 2015-16 financial year was again characterized by the attempt to redefine the Group’s sources of funding. In addition to renewing the bond issues which expired in the twelve months (new sales of €3.5bn, against issues of approx. €3bn falling due), the Group made greater use of short-term forms of funding such as CDs and commercial paper, which partly replaced the interbank funding. During the year the Treasury also sought to extend the duration on loans falling due, in order to take advantage of the favourable terms currently available on the market. Funding raised from monetary authorities was stable at €5bn, through the Targeted Long Term Refinancing Operations (TLTROs).

ECB loans	TLTRO I September 2018 (€m)	TLTRO II June 2020 (€m)
Targeted Long Term Refinancing Operation	3,900	1,111

NSFR (Net stable funding ratio), for medium-/long-term liquidity: it establishes a minimum “acceptable” amount of funding for more than one year relative to the needs originated by the liquidity characteristics and outstanding duration of the assets and off-balance-sheet exposures.



Funds raised through CheBanca! retail deposits increased during the twelve months, on the back of some targeted advertising campaigns. The increase in liquidity led consequently to a rise treasury applications.

As at 30 June 2016 the counterbalancing capacity stood at €11.2bn, €11bn of which in the form of bonds deliverable in exchange for cash from the ECB (30/6/15: €9.3bn); while the balance of liquidity reserves established at the European Central bank amounted to approx. €6.8bn (€6bn), approx. €1.3bn of which in the form of cash not used and hence qualifying as part of the counterbalancing capacity.

Table 8

Exposure to central government/government entity debt securities

Portfolios/quality	Rating	Trading book		Banking book		
		Nominal value	Book value	Nominal value	Book value	Fair value
Italy	BBB	232,137	263,179	4,989,825	5,180,503	5,202,289
Germany	AAA	156,719	160,436	775,000	853,457	854,136
Spain	BBB	50,000	51,377	263,584	283,584	284,884
United States	AA+	180	181	225,297	229,297	229,297
Others		-105,867	-135,844	652,673	655,627	671,682
Total at 30/6/16		333,169	339,329	6,906,379	7,202,468	7,242,288
% of total financial assets*			1.7%		35.8%	

* "Total financial assets" are defined as the aggregate of financial assets held for trading, AFS and HTM assets.

Portfolios/quality	Rating	Trading book		banking Book		
		Nominal value	Book value	Nominal value	Book value	Fair value
Italy	BBB	219,993	259,788	4,874,173	5,054,016	5,078,890
Germany	AAA	519,230	554,189	205,500	209,508	209,508
Spain	BBB	-	-	368,275	362,859	362,859
United States	AA+	894	874	53,624	53,660	53,660
Others		137,660	144,718	28,674	18,924	32,703
Total at 30/6/15		877,777	959,569	5,530,246	5,698,967	5,737,620
% of total financial assets *			4.5%		26.8%	

* "Total financial assets" are defined as the aggregate of financial assets held for trading, AFS and HTM assets.

As at 30 June 2016, the Issuer held no structured sovereign debt securities on its books.

Exposure of the Issuer's books to market risks

Market risks are measured on a daily basis by calculating two main indicators: sensitivity (the so-called "Greeks") to minor changes in risk factors (such as interest rates, share prices, exchange rates, credit spreads, inflation and volatility); and value-at-risk, calculated on the basis of expected volatilities and the correlations between the risk factors concerned, updated daily, assuming a disposal period of a single trading day and a confidence level of 99%. Such indicators are subject to operating limits at the overall level and also at the level of



macro-areas and individual business, to prevent excessive risks from being taken and ensure operations are in line with the Bank's risk appetite.

In addition to these metrics, *ad hoc* indicators are compiled to capture tail risks not measured by VaR, and stress tests carried out on the main risk factors, to show the impact which significant movements in the main market variables (such as share prices and interest or exchange rates) might have, calibrated on the basis of the most pronounced historical oscillations.

The overall VaR reading recorded a high of €83m at the beginning of March April 2016, before falling back to just over €50m at the balance-sheet date, helped by the reduction in directional positions. The average reading for the twelve months was €41.8m, much higher than the €32.1m for last year.

All asset classes contributed to this increase, in particular equities, for which the reading rose from €10.5m to €16.7m (due to the addition of the Atlantia shares to the banking book), and fixed-income securities, up from €15.3m to €30m due to the increase in the credit component (accentuated by the diversification effect being represented differently). The forex component remains stable at €4m.

With reference to the sensitivity of net interest income, the trading book (Mediobanca only) as at 30 June 2016 showed a loss of €6.3m in the event of a 100 bps rise in interest rates, compared with a €0.6m gain in the opposite scenario (100 bps reduction).

Consolidated quarterly results for the three months ended 30 September 2016

The information and tables from the quarterly report for the three months ended 30 September 2016 are shown below, as approved by the Board of Directors of Mediobanca on 27 October 2016.

For the three months under review, the Mediobanca Group delivered an 11% increase in net profit, from €244.3m to €270.7m, reflecting the growth in gross operating profit (up 16%, from €194.9m to €226.9m), driven by the increase in revenues from banking operations and the lower cost of risk in all business lines. Compared to last year the results include the contribution of Cairn Capital, and also, since 26 August 2016, Barclays' Italian retail operations which were acquired by CheBanca!. The main income items performed as follows:

- ◆ Consolidated revenues were up 4% at €526m, €11m of which was generated by the new acquisitions (revenues rose 2% on a like-for like basis);
- ◆ Net interest income rose by 4% to €314m (up 2% like-for like, both Y.o.Y. and Q.o.Q.). Such growth was driven by the Retail division (net interest income up 6% to €255m), which includes an impressive performance by consumer credit in particular (net interest income up 14% Y.o.Y. and up 4% Q.o.Q.), and reflects the increase in lending volumes (up 16% to €19.6bn) as a result of consolidating Barclays' €2.5bn mortgages;
- ◆ The cost of risk fell from 141 bps to 98 bps (pre-crisis levels), on the back of a good performance in asset quality at all divisions (the cost of risk was wiped out in WB and fell from 353 bps to 284 bps in consumer credit) and consolidation of the Barclays loan book which is free of non-performing items; the coverage ratio for NPLs was stable at 54% and for bad debts rose to 69%, while the Texas ratio too was stable at 16%;



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- ◆ Gains on disposal totalled €112m and refer chiefly to the disposal of roughly half the stake owned in Atlantia;
- ◆ Net profit climbed 11% to reach €271m;
- ◆ The capital ratios remained stable, despite the consolidation of an additional €0.9bn in RWAs from the Barclays' loan book, due to the ongoing reduction in the CIB area (market risk):
 - ◆ CET1: 12.1% phased-in, 12.5% fully-phased, including the profit for the three months
 - ◆ Total capital: 15.7% phased-in, 16.3% fully phased.

The Mediobanca Group delivered a net profit of €270.7m in the three months, an improvement on the €244m posted last year, driven by 4% growth in revenues, to €526.3m, a 25% reduction in loan loss provisions (to €86.8m), and a €110.4m gain on disposal of the Atlantia shares. Some €11m in revenues were contributed by Cairn Capital and the Barclays business unit, the latter having been acquired by CheBanca! and consolidated as from 26 August 2016 (hence its contribution to the balance sheet and earnings represents one month of operations).

Gross operating profit totalled €226.9m, 16% higher than last year (30/9/15: €195m) and up 27% quarter-on-quarter (30/6/16: €178m), a result which was driven by ongoing growth in the Consumer division and which ranks at the highest levels seen in recent years. The main income items performed as follows:

- ◆ Net interest income rose by 3.9%, from €302.5m to €314.2m, driven by Consumer Banking (€251.4m, as against €217.5m) which more than offset the decline in Wholesale Banking caused by asset repricing;
- ◆ Net treasury income increased from €26.2m to €31.8m, in particular due to the higher contribution from equity segment (€12.1m versus €4.5m);
- ◆ Net fee and commission income totalled €102.2m, up slightly on the €95.8m recorded last year, due to the contribution of Cairn Capital Ltd (€3.6m) and the new Barclays business segment (€2.1m);
- ◆ Gains from equity-accounted companies fell from €82.6m to €78.1m, in line with the lower earnings reported by Assicurazioni Generali.

