



MEDIOBANCA

**Mediobanca
Board of Directors' Meeting**

Milan, 4 August 2016



Financial statements for FY 2015/16 approved

Distinctive positioning in the Italian banking system

Revenues at all-time high of €2,047m

GOP up 11% to €736m, net profit up 2% to €605m

Dividend up 8% to €0.27 per share

Excellent stress test results (among the best banks in Europe)

- ◆ The Mediobanca Group posted improved results in FY 2015/16, a year which was marked by significant market turmoil, on the back of its distinctive positioning in the banking sector. Mediobanca's business model has proved to be profitable even in the current scenario of subdued economic growth and low interest rates, due to the following distinctive features:
 - ◆ **Focus on three diversified, specialist businesses** (CIB, Consumer Credit and Wealth Management) **unaffected by restructuring processes**
 - ◆ **Excellent asset quality** (Texas ratio¹ 16%)
 - ◆ **High capital solidity levels** (CET1 above 12%, leverage ratio 10%)
 - ◆ **Low cost/income ratio** (44%)
- ◆ In a challenging macro scenario, the Mediobanca Group delivered the following results:
 - ◆ **Revenues at an all-time high of €2,047m, driven by RCB:** ongoing growth in net interest income of 6%, to €1,207m, driven by consumer credit (up 13% to €784m), plus the higher contribution from Assicurazioni Generali (up 14% to €255m) offset the reductions in fees (down 5% to €450m) and treasury income (down 36% to €133m), impacted by the difficult market conditions. The results reflect an important reshuffling of the Group's revenue composition, with the share accounted for by retail activities increasing significantly: RCB 55% (49%), CIB 31% (38%), PI 14% (12%).
 - ◆ **Loan loss provisions down 21% to €419m, due to further improvement in asset quality:** non-performing loans down 10%, and in relative terms down from 3.5% of total loans to 2.9%, coverage ratio up to 54%; loan loss provisions down 21% and cost of risk down from 168 bps to 124 bps.
 - ◆ **Operating profit² up 11% to €736m,** despite 5% increase in costs to €892m, linked to expanding distribution capacity and launch of various Group infrastructural projects, such as the advanced internal ratings-based model validation project (AIRB);
 - ◆ **Net profit up 2% to €605m,** following €62m in net contributions to the Banking Resolution Fund and Deposit Guarantee Fund, **ROTE 7.4%**

¹ Texas ratio: NPLs/CET1.

² Includes loan loss provisions.



- ◆ **Proposed dividend: €0.27 per share (up 8%), payout increase to 38%**
- ◆ **Capital ratios above 12%** despite 75 bps negative impact of Assicurazioni Generali investment deduction (50% of the deduction scheduled for Jan. 2019 brought forward to 4Q):
 - **CET1 ratio: 12.1% phased-in, 12.6% fully phased**
 - **Leverage ratio: 9.5% phased-in, 9.9% fully phased**
- ◆ **Excellent results from stress test exercise: impact of adverse scenario limited to 94 bps**, with CET1 phase-in (Dec. 2018) at 11.46%, comfortably above SREP ratio level of 8.75%
- ◆ **4Q: net profit up 34% to €162m**, with **net interest income resilient** (at €301m), **fees recovering** (up 4% to €114m), **further reductions in NPLs** (gross and net down 4%), and **strong reduction in RWAs due to market risk optimization and partial deduction of Assicurazioni Generali stake** (Group RWAs down from €60bn to €53.9bn)
- ◆ **At the end of the three-year period covered by the plan, the validity of the strategic vision has been confirmed, expressing the Group's commitment to become simpler and easier to value by the market, able to ensure sustainable profitability in the medium term by investing in three specialized, high fee-generating and low capital-absorption banking businesses. From this standpoint, over the past three years the Bank has:**
 - ◆ **reduced equity exposure and related volatility:** stakes worth €1.5bn have been sold, generating €0.5bn in gains, removing P&L volatility deriving from valuation of AFS shares, and the process of selling 3pp of the AG stake has been launched;
 - ◆ **invested in high fee-generating and low capital-absorption activities:** Group AUM have doubled to reach €35bn, through organic growth (CheBanca! and private banking) and by acquisitions (Cairn Capital and Barclays), with investment banking activities strengthened in Italy and internationally;
 - ◆ **improved profitability:** GOP doubled, from €370m as at end-June 2013 to €736m, generating net profits of approx. €1.7bn, dividends of some €600m distributed, and ROTE over 7%;
 - ◆ **preserved capital solidity and outstanding asset quality, starting RWAs optimization**
 - ◆ **At the divisional level:**
 - ◆ **CIB: validity of model as specialist, client-oriented operator confirmed.** Domestic leadership confirmed, with improving position in southern Europe generally, and non-Italian share of revenues rising to 46%. Despite the macroeconomic scenario impacting negatively, entailing substantial reductions in net interest and treasury income, ROAC has remained positive at all times on the back of the stable fee pool and excellent asset quality (the cost of risk fell from 69 bps to 19 bps during the three years of the plan).
 - ◆ **Compass: anti-cyclical, growing, profitable business (ROAC 20%), growth driver for the whole Group.** Compass has confirmed its leadership position on the consumer credit domestic market, acting as NII growth driver (CAGR 2013-16: +13%), displaying the capability to disburse finance stably while pricing in risk correctly and at the same time reducing the cost of risk.



