MEDIOBANCA

Annual Accounts and Report as at 30 June 2015

MEDIOBANCA

LIMITED COMPANY
SHARE CAPITAL € 433,686,380.50
HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

REGISTERED AS A BANK.
PARENT COMPANY OF THE MEDIOBANCA BANKING GROUP. REGISTERED AS A BANKING GROUP

Annual General Meeting
28 October 2015

www.mediobanca.com

translation from the Italian original which remains the definitive version

BOARD OF DIRECTORS

		Term expires
* Renato Pagliaro	Chairman	2017
* Maurizia Angelo Comneno	Deputy Chairman	2017
Marco Tronchetti Provera	Deputy Chairman	2017
* Alberto Nagel	Chief Executive Officer	2017
* Francesco Saverio Vinci	General Manager	2017
Tarak Ben Ammar	Director	2017
Gilberto Benetton	Director	2017
Mauro Bini	Director	2017
Marie Bolloré	Director	2017
Maurizio Carfagna	Director	2017
* Angelo Casò	Director	2017
Maurizio Costa	Director	2017
Alessandro Decio	Director	2017
Vanessa Labérenne	Director	2017
Elisabetta Magistretti	Director	2017
Alberto Pecci	Director	2017
* Gian Luca Sichel	Director	2017
* Alexandra Young	Director	2017

* Member of Executive Committee

STATUTORY AUDIT COMMITTEE

Natale Freddi	Chairman	2017
Laura Gualtieri	Standing Auditor	2017
Gabriele Villa	Standing Auditor	2017
Barbara Negri	Alternate Auditor	2017
Silvia Olivotto	Alternate Auditor	2017
Alessandro Trotter	Alternate Auditor	2017

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Massimo Bertolini	Head of Company Financial Reporting and Secretary to the Board of Directors

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REVIEW OF GROUP OPERATIONS

The Mediobanca Group earned a net profit of €589.8m in the twelve months under review, up 26.9% on last year (30/6/14: €464.8m), driven by a healthy performance in banking activities, which posted a net profit of €249.2m (€18.7m), offsetting the lower contribution from principal investing (down from €449.3m to €335.4m). The result reflects revenues up 12.4%, from €1,819.4m to €2,045.4m, with the main income items performing as follows:

– net interest income was up 5.1%, from €1,086.9m to €1,142.5m, on a 10.4% increase in consumer credit, from €628.8m to €694.1m, helped by a reduction in the cost of funding versus stable returns on assets; the reduction in net interest income generated from wholesale banking, down 6.5%, from €232.7m to €217.5m, reflects the weak trend reported in the first six months (€104.4m) and the recovery in the second (€113.1m);

– net treasury income rose to €207.1m (30/6/14: €45.1m), on good performances in fixed-income trading and forex positions;

– net fee and commission income rose by 11.3%, from €423.9m to €471.8m, reflecting the widespread improvement in all segments: wholesale banking in particular was up 15%, boosted by the upturn in capital market activity, while retail fees were up 21.6%, on growth in sales of asset management products with AuM now near to €2bn;

– the contribution from the equity-accounted companies fell from €263.5m to €224m, due to a reduced contribution from Assicurazioni Generali.

Operating costs were up 7.1%, (from €791.4m to €847.2m), which reflects the enhancements made to both operations and control units, and the higher staff variable remuneration component due to the increase in profits.

Loan loss provisions were down 27.6%, from €736m to €532.7m: of this total, €74m (€231m) involved corporate and private banking, €443.4m (€473.2m) retail and consumer banking, and €15.3m (€32.8m) leasing. The reduction reflects a widespread improvement in the risk profile of corporates and households, which also means lower NPLs (down from €1,157.6m to

€1,152.3m) due to fewer new entries. The cost of risk declined from 155 bps to 53 bps for the corporate segment (which reflects writebacks worth €22m), from 461 bps to 369 bps for consumer business (not including the €40m in one-off collective adjustments in respect of performing loans charged in the first six months), from 64 bps to 45 bps for retail banking, and from 102 bps to 53 bps for leasing. There was also further improvement in the coverage ratio for NPLs at the consolidated level (up from 50% to 53%), whereas the coverage ratio for performing consumer loans increased to 1.3%.

Equity portfolio management yielded gains of €125.6m (€242.5m), deriving chiefly from the divestment of holdings in Telco/Telecom Italia (€84.5m), Pirelli (€23.6m) and Santé SA (€7.6m). Writedowns declined from €30.6m to €21m, and largely consist of the adjustments made for the first six months. At the end of the second year of the 2014/16 three-year strategic plan, disposals had been completed in respect of stakes worth a total of €1.1bn.

The heading "other items" includes €13.5m in respect of the contribution to the resolution fund provided for in the Bank Recovery and Resolution Directive, the amount of which will be notified in November 2015.

The increase in taxation, from €39.6m to €164.2m, reflects the increase in profits from banking activity taxed at ordinary rates.

Turning now to the individual areas of activity:

Corporate and private banking (CIB) delivered a net profit of €192.9m, up sharply on last year (€17.2m), reflecting 29.4% growth in revenues driven by healthy performances in net treasury income (which posted €181.9m, compared with €23.2m last year), and net fee and commission income totalling €342.9m (€303.5m), which offset the 8% decline in net interest income; loan loss provisions fell from €231m to €74.9m. Wholesale banking returned to profit, reporting a bottom line of €157m for the twelve months (compared with a €33.5m loss last year), whereas private banking posted a €35.9m net profit, down on the €50.7m reported last year due to lower returns on the securities portfolio.

Retail and consumer banking (RCB) showed a net profit of €80.4m (€23.3m), helped by 7.9% growth in revenues and lower loan loss provisions (down from €473.2m to €443.4m). Consumer credit operations delivered a net profit of €94m (€48.4m), on 9.3% growth in revenues, from €769.8m to €841.3m, driven by net interest income (up 10.4%), with costs slightly higher (up 3.8%) and loan loss provisions declining from €445.3m to €423m, despite the higher volumes and the additional €40m collective provisions taken in respect of the performing portfolio. CheBanca! saw its operating losses halve from €25.1m to €13.6m, on a 21.6% increase in fee income, from €22.7m to €27.6m, due to growth in the asset management business, costs flat at €160.6m (€159m) and lower loan loss provisions of €20.4m (€27.9m).

Principal investing delivered a net profit of €335.4m (€449.3m), on lower gains on disposals of €123.4m (€240.2m) and a reduced contribution from Assicurazioni Generali (down from €261.1m to €224m).

The Corporate Centre (including leasing) showed a €24.1m loss (€21.8m), after costs incurred in respect of Mediobanca S.p.A. totalling €37.5m (€25.6m), which includes the €13.5m contribution to the banking resolution fund referred to above. Leasing operations reflect net profit of €3.3m (compared with a €6.1m loss last year), on revenues totalling €55.2m (€46.2m) and loan loss provisions totalling €15.3m (€32.8m).

On the balance-sheet side, assets declined from €55.4bn to €53.2bn, reflecting 7.7% growth in loans and advances to customers (from €30.6bn to €32.9bn), against reductions in net treasury assets (down from €9.3bn to €4.9bn) and AFS securities (from €8.4bn to €8.1bn). Debt securities and retail deposits also decreased, from €22.6bn to €19.7bn and from €11.5bn to €9.6bn respectively. Assets under management in private banking grew from €15bn to €16.6bn, and AuM held by CheBanca! in particular rose to €2.9bn.

The Group's capital ratios as at 30 June 2015, based on the phase-in regime and including the proposed €0.25 per share dividend, remained at high levels, above the regulatory limits: the Common Equity Ratio stood at 11.98% (30/6/14: 11.08%), and the total capital ratio 14.91% (13.76%). The fully-phased ratios (i.e. with full application of CRR/CRDIV – in particular the right to include the whole AFS reserve in the CET1 calculation – and the Assicurazioni Generali investment weighted at 370%) were higher still, with the CET1 ratio 13.19% and the total capital ratio 15.62%.

* * *

Significant events that took place during the year under review include:

- completion of the ECB's Comprehensive Assessment exercise, which confirmed the adequacy of the Group's capital even in stressed scenarios. The Group's capital position was strengthened further by retained earnings, which have enabled it to reach a capitalization ratio above the level requested by the ECB in SREP 2014 set at 9% for CET 1 ratio and 11% for the total capital ratio (phase-in regulations in both cases);
- completion of the self-assessment process for governing bodies required under the instructions issued by the Bank of Italy on 11 January 2012, and the requirement of certain directors to qualify as independent as defined by Article 148, para. 3 of Italian legislative decree 58/98 and by the Code of Conduct in respect of listed companies;
- gradual disposal of equity stakes in accordance with the Bank's 2014/16 business plan, with net sales worth €291m yielding gains totalling €125.6m. In particular the demerger of Telco was completed during the twelve months, with the disposal of the entire holding in Telecom Italia shares (equal to 1.64% of that company's ordinary share capital). Meanwhile, the demerger of Sintonia meant that the 2.71% stake in the ordinary share capital of Atlantia is now held directly by Mediobanca at a book value of €495.7m;
- further strengthening of the Group's CIB footprint on international markets, with the appointments of Borja Prado to Chairman of Global Coverage, Francisco Bachiller (formerly head of Latin America at Morgan Stanley) as head of Mediobanca Iberia and Latin America, Philippe Deneux (formerly senior managing director of Barclays) as head of France and Benelux, assisted by Emmanuel Moulin (deputy head); and Felipe de Grado as managing director for international equity capital market activities;
- Mediobanca being awarded a second, BBB+ rating by Fitch on 16 April 2015, with stable outlook; Standard and Poor's meanwhile, following the revision to the rating for the Republic of Italy, on 19 December 2014 changed their long-term rating for Mediobanca to BBB-, with the outlook improving from negative to stable.

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On 10 July 2015, the judge in the preliminary enquiries Roberto Arnaldi, having read magistrate Luigi Orsi's petition and found the accusations against

Alberto Nagel to be unfounded, ordered the proceedings notified on 25 July 2012, in respect of the alleged crime of obstructing the regulatory authorities (Consob) in the exercise of their duties in connection with the rescue operation for the Premafin and Fondiaria-SAI groups, to be dismissed.

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On 3 August 2015, an agreement was entered into to acquire Cairn Capital Group Ltd, a London-based asset management and advisory firm specializing in credit products. At closing, which is expected to take place by year-end 2015 or early 2016, the Group will acquire 51% of the company's share capital, with put and call options (as from year 3) over the other 49%. This acquisition launches the Group's plans to develop an alternative asset management business (MAAM) as provided in the 2014-16 business plan.

Developments in capital markets

In the year ended 30 June 2015, the amount of risk capital raised on the Italian market declined by €4.3bn, and at €7.2bn reflected one of the lowest levels seen in the past twenty years. Dividends distributed and public tender offers (which too were near to the lowest levels since 1994/95, recorded in 2009/10) rose to €15.4bn (compared with €13.4bn in 2013-14). The net flow of funds to companies thus remained negative, with €8.2bn returned to investors, in line with the trend witnessed since 2000/01 (with the exception of 2008/09):

(€m)

	12 mths to 30/6/13		12 mths to 30/6/14		12 mths to 30/6/15	
Issues and placements of:°						
convertible ordinary and savings shares		2,562		11,515		7,199
non-convertible preference and savings shares		436		19		—
convertible and cum warrant bonds		—		16		6
Total		2,998		11,550		7,205
*of which, for rights issues:**						
par value	*1,801*		*8,900*		*3,890*	
share premium	*945*	*2,746*	*1,497*	*10,397*	*1,098*	*4,988*
Dividends distributed		13,616		12,981		14,899
Public tender offers		2,034		455		549
Balance		(12,652)		(1,880)		(8,243)

(°) Excluding placements restricted to professional investors.

(*) Excluding IPOs and other public offers (none were implemented during the years shown in the table), offers restricted to employees, and offers without option rights.

The funds raised by banks were again substantial, as has been the case in five out of the last six years, accounting for the majority of the rights issues implemented (over three-quarters); and some four-fifths of the funds asked for had been raised between May and June, with the share premium recovering slightly, from 14% to 22%. Public tender offers were also up on last year, at €1,305m (€924m), albeit still at low levels. Issues reserved to staff members, generally as part of stock option schemes, reached an all-time high of €656m, helped by one large, €500m issue in particular by a leading bank, net of which the figures would have been in line with those seen last year at €156m (€151m), as would the number of companies involved (17, vs 18). The most recent convertible bond issues for significant amounts date back to 2010/11.

After four years dividends resumed growth, climbing 15% in the period from 2010 to 2014 (from €13bn to €14.9bn), with the payout ratio rising from 49% to 51%. The recovery was particularly marked for industrials (up €1bn) and banks (up €0.7bn), while insurances paid out €0.2bn more in dividends. The banks' share of the total dividends distributed rose from 11.4% to 14.8%, with the share accounted for by industrials declining (from 77.7% to 74.3%), and insurances stable at 10.9%. Just under half the listed companies failed to pay dividends, and represent barely 8% of the aggregate market capitalization (compared with 14% last year). Public tender offers resulted in three companies being delisted (none in 2013/14).

The net 2014 aggregate results posted by Italian companies listed at end-June 2015 returned to profit, with combined earnings of €8.3bn, compared with €5.6bn losses in 2013. The benefit deriving from the reduced losses made by banks (down from €21.4bn to €4.6bn, the fourth consecutive year of loss-making) was only partly offset by lower profits reported by industrials of €10.9bn (€13.9bn), with the insurance groups repeating their result posted twelve months previously (up from €1.9bn to €2bn).

The contributing factors in the banks' performance included the slight improvement in net revenues (up €0.7bn), the lower writedowns to goodwill (down €12.3bn) and loan loss provisions (down €5.1bn), as well as the reduction in depreciation and amortization charges (down €4.4bn), these positive effects being mitigated chiefly by the substantial, €3.6bn decrease in tax credit and the deterioration in balance of net adjustments (negative at €2.3bn). In 2014 regulatory capital continued at the levels seen last year, declining just 0.1%; whereas the 3.6% reduction in risk-weighted assets was the driver behind the more robust capital ratios, with the ttotal capital ratio in particular up from 13.9% to 14.5%).

