MEDIOBANCA

Mediobanca
Board of Directors' Meeting

Milan, 17 September 2014

Draft financial statements as at 30 June 2014 approved

Net profit up to €465m

CET1 ratio 11.1%

Back to dividend: €0.15 per share

Mediobanca's 2014-16 strategic plan[1] aims at focusing Mediobanca's business model on three specialist banking activities (CIB, Consumer and WM), efficient in terms of costs and risks, able to generate profits/returns for shareholders which are sustainable over time. In order to achieve these goals, the Group is reducing its equity exposures, enhancing international CIB activities, and developing higher fee-based and capital light businesses, while preserving asset quality.

One year since the plan's approval, the Mediobanca Group has achieved the following results:

- **Net profit of €465m (30/6/13: €176m loss); ROE 6%**
  - **Revenues up 12%, to €1,819m, and gross operating profit up 17% to €1,028m; results show growth in net interest income (up 6% to €1,087m), fees (up 3% to €424m), and the contribution from Assicurazioni Generali (up from €17m to €261m)**
  - **Disposals on equity investments totalling €840m, yielding gains of €240m**
  - **Increase in coverage ratios for NPLs (up 5 bps to 50%) and bad debts (up 1 point to 67%), also due to non recurrent loan loss provisions (€250m), offset by the gains generated on investments**
- **Capital ratios strengthened, benefiting from capital management actions - redemption of €1.2bn hybrid insurance loans, and authorization to weight Assicurazioni Generali investment at 370%; hence the Mediobanca Group now shows:**
  - **B3 CET1: phase-in[2] = 11.1% - fully-phased = 12.5%**
  - **B3 total capital: phase-in = 13.8% - fully-phased = 14.7%**
- **Banking operations increasingly focused on capital-light activities**
  - **CIB: enhancement of international franchise, increase in non-domestic component of revenues (from 31% to 48%), launch of factoring platform, growth in private banking fees (up 11%, with AUM up 9% to €15bn)**
  - **RCB: launch of asset management activities in CheBanca! (over €400m raised in last 6M), commercial agreement Compass/MPS in consumer credit**
- **Return to dividend: proposed €0.15 per share, 27% pay-out**

---

[1] *Mediobanca 2014-16 business plan approved by Board of Directors on 20 June 2013.*
[2] *Capital ratios calculated in accordance with CRR/CRDIV. Phase-in: reflects weighting of 370% for investment in Assicurazioni Generali, as opposed to deduction; fully-phased: CRR/CRDIV rules fully applied, with the entire AFS reserve included in the definition of CET1.*

With Renato PAGLIARO in the chair, the Directors of Mediobanca approved the Group's consolidated and draft financial statements for the year ended 30 June 2014, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

Mediobanca's 2014-16 strategic plan set the objective of focusing the Group's business model on three specialist banking activities (CIB, Consumer and WM), efficient in terms of costs and risks, able to generate profits/returns for shareholders which are sustainable over time. To reach these objectives, the Group has taken steps to reduce its equity exposures, enhance its international CIB activities, develop higher fee-based and capital-light businesses, and preserve asset quality.

One year since the new plan was approved, the Mediobanca Group has achieved the following results:

- net profit of €465m and ROE of 6% (30/6/13: €176m loss)
- disposals on equity investments totalling €840m, yielding gains of €240m
- stronger capital ratios
- banking operations increasingly focused on capital-light activities
- return to dividend (€0.15 per share)

In the twelve months under review, the Mediobanca Group earned a net profit of €464.8m, compared with the €176.2m loss reported last year. This result reflects an 11.7% increase in revenues, from €1,628.4m to €1,819.4m, as well as a positive contribution from the securities portfolio of €211.9m (representing the balance between gains on disposals and writedowns) which last year showed a €387.5m loss.

Revenues were up 11.7%, from €1,628.4m to €1,819.4m), also helped by the diversification between businesses:

- net interest income rose by 5.7%, from €1,028m to €1,086.9m, as a result of growth in consumer finance (up 13.4%) on the one hand and a slowdown in wholesale business (down 5.8%) on the other. The former was boosted by higher volumes on resilient margins, while the latter was impacted by the declining stock of corporate loans and the reduced profitability of other interest-bearing assets.
- net fee and commission income rose 3.5%, from €409.7m to €423.9m, due to a positive contribution from capital market activity (from €69.4m to €114.6m), in the fourth quarter in particular.
- an increased contribution from Assicurazioni Generali, up from €16.8m to €261m, offsetting the weak treasury performance (which declined from €200.2m to €45.1m), penalized by the low volatility levels on markets and the price effect on trading securities linked to the reduction in market interest rates.

The 5.2% increase in overheads, from €752.4m to €791.4m, reflects the new retail and consumer commercial initiatives and the enhancement of both properties and internal control systems (administrative expenses up 10.6%).