- ♦ **CheBanca!: from deposit gatherer to profitable wealth manager, source of recurring revenues for the Group as a whole.** AUM of €4bn raised during the three years of the plan, safeguarding the level of deposits at over €10bn, ROAC from negative to 5%, and foundations laid to double in size with the Barclays acquisition.

With Renato PAGLIARO in the chair, the Directors of Mediobanca approved the Group's individual and consolidated financial statements for the year ended 30 June 2016, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

In a financial year where at least three of the four quarters were affected by significant market turmoil, the Mediobanca Group delivered a net profit of €604.5m, higher than the €589.8m reported last year, due to a good performance by the banking activities and to broad business diversification.

Revenues were stable at an all-time high level of €2,046.6m, on a higher contribution from the retail and consumer businesses of €1,116.9m (30/6/15: €1,008m), which absorbed the reduction in wholesale banking (from €643.6m to €496.9m), this sector having been hit harder by the substantial reduction in interest rates and the reduced business volumes. The contribution from Assicurazioni Generali also recovered, up 14% to €255m.

The distinctive feature of the twelve months under review was the further improvement in asset quality - positioning Mediobanca among the most virtuous banks throughout Europe - accompanied by a significant reduction in the cost of risk (down 21.4%, from €532.7m to €418.9m), in consumer banking in particular.

The results also confirm the Group's customary capital solidity, which was further borne out by the excellent results from the recent stress test exercise.

The main income items reflect the following performances for the twelve months:

- ♦ net interest income was up 5.6%, from €1,142.5m to €1,206.7m, confirming the trend witnessed in recent quarters, with consumer credit 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, more pronounced than the trend in the cost of funding;
- ♦ 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, 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 in those earned from consumer finance, from €147m to €140.8m; worth mentioning is the improved performance by CheBanca!, with fees rising 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 the higher profits reported by Assicurazioni Generali.

Operating costs rose by 5.3%, from €847.2m to €891.9m, the increase being split equally between labour costs (up 5.1%) and administrative expenses (up 5.4%) due to higher volumes, in the retail and consumer businesses in particular, and to enhancement of the central control and governance systems (risk management, treasury, regulation).

Loan loss provisions were down 21.4%, from €532.7m to €418.9m, and were made up as follows: €28.5m (€74.9m) in corporate and private banking, where an approx. €20m writeback was reported following repayments; €377m (€443.4m) in retail and consumer finance; and €13.4m (€15.3m) in leasing. The reduction in the cost of risk, from 168 bps to 124 bps, reflects the widespread improvement in the risk profile for corporates and households. NPLs decreased from €1,152.3m to €1,016.7m, due to lower additions as well as repayments and disposals. The coverage ratio improved from 53% to 54%, near the highest levels recorded during the three-year period; the coverage ratio for performing loans also improved, from 0.5% to 0.7%, for consumer finance in particular where the ratio increased from 1.3% to 2%.

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 of €19.4m in respect of AFS shares (€20.4m) involve as to €10.2m the charge taken on RCS MediaGroup at 31 December 2015 and as to €7m unlisted equities.

Other items reflecting a negative balance of €104.3m include a one-off contribution of €57.3m to the Bank Resolution Fund for the measures taken in respect of 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 years 2015 and 2016 (in addition to the €13.5m set aside last year), and €6.4m in transfers made to the new Deposit Guarantee Fund for FY 2015 and 1H 2016.

On the balance-sheet side, there was diversified growth in both lending and funding, along with a further reduction in non-performing assets, while capital ratios remained at high levels:

- ◆ loans and advances to customers rose by 5.2%, from €32.9bn as at end-June 2015 to €34.6bn, on positive contributions from wholesale banking (up 3.1%), consumer finance (up 8.8%), and mortgage lending (up 9.1%), while the leasing business's contraction continued (down 9.7%). NPLs were down 12%, from €1,152.3m to €1,016.7m, and now account for just 2.9% (3.5%) of the total loan book, on a coverage ratio which rose to 54% (on the highest levels seen in the three-year period, with the ratio for consumer business in particular over 72%).
- ◆ funding was up 8%, from €42.7bn to €45.9bn, due to new issuance, new short-term funding, and higher CheBanca! retail deposits (up from €9.6bn to €10.7bn). New bonds worth €3.5bn were issued during the twelve months (€0.5bn of which subordinate Lower Tier 2, and approx. €0.7bn covered bonds), against expiries and buybacks totalling €2.9bn and new commercial paper worth €0.9bn. Recourse to the ECB funding channel was basically stable, with the new Target-LTRO 2 programme being activated (involving an amount of some €1.1bn), and the previous programme being repaid as to €1.6bn;
- ◆ liquid assets and the securities portfolio reflect a 10% increase to €16.3bn, and are distinguished by prudent asset allocation;
- ◆ assets under management on a discretionary and non-discretionary basis rose from €21.6bn to €31.6bn, following growth by CheBanca! (AUM up from €2.9bn to €3.9bn) and Spafid (AUM up from €2.2bn to €3bn), plus the consolidation of Cairn Capital (AUM of €8.1bn, €2.1bn of which in credit funds and €6bn managed under long-term advice). AUM in private banking were stable at €16.5bn;



- ◆ risk-weighted assets reflect a sharp reduction, from €59.6bn to €53.9bn, following the first positive results of the optimization exercise (with market risk reducing from €5.9bn to €4bn) and the deduction of a share of the Assicurazioni Generali investment (€1,285.8m deducted and no longer weighted at 370%) to comply with the regulatory concentration limit;
- ◆ the capital ratios as at 30 June 2016 remain at high levels,³ despite partial deduction of the Assicurazioni Generali investment being brought forward to the fourth quarter:
 - ◆ Phase-in: CET1 ratio 12.08%, total capital ratio at 15.27%, and leverage ratio 9.5%
 - ◆ Fully-phased (i.e. full application of CRR/CRDIV rules - in particular the right to include the entire AFS reserve in the calculation of CET1 - and Assicurazioni Generali investment partially weighted at 370%): CET1 ratio 12.57%, total capital ratio 15.87%, and leverage ratio 9.9%.