Leverage, expressed in terms of the ratio between total assets and tangible net equity (excluding the so-called Tremonti bonds) also fell from 19.6x to 18.5x (compared with an average for the leading European banking groups of approx. 22.7x, down from 23.9x in 2013).

The insurance companies' results came in at similar levels to those seen in 2013, with profits of €2bn (ROE down from 7.6% to 6.8%). The higher net revenues from non-insurance business, up €1.8bn, more than offset the reduction in underwriting revenues (€0.4bn), the increase in net claims (€0.6bn), the weaker extraordinary income (€0.6bn), and the harsher tax burden (€0.1bn).

Industrial groups recorded a reduction in operating profit, from €13.9bn to €10.9bn, with ROE down from 7.5% to 5.6%. The decline in the balance of non-recurring items (net profits on disposals down €7.4bn, net revaluations down €1.2bn) and in the net operating margin (down €1.8bn, due to a €0.5bn reduction in value added, a €0.7bn increase in the cost of labour, and a €0.6bn increase in depreciation charges), was only in part offset by the reduction in income tax (down €4.3bn), the lower share of net profits attributable to minority interests (down €2.1bn), and the rise in net extraordinary income (up €1.1bn).

The profits earned by the companies included in the STAR segment increased further, from €0.8bn in 2013 to €1bn (ROE up from 8.8% to 10%). The industrial companies' aggregate net equity showed a sizeable, 6% increase; which, along with a minor, 0.6% reduction in debt, led to a lower debt/equity ratio than in 2013, at 110% (115%).

The Mediobanca share price index reflected modest growth during the twelve months, gaining 5% (8% in the total return version), driven in particular by banks (which rose 15%), and the insurance companies saw an increase of 2%, but underperformed the market average as a whole; the industrial companies meanwhile were more or less unchanged (up 0.3%). The average daily value of stocks traded on the MTA in the twelve months ended 30 June 2015 was around 24% higher than the previous year (up from €2.5bn to €3.1bn per session). The free float also rose, from 60% to 61%, the highest level since 1996, as did the turnover ratio (from 18% to 19%) and volatility (from 1.8% in 2013/14 to 1.9%). The growth in share prices has been somewhat offset by the slowdown recorded since end-June, with the index shedding approx. 3% until 7 September 2015, chiefly attributable to the decline in the banking index, which fell 4%.

In the twelve months ended 1 April 2015, the increase in share prices on western stock markets was reflected in the changes recorded in the dividend yields and even more so the price/earnings ratios. The indexes generally showed reductions, some significant:

	Price/dividend (%)		Price/earnings (%)	
	2013	2014	2013	2014
Benelux **	3.2	2.7	5.2	4.0
France *	2.3	2.4	5.2	4.2
Germany *	2.3	2.2	4.9	4.1
Italy *	3.1	2.4	6.3	4.2
United Kingdom *	2.8	3.0	5.3	4.8
United States *	2.4	2.2	5.3	5.0
Switzerland **	3.0	2.8	5.0	4.8

(*) Top 50 profitable, dividend-paying companies by market capitalization.

(**) Top 20 profitable, dividend-paying companies by market capitalization.

NB: Median indicators based on share prices at 1 April 2015. The changes in prices on the principal stock markets between 1 April 2014 and 2 April 2015 were as follows (indexes used are in brackets): Italy up 4.5% (Mediobanca MTA), Switzerland up 8% (SMI), Netherlands up 20.8% (AEX), Germany up 21.2% (CDAX), United States up 9.2% (S&P 500), Belgium up 17.7% (BAS), France up 14.5% (SBF 250), United Kingdom up 2.7% (FTSE All-Share).

Assets managed by mutual funds incorporated under Italian law (including funds of funds, closed and hedge funds) continued their recovery in terms of AUM, which in June 2015 had reached €228.7bn (€187.7bn one year previously). The increase is mostly due to the net inflows of €35.1bn, plus operating profit for the twelve months of €5.9bn. Roundtrip funds also performed well, and like the Italian UCITS, were helped mostly by subscriptions outweighing redemptions (by €44.4bn), as well as the positive operating performance (approx. €13.9bn). At end-June 2015 assets managed by such funds had risen in the twelve months from €257.1m to €315.4bn.

The aggregate market capitalization of listed companies at 30 June 2015 totalled €536bn, compared with €496bn twelve months earlier, with the free float increasing from €300bn to €329bn; the €40bn increase, net of rights issues and changes to the stock market composition, is due largely to changes in market price

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The Italian consumer credit market grew by 2.5% in 2014 compared to the previous year, equal to a total of €46.6bn in finance.

This upward trend continued in the first six months of 2015, with the sector reporting a small increase in new loans disbursed (up 12.4%).

This result reflects growth in all segments, particularly in credit cards, which showed a 14.7% increase on 1H 2014, automotive financing (cars and motorbikes, up 14.1%), and personal loans (up 12.2%). Growth in salary-backed finance and special purpose loans was less pronounced (up 7.7% and 6.2% respectively).

	2011		2012		2013		2014		1H 2015	
	(€m)	%	(€m)	%	(€m)	%	(€m)	%	(€m)	%
Vehicle credit	12,217	23.6	9,934	20.7	9,333	20.5	10,048	21.6	5,963	23.0
Personal loans	19,882	38.4	17,131	35.6	15,367	33.9	15,280	32.8	9,056	34.9
Specific purpose loans	3,980	7.7	3,878	8.1	3,690	8.1	3,571	7.7	1,800	6.9
Credit cards	11,152	21.6	13,064	27.2	12,788	28.1	13,463	28.8	6,880	26.5
Salary-backed finance	4,507	8.7	4,067	8.4	4,254	9.4	4,226	9.1	2,263	8.7
	51,738	100.0	48,074	100.0	45,432	100.0	46,587	100.0	25,962	100.0

Source: Assofin

Following the long, steep decline which started in 2007, the Italian real estate market returned to growth in 2014, with 421,000 properties sold (407,000 in 2013), still below the levels seen at the end of the 1980s and far off the high recorded in 2007 when 877,000 properties changed hands. The trend was not, however, carried over into 1Q 2015, with the number of residential transactions down 3% on the same period one year previously, from 98,000 to 95,000.

As far as mortgage lending for residential properties is concerned, the healthy trend shown in 2014 (with over €24bn in finance disbursed, up 14% on 2013), driven by the possibility of changing mortgage lender, seems to have carried over into 2015 as well, with new loans for the three months of €7bn, up 35% on the same period last year 2014.

The Italian leasing market in 2014 saw the positive trend recorded in 2013 continue. Over 317,000 new leases were executed, an increase of 10.7%, for a total value of €16bn (up 8.9%). In the first six months of 2015 the growth in the leasing market continued, up 14.4% in terms of quantity and up 8.9% in terms of value compared to the same period last year.

New loans	**2011**		**2012**		**2013**		**2014**		**1H 2015**	
	(€m)	**%**	**(€m)**	**%**	**(€m)**	**%**	**(€m)**	**%**	**(€m)**	**%**
Vehicles	5,679	23.1	4,855	29.1	4,568	31.7	5,310	33.3	3,180	37.6
Core goods	11,120	45.2	7,829	47.0	6,741	46.7	6,381	40.0	3,269	38.6
Property	7,024	28.5	3,587	21.5	2,939	20.4	4,064	25.5	1,836	21.7
Yachts	783	3.2	385	2.3	179	1.2	207	1.3	176	2.1
	24,606	100.0	16.656	100.0	14,427	100.0	15,962	100.0	8,461	100.0

Source: Assilea

Consolidated financial statements (*)

The consolidated profit and loss account and balance sheet have been restated – including by business area – in the usual way, in order to provide the most accurate reflection of the Group's operations. The results are also presented in the format recommended by the Bank of Italy as an annex, along with further details on how the various items have been restated.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg. (%)
Profit-and-loss data			
Net interest income	1,086.9	1,142.5	5.1
Treasury income	45.1	207.1	n.m.
Net fee and commission income	423.9	471.8	11.3
Equity-accounted companies	263.5	224.0	-15.0
TOTAL INCOME	**1,819.4**	**2,045.4**	**12.4**
Labour costs	(379.0)	(419.3)	10.6
Administrative expenses	(412.4)	(427.9)	3.8
OPERATING COSTS	**(791.4)**	**(847.2)**	**7.1**
Gains (losses) on AFS, HTM and L&R	242.5	125.6	-48.2
Loan loss provisions	(736.0)	(532.7)	-27.6
Provisions for financial assets	(30.6)	(20.4)	-33.3
Other profits (losses)	(2.9)	(13.6)	n.m.
PROFIT BEFORE TAX	**501.0**	**757.1**	**51.1**
Income tax for the period	(39.6)	(164.2)	n.m.
Minority interest	3.4	(3.1)	n.m.
NET PROFIT	**464.8**	**589.8**	**26.9**

(*) For a description of the methods by which the data has been restated, see also the section entitled "Significant accounting policies".

RESTATED BALANCE SHEET

(€m)

	30/6/14	30/6/15
Assets		
Treasury funds	9,323.8	4,920.3
AFS securities	8,418.5	8,063.1
of which: fixed-income	*7,152.9*	*6,950.5*
equities	*1,254.6*	*1,081.1*
Fixed financial assets (HTM & LR)	2,046.3	1,793.9
Loans and advances to customers	30,552.1	32,889.6
Equity investments	2,871.4	3,411.4
Tangible and intangible assets	715.4	718.9
Other assets	1,493.4	1,411.9
of which: tax assets	*1,069.9*	954.2
Total assets	55,420.9	53,209.1
Liabilities and net equity		
Funding	45,834.0	42,711.3
of which: debt securities in issue	*22,617.7*	*19,671.1*
retail deposits	*11,481.6*	*9,634.8*
Other liabilities	1,449.2	1,446.1
of which: tax liabilities	*596.2*	*625.0*
Provisions	195.0	184.6
Net equity	7,477.9	8.277.3
of which: share capital	*430.7*	*433.6*
reserves	*6,942.7*	*7,735.7*
minority interest	*104.5*	*108.0*
Profit for the period	464.8	589.8
Total liabilities and net equity	55,420.9	53,209.1
Tier 1 capital	*6,506.7*	*7,137.5*
Regulatory capital	*8,082.9*	*8,882.6*
Tier 1 capital/risk-weighted assets	*11.08%*	*11.98%*
Regulatory capital/risk-weighted assets	*13.76%*	*14.91%*
No. of shares in issue (millions)	*861.4*	*867.2*

BALANCE-SHEET/PROFIT-AND-LOSS DATA BY DIVISION

(€m)

30/6/15	CIB & Private Banking	Principal Investing	Retail & Consumer Banking	Corporate center	Group
Profit-and-loss data					
Net interest income	251.2	—	833.2	54.9	1,142.5
Treasury income	181.9	29.6	0.2	(0.1)	207.1
Net fee and commission income	342.9	—	174.6	8.8	471.8
Equity-accounted companies	—	223.9	—	—	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)**
Gain (losses) on disposal of AFS shares	2.6	123.4	—	—	125.6
Loan loss provisions	(74.9)	—	(443.4)	(15.3)	(532.7)
Provisions for financial assets	0.4	(20.8)	—	—	(20.4)
Other profits (losses)	(2.7)	—	—	(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	—	—	—	(3.1)	(3.1)
NET PROFIT	**192.9**	**335.4**	**80.4**	**(24.1)**	**589.8**
Cost/Income ratio (%)	49.6	4.3	44.5	89.5	41.4
Balance-sheet figures					
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	—	8,063.1
Fixed financial assets (HTM & LR)	5,133.7	—	1,264.5	—	1,793.9
Equity investments	—	3,318.1	—	—	3,411.4
Loans and advances to customers	25,121.0	—	15,512.1	2,760.8	32,889.6
of which: to Group companies	*10,015.2*	*n.m.*	*n.m.*	*n.m.*	*n.m.*
Funding	(39,033.5)	—	(23,730.9)	(2,794.3)	(42,711.3)
Risk-weighted assets	33,375.6	11,672.2	12,159.7	2,369.6	59,577.1
No. of staff	1,034 *	—	2,481	409	3,790

* Includes 134 staff employed by Banca Esperia pro-forma, not included in the Group total.

Notes:

1) Divisions comprise:
   - *CIB (Corporate and Private Banking)*: comprises wholesale banking (WSB), which includes lending, structured finance and investment banking activity, and private banking (PB), which includes Compagnie Monégasque de Banque, Spafid, plus 50% of Banca Esperia pro forma;
   - *Principal Investing:* brings together all equity investments in associates (IAS 28) and AFS assets;
   - *Retail and Consumer Banking:* consumer credit and retail banking activities; the division includes Compass, Futuro, Compass RE, Creditech and CheBanca!;
   - *Corporate Centre:* brings together the other Group companies (including leasing) and certain centralized Group costs (including in respect of the Board of Directors).

2) Sum of divisional data differs from Group total due to:
   - Banca Esperia being consolidated pro-rata (50%) rather than equity-accounted;
   - adjustments/differences arising on consolidation between business areas (minus €5.2m and €3.2m as at 30/6/15 and 30/6/14 respectively).