On the equity side, shares worth €843.2m were disposed of, yielding gains of €242.5m. The sales involved the entire holdings in Gemina (€206m, yielding gains of €70m), Saks (€55m, with gains of

€29m), IntesaSanpaolo (€60m, with gains of €3m), and the UCI CASHES (€148m, with gains of €42.8m), plus reduction of the stake in RCS MediaGroup from 14.93% to 6.2% (€25m, with gains of €8m). Among unlisted equities, the Telco shareholders' loan was sold in exchange for Telefonica shares which were then sold on the market. Overall the Telco investment was reduced from 11.62% to 7.34%, yielding gains of €67m.

The gains realized on equity disposals offset the 45.3% increase in loan loss provisions, which rose from €506.5m to €736m. These involve corporate and private banking as to €231m (up 90.1%), retail and consumer as to €473.2m (up 31.4%), and leasing as to €32.8m (up 29.6%). The ongoing difficulties being encountered by both businesses and households drove a 17% increase in net NPLs (from €989.2m to €1,157.6m), in part due to the new classifications required under the ECB's Asset Quality Review process. The coverage ratio was therefore increased on prudential grounds, from 45% to 50% for NPLs and from 66% to 67% for bad debts, plus coverage of performing loans equal to 0.8% of the loan book. Despite an increase in the NPLs/loans ratio from 2.9% to 3.8%, this remains for the Mediobanca Group at around one-third the average of Italian banks.

The Group's cost of risk rose to 230 bps, but 150 bps net of €250m in non-recurring loan loss provisions (€200m of which relating to a single name in wholesale banking and €50m to consumer credit).

Provisions for other financial assets totalled €30.6m (€404.2m), chiefly involving the Burgo Group investment, which was written off in full (€18.6m), and other impairment charges taken in respect of AFS equities (€8.7m) and HTM securities (€3.3m).

The sharp reduction in taxation, which fell from €157.6m to €39.6m despite the significant improvement in pre-tax profit, is due to the substantial proportion of taxable income (gains) which is subject to exemption under the PEX regime.

The Group's capital solidity has been further strengthened as a result of capital management actions, while the asset and liability optimization process has continued:

- the Group's capital ratios, which have been calculated in accordance with the new supervisory provisions in this area (CRR/CRDIV), stood at 11.08% for the common equity ratio (CET1 ratio) and 13.76% for the total capital ratio. These ratios reflect the phase-in period for application of the new regulations, and also the 370% weighting (as opposed to deduction) of the Assicurazioni Generali investment. The fully-phased ratios (i.e. with full application of the CRR/CRDIV rules, in particular the possibility of including the entire AFS reserve in the CET1 definition) rise to 12.50% for the CET1 ratio and to 14.70% for the total capital ratio. This improvement in the capital ratios was helped by the Bank of Italy's clearance, pursuant to Article 471 of EU Regulation 575 issued on 26 June 2013, to weight the investment in Assicurazioni Generali at 370%, and also to repayment of hybrid insurance loans totalling €1,250m;

- risk-weighted assets (Basel III) amounted to €58.7bn (30/6/13: €52.4bn under Basel II.5), and include an increase of approx. €7.5bn due to the Assicurazioni Generali investment being weighted at 370%, offset by a reduction of over €1bn in loans and advances.

- liquid assets (treasury, AFS securities) fell to €19.8bn (€21.7bn), due to the treasury rationalization process involving the Italian government security component in particular (which was trimmed from €7.7bn to €5.6bn);

- the reduced funding requirements, as a result of the use of treasury assets and the reduction in the stock of loans, drove funding down to €45.8bn, with reductions in debt securities (issuance of €5.5bn vs redemptions and buybacks totalling €8.9bn), repayment of a €2bn tranche of the LTRO, and CheBanca! deposits stable at €11.5bn;

- CheBanca! launched placement of asset management products, with approx. €400m sold since the project was launched in January 2014; indirect funding thus rose from €0.7bn as at 30 June 2013 to €1.5bn, bringing direct funding down to last year's levels (€11.9bn). Of the direct funding components, the less costly (current accounts and untied deposits) rose to €2.5bn (€1.9bn);

- lending activity showed a recovery in all segments, with new loans in RCB up 8% to €5.7bn and in CIB up 31% to €3.4bn. Nonetheless, the Group's loan book as a whole was down 8.7% to €30.6bn, due to early repayments in CIB in particular totalling €3bn (€1.25bn of which involved redemption of hybrid insurance issues with a view to capital optimization ahead of Basel III). Lending management is oriented towards reducing concentration, optimizing capital allocation and preserving asset quality.

Divisional results

Wholesale banking: solid growth in client business

Mediobanca's 2014-16 strategic plan sets the objective of increasing WB profitability by leveraging on growth in customer-driven businesses, in particular non-domestic and capital-light activities, expanding the client basis to include segments not yet fully covered while maintaining strong risk management and efficiency levels.

The above guidelines have been implemented progressively during the 2013-14 financial year, with:

- fee income up 13.6% to €225.4m, equal to 49% of WB revenues. The increase in this item was driven by capital markets, in the second half in particular (with €15bn in bond placements and €10bn in equity placements, in which MB participated with senior roles)
- an increase in the percentage accounted for by non-domestic revenues, from 31% to 48% of the WB total, and in the percentage accounted for by capital-light activities[3] (from 36% to 60%)
- costs stable at €249.5m
- coverage ratio for NPLs ("deteriorate") up from 39% to 49%, and coverage ratio for bad debts ("sofferenze") stable at 100%

The reduction in net interest income, the absence of treasury income and the increase in loan loss provisions, the latter in part due to the rise in the coverage ratios and the new classifications ahead of the AQR, drove a net loss of €33.5m.