Divisional results

Wholesale banking

FY 2015/16 results impacted by market crisis and macro scenario. In the three-years the validity of the client-oriented business model has been confirmed, excellent asset quality has been preserved and RWA optimization process launched

In the course of the last three years, Mediobanca has maintained its position of domestic leadership in investment banking, at the same time improving its positioning in southern Europe generally and increasing non-domestic share of revenues to 46%. It has benefited from its specialized, client-oriented business model which has not been subject to indepth restructuring processes, as those of some its competitors have been. The unfavourable macro scenario and market volatility have impacted negatively on net interest income and trading revenues, but the ROAC delivered by this division has remained in positive territory at all times, helped by the stability of its client-driven fee flows, along the reduction in the cost of risk (from 69 bps to 19 bps in the course of the three years) made possible by the asset quality. An RWA optimization process has been launched (CIB RWAs down 10% in the three years, from €34.5bn to €31.2bn), with market risk reducing accordingly (from €5.9bn to €3.9bn in the last year); this process is set to continue with the introduction of the advanced internal ratings-based model (AIRB), starting from corporate credit risk.

in FY 2015/16, net profit for this division fell from €157m to €104.5m on lower revenues (down 22.8%) and higher costs (up 2.9%), the effect of which was only partly offset by the reduction in loan loss provisions (from €74m to €28.5m). The main income items performed as follows:

- ◆ net interest income was down 18.2%, from €217.5m to €177.9m, despite higher average volumes, and was hit heavily by the reduction in interest rates and the ongoing asset repricing (treasury assets in particular) which offset the lower cost of funding.
- ◆ net fee and commission income fell by 15.5%, due to reduced contributions from both capital market activity (down from €106.6m to €70.6m) and lending (down from €74.5m to €51.4m) which were impacted by the downturn in business volumes as a result of the negative and volatile market trends; conversely, fees earned from corporate finance recovered, up 37%.
- ◆ treasury income declined from €166.8m to €99.8m, as a result of lower gains on forex trading of €15.2m (€55.7m) and lower gains on the banking book of €15.6m (€74.7m), and despite the good performance by fixed-income trading (which added €37.2m, compared to a €27.9m loss last year), in the second half in particular.

³ Includes the profit for the period under review net of the proposed dividend (€0.27 per share).



- ◆ operating costs rose by 2.9%, from €293.1m to €301.7m, due exclusively to the administrative expenses component, which rose by 8.1%, reflecting the growth in size plus non-recurring costs linked to specific projects (treasury, risk management and regulation); whereas labour costs decreased by 0.6%.
- ◆ loan loss provisions reduced from €74m to €28.5m, due to the absence of new non-performing items, plus writebacks totalling €19.6m in respect of loans which have been repaid regularly. Asset quality remains excellent, with net bad loans at zero and NPLs declining from 3.1% to 2.7% in the twelve months, and a coverage ratio of 50%.

The balance-sheet items reflect a moderate recovery in lending activity, with loans and advances to customers up 3.1% on last year to €14.1bn, and an increase in both treasury assets (from €3.5bn to €4.4bn) and banking book securities (from €10.8bn to €11.7bn), driven by higher funding.

Private banking: AUM €28bn, ROAC 22%

In the three years covered by the 2014-16 strategic plan, private banking saw an increase in its assets under management of approx. €11bn, as a result of both organic growth and the recent acquisition of specialist credit management operator Cairn Capital:

- ◆ CMB: AUM up 21%, from €6.7bn to €8.1bn
- ◆ Banca Esperia: AUM up 17%, from €7.2bn to €8.4bn
- ◆ Spafid: assets held on fiduciary basis doubled, from €1.4bn to €3bn
- ◆ Cairn Capital: consolidation of this company has added AUM of approx. €8.1bn, consisting of €2.1bn in funds and €6bn in AUM managed under long-term advice mandates.

Profitability remains high (ROAC 22%, albeit below the 28% average for the three years as a whole, due to increasing costs and declining treasury income).

These trends become more pronounced in FY 2015/16, which shows a net profit of €29.5m, down 17.8%. Revenues climbed 7%, from €132.4m to €141.7m, while the consolidation of Cairn offset the reduction in treasury income. Costs were up 15.3% (4.4% net of the Cairn effect). CMB posted a net profit of €27.6m, Spafid of €2.1m, and Banca Esperia of €1.8m.