Operating costs were up 8%, from €196.8m to €212.6m, comprising roughly €12m from the new entities; on a like-for-like basis, the increase would have been 2%.

Loan loss provisions fell by 24.8%, from €115.4m to €86.8m, with a cost of risk (98 bps) which returned to the levels seen in Q1 2008-09. NPLs rose from €1,016.7m to €1,046.5m for the quarter, as a result of the addition of the Barclays mortgages (€32m in accounts classed as unlikely to pay), while remaining flat as a percentage of the total loan book (at 2.9%), with the coverage ratios also stable (at 54%).

Gains on the securities portfolio consist almost entirely of the sale of the Atlantia stake (€110.4m).

Turning now to the balance-sheet data, total assets grew from €56.4bn to €60.4bn, again as a result of the Barclays consolidation. In particular:



- ◆ Loans and advances to customers rose by 6%, from €34.6bn to €36.6bn, as a result of the former Barclays mortgages acquired (€2.5bn), net of which the reduction in Wholesale Banking (from €14.1bn to €13.5bn) would have been only in part offset by the growth in Consumer Banking;
- ◆ Funding rose from €45.9bn to €49.5bn, due to the addition of the former Barclays current accounts (€2.9bn) and new issuance of €650m in the three months (approx. €300m of which were subordinated tier 2 bonds);
- ◆ Cash and cash equivalents and the securities portfolio rose from €16.3bn to €18bn, and include liquid assets deriving from Barclays in an amount of €0.7bn;
- ◆ AUM and AUA at Group level stood at €35.7bn (€31.5bn), split between CMB with €8.2bn (€8.1bn), Banca Esperia with €8.7bn (€8.4bn), Cairn with €8.1bn (€8.1bn), Spafid with €3.8bn (€3bn), and CheBanca! with €6.9bn (€3.9bn);
- ◆ The capital ratios at 30 September 2016, including the profit for the three months, reflected further improvement:
- ◆ Phase-in: CET1 ratio 12.09% (30/6/16: 12.08%), total capital ratio 15.70% (15.27%)
- ◆ Fully-phased: CET1 ratio 12.53% (12.57%), total capital ratio 16.27% (15.87%).

The outlook for the rest of the financial year continues to be dependent on a macro-economic scenario which remains weak, compounded by political uncertainties in the reference markets. Against this backdrop the Group expects resilient net interest income driven by Consumer and Retail Banking, and an improvement in the cost of risk. Operating costs are expected to rise in line with the projects that have been planned.

Table 9

Restated profit and loss account

Mediobanca (€m)	3 mths ended 30/9/15	3 mths ended 30/9/16	Y.o.Y. chg. (%)
Net interest income	302.5	314.2	3.9%
Net treasury income	26.2	31.8	21.4%
Net fee and commission income	95.8	102.2	6.7%
Equity-accounted companies	82.6	78.1	-5.4%
Total income	507.1	526.3	3.8%
Labour costs	(98.1)	(107.3)	9.4%
Administrative expenses	(98.7)	(105.3)	6.7%
Operating costs	(196.8)	(212.6)	8.0%
Gains (losses) on AFS shares	88.5	112.0	26.6%
Loan loss provisions	(115.4)	(86.8)	-24.8%
Provisions for other financial assets	(3.5)	(5.9)	68.6%
Other income (losses)	0.0	(4.8)	n.m.
Profit before tax	279.9	328.2	17.3%
Income tax for the period	(34.5)	(56.7)	64.3%
Minority interest	(1.1)	(0.8)	-27.3%
Net profit	244.3	270.7	10.8%

Table 10



Restated balance sheet

Mediobanca Group (€m)	30/9/15	30/6/16	30/9/16
Assets			
Treasury funds	7,186.2	5,517.1	8,260.3
AFS securities	7,750.5	8,639.4	7,651.9
<i>of which: fixed-income</i>	6,767.4	7,725.1	6,958.4
<i>equities</i>	935.1	859.3	646.7
Fixed assets (HTM & LR)	1,788.7	2,165.2	2,118.1
Loans and advances to customers	32,546.9	34,592.7	36,623.1
Equity investments	3,163.5	3,193.3	3,294.0
Tangible and intangible assets	714.9	757.8	754.0
Other assets	1,346.3	1,484.6	1,674.8
<i>of which: tax assets</i>	932.8	988.7	933.7
Total assets	54,497.0	56,350.1	60,376.2
Liabilities			
Funding	44,216.1	45,933.8	49,501.6
<i>of which: debt securities in issue</i>	20,560.7	21,088.4	21,406.0
<i>retail deposits</i>	10,542.1	10,724.0	13,780.4
Other liabilities	1,520.9	1,314.2	1,770.3
<i>of which: tax liabilities</i>	647.6	573.0	569.1
Provisions	182.0	180.3	183.1
Net equity	8,333.7	8,317.3	8,650.5
<i>of which: share capital</i>	433.7	435.5	435.5
<i>reserves</i>	7,791.0	7,792.6	8,124.8
<i>Minority interest</i>	109.0	89.2	90.2
Profit for the period	244.3	604.5	270.7
Total liabilities	54,497.0	56,350.1	60,376.2
Core tier 1 capital	7,346.0	6,504.8	6,561.2
Total capital	9,029.0	8,227.2	8,515.4
RWAs	59,003.5	53,861.6	54,247.3



Table 11

Ratios (%) and per share data (€)

Gruppo Mediobanca	30/9/15	30/6/16	30/9/16
Total assets/net equity	6.5	6.8	7.0
Loans/deposits	0.7	0.8	0.7
Core tier 1 capital/RWAs	12.5	12.1	12.1
Regulatory capital/RWAs	15.3	15.3	15.7
S&P rating	BBB-	BBB-	BBB-
Fitch rating	BBB+	BBB+	BBB+
Cost/income ratio	38.8	43.6	40.4
Bad loans (<i>sofferenze</i>)/loans	0.8	0.7	0.7
EPS (€)	0.28	0.69	0.31
BVPS (€)	9.5	9.4	9.8
DPS (€)		0.27	
No. of shares in issue (millions)	867.4	871.0	871.0

Annual statutory data as at 30 June 2016

The shareholders of Mediobanca approved the Bank's statutory financial statements for the year ended 30 June 2016 which were published on its website at www.mediobanca.it (see: <https://www.mediobanca.com/it/investor-relations/Financial-statements/index.html>).

Relevant information on the performance for the year is shown below, as taken from the Issuer's press release published on 5 August 2016 and also available on the Bank's website at: www.mediobanca.it (<https://www.mediobanca.com/it/investor-relations/news/index.html>).

Mediobanca S.p.A. recorded a net profit of €288m for the twelve months, below the €333m recorded last year on account in particular of the €81.8m transferred to the Bank Resolution Fund, the majority of which in the form of a one-off contribution, which offset the higher gains realized on disposals of securities (up from €123.4m to €141.4m, €41.6m of which deriving from the sale of the Assicurazioni Generali shares) and the reduction in loan loss provisions (from €74.2m to €29.5m). Revenues were down 14.6%, from €752.6m to €642.5m, the main income items performing as follows:

- ◆ net interest income was down 21.2%, from €186.8m to €147.2m, due to reduced asset profitability reflecting a faster repricing rate compared to that of the cost of funding;
- ◆ treasury income came in at €127.9m (€186.4m), reflecting the reduced contribution from the banking book and forex trading;
- ◆ net fee and commission income was down 13.4%, from €255.7m to €221.4m, due to the unfavourable market trend;
- ◆ dividends received on investments rose from €123.7m to €146m.

Operating costs rose by 4.5%, from €322.7m to €337.3m, due exclusively to the projects in progress, while labour costs were down 1.3% due to the variable remuneration component.

Loan loss provisions decreased from €74.2m to €29.5m, helped by the improving risk profile and also by writebacks totalling €19.6m on positions repaid at face value.