In detail:

- net interest income fell 5.8%, from €246.9m to €232.7m, due to a reduction in volumes traded and a reduction on margins on lending rates which was far higher than that on funding rates, in the first half of the year particularly;
- treasury income, including the gains realized on fixed-income securities held as part of the banking book, this item showed a small net profit of €1.4m (compared with €185.1m last year), reflecting the price effect on securities held for trading, with coupons exceeding the market returns, and the short-term profile of the investments; the equity component contributed €48.3m (€60.5m);

- growth in loan loss provisions, from €120.1m to €233.1m, €200m of which non recurring on a single name classified among watch list loans ("incagli"), driving the cost of risk up from 72 bps to 167 bps, and reflecting the substantial increase in the coverage ratios. Non-performing loans totalled €403.5m (€254.6m), net of provisions totalling €388.9m (€159.9m) which account for 3.23% (1.64%) of the total loan book.

---

[3] *Capital-light activities refer to the ECM, DCM, secondary market, capital market solutions and advisory areas.*

Private banking: AUM, fees and profits all growing

Private banking delivered a net profit of €50.7m (€41.1m), on higher revenues (up from €138m to €140.2m) driven by increased fee income of €78.1m (€70.4m), with net interest income resilient at €40.3m (€40.8m). Operating costs were down 4.1%, from €87.4m to €83.8m, labour costs in particular. There were also net writebacks to loans of €2.1m, following a reduction in non-performing items (from €9.9m to €7.5m). Assets under management on a discretionary and non-discretionary basis at the year-end amounted to €15bn (€13.8bn), €7.3bn (€6.7bn) for CMB and €7.7bn (€7.1bn) for Banca Esperia.

Consumer credit: volumes and revenues growing

In the consumer credit segment, which has stabilized in the last six months following five years' consecutive contraction, Compass has acquired a position of leadership in Italy with a market share of 11.8%. During the twelve months Compass has focused on:

- enhancing distribution. At the start of February, an agreement was signed to distribute Compass products through the Monte dei Paschi di Siena group's 2,300-plus branches. With this agreement Compass, which through the years has entered into partnership arrangements with more than 50 Italian banks, has seen its distribution capacity increase further, with now some 7,500 branches served throughout Italy
- managing "value", i.e. margins net of the cost of risk; margins, net of adjustments to performing loans, remained stable at 240 bps
- strengthening its coverage ratios, starting with NPLs (up from 56% to 64%) and bad debts (up from 87 to 88%), plus a prudential coverage ratio of 0.8% for performing items.

Consumer operations recorded a €48.4m net profit in the twelve months under review, considerably lower than the €72.3m posted last year due to the 32.9% rise in the cost of risk, which was partly offset by the reduced tax burden due to loan loss provisions becoming tax-deductible for IRAP purposes.

The 7.9% increase in revenues, from €713.2m to €769.8m, reflects 13.4% growth in net interest income (from €554.6m to €628.8m) due to the higher volumes and lower cost of funding. Operating costs, up 7.5%, reflect higher credit recovery charges (up from €32.4m to €37.2m) and communications expenses (up from €27.4m to €32.7m). The increase in loan loss provisions, from €335m to €445.3m, €50m of which non recurring and relating to performing loans, took the cost of risk up from 360 bps to 461 bps (410 bps normalized), and reflects the increase in the coverage ratios mentioned above. Loans and advances to customers rose from €9.4bn to €9.9bn, with a 5.6% increase in new loans (from €5bn to €5.3bn), despite the declining market scenario. As a result of the higher provisioning net NPLs fell from €368.7m to €342.1m and now account for 3.3% (3.7%) of the total loan book.

Retail banking. CheBanca! from deposit-gatherer to wealth manager

In the twelve months CheBanca! has focused further on the process of transforming itself from a pure asset-gatherer concentrating on deposit accounts to digital "first bank", with special attention devoted to customer satisfaction. To this end it has focused in particular on:

- sale of transactional products, with the launch of an asset management platform
- reduction in the cost of funding and conversion of direct to indirect funding
- leveraging on synergies at Group level, in particular distribution (sale of Mediobanca bonds and Compass personal loans) and cost synergies (marketing and IT)

Retail banking showed a net loss of €25.1m, a slight improvement on the €27.8m loss posted last year, due to 16.6% growth in revenues offset in part by higher operating costs (up 10.2%) and the increased cost of risk (up 11.2%), as well as a one-off, €5m contribution to the Italian interbank deposit protection fund, net of which the result would be some 30% better. In particular, revenues of €164.2m (€140.8m) reflect higher fee income (up from €14.8m to €22.7m) generated from bond placements, in particular those issued by Mediobanca, and asset management products (which generated net fees of €0.4m in the first six months of operations), with net interest income stable at €141.1m (€141.8m) as a result of the majority of the interest-bearing deposits being transferred to centralized treasury operations at parent company level. Operating costs of €159m (€144.3m) were higher as a result of the new commercial initiatives. The higher provisions for mortgage loans (up from €25.1m to €27.9m) reflect the higher NPLs (up from €121.9m to €145.2m), the latter accounting for 3.3% (2.9%) of the total loan book, with the coverage ratio unchanged at 47%. Mortgage loans generally were up 3%, from €4,266.5m to €4,392.6m, with new loans virtually doubling (from €289m to €467m). Retail deposits stood at €11,481.6m, lower than at the reporting date when they totalled €11,874.2m. Indirect funding, meanwhile, rose from €657m to €1,465.6m (at market value), €398.7m of which in respect of asset management.