Consumer credit: net profit doubled to €171m, ROAC at 20%. Sustainable source of growth for the whole Group

In the 2014-16 period, Compass confirmed its leadership position in the domestic market in terms both of market share and profitability, and as growth driver for the Mediobanca Group as a whole:

- ◆ continuous growth in loans (CAGR +8%), net interest income (CAGR +13%) and profitability (ROAC doubled to 20%)
- ◆ risk coverage improved further and now at levels which are unique in the domestic panorama: NPLs down from 3.9% to 2.2%, coverage ratio up from 56% to 72%, coverage of performing loans up from 0.2% to 2%
- ◆ Efficiency and operating scale reflected in cost/income ratio being continually below 35%
- ◆ Growing contribution by Compass to the Mediobanca Group:
 - ◆ Net interest income: from 54% to 65%
 - ◆ GOP: from 33% to 36%
 - ◆ Loans: from 28% to 34%



FY 2015/16 represents the high point of the three-year period, with net profit virtually doubling, from €94m to €170.5m. Revenues were up 9.9%, from €841.3m to €924.5m, driven by net interest income (up 12.9%, from €694.1m to €783.7m), on higher volumes and stable returns on loans. The 14.8% reduction in loan loss provisions, from €423m to €360.4m, offset the 3% growth in operating costs and non-recurring charges connected with the settlement of a tax dispute. The lower loan loss provisions reflect the reduction in new non-performing items and an improving credit recovery performance: the cost of risk fell from 369 bps to 317 bps. NPLs decreased from €302.3m to €256.3m, and account for 2.2% of the total loan book covered as to 72%.

Retail banking: transformation to profitable wealth manager-digital bank achieved

In the last three years, CheBanca! has completed its process of transformation to a profitable digital bank with a particular focus on its customers' asset management needs. At the same time it has also served as a source of direct funding for the Mediobanca Group as a whole at progressively decreasing costs:

- ◆ AUM have grown from €0.7bn to €3.9bn, with direct funding remaining well above €10bn
- ◆ net fees have trebled to €43.4m, and now represent 15% of the Group's total fee income
- ◆ net interest income has climbed 5%, to €149m, helped by the reduction in the cost of funding
- ◆ ROAC, previously negative, has now risen to 5%.

The recent acquisition of Barclays' Italian retail operations, which is expected to be finalized by the end of the summer, has laid the foundations for a profitable increase in size for CheBanca! in the coming years as well:

- ◆ Clients: up 40%, to 770,000
- ◆ AUM: up 80%, to €7.1bn
- ◆ Revenues: up 40%, to approx. €270m

Looking at the last twelve months in particular, CheBanca! delivered a net profit for the first time in FY 2015-16, of €7.5m, due mostly to increasing revenues (which were up 15.4%, to €192.4m). Net interest income rose 7.1% to €149m, due to the lower cost of funding as well as higher loan volumes; fees and commissions were up 57.2%, from €27.6m to €43.4m, driven by asset management and insurance business (where asset volumes rose from €1,946.2m to €2,992m). Operating costs were up 1.7%, due to an increase in the headcount (labour costs rose by 8%), while administrative expenses were down 2.2%. The reduction in loan loss provisions, from €20.4m to €16.6m, reflect a cost of risk equivalent to 34 bps (30/6/15: 45 bps) and a coverage ratio stable at 49% (48%). Retail funding of €10.7bn, too, was higher than the €9.6bn posted last year, helped by the promotional campaigns and growth in current accounts (from €2,012m to €3,299m). The increase in loans to customers, from €4,605.8m to €5,026.9m, reflects growth in new loans (from €656m to €1,074m) in part offset by higher subrogations.

Principal investing: profit increased to €370m. Disposals of stakes worth €1.5bn during the three years, yielding gains totalling €0.5bn

The year under review returned a profit of €370.2m by this division (30/6/15: €335.4m), on higher profits by Assicurazioni Generali (up from €223.9m to €255m) and gains on disposals virtually unchanged. The equity exposure reduction programme continued during the twelve months, with the disposals of stakes in Pirelli and Edipower, plus 3 million shares in Assicurazioni Generali (as part of the plans to sell 3% of the investment, which had to be put on hold temporarily following the sharp reduction in stock market prices), and other minor holdings. Overall sales during the twelve months generated gains of €119.8m, €87.7m of which in respect of Pirelli and €20m in respect of Assicurazioni Generali. The writedowns chiefly regard the RCS MediaGroup investment (€10.2m), which were booked in the interim accounts as at 31 December 2015.



In the 2014-16 period as a whole, investments worth a total of some €1.5bn have been sold, generating gains of €0.5bn.

Mediobanca S.p.A.

The parent company 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.

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).

Shareholder remuneration

The Board of Directors has adopted a proposal to pay a gross dividend of €0.27 per share, to be submitted to the approval of shareholders at the general meeting to be held on 28 October 2016. The dividend will be paid on 23 November 2016, with the record date 22 November 2016 and the shares going ex-rights on 21 November 2016.



MEDIOBANCA

ECB stress test exercise:⁴ excellent results

Mediobanca achieved excellent results in the stress test exercise carried out by the ECB, showing, in the adverse scenario for 2018, an impact on CET1 of just 94 basis points.

In this scenario the CET1 phase-in ratio would fall from 12.40% at December 2015 to 11.46% at December 2018, comfortably above the SREP requirement which is currently set at 8.75%.

Compared with the results published by the EBA and by other banks involved, Mediobanca emerges from the stress test process as one of the best European banks in terms of lowest impact on capital.

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⁴ The above disclosure has neither been requested nor approved by the ECB. Accordingly, no information may be inferred from it regarding either the ECB's top-down projections or issues discussed, if any, during the Quality Assurance Process.