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Total assets rose from €40.8bn to €43.2bn, reflecting higher loans and advances to customers (up from €22.5bn to €23.1bn), AFS securities of €7.7bn (€6.4bn) and treasury assets totalling €4.3bn (€3.2bn); equally, funding increased from €34.7bn to €37.2bn, the CheBanca! retail channel in particular (from €6.7bn to €8.6bn).



4 Information on the Issuer

4.1. History and development of the issuer

4.1.1. Name

Mediobanca – Banca di Credito Finanziario S.p.A..

4.1.2. Details of registration in Companies' Register and place of registration

Mediobanca is registered in the Milan Companies' Register under Registration no. 00714490158.

4.1.3. Issuer's date of incorporation and duration

Mediobanca was set up on 10 April 1946 by virtue of a notarial deed drawn up by Notary public Arturo Lovato, file no. 3041/52378. The duration of Mediobanca is until 30 June 2050.

4.1.4. Issuer's registered office and legal status, legislation under which it operates, country of incorporation, address and telephone number of registered office

Mediobanca is a company limited by shares under Italian law, incorporated in Italy with its registered office and administrative headquarters in Piazzetta Enrico Cuccia 1, 20121 Milan, Italy, tel. no.: (0039) 02-88291.

Mediobanca operates under Italian law and is subject to the supervision of the ECB/Bank of Italy as part of the Single Supervisory Mechanism (SSM).

4.1.5. Recent facts for evaluating the Issuer's solvency

Since 30 June 2016, there have been no negative changes either to the financial position or prospects of either Mediobanca or the Group headed up by it.



5 Overview of activities

5.1. Principal activities

5.1.1. Mediobanca Group activities

The Mediobanca Group's operations are segmented into three banking divisions and one Corporate centre, as follows:

- ◆ Corporate & Private Banking (CPB), which combines both wholesale and private banking activities (Compagnie Monégasque de Banque, Banca Esperia, Spafid and Cairn Capital),
- ◆ Principal Investing (PI), which brings together equity investments (IAS 28) and AFS securities
- ◆ Retail & Consumer Banking (RCB), which includes consumer credit (Compass) and retail banking activities (CheBanca!)
- ◆ Corporate centre (CC), which brings together the other Group companies (including leasing) and certain centralized Group costs.

In addition, an agreement has been executed with Barclays Bank PLC for CheBanca! to acquire a selected perimeter of Barclays' Retail Banking operations in Italy consisting of 85 branches, €2.5bn in mortgage loans, approx. €2.9bn in deposits and €2.9bn in indirect funding, €2bn of which assets under management. The acquisition, which was finalized on 24 August 2016, will enable CheBanca! to speed up its growth significantly. Strengthening Mediobanca's role in the asset management segment for private customers via CheBanca! is one of the key points of the Group's strategic plan, which is focused on allocating an increasing share of capital to low capital absorption, high fee-generating activities.

As at 30 June 2016, Mediobanca had a market capitalization of approx. €5bn.

Consolidated financial information as at 30/6/16

Profit and loss account (€m)	CPB	PI	RCB	CC	Totale
Net interest income	215.3	-	932.7	53.0	1,206.7
Total income	638.6	284.2	1,116.9	64.1	2,046.6
Profit before tax	199.6	377.2	272.2	-109.5	736.3
Net profit	134.0	370.2	178.0	-77.0	604.5

Wholesale Banking

Mediobanca seeks to provide its corporate clients with advisory services and financial services they to help them grow and develop.

The wholesale banking division comprises three different units: Corporate finance, Lending and structured finance, Capital markets.



1. Corporate finance

Mediobanca is the leader in Italy and has an increasingly significant role in financial advisory services at the European level through its branches in London, Paris, Frankfurt, Madrid, Istanbul and Mexico City. A client-based approach is adopted, backed by in-depth knowledge of the financial issues and a consolidated track record in executing deals. The operating unit is organized into different industry teams covering individual industries in order to provide greater focus.

Corporate finance involves the following activities:

- ◆ defining strategic objectives for companies and identifying extraordinary financing transactions in order to help meet them;
- ◆ extraordinary financing transactions: mergers and acquisitions, joint ventures and partnerships, disposals and spinoffs;
- ◆ liability restructuring: earnings/financial analysis of companies/groups undergoing restructuring; working out financial rebalancing scenarios; negotiating with key creditors;
- ◆ corporate restructuring: LBOs, MBOs, spinoffs and tax-/inheritance-related issues;
- ◆ company valuations, on a standalone basis and for purposes of setting exchange ratios;
- ◆ relations with authorities: assistance in handling relations with market and regulatory authorities, principally Consob and Borsa Italiana.

2. Lending & Structured Finance

The Financing teams serve Mediobanca's Italian and international customers, through the branch offices located in Paris, Frankfurt, London, Madrid and Istanbul, to offer:

- ◆ advice in evaluating possible capital structures and financing solutions available from among a vast series of debt products, including considering possible implications in terms of rating;
- ◆ structuring and executing lending transactions;
- ◆ access to the international syndicated loans market;
- ◆ facility and security agent services for corporate and structured lending transactions.

The principal Lending & Structured Finance area products are:

- ◆ **Corporate Lending** (bilateral loans, club deals and syndicated loans): corporate loans aimed at supporting customers' financial requirements generated by investments or related to their companies' growth; the financial solutions offered are aimed primarily at medium-/large-sized firms operating on domestic and international markets, in industrial and service-based sectors.
- ◆ **Structured Finance** (acquisition finance, loans for LBO/MBOs, project finance, infrastructure finance, real estate finance): financial support to corporate counterparties and institutional investors as part of leveraged transactions to acquire stakes in listed and unlisted companies; a wide range of lending transactions are developed, arranged, structured, underwritten and executed based on complex structures, and because of



their size these are often syndicated on the international market. On the back of its solid track record in various sectors, customers are provided with advisory services covering the entire process of structuring deals to support investment and infrastructure or industrial projects, including offering strategies, selection of the most effective debt instruments, hedging strategies, financial modelling and structuring contracts.

- ◆ Factoring (with and without recourse, maturity, and supply credit): sale and discount of trade receivables to help refinance companies' working capital. As well as the financial benefits, factoring can also provide insurance (guarantee against insolvency or delays in payments) and facilitate operations (credit management, accounting, collection and recovery).

3. Capital Markets

Mediobanca operates on both the primary and secondary markets, trading equities and fixed-income securities, foreign exchange products and credit risk, interest rate and exchange rate derivatives.

In the **equity** market (primary and secondary), activity is divided into the following areas:

- ◆ **equity capital markets:** Mediobanca is the Italian leader and has a role of increasing importance internationally in structuring, co-ordinating and executing equity capital markets transactions, such as IPOs, rights issues, secondary offerings and ABOs, and bonds convertible into equity solutions (equity derivatives to manage investments and treasury shares): this unit structures and implements extraordinary financing transactions involving equity investments and treasury shares; using a dedicated trading platform, the team offers customers innovative, high value-added solutions, and also handles any legal, accounting, tax and regulatory issues;
- ◆ **equity finance** (securities lending, equity repos, collateralized financing): the unit offers tailored securities lending solutions, which range from simple loans to hedge short-/medium-term positions, to equity repos, to upgrades and collateralized financing;
- ◆ **equity derivatives institutional marketing:** a range of equity-linked investments are offered to banks, insurances, asset managers and family offices, from synthetic replications of simple underlying assets to sophisticated protection mechanisms and solutions for increasing the return on portfolios, funded or unfunded;
- ◆ **MB Securities:** this is Mediobanca's equity brokerage division, offering global access to equity markets and research on the Italian market (over 100 companies are covered), plus a pan-European focus on the financials sector (banks and insurances); a dedicated team also offers corporate broking services.

As for the **debt** market, the activity is divided into the following areas of operation:

- ◆ **debt capital market:** this team originates, structures, executes and places corporate and financial bond issues, covered bonds and securitizations to meet its customers' financing needs.
- ◆ **CRAL Solutions:** this area structures solutions based on interest rates, credit and alternative products; it targets corporate clients, banks and institutional investors who need to restructure their investment portfolios, increase asset liquidity and diversify their sources of funding. Advisory services and structuring *ad hoc* solutions for alternative investments targets institutional investors.