Principal investing: net profit €449m

Principal investing recorded a profit of €449.3m for the twelve months, compared with a €407.1m loss last year, due to the higher profits earned by the Assicurazioni Generali (up from €16.8m to €261m), gains on disposals (€240.2m, as against €16.7m), and and a reduction in writedowns (from €422.3m to €25.3m). Profits for the period include €67.2m in respect of the Telco shareholders' loan disposal, €70.9m on the Gemina/Atlantia shares, €28.9m on the Saks investment, and €42.8m on the UniCredit CASHES. Of the writedowns, €18.6m involved the Burgo Group investment's value being reduced to zero, and €6.5m AFS shares.

Mediobanca S.p.A.

In the twelve months under review, Mediobanca earned a net profit of €165.9m, compared with a €233.8m loss last year, following lower writedowns to investments and AFS shares totalling €78.8m (30/6/13: €458.9m), and higher gains on disposals and dividends of €269.9m (€34.6m). As far as revenues are concerned:

- net interest income fell by 8.3%, from €227.3m to €208.4m, due to a decline in corporate loans (from €13.2bn to €10.1bn) and the reduced profitability of other interest-paying assets, given a cost of funding which continues to remain high for the so-called "peripheral" EU states;

- net fee and commission income rose by 12%, from €197.1m to €220.8m, due to a positive contribution from capital market activity;

- a sharp reduction in treasury income, down from €199.8m last year to €30.8m, on account of the low interest rate levels and market volatility;

- dividends on investments increased from €49.1m to €92.9m following the higher payout this year by Assicurazioni Generali.

Operating costs showed a slight increase of 2.7%, from €276m to €283.5m, solely as a result of the work done to improve premises and enhance internal control systems; labour costs were down 4.4%.

Loan loss provisions rose from €119.1m to €229.4m, an increase of 92.6%, due to the growth in non-performing assets (in part the result of the new classifications instituted as part of the Asset Quality Review process); the coverage ratio was increased on prudential grounds from 38.3% to 48.7%.

Disposals of equity investments totalling €838.9m generated gains of €240.2m (€16.7m).

Provisions for other financial assets and investments totalled €78.8m (€458.9m), and involve the writeoff of the Burgo Group investment to its full amount (€19m), and impairment charges taken in respect of other AFS equities (€6.5m) and fixed financial assets (€3.3m).

Total assets fell from €50.7bn to €45.5bn, due to lower loans and advances to customers of €20.2bn (€23bn) and the reduction in AFS securities, from €10.3bn to €7.3bn, against a slight increase in treasury assets (from €9.1bn to €9.6bn). Conversely, funding was down, from €45.4bn to €39.4bn, in particular debt securities (from €26.9bn to €23.6bn) and use of ECB loans (down from €7.5bn to €5.5bn).

Shareholder remuneration

The Board of Directors has adopted a proposal to pay a gross dividend of €0.15 per share, to be submitted to the approval of shareholders at the general meeting to be held on 28 October 2014. In accordance with the regulations due to come into force on 6 October 2014, the dividend will be paid on 26 November 2014, with the record date 25 November 2014 and the shares going ex-rights on 24 November 2014.

Milan, 17 September 2014

Investor Relations

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

jessica.spina@mediobanca.com
luisa.demaria@mediobanca.com
matteo.carotta@mediobanca.com

Media Relations

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

lorenza.pigozzi@mediobanca.com
stefano.tassone@mediobanca.com
paola.salvatori@mediobanca.com

MEDIOBANCA

Restated consolidated profit and loss accounts

Mediobanca Group (€m)	12 mths 30/6/13	12 mths 30/6/14	Y.o.Y. chg. %
Net interest income	1,028.0	1,086.9	5.7%
Net treasury income	200.2	45.1	-77.5%
Net fee and commission income	409.7	423.9	3.5%
Equity-accounted companies	(9.5)	263.5	n.m.
Total income	**1,628.4**	**1,819.4**	**11.7%**
Labour costs	(379.5)	(379.0)	-0.1%
Administrative expenses	(372.9)	(412.4)	10.6%
Operating costs	**(752.4)**	**(791.4)**	**5.2%**
Gains (losses) on AFS, HTM & LR	16.7	242.5	n.m.
Loan loss provisions	(506.5)	(736.0)	45.3%
Provisions for other financial assets	(404.2)	(30.6)	n.m.
Other income (losses)	(4.8)	(2.9)	-39.6%
Profit before tax	**(22.8)**	**501.0**	**n.m.**
Income tax for the period	(157.6)	(39.6)	-74.9%
Minority interest	4.2	3.4	-19.0%
Net profit	**(176.2)**	**464.8**	**n.m.**