Restated consolidated profit and loss accounts

Mediobanca Group (€ m)	12 mths	12 mths	Y.o.Y. chg. %
	30/6/15	30/6/16	
Net interest income	1,142.5	1,206.7	5.6%
Net treasury income	207.1	133.1	-35.7%
Net fee and commission income	471.8	450.1	-4.6%
Equity-accounted companies	224.0	256.7	14.6%
Total income	2,045.4	2,046.6	0.1%
Labour costs	(419.3)	(440.8)	5.1%
Administrative expenses	(427.9)	(451.1)	5.4%
Operating costs	(847.2)	(891.9)	5.3%
Gains (losses) on AFS, HTM & LR	125.6	124.2	-1.1%
Loan loss provisions	(532.7)	(418.9)	-21.4%
Provisions for other financial assets	(20.4)	(19.4)	-4.9%
Other income (losses)	(13.6)	(104.3)	n.m.
Profit before tax	757.1	736.3	-2.7%
Income tax for the period	(164.2)	(128.7)	-21.6%
Minority interest	(3.1)	(3.1)	n.m.
Net profit	589.8	604.5	2.5%

Quarterly profit and loss accounts

Mediobanca Group (€ m)	FY14/15				FY15/16			
	I Q	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q
	30/9/14	31/12/14	31/3/15	30/6/15	30/9/15	31/12/15	31/3/16	30/6/16
Net interest income	267.1	280.8	292.0	302.6	302.5	301.8	301.4	301.0
Net treasury income	55.6	27.2	98.6	25.7	26.2	19.6	51.6	35.7
Net fee and commission income	147.2	113.1	100.7	110.8	95.8	131.6	109.0	113.7
Equity-accounted companies	55.5	67.7	10.1	90.7	82.6	56.2	40.7	77.2
Total income	525.4	488.8	501.4	529.8	507.1	509.2	502.7	527.6
Labour costs	(92.3)	(100.6)	(106.6)	(119.8)	(98.1)	(111.6)	(110.1)	(121.0)
Administrative expenses	(93.1)	(106.4)	(104.9)	(123.5)	(98.7)	(111.4)	(112.8)	(128.2)
Operating costs	(185.4)	(207.0)	(211.5)	(243.3)	(196.8)	(223.0)	(222.9)	(249.2)
Gains (losses) on AFS, HTM & LR	4.5	11.4	101.6	8.1	88.5	4.0	5.5	26.2
Loan loss provisions	(120.5)	(180.2)	(109.3)	(122.7)	(115.4)	(109.0)	(94.4)	(100.1)
Provisions for other financial assets	(6.6)	(4.7)	(1.9)	(7.2)	(3.5)	(9.3)	(5.7)	(0.9)
Other income (losses)	0.0	0.0	0.0	(13.6)	0.0	(71.5)	(19.8)	(13.0)
Profit before tax	217.4	108.3	280.3	151.1	279.9	100.4	165.4	190.6
Income tax for the period	(56.9)	(7.2)	(74.2)	(25.9)	(34.5)	(22.7)	(42.9)	(28.6)
Minority interest	(0.5)	(0.5)	(1.1)	(1.0)	(1.1)	(0.9)	(1.2)	0.1
Net profit	160.0	100.6	205.0	124.2	244.3	76.8	121.3	162.1



Restated balance sheet

Mediobanca Group (€ m)	30/6/15	30/6/16
Assets		
Treasury funds	4,920.3	5,517.1
AFS securities	8,063.1	8,639.4
<i>of which: fixed income</i>	6,950.5	7,725.1
<i>equities</i>	1,081.1	859.3
Fixed assets (HTM & LR)	1,793.9	2,165.2
Loans and advances to customers	32,889.6	34,592.7
Equity investments	3,411.4	3,193.3
Tangible and intangible assets	718.9	757.8
Other assets	1,411.9	1,484.6
<i>of which: tax assets</i>	954.2	988.7
Total assets	53,209.1	56,350.1
Liabilities		
Funding	42,711.3	45,933.8
<i>of which: debt securities in issue</i>	19,671.1	21,088.4
<i>retail deposits</i>	9,634.8	10,724.0
Other liabilities	1,446.1	1,314.2
<i>of which: tax liabilities</i>	625.0	573.0
Provisions	184.6	180.3
Net equity	8,277.3	8,317.3
<i>of which: share capital</i>	433.6	435.5
<i>reserves</i>	7,735.7	7,792.6
<i>minority interest</i>	108.0	89.2
Profit for the period	589.8	604.5
Total liabilities	53,209.1	56,350.1
CET 1 capital*	7,137.5	6,504.8
Total capital*	8,882.6	8,227.2
RWAs*	59,577.1	53,861.6

Ratios (%) and per share data (€)

Mediobanca Group	30/6/15	30/6/16
Total assets/net equity	6.4	6.8
Loans/deposits	0.8	0.8
Core tier 1 ratio*	12.0	12.1
Regulatory capital/RWAs*	14.9	15.3
S&P rating	BBB-	BBB-
Rating Fitch	BBB+	BBB+
Cost/income ratio	41.4	43.6
Bad loans (<i>sofferenze</i>) /loans	0.8	0.7
EPS (€)	0.68	0.69
BVPS (€)	9.4	9.4
DPS (€)	0.25	0.27
No. of shares outstanding (millions)	867.2	871.0

* Data calculated in accordance with prudential regulations (CRR/CRD IV, i.e. Basel III, phase-in). According to the terms of the authorization granted by the Regulator pursuant to Article 471 of the CRR (the so-called "Danish Compromise"), starting from 30 June 2016, the 370% RWA weighting is applied only to a portion of the book value of the AG investment. To comply with the concentration limit of 25% of regulatory capital of the overall exposure to the AG Group (equity, lending, derivatives, etc.) €1,286m of the AG investment is deducted directly from CET1 and TC.