- ◆ **proprietary funding:** this team is responsible for structuring, issuing and placing debt products, the revenues from which finance the Bank's own activities. Fund raising, supported by the Bank's high credit rating, takes place primarily through the issuance of securities, both plain vanilla and structured. Securities are placed with retail investors through public offers (executed using the CheBanca! owned network, and via networks of individual banks – including that of BancoPosta – either on an exclusive basis or via groups of banks in syndicates), and direct sales are made over the screen-based bond market (MOT) operated by Borsa Italiana. Demand from institutional investors is met via public offers of securities on the Euromarket and private placements of products customized to meet the subscribers' specific needs.

Private banking

The range of services offered to clients by the Mediobanca Group includes private banking, via Banca Esperia and Compagnie Monégasque de Banque.

- ◆ **Banca Esperia** was set up in July 2001 as a joint venture between the Mediobanca and Mediolanum groups with the aim of becoming the Italian private bank of choice for high net worth clients, offering them portfolio management, advisory and financing services. Independence, operational autonomy, focus on private banking activities, and excellence and quality of service, are the hallmarks of a bank which has approx. €18bn in assets under management at its branches in Bergamo, Bologna, Brescia, Cesena, Florence, Genoa, Milan, Padua, Parma, Rome, Turin and Treviso.
- ◆ **Compagnie Monégasque de Banque ("CMB")** is 100%-owned by Mediobanca. CMB is market leader in the Principality of Monaco, with total deposits of approx. €8bn. Its geographical position, in-depth knowledge of markets and absolute independence make it a player of primary importance, able to provide exclusive services to its clientèle, ranging from loans to asset management.
- ◆ **Spafid**, 100%-owned by Mediobanca, this company provides fiduciary administration services in respect of equity investments, securities market investments and fiduciary services for issuers. Spafid currently has assets under administration worth some €3bn.
- ◆ **Cairn Capital**, a 51% stake having been acquired in this company in December 2015. Cairn Capital is an asset management and advisory company based in London and specializing in credit products. Assets managed by the company total some €2.1bn, plus a further €5.9bn under long-term advice.

Principal investing

Mediobanca has an equity portfolio of investments made over time, consisting of minority stakes in leading Italian and international companies, most of which are listed, and which are generally leaders in their respective spheres of activity, with a view to contributing, including through representation on investee companies' governing bodies, to value creation over a medium- and long-term time horizon. Further disposals were completed during the course of the year, in line with the 2014-16 strategic plan: stakes worth €1.5bn were sold, yielding gains of almost €500m. In particular the investments in Pirelli and Edipower were sold during the twelve months, and the process of reducing the Assicurazioni Generali investment commenced, with €3m shares sold for €59.4m; the process, however, has had to be put on hold temporarily as a result of the adverse market conditions. In view of the size of the investments and the role played by Mediobanca in the governance of the companies



concerned, the shareholdings in Generali, RCS MediaGroup and Atlantia are assigned to the Principal investing division.

Company	Sector	% of share capital	Book value as at 30/6/15 €m
Assicurazioni Generali	Insurance	13.0%	3,092
RCS Mediagroup	Publishing – media	6.2%	26
Atlantia	Infrastructure	2.71%	500

Consumer Credit - Compass

Mediobanca has operated in the consumer credit sector since the 1960s through its subsidiary Compass.

Compass today is one of the leading consumer credit operators on the Italian market, with a market share of 10.4%.

Compass offers a wide range of products (personal loans, special purpose loans for acquisition of consumer durable goods, credit cards and salary-backed finance), using a highly diversified distribution network consisting of some 164 own branches, distributing agreements with banking partners and retailers, and BancoPosta.

As at the balance-sheet date it had approx. €11.9bn in loans outstanding, plus a total of 1,612 staff on the books.

Retail Banking - CheBanca!

Mediobanca commenced retail banking operations in 2008 via Group company CheBanca!, which has now achieved a distinctive position on the market, with:

- ◆ high brand recognition;
- ◆ effective, innovative multi-channel distribution (internet, 58 own branches, direct banking);
- ◆ simple, transparent products;
- ◆ substantial customer base (over 580,000 customers);
- ◆ strong commercial results: €10.7bn in deposits, €3bn in assets under management, and €5bn in mortgages disbursed.

At 30 June 2016 the company employs a total of 981 staff.

For information purposes, it should be noted that on 26 August 2016, the Mediobanca Group's acquisition of Barclay's Italian retail business through its subsidiary CheBanca! was completed. CheBanca! has acquired a selected retail business line operating in Italy from Barclays with:

- ◆ 220,000 retail clients, over 50,000 of whom had total assets of over €50,000 in the past three years;
- ◆ direct funding of €2.9bn;



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- ◆ indirect funding of €2.9bn, €2.0bn of which AuM;
- ◆ residential mortgage loans totalling €2.5bn, all performing and aligned with CheBanca! quality standards;
- ◆ 85 branches in Italy;
- ◆ 564 commercial retail staff and 68 financial advisors.

Under the terms of the deal, Barclays paid CheBanca! €240.5m in respect of a business unit with balanced assets and liabilities.

For further details, please see the press release issued on 30 August 2016 published on the Bank's website at www.mediobanca.it (<https://www.mediobanca.com/it/stampa-comunicazione/news/conclusa-l-acquisizione-dell-attivita-retail-di-barclays-in-italia.html>).

Leasing

Mediobanca owns a direct 60% stake in the SelmaBipiemme Leasing group, with the other 40% held by the Banca Popolare di Milano. The group operates in financial leasing. The leasing platform underwent a streamlining process during the twelve months under review, with subsidiaries Palladio Leasing and Teleleasing being merged into their parent company SelmaBipiemme Leasing (having acquired the 20% previously held by minority shareholder Telecom Italia).

In the twelve months to 30 June 2016, the Group disbursed some €410m in leases.

As at 30 June 2016 the net value of finance disbursed by the group amounted to some €2.5bn, with a headcount numbering 146 staff employed at the head office and 8 branch offices.

5.1.2. Brief description of the Issuer's principal activities, with an indication of the main categories of products sold and/or services provided

As stated in Article 3 of the Company's Articles of Association, the Company's purpose is to raise funds and provide credit in any of the forms permitted, especially medium- and long-term credit to corporates.

Within the limits laid down by current regulations, Mediobanca may execute all banking, financial and intermediation-related operations and services, and carry out any transaction deemed to be instrumental to or otherwise connected with the achievement of Mediobanca's purpose.

Save as described in the foregoing section 5.1.1, there are no significant new products and/or services that have been introduced and no development of new products and services has been disclosed.

5.1.3. Principal markets

The Mediobanca Group's activities are principally focused on the domestic market (from a geographical standpoint Italy accounts for approx.80% of the Group's loan book). In particular:



- ◆ Corporate & Private Banking (CPB) includes:
 - ◆ *wholesale banking*: half the revenues and loan book for this division are originated by the Italian market, the other half by other countries (notably France, Germany, Spain and the United Kingdom); the division employs some 670 staff, around 190 of whom are based outside Italy;
 - ◆ *private banking*: this division's activity is focused primarily on the Italian market, with the exception of CMB (which operates in the Principality of Monaco) and Cairn Capital (which operates in the United Kingdom); and employs over 430 staff;
- ◆ Retail & Consumer banking (RCB) activities focus exclusively on the Italian market, and between Compass and CheBanca! employ approx. 2,600 staff at more than 220 branches;
- ◆ leasing activities chiefly target the domestic market.

5.1.4. Basis of any statement made by the Issuer in the Registration Document regarding its competitive position

The Registration Document contains no statement by the Issuer regarding its competitive position.