Quarterly profit and loss accounts

Mediobanca Group (€m)	FY12/13				FY13/14			
	I Q	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q
	30/9/12	31/12/12	31/3/13	30/6/13	30/9/13	31/12/13	31/3/14	30/6/14
Net interest income	259.0	258.7	245.7	264.6	270.5	264.6	274.1	277.7
Net treasury income	63.5	48.3	95.0	(6.6)	2.9	13.8	(7.2)	35.6
Net commission income	103.8	97.2	99.2	109.5	84.4	107.7	82.9	148.9
Equity-accounted companies	28.1	57.7	(156.8)	61.5	64.1	67.0	43.6	88.8
Total income	**454.4**	**461.9**	**283.1**	**429.0**	**421.9**	**453.1**	**393.4**	**551.0**
Labour costs	(94.0)	(100.4)	(97.2)	(87.9)	(85.1)	(93.9)	(94.6)	(105.4)
Administrative expenses	(79.7)	(101.5)	(88.7)	(103.0)	(83.5)	(107.5)	(98.4)	(123.0)
Operating costs	**(173.7)**	**(201.9)**	**(185.9)**	**(190.9)**	**(168.6)**	**(201.4)**	**(193.0)**	**(228.4)**
Gains (losses) on AFS equity	(6.1)	(3.8)	(1.2)	27.8	79.9	72.6	68.8	21.2
Loan loss provisions	(111.4)	(121.4)	(130.9)	(142.8)	(128.9)	(173.1)	(158.2)	(275.8)
Provisions for other fin. assets	(1.4)	(88.1)	0.7	(315.4)	(1.0)	(22.3)	(2.9)	(4.4)
Other income (losses)	0.0	0.0	0.0	(4.8)	0.0	0.0	(3.2)	0.3
Profit before tax	**161.8**	**46.7**	**(34.2)**	**(197.1)**	**203.3**	**128.9**	**104.9**	**63.9**
Income tax for the period	(53.3)	(32.4)	(53.2)	(18.7)	(32.0)	1.7	(14.6)	5.3
Minority interest	0.5	0.5	0.8	2.4	(0.1)	2.9	0.3	0.3
Net profit	**109.0**	**14.8**	**(86.6)**	**(213.4)**	**171.2**	**133.5**	**90.6**	**69.5**

Restated balance sheet

Mediobanca Group (€m)	30/6/13	30/6/14
Assets		
Treasury funds	8,199.7	9,323.8
AFS securities	11,489.8	8,418.5
of which: fixed income	*9,967.1*	*7,152.9*
equities	*1,507.8*	*1,254.6*
Fixed assets (HTM & LR)	2,053.5	2,046.3
Loans and advances to customers	33,455.4	30,552.1
Equity investments	2,586.9	2,871.4
Tangible and intangible assets	707.7	715.4
Other assets	1,247.3	1,493.4
of which: tax assets	*896.1*	*1,069.9*
Total assets	**59,740.3**	**55,420.9**
Liabilities		
Funding	51,287.8	45,834.0
of which: debt securities in issue	*25,856.4*	*22,617.7*
retail deposits	*11,874.2*	*11,481.6*
Other liabilities	1,312.2	1,449.2
of which: tax liabilities	*608.0*	*596.2*
Provisions	192.2	195.0
Net equity	7,124.3	7,477.9
of which: share capital	430.6	430.7
reserves	6,586.2	6,942.7
minority interest	107.5	104.5
Profit for the period	(176.2)	464.8
Total liabilities	**59,740.3**	**55,420.9**
Core tier 1 capital	6,153.2	6,506.7
Total capital	8,155.4	8,082.9
RWAs	52,372.1	58,736.4

Ratios (%) and per share data (€)

Mediobanca Group (€m)	30/6/13	30/6/14
Total assets/net equity	8.4	7.4
Loans/deposits	0.7	0.7
Core tier 1 ratio*	11.7	11.1
Regulatory capital/RWAs*	15.6	13.8
S&P rating	BBB+	BBB
Cost/income ratio	46.2	43.5
Bad loans (*sofferenze*) /loans	0.8	0.9
EPS (€)	(0.2)	0.5
BVPS (€)	8.1	8.6
DPS (€)	0.00	0.15
No. of shares outstanding (millions)	861.1	861.4

* *Capital ratios calculated in accordance with CRR/CRDIV (i.e. Basilea III, phased in, AG weighting of 370%) from 30/06/2014*