(€m)

12 mths ended 30/6/14	Corporate & Private banking	Principal Investing	Retail & Consumer Banking	Corporate center	Group
Profit-and-loss data					
Net interest income	273.0	—	769.9	46.6	1,086.9
Treasury income	23.2	29.7	0.4	(0.1)	45.1
Net fee and commission income	303.5	—	163.7	6.4	423.9
Equity-accounted companies	—	258.6	—	—	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)**
Gain (losses) on disposal of AFS shares	2.2	240.2	—	—	242.5
Loan loss provisions	(231.0)	—	(473.2)	(32.8)	(736.0)
Provisions for financial assets	(5.9)	(25.3)	—	—	(30.6)
Other profits (losses)	(3.6)	—	(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	—	—	—	3.4	3.4
NET PROFIT	**17.2**	**449.3**	**23.3**	**(21.8)**	**464.8**
Cost/Income ratio (%)	55.6	3.6	46.7	n.m.	43.5
Balance-sheet figures					
Treasury funds	10,721.6	—	8,753.9	112.4	9,323.8
AFS securities	6,812.7	1,242.6	697.4	—	8,418.5
Fixed financial assets (HTM & LR)	5,013.9	—	1,528.2	—	2,046.3
Equity investments	—	2,775.2	—	—	2,871.4
Loans and advances to customers	22,853.0	—	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)	—	(24,335.2)	(3,000.7)	(45,834.0)
Risk-weighted assets	33,763.7	11,346.8	11,162.6	2,471.0	58,744.1
No. of staff	986 *	—	2,365	348	3,570

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

Balance sheet

The main balance-sheet items, of which Mediobanca S.p.A. contributes approx. 50%, showed the following trends for the twelve months under review (comparative data as at 30 June 2014):

Funding – this item fell, from €45.8bn to €42.7bn, due to the reductions in debt securities and CheBanca! retail funding which were in part offset by the increased recourse to the interbank channel. In the twelve months there was new issuance totalling €3.2bn (€543m of which in securitizations of consumer finance receivables and €1.5bn issued on the Euromarket), against maturities and buybacks amounting to €6.3bn. CheBanca! retail deposits declined from €11.5bn to €9.6bn, chiefly as a result of the partial transformation from direct to indirect funding (with the latter increasing from €1.5bn to €2.9bn). The ECB's LTRO programme was gradually wound up in the course of the year, to be replaced by the Target-LTRO with a medium-term expiry. Other funding sources worthy of note include the private banking deposits held by CMB, which increased to around €700m.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Debt securities	22,617.7	49%	19,671.1	46%	-13.0%
CheBanca! retail funding	11,481.6	25%	9,634.8	23%	-16.1%
Interbank funds	2,865.5	6%	3,836.5	9%	33.9%
T-LTRO/LTRO	5,500.0	12%	5,478.0	13%	-0.4%
Other funds	3,369.2	8%	4,090.9	9%	21.4%
Total funding	**45,834.0**	**100%**	**42,711.3**	**100%**	**-6.8%**

Loans and advances to customers – the 7.7% growth in this item involved all segments: loans in wholesale banking were up almost 10%, from €12.5bn to €13.7bn, on higher new loans of €5.4bn and lower early redemptions of €1.8bn (€3bn); consumer finance showed a 10.4% increase, to €10.9bn (on new loans of €6.2bn) which includes the contribution of Creditech (up €278.9m, €157.8m of which in factoring); retail banking reflected 4.9% growth in lendings, to €4.6bn, on new loans of €656.3m, in line with the recovery in the domestic mortgage lending market; while private banking was up 13.6%, to €912.4m. Only leasing bucked this trend, declining 8% to €2.8bn. Non-performing items showed a slight, 0.5% decrease for the twelve months, from €1,157.6m to €1,152.3m, in consumer finance particularly (down 11.6%), while the 5.7% increase in non-performing items in corporate lending reflects the new positions added in the first six months but not the second. The percentage of the loan book accounted for by non-performing items fell from 3.8% to 3.5%, in part due to the coverage ratio rising from 50% to 53%. Bad debts of €258.9m (€271m) represent 0.79% (0.89%) of the total loan book.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Wholesale banking	12,478.3	41%	13,704.4	42%	9.8%
Private banking	802.9	3%	912.4	3%	13.6%
Consumer	9,876.9	32%	10,906.3	33%	10.4%
Retail banking	4,392.6	14%	4,605.8	14%	4.9%
Leasing	3,001.4	10%	2,760.7	8%	-8.0%
Total loans and advances to customers	**30,552.1**	**100%**	**32,889.6**	**100%**	**7.7%**

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Wholesale banking	403.6	35%	426.8	37%	5.7%
Private banking	7.5	1%	3.2	0%	-57.3%
Consumer	342.1	29%	302.4	27%	-11.6%
Retail banking	145.2	13%	150.1	13%	3.4%
Leasing	259.2	22%	269.8	23%	4.1%
Total net non performing loans	**1,157.6**	**100%**	**1,152.3**	**100%**	**-0.5%**
– of which: bad loans	*271.0*		*258.9*		*-4.5%*

Equity investments – these rose from €2,871.4m to €3,411.4m, due to an increase in the book value of the Assicurazioni Generali investment (from €2,767.4m to €3,311.7m) which reflects profits for the period totalling €224m and a €444m increase in the valuation reserves after collection of dividends totalling €123.7m. Conversely, the book value of the 50% stake in Banca Esperia fell from €97.6m to €93.3m, on a €4.4m reduction in the valuation reserves after the company basically broke even for the twelve months. The book values of the other investments were virtually unchanged: Burgo Group (22.13%), written down to nil, and reductions for the stakes in Athena Private Equity in liquidation (24.27%) and Fidia in liquidation (25%) to €5.9m and €0.5m respectively; Fidia's liquidation accounts were approved in July 2015 and the assets assigned to the shareholders.

	% share capital	30/6/14	30/6/15
Assicurazioni Generali	13.24	2,767.4	3,311.7
Banca Esperia	50.0	97.6	93.3
Burgo Group	22.13	—	—
Athena Private Equity	24.27	5.7	5.9
Fidia	25.0	0.7	0.5
Total Investments		**2,871.4**	**3,411.4**

Based on stock market prices as at 30 June 2015, the Assicurazioni Generali investment has a market value of €3,330.5m, reflecting a surplus of €19m over book value.

Fixed financial assets – these declined from €2,046.3m to €1,793.9m, due to redemptions for the period (€532.4m) being only partly offset by new purchases (€257.4m) and upward adjustments to reflect exchange rates, gains on early redemptions and amortized cost (€22.1m). This portfolio showed an unrealized gain which at the balance-sheet had fallen from €133.9m to €108.2m.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Financial assets held to maturity	1,659.8	81%	1,311.7	73%	-21.0%
Unlisted debt securities (stated at cost)	386.5	19%	482.2	27%	24.8%
Total fixed financial assets	**2,046.3**	**100%**	**1,793.9**	**100%**	**-12.3%**

	30/6/14		30/6/15		Chg.
	Book value	%	*Book value*	%	
Italian government securities	361.4	18%	358.1	20%	-0.9%
Other government securities	1,023.2	50%	697.9	39%	-31.8%
- of which: Italian	*442.8*	*22%*	*335.1*	*19%*	*-24.3%*
Corporate bonds	661.7	32%	737.9	41%	11.5%
Total debt securities	**2,046.3**	**100%**	**1,793.9**	**100%**	**-12.3%**

AFS securities – this portfolio declined from €8,418.5m to €8,063.1m, due to disposals during the twelve months totalling €3.6bn on both the fixed-income and equity sides. Other securities held here include stock units in the Yellow SICAV (with a value of €19.7m) subscribed for by CheBanca! as part of its asset management product offering.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Debt securities	7,152.9	85%	6,950.5	86%	-2.8%
Equities	1,254.6	15%	1,081.1	14%	-13.8%
Others	11.0	—	31.5	—	n.m.
Total AFS securities	**8,418.5**	**100%**	**8,063.1**	**100%**	**-4.2%**

On the fixed-income side, there was a slight reduction in the holdings of Italian government securities (from €4.8bn to €4.5bn) and bonds issued by financials (from €1.6bn to €1.3bn), partially offset by the increase in non-Italian sovereign debt (from €180.4bn to €636.7m), German and French in particular.

	30/6/14			30/6/15		
	Book Value	**%**	**Total AFS reserve**	***Book Value***	**%**	**Total AFS reserve**
Italian government securities	4,796.1	67%	91.2	4,484.8	65%	73.9
Other government securities	180.4	3%	2.7	636.7	9%	-1.7
Financial bonds	1,582.3	22%	55.6	1,250.4	18%	40
– of which: Italian	*880.3*	*12%*	*25.4*	*673.6*	*10%*	*21.5*
Corporate bonds	594.1	8%	40.5	578.6	8%	25.3
Total debt securities	**7,152.9**	**100%**	**190.0**	**6,950.5**	**100%**	**137.5**

On the equity side the disposals continued, involving an amount of almost €300m, chiefly the Telecom Italia shares deriving from the Telco demerger (€128.1m), Santé SA (€38.4m), the partial sale of the stake in Pirelli and other listed equities for a total of €106.3m. Overall the disposals generated gains of €125.6m which offset the writedowns charged to the holdings in RCS MediaGroup (€9.5m), Prelios (€2.2m), Edipower (€2.2m), Bisazza (€5m) and certain real estate funds (€2.1m). Recognizing the portfolio at its fair value as at the reporting date led to a €117.2m increase in the book value.

	30/6/14			30/6/15		
	Book value	**% ord.**	**Total AFS reserve**	***Book value***	**% ord.**	**Total AFS reserve**
Atlantia\Sintonia	449.2	5.9	146.2	495.7	2.71	192.8
Pirelli & C.	256.9	4.6	61.9	217.4	3.02	89.7
Italmobiliare	59.2	9.5	24.7	54.1	9.5	19.6
RCS MediaGroup	39.9	6.2	—	36.9	6.2	6.5
Altre azioni quotate	43.8		6.9	38.3		11.1
Telco	135.3	7.3	91.7	—		—
Edipower	57.3	5.1	—	55.1	5.13	—
Santè S.A.	39.0	9.9	9.0	—		—
Other unlisted companies	174.0		32.4	183.6		39.7
Total equities	**1,254.6**		**372.8**	**1,081.1**		**359.4**

The valuation reserve declined from €562.8m to €496.9m, due to the disposals for the period (€158.2m); €319.7m involves listed shares, €39.7m other unlisted shares, €73.9m Italian government securities, and €63.6m other bonds.

Treasury assets – the reduction in this item, from €9,323.8m to €4,920.3m, largely involves money market assets (which reduced from €6.3bn to €1.7bn), against an increase in applications involving customers and other debt securities (up €264.1m), financial and corporate bonds in particular. The position in equities declined, and continues to be related to short-term trades with customers hedged by derivatives.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Debt securities	2,667.6	29%	2,931.7	60%	9.9%
Equities	1,173.6	13%	879.6	18%	-25.1%
Derivative contract valuations	(797.3)	-9%	(571.5)	-12%	-28.3%
Others (cash, repos, time deposits)	6,279.9	67%	1,680.5	34%	-73.2%
Total net treasury assets	**9,323.8**	**100%**	**4,920.3**	**100%**	**-47.2%**

	30/6/14		30/6/15	
	Book Value	%	*Book Value*	%
Italian government securities	443.8	17%	207.4	7%
German government securities	516.9	19%	554.2	19%
Other government securities	329.2	12%	145.6	5%
Financial bonds	1,097.6	41%	1,436.3	49%
– of which: Italian	*600.8*	*23%*	*633.9*	*22%*
Corporate bonds	280.1	11%	588.2	20%
Total debt securities	**2,667.6**	**100%**	**2,931.7**	**100%**

Tangible and intangible assets – the increase in this item, from €715.4m to €718.9m, reflects: additional goodwill of €8.2m, recorded in connection with acquisitions made in the fiduciary services sector; collection of properties following the termination of certain leasing contracts (€7.4m); repayments of €39.3m outweighing investments totalling €31.5m; and the value of the Linea brand being written down from €3.6m to zero. Goodwill in particular rose from €365.9m to €374.1m, and regards: consumer finance as to €365.9m, fiduciary administration and corporate services as to €8.2m. All items passed the impairment test successfully.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Land and properties	263	37%	265	37%	0.8%
– of which: core	*195.3*	*27%*	*192.1*	*27%*	*-1.6%*
Other tangible assets	43.1	6%	43.5	6%	0.9%
Goodwill	365.9	51%	374.1	52%	2.2%
Other intangible assets	43.4	6%	36.3	5%	-16.4%
Total tangible and intangible assets	**715.4**	**100%**	**718.9**	**100%**	**0.5%**

An updated list of the properties owned by the Group is provided below:

	Squ. m	Book value (€m)	Book value per squ. m (€'000)
Milano:			
– Piazzetta Enrico Cuccia n. 1	6,874	15.9	2.3
– Via Filodrammatici n. 3, 5, 7 - Piazzetta Bossi n. 1	11,093	60.0	5.4
– Piazza Paolo Ferrari n. 6	1,967	5.1	2.6
– Foro Buonaparte n. 10	3,918	8.6	2.2
– Via Siusi n. 1-7	22,608	27.8	1.2
Rome *	1,790	8.5	4.7
Vicenza	4,239	5.5	1.3
Luxembourg	442	4.2	9.5
Principato di Monaco	4,576	55.9	12.2
Other minor properties	2,950	0.6	0.2
	60,457	**192.1**	

(*) The Piazza di Spagna property, carried at a book value of €25.8m, is used only in part by Mediobanca and therefore is not included among the core properties.

Provisions – these fell from €195m to €184.6m, on withdrawals totalling €13.5m and provisions amounting to €5.9m.

	30/6/14		**30/6/15**		**Chg.**
	(€m)	**%**	**(€m)**	**%**	
Provisions for risks and charges	166.3	85%	157.9	86%	-5.1%
Staff severance indemnity provision	28.7	15%	26.7	14%	-7.0%
of which: staff severance provision discount	*1.1*	*1%*	*0.4*	—	*n.m.*
Total provisions	**195.0**	**100%**	**184.6**	**100%**	**-5.3%**

The provision for risks and charges serves largely to cover possible indemnities payable as a result of the litigation pending which involves Mediobanca and the other Group companies (cf. p. 54-55).