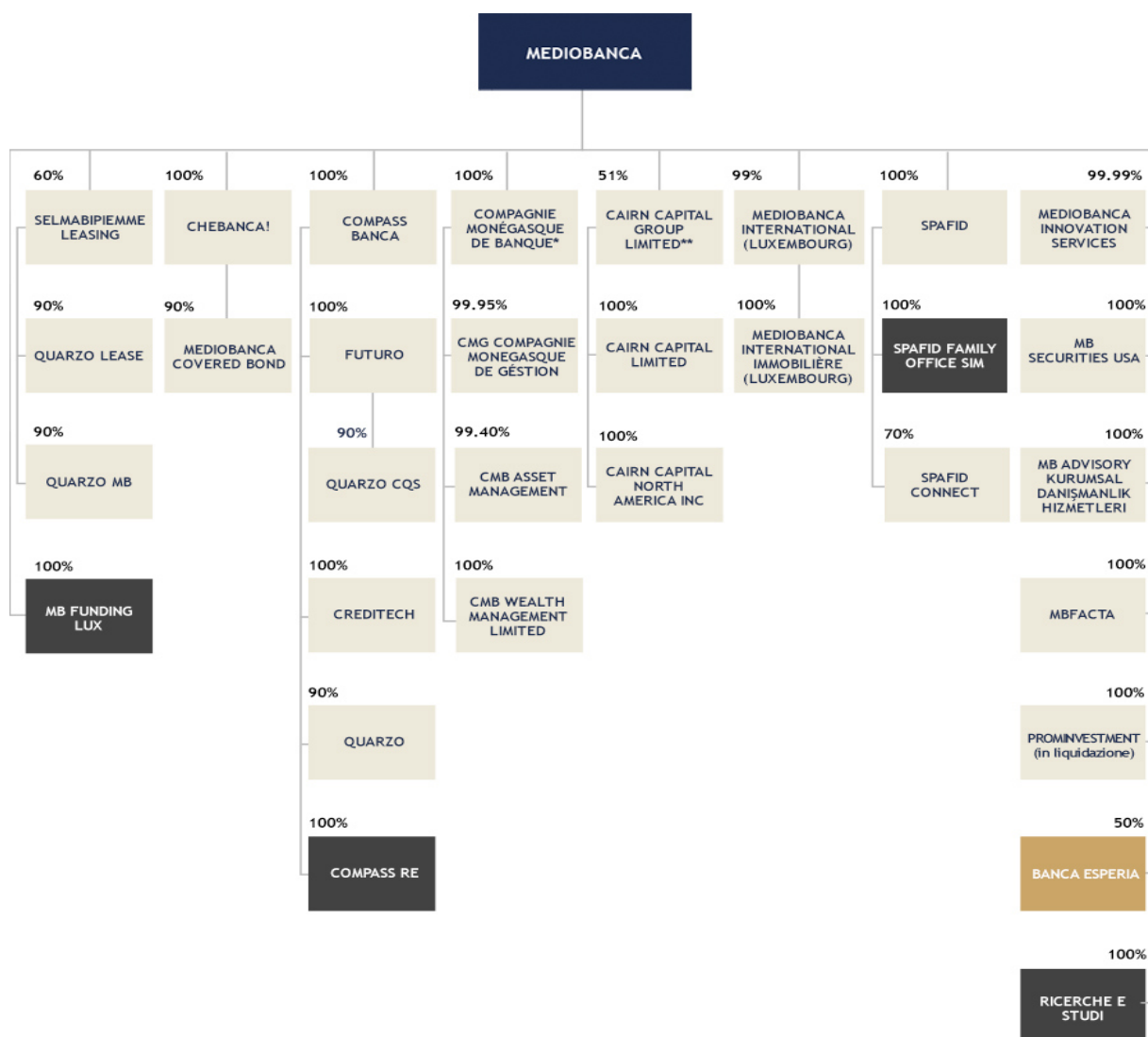
6 Organizational structure

6.1. Description of organizational structure of group headed up by the Issuer

Mediobanca Banking Group

The Mediobanca Group is registered as a banking group in the register instituted by the Bank of Italy.

The following diagram illustrates the structure of the Mediobanca Group as at the date hereof.



- Appartenente al Gruppo Bancario Mediobanca
- Non appartenente al Gruppo Bancario Mediobanca
- Joint venture con Mediolanum

* Compagnie Monégasque de Banque controlla inoltre: S.M.E.F. Soc. Monégasque des Etudes Financieres (99,96%) appartenente al Gruppo Bancario Mediobanca

** Cairn Capital Group Limited controlla inoltre: Cairn Capital Investments Limited (100%), Cairn Investment Managers Limited (100%), Cairn Financial Guaranteed Limited (100%) e Amplus Finance Limited (100%)



6.2. Subsidiaries and main investee companies

Mediobanca is parent company of the Mediobanca Banking Group. No individual or entity controls Mediobanca within the meaning of Article 93 of the Italian Consolidated Finance Act.

A list of the main Group companies included in the area of consolidation for the financial statements as at 30 September 2016 is shown below:

Group companies			
COMPASS Banca S.p.A.	Italy	100%	(dir)
CHEBANCA! S.p.A.	Italy	100%	(dir)
SELMABIPIEMME LEASING S.p.A.	Italy	60%	(dir)
Compagnie Monégasque de Banque S.A.M.	Principality of Monaco	100%	(dir)
MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.	Luxembourg	100% ⁴	(dir)
SPAFID S.p.A.	Italy	100%	(dir)
MEDIOBANCA SECURITIES USA LLC	United States	100%	(dir)
SPAFID CONNECT S.p.A.	Italy	70%	(indir)
CREDITECH S.p.A.	Italy	100%	(indir)
RICERCHE E STUDI S.p.A.	Italy	100%	(dir)
Mediobanca Innovation Services S.c.p.A	Italy	99.995%	(dir)
FUTURO S.p.A.	Italy	100%	(indir)
PROMINVESTMENT S.p.A. in liquidation	Italy	100%	(dir)
MBFACTA S.c.p.a.	Italy	100%	(dir)
QUARZO S.r.l.	Italy	90%	(indir)
QUARZO CQS S.r.l.	Italy	90%	(indir)
MB COVERED BOND S.r.l.	Italy	90%	(indir)
QUARZO LEASE S.r.l.	Italy	90%	(indir)
C.M.B. ASSET MANAGEMENT S.A.M.	Principality of Monaco	99.40%	(indir)
C.M.G. COMP. MONEG. D.G. S.A.M.	Principality of Monaco	99.95%	(indir)
S.M.E.F. SOC. MONEG. DE ET.FIN. S.A.M.	Principality of Monaco	99.96%	(indir)
CMB WEALT MANAGEMENT	United Kingdom	100%	(indir)
QUARZO MB s.r.l.	Italy	90%	(dir.)
COMPASS RE S.A.	Luxembourg	100%	(indir)
MB ADVISORY KURUMSAL DANISMANLIK HIZMETLERI A.S.	Turkey	100%	(dir)
MB ADVISORY MEXICO (in liquidation)	Mexico	99%	(dir)
MEDIOBANCA INTERNATIONAL IMMOBILIERE S.à r.l.	Luxembourg	100%	(indir)
CAIRN CAPITAL GROUP Ltd	United Kingdom	51%	(dir.)
CAIRN CAPITAL Ltd	United Kingdom	51%	(indir.)
CAIRN CAPITAL NORTH AMERICA Inc.	United States	51%	(indir.)
CAIRN FINANCIAL GUARANTEE Ltd	United Kingdom	51%	(indir.)
CAIRN CAPITAL INVESTMENTS Lts.	United Kingdom	51%	(indir.)
CAIRN INVESTMENTS MANAGERS Ltd.	United Kingdom	51%	(indir.)
AMPLUS FINANCE Ltd.	United Kingdom	51%	(indir.)
MB FUNDING LUX S.A.	Luxembourg	100%	(dir.)

4) Of which 1% Compass shares.



In view of the size of the investment and the role played by the Bank in the companies' governance, as at 30 June 2016 the values reflected by the investment in Assicurazioni Generali were as follows:

Company	Sector	% of share capital	Book value as at 30/6/15 €m
Assicurazioni Generali	Insurance	13%	3,092



7 Forecasts or estimates of profits

7.1. Information on recent trends

No substantial adverse changes have taken place in Mediobanca's or the Group's prospects since 30 June 2016.