MEDIOBANCA

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

12 mths to 30/6/14 (€m)	Corporate & Private Banking	Principal Investing	Retail & Consumer Banking	Corporate Center	Group
Net interest income	273.0	0.0	769.9	46.6	1,086.9
Net treasury income	23.2	29.7	0.4	(0.1)	45.1
Net fee and commission income	303.5	0.0	163.7	6.4	423.9
Equity-accounted companies	0.0	258.6	0.0	0.0	263.5
Total income	**599.7**	**288.3**	**934.0**	**52.9**	**1,819.4**
Labour costs	(195.6)	(8.8)	(150.7)	(33.3)	(379.0)
Administrative expenses	(137.7)	(1.7)	(285.4)	(23.1)	(412.4)
Operating costs	**(333.3)**	**(10.5)**	**(436.1)**	**(56.4)**	**(791.4)**
Gains (losses) on AFS equity	2.2	240.2	0.0	0.0	242.5
Loan loss provisions	(231.0)	0.0	(473.2)	(32.8)	(736.0)
Provisions for other financial assets	(5.9)	(25.3)	0.0	0.0	(30.6)
Other income (losses)	(3.6)	0.0	(5.0)	2.1	(2.9)
Profit before tax	**28.1**	**492.7**	**19.7**	**(34.2)**	**501.0**
Income tax for the period	(10.9)	(43.4)	3.6	9.0	(39.6)
Minority interest	0.0	0.0	0.0	3.4	3.4
Net profit	**17.2**	**449.3**	**23.3**	**(21.8)**	**464.8**
Treasury funds	10,721.6	0.0	8,753.9	112.4	9,323.8
AFS securities	6,812.7	1,242.6	697.4	0.0	8,418.5
Fixed assets (HTM & LR)	5,013.9	0.0	1,528.2	0.0	2,046.3
Equity investments	0.0	2,775.2	0.0	0.0	2,871.4
Loans and advances to customers	22,853.0	0.0	14,269.5	3,001.7	30,552.1
of which to Group companies	9,114.1	n.m.	n.m.	n.m.	n.m.
Funding	(42,968.4)	0.0	(21,142.3)	(3,000.7)	(45,834.0)
RWAs	33,756.0	11,346.8	11,162.6	2,471.0	58,736.4
No. of staff	986*	n.m.	2,365	348	3,570

* *Includes 129 staff employed by Banca Esperia pro-forma, not included in the Group total.*

12 mths to 30/6/13 (€m)	Corporate & Private Banking	Principal Investing	Retail & Consumer Banking	Corporate Center	Group
Net interest income	287.7	0.0	696.4	46.3	1,028.0
Net treasury income	211.9	17.8	(15.8)	0.0	200.2
Net fee and commission income	268.8	0.0	173.4	9.1	409.7
Equity-accounted companies	0.0	(9.9)	0.0	0.0	(9.5)
Total income	**768.4**	**7.9**	**854.0**	**55.4**	**1,628.4**
Labour costs	(207.8)	(9.6)	(146.6)	(33.2)	(379.5)
Administrative expenses	(125.5)	(1.6)	(255.4)	(23.8)	(372.9)
Operating costs	**(333.3)**	**(11.2)**	**(402.0)**	**(57.0)**	**(752.4)**
Gains (losses) on AFS equity	3.8	16.7	0.0	0.0	16.7
Loan loss provisions	(121.5)	0.0	(360.1)	(25.3)	(506.5)
Provisions for other financial assets	15.1	(422.3)	0.0	0.0	(404.2)
Other income (losses)	(4.8)	0.0	(0.5)	(4.4)	(4.8)
Profit before tax	**327.7**	**(408.9)**	**91.4**	**(31.3)**	**(22.8)**
Income tax for the period	(123.0)	1.8	(46.9)	7.5	(157.6)
Minority interest	0.0	0.0	0.0	4.2	4.2
Net profit	**204.7**	**(407.1)**	**44.5**	**(19.6)**	**(176.2)**
Treasury funds	10,112.3	0.0	9,028.4	117.4	8,199.7
AFS securities	9,408.5	1,493.8	871.8	0.0	11,489.8
Fixed assets (HTM & LR)	5,017.4	0.0	1,747.0	0.0	2,053.5
Equity investments	0.0	2,500.1	0.0	0.0	2,586.9
Loans and advances to customers	25,802.4	0.0	13,694.2	3,453.0	33,455.4
of which to Group companies	9,047.2	n.m.	n.m.	n.m.	n.m.
Funding	(48,758.7)	0.0	(24,384.2)	(3,215.3)	(51,287.8)
RWAs	34,503.6	4,118.5	10,570.6	3,179.4	52,372.1
No. of staff	980*	0	2,346	308	3,505

* *Includes 129 staff employed by Banca Esperia pro-forma, not included in the Group total.*

MEDIOBANCA

Corporate & Private Banking

CIB (€m)	12 mths 30/6/13	12 mths 30/6/14	Y.o.Y. chg. %
Net interest income	287.7	273.0	-5.1%
Net trading income	211.9	23.2	n.m.
Net fee and commission income	268.8	303.5	12.9%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**768.4**	**599.7**	**n.m.**
Labour costs	(207.8)	(195.6)	-5.9%
Administrative expenses	(125.5)	(137.7)	9.7%
Operating costs	**(333.3)**	**(333.3)**	**0.0%**
Gains (losses) on AFS, HTM & LR	3.8	2.2	-42.1%
Loan loss provisions	(121.5)	(231.0)	n.m.
Provisions for other financial assets	15.1	(5.9)	n.m.
Other income (losses)	(4.8)	(3.6)	-25.0%
Profit before tax	**327.7**	**28.1**	**n.m.**
Income tax for the period	(123.0)	(10.9)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**204.7**	**17.2**	**n.m.**
Treasury funds	10,112.3	10,721.6	6.0%
AFS securities	9,408.5	6,812.7	-27.6%
Fixed assets (HTM & LR)	5,017.4	5,013.9	-0.1%
Equity investments	0.0	0.0	n.m.
Loans and advances to customers	25,802.4	22,853.0	-11.4%
of which to Group companies	9,047.2	9,114.1	0.7%
Funding	(48,758.7)	(42,968.4)	-11.9%
RWAs	34,503.6	33,756.0	-2.2%
No. of staff	980	986	0.6%