Net equity – the 11.7%, or €920.8m, increase in this item reflects the profit for the year (€589.8m) and growth in the valuation reserve of €565.6m, net of the reduction in the Assicurazioni Generali consolidation reserve (€139.4m) and the dividend distributed (€126.8m). The share capital rose from €430.7m to €433.6m, following the exercise of 3,757,500 stock options and distribution of 2,033,549 performance shares for a total amount of €25.6m, including the share premium reserve. The valuation reserves were boosted by a substantial contribution from Assicurazioni Generali (which more than doubled to over €1bn), offsetting the reduction in the AFS securities reserves as a result of the disposals this year and changes in market prices.

(€m)

	30/6/14	30/6/15	Chg.
Share capital	430.7	433.6	0.7%
Other reserves	6,072.8	6,300.1	3.7%
Valuation reserves	869.9	1,435.5	65.0%
- of which: AFS securities	*484.8*	*432.6*	*-10.8%*
cash flow hedges	*(49.4)*	*(19.8)*	*-59.9%*
equity investments	*426.5*	*1,014.3*	*n.m.*
Profit for the period	464.8	589.8	27%
Total Group net equity	**7,838.2**	**8,759.0**	**11.7%**

Of the AFS reserve, €359.4m involves equities, and €145.2m bonds and other debt securities (including €73.9m in Italian government securities), net of the €72m tax effect.

(€m)

	30/6/14	30/6/15	Chg.
Equities	372.8	359.4	-3.6%
Bonds and other debt securities	199.6	145.2	-27.3%
- of which: Italian	*91.2*	*73.9*	*-19.0%*
Tax effect	-87.6	(72.0)	-17.8%
Total AFS reserve	**484.8**	**432.6**	**-10.8%**

Profit and loss account

Net interest income – in a scenario of widespread declining market interest rates, net interest income climbed 5.1%, from €1,086.9m to €1,142.5m, confirming the trend witnessed in recent quarters, as a result largely of healthy performances in consumer finance (up 10.4%) and leasing (up 17.8%), both segments which have maintained stable profitability on lendings. The 6.5% reduction in net interest income earned by wholesale banking, by contrast, reflects the lower volumes at the start of the financial year which have gradually recovered in the course of the twelve months. Net interest income also declined in private banking, by 16.1%, due to pressure on lender rates.

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Wholesale banking	232.7	217.5	-6.5%
Private banking	40.3	33.7	-16.4%
Consumer	628.8	694.1	10.4%
Retail banking	141.1	139.1	-1.4%
Others (including intercompany accounts)	44.0	58.1	32.0%
Net interest income	**1,086.9**	**1,142.5**	**5.1%**

Net treasury income – the good trading performance recorded, with net income of €101.9m (compared with a €32.5m loss last year), reflects the upturn on markets, with over 60% (some €64.3m) is attributable to equities and the remainder to fixed-income trading. This heading also includes €59.9m (€2.3m) in surpluses on forex positions, and €13.7m in losses on buybacks of own securities (€17.5m). Trading involving the banking book (AFS and HTM) reflects gains of €75.5m (€47.9m).

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Dividends	29.7	29.6	-0.3%
Fixed-income trading profit	(34.0)	113.2	n.m.
Equity trading profit	49.4	64.3	30%
Net trading income	**45.1**	**207.1**	**n.m.**

Net fee and commission income – this item rose 11.3%, from €423.9m to €471.8m, on good performances from all segments: wholesale banking, up 15% to €106.6m (€92.1m), in capital market activity in particular; retail banking (up 21.6%) due to the increase in asset management volumes; consumer finance up 4.3%, and private banking up 7%.

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Wholesale banking	225.4	259.3	15.0%
Private banking	78.1	83.6	7.0%
Consumer	141.0	147.0	4.3%
Retail banking	22.7	27.6	21.6%
Others (including intercompany accounts)	(43.3)	(45.7)	5.5%
Net fee and commission income	**423.9**	**471.8**	**11.3%**

Equity-accounted companies – these companies contributed a profit of €224m, lower than the €263.5m added last year, due to the reduced profitability of Assicurazioni Generali, and to Banca Esperia only breaking even (compared with a €5m profit last year).

Operating costs – operating costs were up 7.1%, driven by higher labour costs which rose from €379m to €419.3m, reflecting the strengthening of the Bank's presence outside Italy in particular and the higher staff variable remuneration component due to the increase in profits. The higher sundry other costs, which were up 3.8%, from €412.4m to €427.9m, are due to IT projects and to the growth in the Group's business in terms of both size and geography.

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Labour costs	379.0	419.3	10.6%
of which: directors	*8.2*	*8.5*	*3.7%*
stock option and performance share schemes	*12.2*	*14.6*	*19.7%*
Sundry operating costs and expenses	412.4	427.9	3.8%
of which: depreciation and amortization	*41.1*	*42.9*	*4.4%*
administrative expenses	*366.9*	*381.1*	*3.9%*
Operating costs	**791.4**	**847.2**	**7.1%**

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Legal, tax and professional services	38.6	42.6	10.4%
Credit recovery activities	37.7	42.8	13.5%
Marketing and communication	62.5	53.2	-14.9%
Rent and property maintenance	36.7	37.1	1.1%
EDP	49.8	61.7	23.9%
Financial information subscriptions	27.8	28.9	4.0%
Bank services, collection and payment commissions	17.0	17.3	1.8%
Operating expenses	52.2	50.8	-2.7%
Other labour costs	18.5	21.0	13.5%
Other costs	11.5	13.0	13.0%
Direct and indirect taxes	14.6	12.7	-13.0%
Total administrative expenses	**366.9**	**381.1**	**3.9%**

Gains and losses on disposals of AFS securities – this item chiefly regards the sale of the Group's shares in Telecom Italia previously held through Telco (€84.5m) and in Santé (€7.6m), the disposal of part of the Pirelli investment (€23.6m) and the sale of other securities, listed (€7.7m) and unlisted (€2.2m).

Loan loss provisions – the 27.6% reduction in this item, from €736m to €532.7m, involves all segments. Wholesale banking saw provisioning decrease from €233.1m to €74m, reflecting a widespread improvement in the customer risk profile, despite a slight increase in non-performing loans (from €403.6m to €426.8m), with the coverage ratio increasing from 49% to 54%. The reduction in consumer business was less pronounced, at 5%, which increases to 14% if the €40m, one-off provisioning in respect of performing loans recorded in the first six months is excluded; NPLs show an 11.6% reduction, from €342.1m to €302.4m, while the coverage ratio rose from 64% to 68%. Loan loss provisions in respect of mortgage business fell from €27.9m to €20.4m, despite a slight increase in non-performing loans (from €145.2m to €150.1m), with the coverage ratio stable at 48% (versus 47%). The overall cost of risk declined from 230 bps to 168 bps.

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Wholesale banking	233.1	74.0	n.m.
Private banking	(3.1)	—	n.m.
Consumer	445.3	423.0	-5.0%
Retail banking	27.9	20.4	-26.9%
Other	32.8	15.3	-53.4%
Loan loss provisions	**736.0**	**532.7**	**-27.6%**
Cost of risk (bps)	**230**	**168**	**-27.0%**

Provisions for other financial assets – these refer to listed equities as to €11.6m (RCS MediaGroup and Prelios), to unlisted equities (Bisazza and Edipower) as to €7.3m, and to real estate funds as to €2.1m.

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15
Equity investments	18.6	—
Shares	8.7	21.0
Bonds	3.3	(0.6)
Total	**30.6**	**20.4**

Income tax for the period – income tax rose from €39.6m to €164.2m, in line with the increase in profit from banking activity (from €18.7m to €249.2m).

Mediobanca (as consolidating entity) has adopted tax consolidation, which includes Compass, SelmaBipiemme Leasing, Palladio Leasing, CheBanca!, Creditech and Futuro. Relations between the consolidating and consolidated entities are governed by bilateral agreements regulating cash flows, exchanges of information and the individual companies' responsibilities versus the revenue authorities.

Balance-sheet/profit-and-loss data by division

A review of the Group's performance in its main areas of operation is provided below, according to the customary segmentation.

CORPORATE AND PRIVATE BANKING (WHOLESALE BANKING AND PRIVATE BANKING)

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Y.o.Y. chg.
Profit-and-loss data			
Net interest income	273.0	251.2	-8.0
Treasury income	23.2	181.9	n.m.
Net fee and commission income	303.5	342.9	13.0
TOTAL INCOME	**599.7**	**776.0**	**29.4**
Labour costs	(195.6)	(230.3)	17.7
Administrative expenses	(137.7)	(154.8)	12.4
OPERATING COSTS	**(333.3)**	**(385.1)**	**15.5**
Gain (losses) on disposal of AFS shares	2.2	2.6	18.2
Loan loss provisions	(231.0)	(74.9)	-67.6
Provisions for financial assets	(5.9)	0.4	n.m.
Other profits (losses)	(3.6)	(2.7)	-25.0
PROFIT BEFORE TAX	**28.1**	**316.3**	**n.m.**
Income tax for the period	(10.9)	(123.4)	n.m.
NET PROFIT	**17.2**	**192.9**	**n.m.**
Cost/Income ratio (%)	55.6	49.6	

	30/6/14	30/6/15
Balance-sheet data		
Treasury funds	10,721.6	5,090.4
AFS securities	6,812.7	6,603.7
Fixed financial assets (HTM & LR)	5,013.9	5,133.7
Loans and advances to customers	22,853.0	25,121.0
of which: to Group companies	*9,114.1*	*10,015.2*
Funding	(42,968.4)	(39,033.5)

This division delivered a profit of €192.9m (€17.2m), due to the substantial, 29.4% increase in revenues from €599.7m to €776m, driven largely by net treasury income climbing from €23.2m to €181.9m; an increase of 15.5% in operating costs reflects growth in terms of geographical expansion, new products and IT projects; while loan loss provisions fell from €231m to €74.9m. Wholesale banking therefore reported a €157m net profit for the twelve months, whereas private banking posted a reduction, from €50.7m to €35.9m, due to a reduced contribution from the securities portfolio (net interest and treasury income).

WHOLESALE BANKING

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg. (%)
Net interest income	232.7	217.5	-6.5
Treasury income	1.4	166.8	n.m.
Net fee and commission income	225.4	259.3	15.0
TOTAL INCOME	**459.5**	**643.6**	**40.1**
Labour costs	(144.8)	(173.6)	19.9
Administrative expenses	(104.7)	(119.5)	14.1
OPERATING COSTS	**(249.5)**	**(293.1)**	**17.5**
Loan loss provisions	(233.1)	(74.0)	-68.3
Provisions for financial assets	(3.1)	0.5	n.m.
Other profits (losses)	—	—	n.m.
PROFIT BEFORE TAX	**(26.2)**	**277.0**	**n.m.**
Income tax for the period	(7.3)	(120.0)	n.m.
NET PROFIT	**(33.5)**	**157.0**	**n.m.**
Cost/Income (%)	54.3	45.5	

	30/6/14	30/6/15 q
Balance-sheet data		
Treasury funds	9,851.2	3,488.0
AFS securities	6,058.9	5,831.2
Fixed financial assets (HTM & LR)	5,000.8	4,946.3
Loans and advances to customers	21,591.5	23,719.6
of which: to Group companies	*9,114.1*	*10,015.2*
Funding	(40,522.2)	(35,863.6)
No. of staff	639	654

This division earned a net profit of €157m in the twelve months, compared with a €33.5m loss last year. The result reflects an increase in revenues, from €459.5m to €643.6m, and a reduction in the cost of risk, from €233.1m to €74m. The individual profit-and-loss account items performed as follows:

Net interest income – net interest income fell 6.5%, from €232.7m to €217.5m, due chiefly to the lower average lending volumes during the first six months of the year which gradually recovered in the second half. The reduction in funding charges was also offset by the reduced contribution from securities and derivatives.

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Interest receivable	1,532.6	1,204.9	-21.4%
Interest payable	(1,379.3)	(1,018.3)	-26.2%
Other (1)	79.4	30.9	-61.1%
Net interest income	**232.7**	**217.5**	**-6.5%**

(1) Includes margins on interest rate derivative contracts (heading 80) and the hedging effect (heading 90).

Net treasury income – net treasury income of €166.8m reflects trading profits of €92.1m (compared with a €43.6m loss last year) and gains of €74.1m on fixed-income trading involving banking book securities. The total includes €52.3m earned by the equity component and the overall valuation of forex positions (€55.7m), net of losses on buybacks of own securities (€13.7m).

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Profit (loss) on fixed-income trading	(48.0)	102.5	n.m.
of which: AFS	*45.8*	*74.7*	*63%*
Profit (loss) on equity trading	49.4	64.3	30%
Treasury income	**1.4**	**166.8**	**n.m.**

Net fee and commission income – the European investment banking scenario last year saw an upturn in M&A in Europe; growth on the Spanish market (where deals doubled in value), and the German and UK markets (up 47% and 225% respectively) was not matched in Italy, where an 11% contraction was recorded. Equity capital market activity more than doubled in Italy and Spain, while declining at the European level and in the United Kingdom, Germany and France in particular. Debt capital market activity slowed in the continental European countries, down by 40% in Italy and 22% in France, whereas signs of growth were seen in Germany (up 4%) and the U.K. (up 22%).

This market scenario drove 14% growth in fee income from M&A, from €36.6m to €41.8m, which was particularly significant in the non-domestic component (up from €13m to €22m), in particular in Germany (€11m), where Mediobanca assisted the Baumax group in its business rationalization process, and in Spain (€8m), where the Bank provided support to Rafael Del Pino in increasing his stake in Ferrovial and the Endesa reorganization. Revenues on the Italian market were largely unchanged at €20m, where some of the main deals included supporting Hines in the refinancing of the Porta Nuova Garibaldi fund, assisting Vodafone in its takeover of Cobra Automotive Technologies, and in the financial sector, acting as advisor to Banca Carige on the disposal of its insurance, leasing and factoring businesses, supporting Apax in the sale of Banca Farmafactoring, and Fortress in its acquisition of the UniCredit group credit management company UCCMB.