7.2. Information on trends, uncertainties, requests, commitments or known facts which could reasonably be expected to have material repercussions on the Issuer's prospects for at least the current financial year

Mediobanca is not aware of any information on trends, uncertainties, requests, commitments or facts known which could reasonably have significant repercussions on Mediobanca's prospects for the current financial year.



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8 Profit estimates or projections

No forecast or estimates of profits are contained in the Registration Document.



9 Bodies responsible for governance, management and supervision

9.1. Information on governing bodies

Information on the Bank's governing bodies is provided below, as updated following the Annual General Meeting held on 28 October 2016.

Changes in the composition of the governing bodies and other information related to them will be published from time to time on the Issuer's website at www.mediobanca.it (<https://www.mediobanca.com/it/governance/index.html>).

Board of Directors

The Board of Directors appointed on 28 October 2014 for the 2015, 2016 and 2017 financial years, as at 30 June 2015 consisted of eighteen members, ten of whom qualify as independent under Article 148, paragraph 3 of Italian Legislative Decree 58/98, eight of which eleven also qualify as independent under the Code of Conduct in respect of listed companies. Its composition also reflects the legal requirements in terms of gender balance.

Composition, Board of Directors

	Post held	Place and date of birth	Term of office expires	Posts held in other companies
Renato Pagliaro *	Chairman ***	Milan, 20/2/57	28/10/17	-
Maurizia Angelo Comneno *	Deputy Chair	Rome, 18/6/48	28/10/17	-
Marco Tronchetti Provera	Deputy Chair	Milan, 18/1/48	28/10/17	Deputy Chairman Esecutivo and Chief Executive Officer, Pirelli & C. Chairman and Chief Executive Officer, Pirelli Tyre Chairman, Gruppo Partecipazioni Industriali Chairman, Coinv Director, Eurostazioni
Alberto Nagel*	Chief Executive Officer ***	Milan, 7/6/65	28/10/17	-
Francesco Saverio Vinci *	General Manager ***	Milan, 10/11/62	28/10/17	Director, Banca Esperia
Tarak Ben Ammar	Director	Tunis, 12/6/49	28/10/17	Chairman and Chief Executive Officer, Prima TV Chairman, Eagle Pictures Chief Executive Officer (CEO), Quinta Communications Chief Executive Officer, Carthago Film SerDeputys Chief Executive Officer (CEO), Andromeda Tunisie Director, Telecom Italia Member of Supervisory Board Vivendi
Gilberto Benetton	Director	Treviso, 19/6/41	28/10/17	Chairman, Edizione



	Post held	Place and date of birth	Term of office expires	Posts held in other companies
				Chairman Autogrill Director, Atlantia
Mauro Bini	Director	Milan, 20/10/57	28/10/17	-
Marie Bolloré	Director	Neully sur Seine, 8/5/88	28/10/17	Director, Bolloré Director, Financière de l'Odéa Director, Bolloré Participations Director, Financiere V Director, Omnium Bolloré Director, Société Industrielle et Financière de l'Artois Member of Supervisory Board, Sofibol
Maurizio Carfagna	Director	Milan, 13/11/47	28/10/17	Chief Executive Officer, H-Invest Director, Banca Esperia Director, Class Editori Director, Compagnia Immobiliare Azionaria Director, Duemme SGR Director, Futura Invest
Angelo Casò*	Director	Milan, 11/8/40	28/10/17	Chairman of Statutory Audit Committee, Edizione Chairman of Statutory Audit Committee, Bracco Chairman of Statutory Audit Committee, Bracco Imaging Chairman of Statutory Audit Committee, Bic Italia Chairman of Statutory Audit Committee, Falck Standing Auditor, Italmobiliare Chairman, Fineldo Director, Tre Laghi Standing Auditor, Padis Investimenti Standing Auditor, Sidis Investimenti
Maurizio Costa	Director	Pavia, 29/10/48	28/10/17	Chairman, RCS Mediagroup Director, Amplifon
Marina Natale	Director	Saronno, 13/5/62	28/10/17	Deputy Chairman and Executive Committee member, ABI Director, Fondo Italiano di Tutela dei Depositi Member of Investment Committee, Fondo Atlante
Vanessa Laberenne*	Director	Paris 08/1/78	28/10/17	-
Alberto Pecci	Director	Pistoia 18/9/43	28/10/17	Chairman, Pecci Filati Chairman, Tosco-Fin Director, El.En.
Elisabetta Magistretti	Director	Busto Arsizio, 21/7/47	28/10/17	Director, Luxottica Group Director, Smeg
Gian Luca Sichel*	Director	Piacenza, 19/6/68	28/10/17	-
Alexandra Young*	Director**	Barnstaple, 14/2/68	28/10/17	-

* Member of Executive Committee.

*** Member of Mediobanca senior management.



All Board members are in possession of the requisites to hold such office set by the regulations in force at the time.

The address for all members of the Board of Directors for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

Statutory Audit Committee

Composition of Statutory Audit Committee

Post	Name	Place and date of birth	Term expires	Posts held in other companies
Chairman	Natale Freddi	Rho, 6/6/52	28/10/17	-
Standing Auditor,	Gabriele Villa	Milan, 18/6/64	28/10/17	Standing Auditor, Salini-Impregilo Director Space2
Standing Auditor,	Laura Gualtieri	Reggio Emilia, 18/10/68	28/10/17	Standing Auditor, Prysmian
Alternate auditor	Alessandro Trotter	Vimercate, 9/6/40	28/10/17	-
Alternate auditor	Barbara Negri	Alessandria, 13/6/73	28/10/17	-

All Statutory Audit Committee members are in possession of the requisites to hold such office set by the regulations in force at the time, and are all registered as auditors in the list instituted by the Italian Ministry for the Economy and Finances.

The address for all members of the Statutory Audit Committee for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

General Manager and senior management

Renato Pagliaro - Chairman, Alberto Nagel – Chief Executive Officer, Francesco Saverio Vinci – General Manager, Alexandra Young, Executive Directors of Mediobanca and Massimo Bertolini, Head of Company Financial Reporting.

9.2. Conflicts of interest among bodies responsible for governance, management and supervision

A ban was instituted pursuant Article 36 of Italian Decree Law 201/11, as converted into Italian Law 214/11, on representatives of banks, insurers and financial companies from holding positions in companies which operate in the same sectors. Each year the Board of Directors assesses the positions of the individual directors, which may have changed as a result of changes in the activities or size of the other companies in which they hold posts. To this end, each director, including in order to avoid potential conflicts of interest from arising, informs the Board of any changes in the positions assumed by them in the course of their term of office.

Mediobanca also adopts the procedure recommended under Article 136 of the Italian Consolidated Banking Act for approval of transactions involving individuals who perform duties of management and control in other companies controlled by such parties.

Members of the bodies responsible for governance, management and supervision are also required to comply with the following provisions:

- ◆ Article 53 of the Italian banking act and implementing regulations enacted by the Bank of Italy, in particular the supervisory provisions on links with related parties;



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- ◆ Article 2391 of the Italian Civil Code (Directors' Interests);
- ◆ Article 2391-bis of the Italian Civil Code (Transactions with Related Parties). Transactions with "related parties" are described in part H of the financial statements for the twelve months ended 30 June 2016.

Mediobanca and its governing bodies have adopted internal measures and procedures to ensure compliance with the provisions referred to above.



10 Main shareholders

10.1. Information on ownership structure

As at 30 June 2016, the Issuer's fully subscribed and paid up share capital amounted to €435,510,047, made up of 871,020,094 ordinary par value €0.50 shares.

Individuals or entities who based on the shareholders' register and available information as at 30 June 2016, own directly or indirectly financial instruments representing share capital with voting rights in excess of 2% of the company's share capital, directly or indirectly, are listed below:

	Shareholder	% of share capital
1	Unicredit group	8.56
2	Bolloré group	8.00
3	Mediolanum group	3.43
4	Benetton group	2.14

No party controls Mediobanca according to the definition provided in Article 93 of the Italian banking act.

The information on the Issuer's main shareholders is updated from time to time on its website www.mediobanca.com (<https://www.mediobanca.com/it/governance/azionisti/index.html>).