Wholesale Banking (€ m)	12 mths 30/6/13	12 mths 30/6/14	Y.o.Y. chg. %
Net interest income	246.9	232.7	-5.8%
Net treasury income	185.1	1.4	n.m.
Net fee and commission income	198.4	225.4	13.6%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**630.4**	**459.5**	**-27.1%**
Labour costs	(152.9)	(144.8)	-5.3%
Administrative expenses	(93.0)	(104.7)	12.6%
Operating costs	**(245.9)**	**(249.5)**	**1.5%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(120.1)	(233.1)	n.m.
Provisions for other financial assets	19.0	(3.1)	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**283.4**	**(26.2)**	**n.m.**
Income tax for the period	(119.8)	(7.3)	n.m.
Minority interest	0.0	0.0	
Net profit	**163.6**	**(33.5)**	**n.m.**
Loans and advances to customers	24,549.5	21,591.5	-12.0%
of which to Group companies	9,047.2	9,114.1	0.7%
RWA	32,734.5	31,933.8	-2.4%
No. of staff	636	639	0.5%
Cost/income ratio (%)	39.0	54.3	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

MEDIOBANCA

Private Banking (€ m)	12 mths 30/6/13	12 mths 30/6/14	Y.o.Y. chg. %
Net interest income	40.8	40.3	-1.2%
Net treasury income	26.8	21.8	-18.7%
Net fee and commission income	70.4	78.1	10.9%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**138.0**	**140.2**	**1.6%**
Labour costs	(54.9)	(50.8)	-7.5%
Administrative expenses	(32.5)	(33.0)	1.5%
Operating costs	**(87.4)**	**(83.8)**	**-4.1%**
Gains (losses) on AFS equity	3.8	2.2	-42.1%
Loan loss provisions	(1.4)	2.1	n.m.
Provisions for other financial assets	(3.9)	(2.8)	-28.2%
Other income (losses)	(4.8)	(3.6)	-25.0%
Profit before tax	**44.3**	**54.3**	**22.6%**
Income tax for the period	(3.2)	(3.6)	12.5%
Minority interest	0.0	0.0	n.m.
Net profit	**41.1**	**50.7**	**23.4%**
Loans and advances to customers	1,252.9	1,261.5	0.7%
RWA	1,769.1	1,822.2	3.0%
AUM	13,771.5	15,035.5	9.2%
No. of staff	344	347	0.9%
Cost/income ratio (%)	63.3	59.8	
Bad loans (*sofferenze*)/loans ratio (%)	0.8	0.0	

MEDIOBANCA

Principal Investing

PI (€ m)	12 mths 30/6/13	12 mths 30/6/14	Y.o.Y. chg. %
Net interest income	0.0	0.0	n.m.
Net treasury income	17.8	29.7	66.9%
Net fee and commission income	0.0	0.0	n.m.
Equity-accounted companies	(9.9)	258.6	n.m.
Total income	**7.9**	**288.3**	**n.m.**
Labour costs	(9.6)	(8.8)	-8.3%
Administrative expenses	(1.6)	(1.7)	6.3%
Operating costs	**(11.2)**	**(10.5)**	**n.m.**
Gains (losses) on AFS equity	16.7	240.2	n.m.
Loan loss provisions	0.0	0.0	n.m.
Provisions for other financial assets	(422.3)	(25.3)	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**(408.9)**	**492.7**	**n.m.**
Income tax for the period	1.8	(43.4)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**(407.1)**	**449.3**	**n.m.**
AFS securities	1,493.8	1,242.6	-16.8%
Equity investments	2,500.1	2,775.2	11.0%
RWAs*	4,118.5	11,346.8	n.m.