Net fee and commission income from equity capital market activity increased 30%, from €66m to €86m, for lead-managing or participating in 23 deals involving a total (without underwriting) of approx. €26bn (€19bn). In

Italy, Mediobanca lead-managed the main capital increases implemented by banks (Monte Paschi, Carige, Banca Popolare di Sondrio, BPER, Cattolica and Fineco); and participated in similar transactions for leading international financial institutions (Deutsche Bank, National Bank of Greece, Banco Comercial Portuguese and ING). In the industrial sector the main deals included Italcementi, Salini, Raiways and Axelero. Fees of some €20m (€28m) were earned from debt capital market activities during the twelve months, with senior roles in 40 bond issues (including 2i Rete Gas, Piaggio, Iren, APRR, A2A, Telecom Italia, Snam, Société Générale, Compagnie de Financement Foncier, Iccrea, UBI, Unipol, GTech, Commerzbank, CDP and Banco Popolare), for a total amount placed of approx. €21bn.

Overall net fee and commission income grew by 15%, from €225.4m to €259.3m, and broke down as follows:

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Lending	74.2	74.5	0.4%
M&A advisory	36.6	41.8	14.2%
Capital markets	92.1	106.6	15.7%
Markets, sales and other income	22.5	36.4	61.8%
Net fee and commission income	**225.4**	**259.3**	**15.0%**

Operating costs – operating costs rose by 17.5%, from €249.5m to €293.1m, due to the increase in the variable labour cost component mentioned above. Administrative expenses rose by 14.1%, reflecting the growth in the CIB platform outside Italy, and the strengthening of the control units and procedures in the IT component in particular (EDP and financial subscription charges).

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Labour costs	144.8	173.6	19.9%
Operating and sundry other expenses	104.7	119.5	14.1%
of which: EDP	*30.7*	*35.4*	*15.3%*
Financial information providers	*16.6*	*17.3*	*4.2%*
Legal, tax and professional services	*19.5*	*24.8*	*27.2%*
Operating costs	**249.5**	**293.1**	**17.5%**

Loan loss adjustments – the reduction in this item, from €233.1m to €74m, reflects the fall in the number of positions entering sub-standard status (one position compared with three, with an impact of €16.3m on the profit and loss account as opposed to €244.4m), and writebacks of €22m in respect of positions repaid in full.

Turning now to the balance-sheet items:

Loans and advances to customers – this item rose from €12.5bn to €13.7bn, on new loans of €5.4bn and despite early redemptions of €1.8bn. The process of increasing the international dimension of the loan book continued during the year under review, with the domestic share declining from 57% to 53%, while the share generated by countries where Mediobanca has a footprint through its own branches remained stable at 29.1% (29.9%). Non-performing loans totalled €426.8m (€403.5m), net of provisions totalling €492m (€388.9m) which account for 3.11% (3.23%) of the total loan book. The coverage ratio rose from 49% to 54%.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Italy	7,056.2	57%	6,729.5	49%	-4.6%
France	1,494.5	12%	1,837.3	13%	22.9%
Spain	518.4	4%	951.6	7%	83.6%
Germany	847.1	7%	782.9	6%	-7.6%
UK	842.6	7%	394.3	3%	-53.2%
Other non-resident customers	1,718.6	13%	3,008.8	22%	75.1%
Total loans and advances to customers	**12,477.4**	**100%**	**13,704.4**	**100%**	**9.8%**

Funding – funding declined by 11.6%, from €40.5bn to €35.9bn, the reduction involving both debt securities (down from €24.1bn to €20.6bn) and CheBanca! retail deposits (down from €8.7bn to €6.7bn). Recourse to ECB funding was virtually unchanged. A total of nine new issues were made during the twelve months, worth €3.2bn, against redemptions of €6.3bn, including €0.5bn in buybacks on the market.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Debt securities	24,082.4	59%	20,579.9	57%	-14.5%
Interbank funding	9,494.5	23%	8,026.9	22%	-15.5%
- of which: intercompany	*8,692.7*	*21%*	*6,742.9*	*19%*	*-22.4%*
T-LTRO/LTRO	5,500.0	14%	5,478.0	15%	-0.4%
Securitizations and other funds	1,475.3	4%	1,778.8	6%	20.6%
Total funding	**40,552.2**	**100%**	**35,863.6**	**100%**	**-11.6%**

Banking book debt securities – these decreased from €11.1bn to €10.8bn; during the twelve months there was an increase in holdings in non-Italian sovereign debt (chiefly Bund) and a reduction in those in Italian government securities. The €193m increase in unlisted debt securities was due to subscribing for a share in the securitization implemented by Group company Futuro (salary-backed finance).

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
AFS debt securities	6,058.9	55%	5,831.2	54%	-3.8%
Financial assets held to maturity	1,645.9	15%	1,302.8	12%	-20.8%
Unlisted debt securities (stated at cost)	3,354.9	30%	3,643.5	34%	8.6%
Total fixed and AFS securities	**11,059.7**	**100%**	**10,777.5**	**100%**	**-2.6%**

	30/6/14			30/6/15			Chg.
	Book Value	%	Total AFS reserve	Book Value	%	Total AFS reserve	Book Value
Italian government securities	4,466.8	40%	79.9	4,161.2	39%	79.9	-6.8%
Other government securities	121.3	1%	2.1	564.6	5%	2.1	n.m.
Financial bonds	5,244.7	47%	50.6	4,795.1	44%	50.6	-8.6%
– *of which: Italian*	4,249.8	38%	23.5	4,131.7	38%	23.5	-2.8%
Corporate bonds	1,226.9	12%	42.3	1,256.6	12%	42.3	2.4%
Total debt securities	**11,059.7**	**100%**	**174.9**	**10,777.5**	**100%**	**174.9**	**-2.6%**

Treasury assets - these declined from €9.9bn to €3.5bn, money market positions in particular (which reduced from €7.3bn to €1.1bn), as part of a drive towards more efficient liquidity management in a scenario where market interest rates are near zero.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Debt securities	1,958.2	20%	2,030.1	58%	3.7%
Equities	1,169.3	12%	876.1	25%	-25.1%
Derivative contract valuations	(752.7)	-8%	(555.3)	-16%	-26.2%
Others (repos, time deposits, derivatives etc.)	7,476.4	76%	1,137.1	33%	-84.8%
Total net treasury assets	**9,851.2**	**100%**	**3,488.0**	**100%**	**-64.6%**

* * *

PRIVATE BANKING

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg. (%)
Net interest income	40.3	33.7	-16.4
Treasury income	21.8	15.1	-30.7
Net fee and commission income	78.1	83.6	7.0
TOTAL INCOME	**140.2**	**132.4**	**-5.6**
Labour costs	(50.8)	(56.7)	11.6
Administrative expenses	(33.0)	(35.3)	7.0
OPERATING COSTS	**(83.8)**	**(92.0)**	**9.8**
Gain (losses) on disposal of AFS shares	2.2	2.6	18.2
Loan loss provisions	2.1	(0.9)	n.m.
Provisions for financial assets	(2.8)	(0.1)	n.m.
Other profits (losses)	(3.6)	(2.7)	-25.0
PROFIT BEFORE TAX	**54.3**	**39.3**	**-27.6**
Income tax for the period	(3.6)	(3.4)	-5.6
NET PROFIT	**50.7**	**35.9**	**-29.2**
Cost/Income ratio (%)	59.8	69.5	

	30/6/14	30/6/15
Balance-sheet data		
Treasury funds	870.4	1,602.4
AFS securities	753.8	772.5
Fixed financial assets (HTM & LR)	13.1	187.4
Loans and advances to customers	1,261.5	1,401.4
Funding	(2,416.2)	(3,169.9)
Assets under management	15,035.5	16,578.9
Securities held on a fiduciary basis	1,420.3	2,168.1
No. of staff	347	380

Private banking delivered a net profit of €35.9m, down 29.2% on the €50.7m reported last year due to a 5.6% decrease in revenues and 9.8% growth in costs. The top line in particular was hit by the 16.4% reduction in net interest income and a 30.7% fall in trading profits, which suffered from the lower returns on the securities portfolio, only in part offset by a 7% rise in fees. CMB contributed €34m to the bottom line, and Spafid €1.9m, while Banca Esperia's contribution was basically nil following one-off net tax charges of €2.7m. AuM on a discretionary/non-discretionary basis at the year-end totalled €16.6bn (€15bn), €7.8bn (€7.3bn) of which for CMB and €8.8bn (€7.7bn) for Banca Esperia.

PRINCIPAL INVESTING (EQUITY INVESTMENT PORTFOLIO)

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/145	Y.o.Y. chg.
Profit-and-loss data			
Treasury income	29.7	29.6	-0.3
Equity-accounted companies	258.6	223.9	-13.4
TOTAL INCOME	**288.3**	**253.5**	**-12.1**
Labour costs	(8.8)	(9.0)	2.3
Administrative expenses	(1.7)	(2.0)	17.6
OPERATING COSTS	**(10.5)**	**(11.0)**	**4.8**
Gain (losses) on disposal of AFS shares	240.2	123.4	-48.6
Provisions for financial assets	(25.3)	(20.8)	-17.8
PROFIT BEFORE TAX	**492.7**	**345.1**	**-30.0**
Income tax for the period	(43.4)	(9.7)	-77.6
NET PROFIT	**449.3**	**335.4**	**-25.4**
Balance-sheet data			
AFS securities	1,242.6	1,071.5	
Equity investments	2,775.2	3,318.1	

This division delivered a net profit of €335.4m in the twelve months (30/6/14: €449.3m), on lower gains on disposals of €123.4m (€240.2m) and a reduced contribution from Assicurazioni Generali (down from €261.1m to €224m). The equity investment disposal programme continued during the year under review, with the sales of the stake held in Telecom Italia deriving from the Telco demerger (yielding net proceeds of €128.1m), the 9.9% stake in Santé SA (€38.4m), and partial disposal of the Pirelli investment (€90.8m). Writedowns consisted of adjustments to the stakes in RCS MediaGroup (€9.5m) and Prelios (€2.2m), plus the unlisted investments in Edipower and Bisazza (€7.3m) and in real estate funds (€2m).

RETAIL AND CONSUMER BANKING (FINANCIAL SERVICES TO HOUSEHOLDS)

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg. (%)
Profit-and-loss data			
Net interest income	769.9	833.2	8.2
Treasury income	0.4	0.2	-50.0
Net fee and commission income	163.7	174.6	6.7
TOTAL INCOME	**934.0**	**1,008.0**	**7.9**
Labour costs	(150.7)	(157.6)	4.6
Administrative expenses	(285.4)	(290.6)	1.8
OPERATING COSTS	**(436.1)**	**(448.2)**	**2.8**
Loan loss provisions	(473.2)	(443.4)	-6.3
Provisions for financial assets	—	—	n.m.
Other profits (losses)	(5.0)	—	n.m.
PROFIT BEFORE TAX	**19.7**	**116.4**	**n.m.**
Income tax for the period	3.6	(36.0)	n.m.
NET PROFIT	**23.3**	**80.4**	**n.m.**
Cost/Income ratio (%)	46.7	44.5	

	12 mths ended 30/6/14	12 mths ended 30/6/15
Balance-sheet data		
Treasury funds	8,753.9	7,248.8
AFS securities	697.4	700.1
Fixed financial assets (HTM & LR)	1,528.2	1,264.5
Loans and advances to customers	14,269.5	15,512.1
Funding	(21,142.3)	(23,730.9)

This division reported a profit for the twelve months of €80.4m (representing the balance between the €94m profit earned in consumer finance and the €13.6m loss in retail banking), a strong improvement on the €23.3m reported last year, on 7.9% growth in revenues and a 6.2% reduction in loan loss provisions. Revenues passed the billion mark, coming in at €1,008m (€934m), driven by growth in net interest income from consumer finance operations (up 10.4%, from €628.8m to €694.1m) and net fee and commission income on the back of asset management and insurance business in retail banking (up 21.6%). The contribution by Creditech is also worth noting, which delivered a net profit of €11.9m after factoring operations were launched in the course of the year (with accounts outstanding of €157.8m at the reporting date, on turnover of €454.1m).

CONSUMER BANKING

			(€m)
	12 mths ended 30/6/14	**12 mths ended 30/6/15**	**Chg. (%)**
Net interest income	628.8	694.1	10.4
Treasury income	—	0.2	n.m.
Net fee and commission income	141.0	147.0	4.3
TOTAL INCOME	**769.8**	**841.3**	**9.3**
Labour costs	(90.1)	(96.6)	7.2
Administrative expenses	(187.0)	(191.0)	2.1
OPERATING COSTS	**(277.1)**	**(287.6)**	**3.8**
Loan loss provisions	(445.3)	(423.0)	-5.0
PROFIT BEFORE TAX	**47.4**	**130.7**	**n.m.**
Income tax for the period	1.0	(36.7)	n.m.
NET PROFIT	**48.4**	**94.0**	**n.m.**
Cost/Income ratio (%)	36.0	34.2	

	30/6/14	**30/6/15**
Balance-sheet data		
Treasury funds	270.4	612.6
AFS securities	102.3	87.9
Fixed financial assets (HTM & LR)	0.8	0.9
Loans and advances to customers	9,876.9	10,906.3
Funding	(9,660.7)	(10,884.4)
New loans	5,466.7	6,235.3
No. of branches	158	164
No. of staff	1,479	1,540

Consumer banking operations recorded a €94m net profit in the twelve months under review, almost double the €48.4m posted last year, reflecting growth in revenues of 9.3% and a reduction in loan loss provisions, from €445.3m to €423m, €40m of which in non-recurring collective charges to the performing portfolio in the first six months of the year. The growth in revenues, from €769.8m to €841.3m, reflects the increases posted by all the main income items: net interest income was up 10.4%, on higher lending volumes, with the cost of funding gradually reducing; fee income also rose, by 4.3% including Creditech (with fees up €4.8m, split between factoring and credit management). The 3.8% increase in operating costs is indicative of growth in the business. Loans and advances to customers at the reporting date were up 10.4%, from €9,876.9m to €10,906.3m, and new loans for the period were up 14.1% (from €5,466.7m to €6,235.3m). The improvement in the risk profile can be seen measured by the decline in non-performing loans from €342.1m to €302.4m, which represent 2.8% of total loans, with the coverage ratio rising from 64% to 68% while the coverage ratio for performing loans climbed from 0.8% to 1.3%. Overall the cost of risk fell from 461 bps to 369 bps (407 bps if the non-recurring charges referred to above are included).