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

12 mths to 30/06/16 (€ m)	Corporate & Private Banking	Principal Investing	Retail & Consumer Banking	Corporate Center	Group
Net interest income	215.3	0.0	932.7	53.0	1,206.7
Net treasury income	112.9	29.2	0.0	(0.1)	133.1
Net fee and commission income	310.4	0.0	184.2	11.2	450.1
Equity-accounted companies	0.0	255.0	0.0	0.0	256.7
Total income	638.6	284.2	1,116.9	64.1	2,046.6
Labour costs	(235.7)	(7.5)	(168.3)	(29.2)	(440.8)
Administrative expenses	(172.1)	(1.4)	(291.3)	(38.7)	(451.1)
Operating costs	(407.8)	(8.9)	(459.6)	(67.9)	(891.9)
Gains (losses) on AFS equity	4.5	119.8	0.0	0.0	124.2
Loan loss provisions	(28.5)	0.0	(377.0)	(13.4)	(418.9)
Provisions for other financial assets	(1.8)	(17.9)	0.0	0.0	(19.4)
Other income (losses)	(5.4)	0.0	(8.1)	(92.3)	(104.3)
Profit before tax	199.6	377.2	272.2	(109.5)	736.3
Income tax for the period	(65.6)	(7.0)	(94.2)	35.6	(128.7)
Minority interest	0.0	0.0	0.0	(3.1)	(3.1)
Net profit	134.0	370.2	178.0	(77.0)	604.5
Treasury funds	6,601.5	0.0	9,388.5	69.6	5,517.1
AFS securities	7,669.9	851.9	542.5	0.0	8,639.4
Fixed assets (HTM & LR)	4,958.9	0.0	0.8	0.0	2,165.2
Equity investments	0.0	3,096.6	0.0	0.0	3,193.3
Loans and advances to customers	26,398.0	0.0	16,893.1	2494.5	34,592.7
<i>of which to Group companies</i>	10,707.5	n.m.	n.m.	n.m.	n.m.
Funding	(42,585.0)	0.0	(22,293.8)	(2508.2)	(45,933.8)
RWAs	31,163.2	6,572.5	13,893.6	2232.3	53,861.6
No. of staff	1,120*	0	2,593	462	4,036

* Includes 139 staff employed by Banca Esperia pro-forma, not included in the Group total.



12 mths to 30/06/15 (€ m)	Corporate & Private Banking	Principal Investing	Retail & Consumer Banking	Corporate Center	Group
Net interest income	251.2	0.0	833.2	54.9	1,142.5
Net treasury income	181.9	29.6	0.2	(0.1)	207.1
Net fee and commission income	342.9	0.0	174.6	8.8	471.8
Equity-accounted companies	0.0	223.9	0.0	0.0	224.0
Total income	776.0	253.5	1,008.0	63.6	2,045.4
Labour costs	(230.3)	(9.0)	(157.6)	(31.9)	(419.3)
Administrative expenses	(154.8)	(2.0)	(290.6)	(25.0)	(427.9)
Operating costs	(385.1)	(11.0)	(448.2)	(56.9)	(847.2)
Gains (losses) on AFS equity	2.6	123.4	0.0	0.0	125.6
Loan loss provisions	(74.9)	0.0	(443.4)	(15.3)	(532.7)
Provisions for other financial assets	0.4	(20.8)	0.0	0.0	(20.4)
Other income (losses)	(2.7)	0.0	0.0	(13.5)	(13.6)
Profit before tax	316.3	345.1	116.4	(22.1)	757.1
Income tax for the period	(123.4)	(9.7)	(36.0)	1.1	(164.2)
Minority interest	0.0	0.0	0.0	(3.1)	(3.1)
Net profit	192.9	335.4	80.4	(24.1)	589.8
Treasury funds	5,090.4	13.9	7,248.8	138.7	4,920.3
AFS securities	6,603.7	1,071.5	700.1	0.0	8,063.1
Fixed assets (HTM & LR)	5,133.7	0.0	1,264.5	0.0	1,793.9
Equity investments	0.0	3,318.1	0.0	0.0	3,411.4
Loans and advances to customers	25,121.0	0.0	15,512.1	2,760.8	32,889.6
<i>of which to Group companies</i>	10,015.2	n.m.	n.m.	n.m.	n.m.
Funding	(39,033.5)	0.0	(23,730.9)	(2,794.3)	(42,711.3)
RWAs	33,375.6	11,672.2	12,159.7	2,369.6	59,577.1
No. of staff	1,034*	0	2,481	409	3,790

* Includes 139 staff employed by Banca Esperia pro-forma, not included in the Group total.



Corporate & Private Banking

CIB (€ m)	12 mths	12 mths	Y.o.Y. chg. %
	30/6/15	30/6/16	
Net interest income	251.2	215.3	-14.3%
Net treasury income	181.9	112.9	-37.9%
Net fee and commission income	342.9	310.4	-9.5%
Equity-accounted companies	0.0	0.0	n.m.
Total income	776.0	638.6	-17.7%
Labour costs	(230.3)	(235.7)	2.3%
Administrative expenses	(154.8)	(172.1)	11.2%
Operating costs	(385.1)	(407.8)	5.9%
Gains (losses) on AFS, HTM & LR	2.6	4.5	73.1%
Loan loss provisions	(74.9)	(28.5)	-61.9%
Provisions for other financial assets	0.4	(1.8)	n.m.
Other income (losses)	(2.7)	(5.4)	n.m.
Profit before tax	316.3	199.6	-36.9%
Income tax for the period	(123.4)	(65.6)	-46.8%
Minority interest	0.0	0.0	n.m.
Net profit	192.9	134.0	-30.5%
Treasury funds	5,090.4	6,601.5	29.7%
AFS securities	6,603.7	7,669.9	16.1%
Fixed assets (HTM & LR)	5,133.7	4,958.9	-3.4%
Equity investments	0.0	0.0	n.m.
Loans and advances to customers	25,121.0	26,398.0	5.1%
<i>of which to Group companies</i>	10,015.2	10,707.5	6.9%
Funding	(39,033.5)	(42,585.0)	9.1%
RWAs	33,375.6	31,163.2	-6.6%
No. of staff	1,034	1,120	8.3%
Cost/income ratio (%)	49.6	63.9	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	0.0	0.0	