10.2. Description of any agreements known to the Issuer which may subsequently give rise to a change in the control of the Issuer.

Mediobanca shareholders representing, as at 30 June 2016, approx. 31% of the Bank's shares have entered into a shareholders' agreement in respect of Mediobanca's share capital expiring on 31 December 2016.

The Agreement, which is filed with the Milan companies' register, is a block shareholders' agreement aimed at preserving a stable shareholder base combined with representative governing bodies to ensure consistent management objectives. In order to achieve these objectives, these shareholders, divided into three groups, concur in seeing the traditional system of corporate governance which leverages on the management and provides greater clarity in the roles of the various governing bodies within the company, as fundamental to safeguarding the characteristics, function and traditional independence of Mediobanca and to ensuring that consistent management objectives are pursued.

An excerpt from the Agreement may be found on the Issuer's website at www.mediobanca.it (<https://www.mediobanca.com/it/governance/azionisti/patto-di-sindacato.html>).



11 Information on the Issuer's assets and liabilities, earnings and losses

11.1. Financial information for previous years

At a Board meeting held on 21 September 2016, the Directors of Mediobanca approved the Group's consolidated financial statements as at 30 June 2016 (the results themselves were approved on 4 August 2016); the statutory financial statements for the year were adopted by shareholders at a general meeting held on 28 October 2016. See in particular section 3.3, "Select financial information".

11.2. Financial statements

The financial statements as at and for the years ended 30 June 2015 and 30 June 2016 and the annexes thereto including the reports by the external auditors, and Mediobanca's interim accounts and reports are available to the public at the company's registered office and published on its website at www.mediobanca.it (https://www.mediobanca.com/it/investor-relations/Financial_statements/index.html). The consolidated financial statements as at and for the years ended 30 June 2015 and 30 June 2016 are deemed to be incorporated by reference into this Registration Document as permitted under Article 11 of Directive 2003/71/CE (the "Prospectus Directive") and Article 7, paragraph 4 of Consob's Regulations for Issuers.

A breakdown of the information deemed to be incorporated by reference into this Registration Document is provided in the following table:

	Balance sheet	Profit and loss account	Cash flow statement	Notes to the accounts	External auditors' report	Comprehensive income statement	Statement of changes to consolidated net equity
Consolidated financial statements for year ended 30/6/16	pp. 66-67	p. 68	p. 72-73	p. 76-258	p. 61	p. 69	p. 70
Consolidated financial statements for year ended 30/6/15	pp. 66-67	p. 68	p. 72-73	p. 76-259	p. 61	p. 69	p. 70

11.3. Auditing of annual financial information for previous years

11.3.1. Statement confirming that financial information for previous financial years has been audited

At an annual general meeting held on 27 October 2012, the shareholders of Mediobanca appointed PricewaterhouseCoopers S.p.A. to audit the Bank's statutory and consolidated full-year and interim financial statements, to perform other activities provided for under Article 155 of Italian Legislative Decree 58/98, and to sign off the "Unico" and "770" tax declarations, up to and including the financial year ending 30 June 2021.

Notice is hereby given that:

- ◆ PricewaterhouseCoopers S.p.A., with registered office in Milan, the audit firm appointed to audit the statutory and consolidated full-year financial statements of Mediobanca for the financial year ended 30 June 2016, duly issued, with reference to the consolidated



financial statements for the year ended 30 June 2016, the relevant report without qualifications;

- ◆ PricewaterhouseCoopers S.p.A., for the statutory and consolidated financial statements of Mediobanca as at 30 June 2015 and the interim financial statements, duly issued the relevant reports without qualifications.

11.3.2. Any other information contained in the Registration Document that has been reviewed by the auditors

With the exception of the statutory and consolidated financial information, no information reported in this Registration Document has been subject to review by the external auditors.

11.3.3. Financial information contained in the Registration Document not taken from the Issuer's audited financial statements

The financial information contained in this Registration Document has been taken from the Issuer's financial statements which have been subject to review by the external auditors.

11.4. Date of most recent financial information

The most recent financial information in respect of the Issuer consists of the consolidated financial statements for the period ended 30 September 2016.

11.5. Interim and other financial information

Subsequent to the balance-sheet date of 30 June 2016, the quarterly report of the Mediobanca Group for the three months ended 30 September 2016 was approved by the Board of Directors on 27 October 2016. The Mediobanca Group's quarterly financial statements for the three months ended 30 September 2016 have been incorporated by reference into this Registration Document and no full or partial audit thereof has been carried out.

The Mediobanca Group's quarterly financial statements for the three months ended 30 September 2016, along with all Mediobanca's quarterly and interim accounts (statutory and consolidated) and the auditors' reports where these have been prepared, may be consulted on the Issuer's website at www.mediobanca.it. This website is updated quarterly with the relevant financial information as approved from time to time (see <https://www.mediobanca.com/it/investor-relations/Financial-statements/index.html>).

11.6. Judicial proceedings and inspections in course

As at the date hereof, none of Mediobanca and its consolidated subsidiaries is or has been involved in any governmental, legal, arbitration or administrative proceedings relating to claims or amounts of money which may have, or have had in the recent past, a material impact on the Group's financial position or profitability, and as far as Mediobanca is aware, no such litigation, arbitration or administrative proceedings has either been announced or is pending. A description of the main tax disputes and litigation pending is provided below, purely for information purposes:

Tax disputes

As at 30 June 2016 the Mediobanca Group had litigation pending, in respect of higher tax worth a notified amount of €35.6m, plus interest and fines, all involving disputes with the Italian tax revenue authority and regarding almost entirely fourteen claims in respect of allegedly



non-existent leasing transactions, involving higher tax worth a notified amount of €35.3m (€31.4m of which by way of VAT and €3.8m IRES/IRAP); €24.1m of the higher tax involves leases on yachts, while the remainder involves real estate and brands.

The companies concerned have appealed against all the above rulings in the conviction that their actions were correct. For this reason no amounts have been set aside to the provision for risks and charges, including in view of how the legal process is progressing.

The following events should also be noted:

- ◆ settlement of a dispute with the Italian revenue authorities with regard to income produced Group company Compass RE (Luxembourg) in the financial years from 2009/11 to 2013/14; a total of €24.2m has been paid, €5.6m by way of fines and interest;
- ◆ settlement of a dispute with the Italian revenue authorities with regard to an intragroup transaction between Compass and Cofactor (now Creditech), entailing additional tax of €1.3m.

Litigation pending

The most significant litigation pending against Mediobanca is as follows:

- ◆ five cases still pending in connection with the Bank's alleged failure to launch a full takeover bid for La Fondiaria in 2002, initiated against Mediobanca and UnipolSai only in all cases, with the total damages being claimed jointly from the defendants (known as the *petitum* in Italian law) amounting to €42m (plus interest and expenses), of which Mediobanca's, as agreed with UnipolSai, would be approx. €14m (again plus interest and expenses); of which:
 - ◆ four claims, in which the court of appeals has ruled in favour of Mediobanca, have been referred by the court of cassation to the court of appeals in Milan to establish the damages incurred by the shareholders;
 - ◆ one claim is pending at the court of cassation after the court of appeals in Milan partly amended the first-degree ruling by reducing the amount of the damages due to the plaintiff.
- ◆ Claim for damages by Monte dei Paschi di Siena ("FMPS") against – *inter alia* – Mediobanca, for participation with criminal intent by virtue of an alleged non-contractual liability, jointly with the other twelve lender banks, for alleged damages to FMPS in connection with the execution of the Term Facility Agreement on 4 June 2011 and the consequent breach of FMPS's Articles of Association (20% limit on debt/equity ratio) in a total amount of €286m. The court of Siena, following a petition submitted the Italian ministry for the economy and finance at the request of FMPS, has ruled that the court of Florence may have jurisdiction in this case which accordingly has returned to it.

The following developments have taken place during the twelve months under review:

- ◆ one case in connection with the La Fondiaria takeover bid in 2012 was settled out-of-court (along with the other nine which had been settled in previous financial years, plus another which has been statute-barred);
- ◆ in the dispute between Centrobanca (now UbiBanca) and Mediobanca, cited by Centrobanca in connection with the Burani group bankruptcies, the ruling has been dismissed as a result of the action being discontinued as lodged at a hearing held 28



June 2016; this follows the end to the dispute between the assignee Roger 13 S.r.l., which took over in the Burani bankruptcy proceedings under the terms of the composition procedure with creditors as ratified by the court of Milan and Centrobanca.