RETAIL BANKING

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg. (%)
Net interest income	141.1	139.1	-1.4
Treasury income	0.4	—	n.m.
Net fee and commission income	22.7	27.6	21.6
TOTAL INCOME	**164.2**	**166.7**	**1.5**
Labour costs	(60.6)	(61.0)	0.7
Administrative expenses	(98.4)	(99.6)	1.2
OPERATING COSTS	**(159.0)**	**(160.6)**	**1.0**
Loan loss provisions	(27.9)	(20.4)	-26.9
Other profits (losses)	(5.0)	—	n.m.
PROFIT BEFORE TAX	**(27.7)**	**(14.3)**	**-48.4**
Income tax for the period	2.6	0.7	-73.1
NET PROFIT	**(25.1)**	**(13.6)**	**-45.8**
Cost/Income ratio (%)	96.8	96.3	

	30/6/14	30/6/15
Balance-sheet data		
Treasury funds	8,483.5	6,636.2
AFS securities	595.1	612.2
Fixed financial assets (HTM & LR)	1,527.4	1,263.6
Loans and advances to customers	4,392.6	4,605.8
Retail funding	(11,481.6)	(9,634.8)
New loans	467.0	656.3
No. of branches	57	57
No. of employees	886	941

Retail banking showed a net loss of €13.6m, just over half the amount reported at the same stage last year (€25.1m). The result reflects revenues and costs which were both basically flat, on lower loan loss provisions of €20.4m (€27.9m), and the absence of non-recurring charges (unlike last year, when a €5m contribution was made to the interbank deposit protection fund in connection with the Banca Tercas bail-out). Revenues were up 1.5%, from €164.2m to €166.7m, with fees increasing 21.6% driven by asset management and insurance products which generated €12.2m (versus €0.4m last year), on AuM which at end-June 2015 were near €2bn (30/6/14: €1.946,2m). The planned reduction in retail funding, from €11,481.6m to €9.634,8m, was largely offset by the rise in indirect funding (from €1,465.6m to €2,853.1m); the share represented by current accounts rose strongly, from €914m to €2,011.8m. Mortgage loans were up 4.9%, from €4,392.6m to €4,605.8m, with new loans up 40% (from €467m to €656m) in a favourable market scenario; non-performing loans were basically flat, at €150.1m (€145.2m), as was their coverage ratio at 47% (48%).

LEASING

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg. (%)
Net interest income	46.7	55.0	17.8
Treasury income	(0.1)	(0.1)	n.m.
Net fee and commission income	(0.4)	0.3	n.m.
TOTAL INCOME	**46.2**	**55.2**	**19.5**
Labour costs	(15.6)	(14.2)	-9.0
Administrative expenses	(12.4)	(14.8)	19.4
OPERATING COSTS	**(28.0)**	**(29.0)**	**3.6**
Loan loss provisions	(32.8)	(15.3)	-53.4
Other profits (losses)	2.1	—	n.m.
PROFIT BEFORE TAX	**(12.5)**	**10.9**	**n.m.**
Income tax for the period	3.0	(4.5)	n.m.
Minority interest	3.4	(3.1)	n.m.
NET PROFIT	**(6.1)**	**3.3**	**n.m.**
Cost/Income ratio (%)	60.6	52.5	

	30/6/14	30/6/15
Balance-sheet data		
Treasury funds	111.8	138.2
Loans and advances to customers	3,001.7	2,760.8
Funding	(2,994.6)	(2,775.5)
New loans	388.0	480.0
No. of employees	145	144

This business reported a profit for the year of €3.3m, compared with a €6.1m loss last year, on 19.5% growth in revenues, with loan loss provisions more than halving (from €46.2m to €55.2m), reflecting a 17.8% increase in net interest income, boosted by the reduced cost of funding despite lower business volumes. Accounts outstanding declined for the twelve months, from €3,001.7m to €2,760.8m, despite new business rising from €388m to €480m. The cost of risk returned to negligible levels (53 bps), with NPLs up slightly, by 4.1% (from €259.2m to €269.8m) and the coverage ratio unchanged at 30%.

***

The financial highlights for the other Group companies during the twelve months under review are shown below:

Company	Percentage shareholding *	Business line	Total assets	Loans and advances to customers	Total net equity	No. of employees
Mediobanca International	100%	WSB	4,075.6	2,965.3	264.8	7
Prominvestment (in liquidazione)	100%	WSB	4.9	4.4	(2.5)	6
Mediobanca Securities (dati in USD/1000)	100%	WSB	6.7	—	2.9	4
Consortium	100%	WSB	0.2	—	0.2	—
Mediobanca Immobilierè	100%	WSB	2.0	—	1.6	—
Mediobanca Turchia (dati in TRY/1000)	100%	WSB	2.9	—	6.9	8
Mediobanca Messico (dati in MXN/1000)	100%	WSB	14.1	—	16.3	4
Compagnie Monégasque de Banque	100%	PB	3,165.1	912.4	660.4	206
Banca Esperia	50%	PB	1,687.5	978.1	182.7	268
Spafid	100%	PB	53.0	—	39.9	38
Spafid Connect (*)	100%	PB	0.7	—	0.5	6
Compass	100%	Consumer	10,441.6	9,111.0	1,191.9	1.294
Futuro	100%	Consumer	1,568.6	1,271.2	49.9	72
Creditech	100%	Consumer	575.9	524.2	71.3	179
Quarzo Srl	90%	Consumer	0.3	—	—	—
Quarzo CQS Srl	90%	Consumer	0.1	—	—	—
Compass RE	100%	Consumer	235.8	—	59.6	1
CheBanca!	100%	Retail	13,338.2	4,605.8	239.0	941
Mediobanca Covered	90%	Retail	0.3	—	0.1	—
Selma Bipiemme Leasing	60%	Leasing	1,674.6	1,390.1	64.4	85
Palladio Leasing	60%	Leasing	1,354.5	1,313.2	108.4	58
Teleleasing (in liquidazione)	48%	Leasing	121.5	57.6	107.3	2
Quarzo Lease	90%	Leasing	0.5	0.4	—	—
Mediobanca Innovation Services	100%	Other	73.5	—	37.7	161
Ricerche e Studi	100%	Other	1.0	—	0.1	14
Telco MB	100%	PI	13.0	—	—	—
Sinto MB	100%	PI	496.7	—	493.0	—

* Taking into account the put and call option which is exercisable as from the fifth anniversary of the execution date for the transaction.

Company	Percentage shareholding *	Business line	Total income	Operating costs	Loss provisions	Gain/(loss) for the period
Mediobanca International	100%	WSB	35.6	(6.0)	0.3	23.9
Prominvestment (in liquidazione)	100%	WSB	0.1	(0.9)	—	(0.8)
Mediobanca Securities (dati in USD/1000)	100%	WSB	3.4	(2.5)	—	0.8
Consortium	100%	WSB	—	—	—	—
Mediobanca Immobilierè	100%	WSB	0.2	(0.1)	—	—
Mediobanca Turchia (dati in TRY/1000)	100%	WSB	0.2	(4.6)	—	(4.4)
Mediobanca Messico (dati in MXN/1000)	100%	WSB	—	(2.5)	—	(2.5)
Compagnie Monégasque de Banque	100%	PB	81.1	(47.8)	(0.1)	35.2
Banca Esperia	50%	PB	87.5	(73.9)	(1.6)	0.1
Spafid	100%	PB	7.6	(5.9)	—	1.9
Spafid Connect (*)	100%	PB	—	—	—	—
Compass	100%	Consumer	738.1	(257.0)	(408.2)	53.7
Futuro	100%	Consumer	34.8	(14.4)	(5.2)	10.1
Creditech	100%	Consumer	46.7	(21.5)	(9.9)	11.3
Quarzo Srl	90%	Consumer	0.1	(0.1)	—	—
Quarzo CQS Srl	90%	Consumer	—	—	—	—
Compass RE	100%	Consumer	28.0	(0.4)	—	19.2
CheBanca!	100%	Retail	166.7	(158.9)	(20.4)	(12.8)
Mediobanca Covered	90%	Retail	0.1	(0.1)	—	—
Selma Bipiemme Leasing	60%	Leasing	24.6	(19.0)	(7.3)	(2.3)
Palladio Leasing	60%	Leasing	24.5	(7.7)	(9.0)	5.6
Teleleasing (in liquidazione)	48%	Leasing	7.8	(3.7)	1.1	3.4
Quarzo Lease	90%	Leasing	0.1	(0.1)	—	—
Mediobanca Innovation Services	100%	Other	47.7	(47.6)	—	—
Ricerche e Studi	100%	Other	1.9	(1.9)	—	—
Telco MB	100%	PI	13.0	—	—	13.0
Sinto MB	100%	PI	—	—	—	—

* Taking into account the put and call option which is exercisable as from the fifth anniversary of the execution date for the transaction.

With reference to the accounts for CMB and Banca Esperia:

- on 26 March 2015, Banca Esperia approved its consolidated financial statements for FY 2014 which show a net profit of €1.8m, in line with the previous year's result (€1.9m), boosted by total income rising from €88.4m to €96.8m, due to higher net fees of €62.6m (€48.2m), which were partly offset by a lower contribution from the proprietary portfolio of €18.3m (€23.6m) and the reduction in net interest income (from €16.2m to €12.5m). Loan loss provisions for the year of €2m were recorded, along with a €5.5m charge taken to the provision for risks and charges, and legal and one-off expenses (for disputes with customers) totalling €7.5m. Assets under management grew from €15.3bn to €16.1bn;
- on 29 April 2015 Compagnie Monégasque de Banque approved its consolidated financial statements for FY 2014 which reflect a net profit of €43.4m, compared with €44.3m last year (which included €3m in non-recurring income). Total income rose from €83.9m to €89.3m, with all items contributing: net interest income rose from €26m to €28.3m, net fee and commission income from €44.8m to €48m, and treasury gains from €15.9m to €17.7m. Conversely, costs rose from €43.6m to €46.3m. Loans and advances to customers rose during the twelve months, from €760.7m to €844m, as did securities (from €1,144.5m to €1,582m), matched by the rise in funding from €1,565.8m to €1,865.3m. Assets under management amounted to €7.2bn (€6.9bn).

Other information

Related party disclosure

Financial accounts outstanding as at 30 June 2015 between companies forming part of the Mediobanca Group and related parties, and transactions undertaken between such parties during the financial year, are illustrated in Part H of the notes to the accounts, along with all the information required in respect of transparency pursuant to Consob resolution 17221 issued on 12 March 2010.

All such accounts form part of Group companies' ordinary operations, are maintained on an arm's length basis, and are entered into solely in the interests of the companies concerned. No atypical or irregular transactions have been entered into with such counterparties.

Article 36 of Consob's market regulations

With reference to Article 36 of Consob resolution 16191/07 (Market Regulations) on the subject of prerequisites for listing in respect of parent companies incorporated or regulated by the laws of EU member states and relevant to the preparation of the consolidated accounts, Compagnie Monégasque de Banque is covered by this regulatory provision, and adequate procedures have been adopted to ensure full compliance with the foregoing regulation.

Principal risks facing the Group

In addition to the customary information on financial risks (credit, market, liquidity and operational risks), the notes to the accounts contain an indication of the other risks to which the Group is exposed in the course of its business, as they emerged from the ICAAP process now required by the regulations in force.

In particular, this involves concentration risk in the Group's corporate finance activities towards Italian groups, its presence in the retail banking and consumer finance business on the domestic market, and its exposure to market volatility in respect of its securities portfolio in the wholesale banking and principal investing divisions.

Research

R&S has continued its analysis of companies and capital markets as in the past. R&S produced the thirty-ninth edition of its Annual Directory, which includes analysis of leading Italian listed companies, and published the profiles of over a hundred other industrial and financial groups online. The second edition of the study of local utilities owned by the leading municipalities and the nineteenth edition of R&S's survey of the world's leading industrial and service multinationals have been published, as has the thirteenth edition of the survey of the leading European banks, the fourth edition of the review of industrial companies in southern Italy on behalf of the Fondazione Ugo La Malfa, and – in conjunction with I*l Sole 24 Ore* – the quarterly analyses of blue chip companies' results.

Credit rating

The long-term rating assigned by Standard & Poor's to Mediobanca is BBB- with stable outlook, while the short-term rating is A-3 (both aligned with the Italy sovereign risk). On 16 April 2015 Fitch Ratings assigned Mediobanca a long-term rating of BBB+ with stable outlook (short-term rating F2).

Tax litigation

As at 30 June 2015 the Mediobanca Group had cases pending, in respect of higher tax worth a notified amount of €37.2m, plus interest and fines. All the cases involve disputes with the Italian tax revenue authority and regard:

– fourteen claims in respect of allegedly non-existent leasing transactions, involving higher tax worth a notified amount of €35.6m (€31.8m by way of VAT and €3.8m IRES/IRAP); €24.1m of this amount involves leases on yachts, while the remainder involves real estate and brands [1];

– other minor items involving higher tax worth a notified amount of €1.7m.

[1] These include the claim for the 2005 and 2006 tax periods in respect of certain allegedly non-existent transactions involving brands and real estate leases (involving higher amounts of VAT, IRES and IRAP tax totalling €11.1m), which the Italian tax revenue authorities has appealed to the supreme court despite losing at both levels so far. Mediobanca only learnt of this appeal at a late stage, hence the claim was stated as having been dismissed in the financial statements for the six months ended 31 December 2014.