** Capital ratios calculated in accordance with CRR/CRDIV (i.e. Basilea III, phased in, AG weighting of 370%) from 30/06/2014*

Retail & Consumer Banking

RCB (€ m)	12 mths 30/6/13	12 mths 30/6/14	Y.o.Y. chg. %
Net interest income	696.4	769.9	10.6%
Net treasury income	(15.8)	0.4	n.m.
Net fee and commission income	173.4	163.7	-5.6%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**854.0**	**934.0**	**9.4%**
Labour costs	(146.6)	(150.7)	2.8%
Administrative expenses	(255.4)	(285.4)	11.7%
Operating costs	**(402.0)**	**(436.1)**	**8.5%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(360.1)	(473.2)	31.4%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	(0.5)	(5.0)	n.m.
Profit before tax	**91.4**	**19.7**	**-78.4%**
Income tax for the period	(46.9)	3.6	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**44.5**	**23.3**	**-47.6%**
Treasury funds	9,028.4	8,753.9	-3.0%
AFS securities	871.8	697.4	-20.0%
Fixed assets (HTM & LR)	1,747.0	1,528.2	-12.5%
Equity investments	0.0	0.0	n.m.
Loans and advances to customers	13,694.2	14,269.5	4.2%
Funding	(24,384.2)	(21,142.3)	-13.3%
RWAs	10,570.6	11,162.6	5.6%
No. of staff	2,346	2,365	0.8%
No. of branches	208	215	3.4%
Cost/income ratio (%)	47.1	46.7	
Bad loans (*sofferenze*)/loans ratio (%)	1.5	1.5	

Consumer credit (€m)	12 mths 30/6/13	12 mths 30/6/14	Y.o.Y. chg. %
Net interest income	554.6	628.8	13,4%
Net treasury income	0.0	0.0	n.m.
Net fee and commission income	158.6	141.0	-11,1%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**713.2**	**769.8**	**7,9%**
Labour costs	(86.3)	(90.1)	4,4%
Administrative expenses	(171.4)	(187.0)	9,1%
Operating costs	**(257.7)**	**(277.1)**	**7,5%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(335.0)	(445.3)	32,9%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**120.5**	**47.4**	**-60,7%**
Income tax for the period	(48.2)	1.0	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**72.3**	**48.4**	**-33,1%**
Loans and advances to customers	9,427.7	9,876.9	4,8%
New loans	8,930.0	9,504.4	6,4%
RWAs	5,006.5	5,284.6	5,6%
No. of staff	1,435	1,479	3,1%
No. of branches	163	158	-3,1%
Cost/income ratio (%)	36.1	36.0	
Bad loans (*sofferenze*)/loans ratio (%)	1.2	1.1	

Retail Banking (€ m)	12 mths 30/6/13	12 mths 30/6/14	Y.o.Y. chg. %
Net interest income	141.8	141.1	-0.5%
Net treasury income	(15.8)	0.4	n.m.
Net fee and commission income	14.8	22.7	53.4%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**140.8**	**164.2**	**16.6%**
Labour costs	(60.3)	(60.6)	0.5%
Administrative expenses	(84.0)	(98.4)	17.1%
Operating costs	**(144.3)**	**(159.0)**	**10.2%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(25.1)	(27.9)	11.2%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	(0.5)	(5.0)	n.m.
Profit before tax	**(29.1)**	**(27.7)**	**-4.8%**
Income tax for the period	1.3	2.6	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**(27.8)**	**(25.1)**	**-9.7%**
Loans and advances to customers	4,266.5	4,392.6	3.0%
New loans	1,640.6	1,658.2	1.1%
RWAs	289.0	467.0	61.6%
No. of staff	911	886	-2.7%
No. of branches	45	57	26.7%
Cost/income ratio (%)	102.5	96.8	
Bad loans (*sofferenze*)/loans ratio (%)	2.0	2.2	

MEDIOBANCA

Parent company P&L and balance sheet

Mediobanca S.p.A. (€ m)	12 mths 30/6/13	12 mths 30/6/14	Y.o.Y. chg. %
Net interest income	227.3	208.4	-8.3%
Net trading income	199.8	30.8	-84.6%
Net fee and commission income	197.1	220.8	12.0%
Equity-accounted companies	49.1	92.9	+89.2%
Total income	**673.3**	**552.9**	**-17.9%**
Labour costs	(175.7)	(168.0)	-4.4%
Administrative expenses	(100.3)	(115.5)	+15.2%
Operating costs	**(276.0)**	**(283.5)**	**+2.7%**
Gains (losses) on AFS, HTM & LR	16.7	240.2	n.m.
Loan loss provisions	(119.1)	(229.4)	n.m.
Provisions for other financial assets	(214.0)	(9.8)	n.m.
Other income (losses)	(244.9)	(69.0)	-71.8%
Profit before tax	(35.7)	-	n.m.
Income tax for the period	**(128.3)**	**201.4**	**n.m.**
Minority interest	(105.5)	(35.5)	-66.4%
Net profit	**(233.8)**	**165.9**	**n.m.**

Mediobanca S.p.A. (€ m)	30/6/13	30/6/14
Assets		
Treasury funds	9,138.6	9,599.5
AFS securities	10,319.3	7,301.5
Fixed assets (HTM & LR)	5,004.3	5,000.8
Loans and advances to customers	23,003.6	20,181.6
Equity investments	2,717.6	2,667.9
Tangible and intangible assets	131.9	133.4
Other assets	419.3	567.2
Total assets	**50,734.6**	**45,451.9**
Liabilities		
Funding	45,369.3	39,432.2
Other liabilities	712.6	864.6
Provisions	160.5	161.7
Net equity	4,726.0	4,827.5
Profit for the period	(233.8)	165.9
Total liabilities	**50,734.6**	**45,451.9**

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

Head of

Company Financial Reporting

Massimo Bertolini