Inspections

- ◆ On 26 May 2016, Consob, with the support of the Italian finance police, carried out an inspection at the premises of Mediobanca with a view to obtaining documents and information regarding the takeover bid launched by an SPV owned by Mediobanca (International Media Holding) for RCS shares. In the period from 25 February 2016 to 18 May 2016 an inspection was carried out by the Bank of Italy – as part of the ECB's supervision - on the FINREP (financial reporting) and COREP (common reporting) processes, with reference in particular to the quality of the internal and external reporting flows to the supervisory authorities. To date, the results of neither inspection have been notified to the Issuer.

Mediobanca believes that the provisions (which at 30 June 2016 amounted to €147.94m) are adequate to cover any charges due in connection with all the cases that have been brought against the Bank itself and the other Group companies (for which no other significant litigation is pending) and any other contingent liabilities, of which, as permitted by IAS 37, paragraph 92, no precise indication has been given.

11.7. Significant changes in the Issuer's financial position

There have been no significant changes to financial or commercial position of Mediobanca or the other companies forming part of the Group since the most recent financial information available was disclosed in the consolidated financial statements as at 30 June 2016.



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12 Material agreements

Neither Mediobanca nor any of the companies controlled by Mediobanca has entered into or participates in agreements outside of their normal course of business which could result an obligation or entitlement for Group members that would impact significantly on the Issuer's ability to meet its obligations versus holders of financial instruments issued or to be issued.



13 Information from third parties, expert opinions and expressions of interest

Standard&Poor's assigned Mediobanca a "BBB-/A-3" rating (most recent confirmation 18 January 2016) and Fitch Ratings assigned Mediobanca a "BBB+/F2" rating (most recent confirmation 12 April 2016) – see website www.mediobanca.it for further details

Rating agency	Short-term debt	Long-term	Outlook	Date of most recent verdict
S&P's	A-3	BBB-	Stable	18 January 2016
Fitch Ratings	F2	BBB+	Stable	12 April 2016

The Issuer confirms that the above information has been faithfully reproduced, and that as far as the Issuer is aware and is able to ascertain on the basis of information published by Standard & Poor's and Fitch Ratings, no facts have been omitted that might render the reproduced information imprecise or otherwise misleading. The rating scales used by the main rating agencies are summarized below.

Standard & Poor's rating scale:

Long-term Obligations with an original maturity of more than one year	Short-term Obligations with an original maturity of less than one year
<p>Investment grade</p> <p>AAA</p> <p>The obligor's capacity to meet its financial commitment on the obligation is extremely strong.</p> <p>AA</p> <p>The obligor's capacity to meet its financial commitment on the obligation is very strong. An obligation rated 'AA' differs from the highest-rated obligations only to a small degree.</p> <p>A</p> <p>The obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.</p> <p>BBB</p> <p>The obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.</p>	<p>Investment grade</p> <p>A A-1</p> <p>The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.</p> <p>A-2</p> <p>The obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.</p> <p>A-3</p> <p>The obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.</p>



Long-term Obligations with an original maturity of more than one year	Short-term Obligations with an original maturity of less than one year
Speculative grade	Speculative grade
<p>BB</p> <p>The obligation is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.</p>	<p>B</p> <p>The obligation is regarded as having significant speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.</p>
<p>B</p> <p>The obligation is more vulnerable to non-payment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.</p>	<p>B -1</p> <p>The obligation is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.</p>
<p>CCC</p> <p>The obligation is currently vulnerable to non-payment, and is dependent upon favourable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.</p>	<p>B -2</p> <p>The obligation is regarded as having significant speculative characteristics, and the obligor has an average speculative-grade capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.</p>
<p>CC</p> <p>The obligation is currently highly vulnerable to non-payment.</p>	<p>B -3</p> <p>The obligation is regarded as having significant speculative characteristics, and the obligor has a relatively weaker capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.</p>
<p>C</p> <p>A 'C' rating is assigned to obligations that are currently highly vulnerable to non-payment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default.</p>	<p>C</p> <p>The obligation is currently vulnerable to non-payment and is dependent upon favourable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.</p>
<p>D</p> <p>The obligation is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period.</p>	<p>D</p> <p>The obligation is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period.</p>

NB: ratings from "AA" to "CCC" inclusive can be modified by adding the "+" or "-" minus sign to specify the position



Fitch Ratings' rating scale:

Long-term Debt securities with duration of over one year	Breve Termine Debt securities with duration of less than one year
Investment grade	Investment grade
AAA	F1+
Exceptionally strong capacity to meet obligations.	Highest quality, strongest intrinsic capacity for timely payment of financial commitments.
AA+	F1
High quality, very low risk but vulnerability to risk over the long term is higher than for the AAA category.	High quality, strong intrinsic capacity for timely payment of financial commitments.
AA/AA-	F2
Strong capacity to meet obligations. Minimal differences from the higher grade.	Good quality, good intrinsic capacity for timely payment of financial commitments.
A+/A/A-	
Good capacity to meet financial obligations, but more vulnerable to changes in circumstances and economic conditions than bonds with a higher rating.	
BBB+/BBB/BBB-	
Adequate capacity to meet financial obligations, although adverse economic conditions or changes in circumstances may lead to a reduced capacity to meet financial obligations.	



Long-term Debt securities with duration of over one year	Short-term Debt securities with duration of less than one year
<p style="text-align: center;">Speculative grade</p> <p>BB+/BB/BB-</p> <p>Less vulnerable in the near term than issuers with lower ratings, although uncertain economic, financial or administrative conditions could interfere with the capacity to meet obligations entered into.</p>	<p style="text-align: center;">Speculative grade</p> <p>F3</p> <p>Fair quality, adequate intrinsic capacity for timely payment of financial commitments, although unforeseen circumstances could affect the borrower's repayment capabilities.</p>
<p>B+/B/B-</p> <p>More vulnerable than issuers rated 'BB', but still able to meet financial commitments. Unforeseen economic and/or financial conditions will likely reduce the issuer's will to meet its commitments.</p> <p>CCC+/CCC/CCC-</p>	<p>B</p> <p>Speculative in nature, and the obligor has minimal capacity for timely payment of financial commitments. Vulnerable to near-term adverse changes in financial and economic conditions.</p>
<p>Currently vulnerable, and capacity to meet obligations entered into is reliant upon a sustained favourable business and economic environment and favourable market conditions.</p>	<p>C</p> <p>Default is a real possibility, repayment of bonds issued is closely dependent upon favourable financial and economic conditions.</p>
<p>CC</p> <p>Currently highly vulnerable, and capacity to meet obligations entered into is reliant upon favourable economic and financial conditions.</p>	<p>D</p> <p>The issuer is in default.</p>
<p>C</p> <p>Extremely vulnerable, possibly bankrupt or in default on payments which are, however, still being made.</p>	
<p>D</p> <p>Default/insolvency on all or most obligations entered into.</p>	
<p>NR</p>	
<p>Unrated.</p>	



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14 Documents available to the public

The following documents are available for consultation at Mediobanca's registered offices in Piazzetta Enrico Cuccia 1, Milan: the Issuer's Articles of Association (<https://www.mediobanca.com/it/governance/statuto.html>); copies of the annual accounts and report (consolidated and statutory) as at and for the years ended 30 June 2015 and 2016, and a copy of this Registration Document.

Beginning with the 2001/2002 financial year, the annual, interim and quarterly accounts and reports of Mediobanca and the Mediobanca Group, plus the reports issued by the appointed external auditors, have been made available on the Issuer's website at www.mediobanca.it (see in particular https://www.mediobanca.com/it/investor-relations/Financial_statements/index.html). This website will be updated on a quarterly basis with the relevant financial information as approved from time to time.

All information and press releases relating to the Issuer's corporate affairs are also available on the same website.