Wholesale Banking (€ m)	12 mths	12 mths	Y.o.Y. chg. %
	30/6/15	30/6/16	
Margine di interesse	217.5	177.9	-18.2%
Proventi di tesoreria	166.8	99.8	-40.2%
Commissioni ed altri proventi netti	259.3	219.2	-15.5%
Valorizzazione equity method	0.0	0.0	n.m.
Margine di intermediazione	643.6	496.9	-22.8%
Costi del personale	(173.6)	(172.5)	-0.6%
Spese amministrative	(119.5)	(129.2)	8.1%
Costi di struttura	(293.1)	(301.7)	2.9%
Utili/(perdite) da cessione azioni AFS	0.0	0.0	n.m.
(Rettifiche)/riprese di valore nette su crediti	(74.0)	(28.5)	-615%
(Rettifiche)/riprese di valore nette su altre attività fin.	0.5	(1.5)	n.m.
Altri utili/(perdite)	0.0	0.0	n.m.
Risultato lordo	277.0	165.2	-40.4%
Imposte sul reddito	(120.0)	(60.7)	-49.4%
Risultato di pertinenza di terzi	0.0	0.0	n.m.
Utile netto	157.0	104.5	-33.4%
Impieghi a clientela	23,719.6	24,841.8	4.7%
di cui a società del gruppo	10,015.2	10,707.5	6.9%
Attività a rischio ponderate	31,783.4	29,325.9	-7.7%
N. Dipendenti	654	673	2.9%
Costi / ricavi (%)	45.5	60.7	
Sofferenze nette / impieghi netti (%)	0.0	0.0	



Private Banking (€ m)	12 mths	12 mths	Y.o.Y. chg. %
	30/6/15	30/6/16	
Net interest income	33.7	37.4	11.0%
Net treasury income	15.1	13.1	-13.2%
Net fee and commission income	83.6	91.2	9.1%
Equity-accounted companies	0.0	0.0	n.m.
Total income	132.4	141.7	7.0%
Labour costs	(56.7)	(63.2)	11.5%
Administrative expenses	(35.3)	(42.9)	21.5%
Operating costs	(92.0)	(106.1)	15.3%
Gains (losses) on AFS equity	2.6	4.5	73.1%
Loan loss provisions	(0.9)	0.0	n.m.
Provisions for other financial assets	(0.1)	(0.3)	n.m.
Other income (losses)	(2.7)	(5.4)	n.m.
Profit before tax	39.3	34.4	-12.5%
Income tax for the period	(3.4)	(4.9)	44.1%
Minority interest	0.0	0.0	n.m.
Net profit	35.9	29.5	-17.8%
Loans and advances to customers	1,401.4	1,556.2	11.0%
RWA	1,592.2	1,837.3	15.4%
AUM/AUA	18,747.0	27,548.3	46.9%
<i>ow Asset under management</i>	16,578.9	18,600.2	12.2%
<i>Asset under administration</i>	2,168.1	8,948.1	n.m.
No. of staff	380	447	17.6%
Cost/income ratio (%)	69.5	74.9	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	0.2	0.0	

Cairn Capital consolidated since 31/12/15



Principal Investing

PI (€ m)	12 mths	12 mths	Y.o.Y. chg. %
	30/6/15	30/6/16	
Net interest income	0.0	0.0	n.m.
Net treasury income	29.6	29.2	n.m.
Net fee and commission income	0.0	0.0	n.m.
Equity-accounted companies	223.9	255.0	13.9%
Total income	253.5	284.2	12.1%
Labour costs	(9.0)	(7.5)	-16.7%
Administrative expenses	(2.0)	(1.4)	-30.0%
Operating costs	(11.0)	(8.9)	-19.1%
Gains (losses) on AFS equity	123.4	119.8	-2.9%
Loan loss provisions	0.0	0.0	n.m.
Provisions for other financial assets	(20.8)	(17.9)	-13.9%
Other income (losses)	0.0	0.0	n.m.
Profit before tax	345.1	377.2	9.3%
Income tax for the period	(9.7)	(7.0)	-27.8%
Minority interest	0.0	0.0	n.m.
Net profit	335.4	370.2	10.4%
AFS securities	1,071.5	851.9	-20.5%
Equity investments	3,318.1	3,096.6	-6.7%
RWAs*	11,672.2	6,572.5	-43.7%

* Data calculated in accordance with prudential regulations (CRR/CRD IV, i.e. Basel III, phase-in). According to the terms of the authorization granted by the Regulator pursuant to Article 471 of the CRR (the so-called "Danish Compromise"), starting from 30 June 2016, the 370% RWA weighting is applied only to a portion of the book value of the AG investment. To comply with the concentration limit of 25% of regulatory capital of the overall exposure to the AG Group (equity, lending, derivatives, etc.) €1,286m of the AG investment is deducted directly from CET1 and TC.