In the year under review, the Milan tax office waived its €30.5m claims made in connection with losses on Compass receivables in the 2007/08 financial year in respect of withholding tax on loans from Mediobanca (€3.8m), thereby ending the dispute.

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.

Litigation pending

The most significant litigation pending against Mediobanca is as follows:

- the proceedings initiated against Mediobanca relating to the Bank's alleged failure, jointly with other parties, to launch a full takeover bid for La Fondiaria in 2002. A total of sixteen cases were brought, six of which are still pending, another six settled out of court during the year under review, and four settled the previous year (three out of court and the other statute-barred). The total amount of the six claims still pending is some €68m (plus interest and expenses); Mediobanca's share in this would be approx. €23m (plus interest and expenses). The present status of the trials in respect of these claims is as follows:
  - five claims, in which the court of appeals has ruled in favour of Mediobanca, are pending at the court of cassation;
  - one claim, in which the ruling went against Mediobanca, is pending before the court of appeals in Milan;
- the case pending with the court of Milan for damages totalling €134.4m in connection with the Burani group bankruptcies for Mediobanca's alleged role as advisor on the takeover bid concerned. Mediobanca, cited by Centrobanca, has appeared in court and has pleaded not guilty, on the grounds that its activity as advisor consisted exclusively of preparing one analysis (defined as "Discussion material") on behalf of Burani Designer Holding NV, regarding the principal impact of the takeover bid in financial terms;
- one claim filed with the court of Siena for damages in an amount of €286m by the Fondazione Monte dei Paschi di Siena, for an alleged non-contractual liability, jointly with the other thirteen lender banks, in connection with the

execution of a loan granted to Fondazione Monte dei Paschi di Siena in June 2011.

There is no other significant litigation pending at present.

The provision for risks and charges amply covers any charges that may be payable as a result of the claims made against Mediobanca and the Group companies.

Outlook

Estimates for the current financial year continue to depend heavily on the interest rate scenario, which remains at historically low levels, and on expectations of recovery on the domestic and European market. In this scenario, corporate lending is expected to grow slightly, with consumer finance stable and mortgage lending increasing. The trends witnessed last year should therefore continue: growth in net interest income driven by retail business, and a healthy performance by fees on a reducing cost of risk. The cost/income ratio should reflect further strengthening in of the IT and risk management processes, while the profit for the twelve months should include the proceeds of the planned sale of a 3% stake in Assicurazioni Generali.

Reconciliation of shareholders' equity and net profit

(€000)

	Shareholders' equity	Net profit (loss)
Balance at 30/6 as per Mediobanca S.p.A. accounts	4,856,694	333,046
Net surplus over book value for consolidated companies	14,822	157,411
Differences on exchange rates originating from conversion of accounts made up in currencies other than the Euro	13	—
Other adjustments and restatements on consolidation, including the effects of accounting for companies on an equity basis	3,297,802	99,294
Dividends received during the period	—	—
Total	**8,169,331**	**589,751**

Milan, 22 September 2015

THE BOARD OF DIRECTORS

DECLARATION BY HEAD
OF COMPANY FINANCIAL REPORTING

DECLARATION IN RESPECT OF CONSOLIDATED FINANCIAL STATEMENTS as required by Article 81-ter of Consob resolution no. 11971 issued on 14 May 1999 as amended

1. The undersigned Alberto Nagel and Massimo Bertolini, in their respective capacities as Chief Executive Officer and Head of Company Financial Reporting of Mediobanca, hereby declare and in view inter alia of the provisions contained in Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58/98, that the administrative and accounting procedures used in the preparation of the consolidated financial statements:
   - were adequate in view of the company's characteristics are adequate; and
   - were effectively applied during the year ended 30 June 2014.
2. Assessment of the adequacy of said administrative and accounting procedures for the preparation of the consolidated financial statements as at 30 June 2014 was based on a model defined by Mediobanca in accordance with benchmark standards for internal control systems which are widely accepted at an international level (i.e. the CoSO and CobiT frameworks).
3. It is further hereby declared that

   3.1 the consolidated financial statements:
   - have been drawn up in accordance with the International Financial Reporting Standards adopted by the European Union pursuant to CE regulation no. 1606/02 issued by the European Parliament and Council on 19 July 2002;
   - correspond to the data recorded in the company's books and accounts ledgers;
   - are adequate for the purpose of providing a truthful and accurate representation of the capital, earnings and financial situation of the issuer and the group of companies included within its area of consolidation.

   3.2 the review of operations contains reliable analysis of the Group's operating performance and results, and of the situation of Mediobanca S.p.A. and the group of companies comprised within its area of consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Milan, 17 September 2015

Chief Executive Officer	Head of Company Financial Reporting
Alberto Nagel	*Massimo Bertolini*

EXTERNAL AUDITORS' REPORT

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Mediobanca SpA

1 We have audited the consolidated financial statements of Mediobanca SpA and its subsidiaries ("Mediobanca Group") as of 30 June 2015 which comprise the balance sheet, the profit and loss account, the comprehensive profit and loss account, the statement of changes to net equity, the cash flows statement and the related notes to the accounts. The directors of Mediobanca SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 1 October 2014.

3 In our opinion, the consolidated financial statements of the Mediobanca Group as of 30 June 2015 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the Mediobanca Group for the period then ended.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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4 The directors of Mediobanca SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of Mediobanca SpA as of 30 June 2015.

Milan, 2 October 2015

PricewaterhouseCoopers SpA

Signed by

Marco Palumbo
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

(€ 000)

Assets	30/6/15	30/6/14
10. Cash and cash equivalents	49,027	33,947
20. Financial assets held for trading	11,860,786	12,406,967
30. Financial assets at fair value through profit or loss	—	—
40. Financial assets available for sale	8,063,138	8,418,488
50. Financial assets held to maturity	1,311,696	1,659,818
60. Due from banks	6,078,256	5,287,754
70. Due from customers	37,122,531	36,623,531
80. Hedging derivatives	754,941	1,008,609
90. Adjustment of hedging financial assets(+/-)	—	—
100. Equity investments	3,411,360	2,871,375
110. Reinsured portion of technical reserves	—	—
120. Property, plant and equipment	308,618	306,066
130. Intangible assets	410,256	409,375
of which:		
– goodwill	*374,098*	*365,934*
140. Tax assets:	954,206	1,028,814
a) current	*218,554*	*317,542*
b) advance	*735,652*	*711,272*
of which under L. 214/2011	*627,793*	*588,140*
150. Loanss classified as held for sale	—	—
160. Other assets	385,803	409,244
Total assets	**70,710,618**	**70,463,988**

(€ 000)

Liabilities and net equity	30/6/15	30/6/14
10. Due to banks	14,303,929	11,459,800
20. Due to customers	16,873,388	16,475,388
30. Debt securities in issue	20,154,478	23,330,028
40. Trading liabilities	8,598,931	9,277,161
50. Financial liabilities designed at Fair Value FV	—	—
60. Hedging derivatives	291,201	353,451
70. Adjustment of hedging financial assets	—	—
80. Tax liabilities:	624,961	590,240
a) current	*259,893*	*229,121*
b) deferred	*365,068*	*361,119*
90. Adjustment of hedging financial assets	—	—
100. Other liabilities	684,145	716,558
110. Staff severance indemnity provision	26,655	28,737
120. Provisions:	157,938	166,292
a) post-employment and similar benefits	—	—
b) other provisions	*157,938*	*166,292*
130. Insurance reserve	127,894	123,664
140. Revaluation reserves	1,435,525	869,704
150. Share capital repayable on demand	—	—
160. Share capital repayable on demand	—	—
170. Reserves	4,354,406	4,150,374
175. Dividends' advances	—	—
180. Share premium reserve	2,144,489	2,121,819
190. Share capital	433,599	430,703
200. Treasury shares	(198,688)	(199,233)
210. Minority interest	108,016	104,525
220. Profit for the period	589,751	464,777
TOTAL LIABILITIES AND NET EQUITY	**70,710,618**	**70,463,988**

Consolidated Profit-And-Loss Account

(€ 000)

Item		30/6/15	30/6/14
10.	Interest and similar income	2,091,568	2,379,983
20.	Interest expense and similar charges	(949,055)	(1,319,051)
30.	**Net interest income**	**1,142,513**	**1,060,932**
40.	Fee and commission income	425,963	391,873
50.	Fee and commission expense	(59,678)	(57,072)
60.	**Net fee and commission income**	**366,285**	**334,801**
70.	Dividends and similar income	47,619	84,841
80.	Net trading income	98,922	(39,535)
90.	Net hedging income (expense)	(1,075)	(2,714)
100.	Gain (loss) on disposal/repurchase of:	122,417	224,737
	a) loans and advances	(49,894)	(48,057)
	b) AFS securities	166,110	291,834
	c) financial assets held to maturity	19,891	(1,518)
	d) financial liabilities	(13,690)	(17,522)
120.	**Total income**	**1,776,681**	**1,663,062**
130.	Adjustments for impairment to:	(488,125)	(699,853)
	a) loans and advances	(469,450)	(682,325)
	b) AFS securities	(20,976)	(8,724)
	c) financial assets held to maturity	898	(2,771)
	d) financial liabilities	1,403	(6,033)
140.	**Net income from financial operations**	**1,288,556**	**963,209**
150.	Premiums earned (net)	42,017	37,974
160.	Other income (net) from insurance activities	(17,752)	(18,057)
170.	**Net profit from financial and insurance activities**	**1,312,821**	**983,126**
180.	Administrative expenses:	(874,611)	(811,044)
	a) personnel costs	*(419,282)*	*(378,965)*
	b) other administrative expenses	*(455,329)*	*(432,079)*
190.	Net transfers to provisions	(3,905)	(2,630)
200.	Net adjustments to tangible assets	(19,163)	(18,249)
210.	Net adjustments to intangible assets	(23,694)	(22,812)
220.	Other operating income (expense)	141,722	127,790
230.	**Operating costs**	**(779,651)**	**(726,945)**
240.	Gain (loss) on equity investments	223,933	244,922
270.	Gain (loss) on disposal of investments in:	(17)	(56)
280.	**Profit (loss) on ordinary activities before tax**	**757,086**	**501,047**
290.	Income tax for the year on ordinary activities	(164,241)	(39,680)
300.	**Profit (loss) on ordinary activities after tax**	**592,845**	**461,367**
310.	**Gain (losses) on disposal of investments after taxes**	**-**	**-**
320.	**Net profit (loss) for the period**	**592,845**	**461,367**
330.	Net profit (loss) for the period attributable to minorities	(3,094)	3,410
340.	**Net profit (loss) for the period attributable to Mediobanca**	**589,751**	**464,777**

Consolidated Comprehensive Profit-And-Loss Accounts

(€ 000)

		30/6/15	30/6/14
10.	Profit (loss) for the period	592,845	461,367
	Other income items net of tax without passing through profit and loss	**(126,015)**	**17,275**
20.	Property, plant and equipment	—	—
30.	Intangible assets	—	—
40.	Defined benefit schemes	462	(1,778)
50.	Non-current assets being sold	—	—
60.	Share of valuation reserves attributable to equity-accounted companies	(126,477)	19,053
	Other income items net of tax passing through profit and loss	**692,233**	**547,241**
70.	Foreign investments hedges	—	—
80.	Exchange rate differences	123	(110)
90.	Cash flow hedges	29,998	32,350
100.	AFS financial assets	(52,214)	340,211
110.	Non-current assets being sold		
120.	Share of valuation reserves attributable to equity-accounted companies	714,326	174,790
130.	**Total other income items, net of tax**	**566,218**	**564,516**
140.	Comprehensive income (headings 10 + 130)	1,159,063	1,025,883
150.	Minority interests in consolidated comprehensive income	3,491	(2,941)
160.	Consolidated comprehensive income attributable to Mediobanca Group	1,155,572	1,028,824

Statement of Changes to Consolidated Net Equity

(€ 000)

	Previously reported balance at 30/6/14	Allocation of profit for previous period		Changes during the reference period								Overall consolidated profit 2015	Total net equity at 30/6/15	Net equity attributable to the group at 30/6/15	Net equity attributable to the minorities at 30/6/15
					Transactions involving net equity										
		Reserves	Dividends and other fund applications	Changes to reserves	New shares issued	Treasury shares acquired	Extra-ordinary dividend payouts	Changes to equity instruments	Treasury shares derivates	Stock options [1]	Changes in equity intruments				
Share capital:	455,651	—	—	—	2,897	—	—	—	—	—	—	—	458,548	433,599	24,949
a) ordinary shares	455,651	—	—	—	2,897	—	—	—	—	—	—	—	458,548	433,599	24,949
b) other shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share premium reserve	2,129,035	(4,430)	—	—	22,670	—	—	—	—	—	—	—	2,147,275	2,144,489	2,786
Reserves:	4,229,465	465,797	(126,849)	(147,885)	(1,017)	(545)	—	—	—	15,550	—	—	4,434,516	4,354,406	80,110
a) retained earnings	4,146,136	465,797	(126,849)	(147,885)	(1,017) ([2])	—	—	—	—	—	—	—	4,336,182	4,256,072	80,110
b) others	83,329	—	—	—	—	(545)	—	—	—	15,550	—	—	98,334	98,334	—
Valuation reserves	866,384	—	—	—	—	—	—	—	—	—	—	566,218	1,432,602	1,435,525	(2,923)
Equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Treasury shares	(199,233)	—	—	—	—	545	—	—	—	—	—	—	(198,688)	(198,688)	—
Profit (loss) for the period	461,367	(461,367)	—	—	—	—	—	—	—	—	—	592,845	592,845	589,751	3,094
Total net equity	7,942,669	—	(126,849)	(147,885)	24,550	—	—	—	—	15,550	—	1,159,063	8,867,098	X	X
Net equity attributable to the group	7,838,144	—	(126,849)	(147,885)	24,550	—	—	—	—	15,550	—	1,155,572	X	8,759,082	X
Net equity attributable to minorities	104,525	—	—	—	—	—	—	—	—	—	—	3,491	X	X	108,016

[1] Represents the effect on the stock options and performance shares related to the ESOP schemes.