Retail & Consumer Banking

RCB (€ m)	12 mths	12 mths	Y.o.Y. chg. %
	30/6/15	30/6/16	
Net interest income	833.2	932.7	11.9%
Net treasury income	0.2	0.0	n.m.
Net fee and commission income	174.6	184.2	5.5%
Equity-accounted companies	0.0	0.0	n.m.
Total income	1.008.0	1.116.9	10.8%
Labour costs	(157.6)	(168.3)	6.8%
Administrative expenses	(290.6)	(291.3)	0.2%
Operating costs	(448.2)	(459.6)	2.5%
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(443.4)	(377.0)	-15.0%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	(8.1)	n.m.
Profit before tax	116.4	272.2	n.m.
Income tax for the period	(36.0)	(94.2)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	80.4	178.0	n.m.
Treasury funds	7,248.8	9,388.5	29.5%
AFS securities	700.1	542.5	-22.5%
Fixed assets (HTM & LR)	1,264.5	0.8	n.m.
Equity investments	0.0	0.0	n.m.
Loans and advances to customers	15,512.1	16,893.1	8.9%
Funding	(23,730.9)	(22,293.8)	-6.1%
RWAs	12,159.7	13,893.6	14.3%
No. of staff	2,481	2,593	4.5%
No. of branches	221	222	0.5%
Cost/income ratio (%)	44.5	41.1	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	1.3	1.1	



Consumer lending (€ m)	12 mths	12 mths	Y.o.Y. chg. %
	30/6/15	30/6/16	
Net interest income	694.1	783.7	12.9%
Net treasury income	0.2	0.0	n.m.
Net fee and commission income	147.0	140.8	-4.2%
Equity-accounted companies	0.0	0.0	n.m.
Total income	841.3	924.5	9.9%
Labour costs	(96.6)	(102.4)	6.0%
Administrative expenses	(191.0)	(193.9)	1.5%
Operating costs	(287.6)	(296.3)	3.0%
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(423.0)	(360.4)	-14.8%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	(8.1)	n.m.
Profit before tax	130.7	259.7	n.n.
Income tax for the period	(36.7)	(89.2)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	94.0	170.5	81.4%
Loans and advances to customers	10,906.3	11,866.2	8.8%
RWAs	10,238.0	11,775.6	15.0%
New loans	6,235.3	6,448.0	3.4%
No. of staff	1,540	1612	4.7%
No. of branches	164	164	n.m.
Cost/income ratio (%)	34.2	32.0	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	0.9	0.7	



Retail Banking (€ m)	12 mths	12 mths	Y.o.Y. chg. %
	30/6/15	30/6/16	
Net interest income	139.1	149.0	7.1%
Net treasury income	0.0	0.0	n.m.
Net fee and commission income	27.6	43.4	57.2%
Equity-accounted companies	0.0	0.0	n.m.
Total income	166.7	192.4	15.4%
Labour costs	(61.0)	(65.9)	8.0%
Administrative expenses	(99.6)	(97.4)	-2.2%
Operating costs	(160.6)	(163.3)	1.7%
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(20.4)	(16.6)	-18.6%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	(14.3)	12.5	n.m.
Income tax for the period	0.7	(5.0)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	(13.6)	7.5	n.m.
Direct deposits	9,634.8	10,724.0	11.3%
Indirect deposits	2,853.0	3,938.0	38.0%
Loans and advances to customers	4,605.8	5,026.9	9.1%
New loans	1,921.7	2,118.0	10.2%
RWAs	656.3	1,074.0	63.6%
No. of staff	941	981	4.3%
No. of branches	57	58	1.8%
Cost/income ratio (%)	96.3	84.9	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	2.3	2.0	



Parent company P&L and balance sheet

Mediobanca S.p.A. (€ m)	12 mths	12 mths	Y.o.Y. chg. %
	30/6/15	30/6/16	
Net interest income	186.8	147.2	-21.2%
Net trading income	186.4	127.9	-31.4%
Net fee and commission income	255.7	221.4	-13.4%
Dividends on investments	123.7	146.0	18.0%
Total income	752.6	642.5	-14.6%
Labour costs	(195.0)	(192.5)	-1.3%
Administrative expenses	(127.7)	(144.8)	13.4%
Operating costs	(322.7)	(337.3)	4.5%
Gains (losses) on AFS, IAS 28	123.4	141.4	14.6%
Loan loss provisions	(74.2)	(29.5)	-60.2%
Provisions for other financial assets	(20.4)	(19.3)	-5.4%
Impairment on investments	(3.0)	(2.5)	-16.7%
Other income (losses)	(12.7)	(81.8)	n.m.
Profit before tax	443.0	313.5	-29.2%
Income tax for the period	-110	-25.5	-76.8%
Net profit	333.0	288.0	-13.5%

Mediobanca S.p.A. (€ m)	30/6/15	30/6/16
Assets		
Treasury funds	3,183.3	4,269.8
AFS securities	6,407.1	7,668.1
Fixed assets (HTM & LR)	4,946.3	4,918.9
Loans and advances to customers	22,522.9	23,056.9
Equity investments	3,159.7	2,687.7
Tangible and intangible assets	132.2	132.0
Other assets	470.3	452.3
Total assets	40,821.8	43,185.7
Liabilities		
Funding	34,656.2	37,161.7
Other liabilities	826.6	608.9
Provisions	149.3	139.9
Net equity	4,856.7	4,987.2
Profit for the period	333.0	288.0
Total liabilities	40,821.8	43,185.7

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