[2] Free equity granting following the performance shares scheme.

Statement of Changes to Consolidated Net Equity

(€ 000)

	Previously reported balance at 30/6/13	Allocation of profit for previous period		Changes during the reference period								Overall consolidated profit 2014	Total net equity at 30/6/14	Net equity attributable to the group at 30/6/14	Net equity attributable to the minorities at 30/6/14
					Transactions involving net equity										
		Reserves	Dividends and other fund applications	Changes to reserves	New shares issued	Treasury shares acquired	Extraordinary dividend payouts	Changes to equity instruments	Treasury shares derivates	Stock options [1]	Changes in equity instruments				
Share capital:	455,513	—	—	—	138	—	—	—	—	—	—	—	455,651	430,703	24,948
a) ordinary shares	455,513	—	—	—	138	—	—	—	—	—	—	—	455,651	430,703	24,948
b) other shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share premium reserve	2,127,359	—	—	—	1,676	—	—	—	—	—	—	—	2,129,035	2,121,819	7,216
Reserves:	4,457,571	(180,344)	—	(45,313)	—	(14,611)	—	—	—	12,162	—	—	4,229,465	4,150,374	79,091
a) retained earnings	4,371,793	(180,344)	—	(45,313)	—	—	—	—	—	—	—	—	4,146,136	4,067,045	79,091
b) others	85,778	—	—	—	—	(14,611)	—	—	—	12,162	—	—	83,329	83,329	—
Valuation reserves	301,868	—	—	—	—	—	—	—	—	—	—	564,516	866,384	869,704	(3,320)
Equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Treasury shares	(213,844)	—	—	—	—	14,611	—	—	—	—	—	—	(199,233)	(199,233)	—
Profit (loss) for the period	(180,344)	180,344	—	—	—	—	—	—	—	—	—	461,367	461,367	464,777	(3,410)
Total net equity	6,948,123	—	—	(45,313)	1,814	—	—	—	—	12,162	—	1,025,883	7,942,669	X	X
Net equity attributable to the group	6,840,657	—	—	(45,313)	1,814	—	—	—	—	12,162	—	1,028,824	X	7,838,144	X
Net equity attributable to minorities	107,466	—	—	—	—	—	—	—	—	—	—	(2,941)	X	X	104,525

[1] Represents the effect on the stock options and performance shares related to the ESOP schemes.

Consolidated Cash Flow Statement Direct Method

(€ 000)

	Amounts	
	30/6/15	**30/6/14**
A. Cash flow from operating activities		
1. Operating activities	**400,015**	**450,109**
- interest received	3,864,854	4,371,524
- interest paid	(2,796,518)	(3,358,794)
- dividends and similar income	69,707	84,828
- net fees and commission income	179,781	103,909
- cash payments to employees	(304,588)	(295,120)
- net premium income	39,329	55,967
- other premium from insurance activities	(156,740)	(150,846)
- other expenses paid	(1,058,245)	(1,016,352)
- other income received	611,807	913,511
- income taxes paid	(49,372)	(258,518)
- net expense/income from groups of assets being sold	—	—
2. Cash generated/absorbed by financial assets	**(237,925)**	**6,680,698**
- financial assets held for trading	816,239	1,831,864
- financial assets recognized at fair value	—	—
- AFS securities	443,613	3,761,031
- due from customers	(1,237,645)	(358,331)
- due from banks: on demand	1,494,866	1,602,058
- due from banks: other	(1,507,133)	(31,255)
- other assets	(247,865)	(124,669)
3. Cash generated/absorbed by financial liabilities	**(481,686)**	**(6,968,084)**
- due to banks: on demand	1,190,620	(399,103)
- due to banks: other	1,068,508	(1,033,092)
- due to customers	995,664	(314,794)
- debt securities	(3,069,120)	(4,377,616)
- trading liabilities	(700,223)	(804,492)
- financial liabilities assets recognized at fair value	—	—
- other liabilities	32,865	(38,987)
Net cash flow (outflow) from operating activities	**(319,596)**	**162,723**
B. Investment activities		
1. Cash generated from	**586,020**	**200,526**
- disposals of shareholdings	—	15,970
- dividends received in respect of equity investments	123,657	92,890
- disposals/redemptions of financial assets held to maturity	462,047	91,396
- disposals of tangible assets	316	92
- disposals of intangible assets	—	178
- disposals of subsidiaries or business units	—	—
2. Cash absorbed by	**(149,044)**	**(359,958)**
- acquisitions of shareholdings	—	—
- acquisitions of held-to-maturity investments	(101,336)	(310,953)
- acquisitions of tangible assets	(22,373)	(28,961)
- acquisitions of intangible assets	(24,595)	(20,044)
- acquisitions of subsidiaries or business units	(740)	—
- Net cash flow (outflow) from investment/servicing of finance	**436,976**	**(159,432)**
C. Funding activities		
- issuance/acquisition of treasury shares	24,549	1,814
- issuance/acquisitions of equity instruments	—	—
- dividends payout and other applications of funds	(126,849)	—
Net cash flow (outflow) from funding activities	**(102,300)**	**1,814**
Net cash flow (outflow) during period	**15,080**	**5,105**

Reconciliation of Movements in Cash Flow during the Period

(€ 000)

	Amounts	
	30/6/15	30/6/14
Cash and cash equivalents: balance at start of period	33,947	28,842
Total cash flow (ouflow) during period	15,080	5,105
Cash and cash equivalents: exchange rate effect	—	—
Cash and cash equivalents: balance at end of period	49,027	33,947

NOTES TO THE ACCOUNTS

NOTES TO THE ACCOUNTS

Part A - Accounting policies

A.1 - General policies

SECTION 1

Statement of conformity with IAS/IFRS

The Mediobanca Group's consolidated financial statements for the period ended 30 June 2015 have, as required by Italian Legislative Decree 38/05, been drawn up in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), and the respective interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), which were adopted by the European Commission in accordance with the procedure laid down in Article 6 of regulation CE 1606/02 issued by the European Parliament and Council on 19 July 2002. The consolidated financial statements for the period ended 30 June 2015 have also been prepared on the basis of the "Instructions on preparing statutory and consolidated financial statements for banks and financial companies which control banking groups" issued by the Bank of Italy in its circular no. 262 on 22 December 2005 (third amendment issued on 22 December 2014), which establish the structure of the financial statements and the methods for completing them, along with the contents of the notes to the accounts.

The financial statements have been drawn up on a going concern basis, in accordance with the principles of competence, relevance and significance with respect to the accounting information provided, and giving priority to economic substance over juridical form.

SECTION 2

General principles

These consolidated financial statements comprise:

- balance sheet;
- profit and loss account;

– comprehensive profit and loss account;
– statement of changes to net equity;
– cash flow statement (direct method);
– notes to the accounts.

All the statements have been drawn up in conformity with the general principles provided for under IAS and the accounting policies illustrated in part A.2, and show data for the period under review compared with that for the previous financial year in the case of balance-sheet figures or the corresponding period of the previous financial year for profit-and-loss data.

Some new provisions in the area of consolidation were introduced under EU regulation no. 1254/2012, which ratified certain accounting standards (namely IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interests in other entities"), and introduced amendments to existing principles (IAS 27 "Separate financial statements" and IAS 28 "Investments in associates and joint ventures").

IFRS 10 provides a precise definition of the instance of an investor having control over a company. Control is said to occur if, and only if, the following three conditions apply:

(a) when the investor has power over the investee, defined as having substantive rights over the investee's relevant activities;
(b) when the investor has exposure, or rights, to variable returns from its involvement with the investee;
(c) when the investor has the ability to exert power over the investee to affect the amount of the variable returns.

IFRS 11 governs the representation in the accounts of entities which are parties in arrangements which establish "joint control" in the form of joint ventures or joint operations.

IFRS 12 governs the disclosure of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. These changes do not impact significantly on the consolidated financial statements.

The following list details the recently issued-regulations which have supplemented the accounting standards in force and have been incorporated into the Group's accounting policies:

REGULATION	ACCOUNTING STANDARD
Regulation 1174/2013	IFRS 10 – IFRS 12
Regulation 313/2013	IFRS 10
Regulation 1374/2013	IAS 36
Regulation 1375/2013	IAS 39
Regulation 1256/2012	IFRS 7
Regulation 634/2014	IFRIC 12

The introduction of these regulations has not impacted significantly on the Mediobanca Group's area of consolidation.

On 24 July 2014 the EBA published a document entitled "Final draft implementing technical standards on supervisory reporting on forbearance and non-performing exposures" (EBA/ITS /2013/03/rev1 24/7/2014), providing a new, unified definition of forbearance and non-performing exposures. The new definitions are in the process of being incorporated by the Bank of Italy in the draft version of the fourth update to circular no. 262/05. The new segmentation is as follows: bad loans, unlikely to pay, and/or more than 90 days' past due, for non-performing and performing assets; all these categories include the sub-category of "forborne" exposures.

SECTION 3

Area and methods of consolidation

Subsidiaries are consolidated on the line-by-line basis, whereas investments in associates and jointly-controlled operations are consolidated and accounted for using the equity method.

Based on the combined provisions of FRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interests in other entities", the Group has proceeded to consolidate its subsidiaries on a line-by-line basis, and its associates and joint arrangements using the net equity method.

Six new companies have been included in the Group's area of consolidation since 30 June 2014, all newly set up and 100%-owned by Mediobanca following the exit of Prudentia Fiduciaria (now merged into Spafid) and MB Sicav (written off after placement activities were launched under the name Yellow Funds Sicav with the sponsorship di CheBanca!). The companies are:

- MB Advisory Mexico Sociedad Anonima de Capital Variable, which performs advisory services in Mexico;
- Quarzo CQS S.r.l., an SPV for the securitization of Futuro receivables;
- CMB Weath Asset Management S.A., a company incorporated under English law to perform advisory and asset management activity in London;
- Sinto MB S.r.l., the company deriving from the demerger of Sintonia S.p.A. which chiefly holds shares in Atlantia S.p.A.;
- Telco MB S.r.l., the company deriving from the demerger of Telco, which chiefly held shares in Telecom Italia S.p.A. subsequently sold onto Mediobanca S.p.A.;
- Spafid Connect, the company set up as a result of an agreement entered into between Spafid S.p.A. and Feedback Italia S.p.A. to manage the general meetings of listed or soon-to-be listed companies; the current 70% stake is expected to rise to 100% as from 2020 by virtue of the put and call options executed.

1. Subsidiaries and jointly-controlled companies (consolidated pro-rata)

Name of company	Registered office	Type of relation-ship [1]	Shareholding		% voting rights [2]
			Investor company	% interest	
A. COMPANIES INCLUDED IN AREA OF CONSOLIDATION					
A.1 *Line-by-line*					
1. MEDIOBANCA - Banca di Credito Finanziario S.p.A.	Milan	1	—	—	—
2. PROMINVESTMENT S.p.A. - in liquidation	Milan	1	A.1.1	100.0	100.0
3. SPAFID S.P.A	Milan	1	A.1.1	100.0	100.0
4. SPAFID CONNECT S.P.A.	Milan	1	A.1.3	100.0 (*)	70.0
5. MEDIOBANCA INNOVATION SERVICES - S.C.P.A..	Milan	1	A.1.1	100.0	100.0
6. COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A.M.	Monte Carlo	1	A.1.1	100.0	100.0
7. C.M.G. COMPAGNIE MONEGASQUE DE GESTION S.A.M.	Monte Carlo	1	A.1.6	99.89	99.89
8. SMEF SOCIETE MONEGASQUE DES ETUDES FINANCIERE S.A.M.	Monte Carlo	1	A.1.6	99.96	99.96
9. CMB ASSET MANAGEMENT S.A.M.	Monte Carlo	1	A.1.6	99.30	99.30
10. CMB WEALTH MANAGEMENT LIMITED	London	1	A.1.6	100.0	100.0
11. MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.	Luxembourg	1	A.1.1	99.0	99.0
		1	A.1.12	1.0	1.0
12. COMPASS S.P.A.	Milan	1	A.1.1	100.0	100.0
13. CHEBANCA! S.P.A.	Milan	1	A.1.1	100.0	100.0
14. CREDITECH S.P.A.	Milan	1	A.1.12	100.0	100.0
15. SELMABIPIEMME LEASING S.P.A.	Milan	1	A.1.1	60.0	60.0
16. PALLADIO LEASING S.P.A.	Vicenza	1	A.1.15	95.0	100.0
			A.1.17	5.0	
17. TELELEASING S.P.A. - IN LIQUIDATION	Milan	1	A.1.15	80.0	80.0
18. RICERCHE E STUDI S.P.A.	Milan	1	A.1.1	100.0	100.0
19. MEDIOBANCA SECURITIES USA LLC	New York	1	A.1.1	100.0	100.0
20. CONSORTIUM S.R.L.	Milan	1	A.1.1	100.0	100.0
21. QUARZO S.R.L.	Milan	1	A.1.12	90.0	90.0
22. QUARZO LEASE S.R.L.	Milan	1	A.1.16	90.0	90.0
23. FUTURO S.P.A	Milan	1	A.1.12	100.0	100.0
24. QUARZO CQS S.R.L.	Milan	1	A.1.23	90.0	90.0
25. MEDIOBANCA COVERED BOND S.R.L.	Milan	1	A.1.13	90.0	90.0
26. COMPASS RE (LUXEMBOURG) S.A.	Luxembourg	1	A.1.12	100.0	100.0
27. MEDIOBANCA INTERNATIONAL IMMOBILIERE S. A R.L.	Luxembourg	1	A.1.11	100.0	100.0
28. MB ADVISORY KURUMSAL DANISMANLIK HIZMETLERI ANONIM SIRKETI	Istanbul	1	A.1.1	100.0	100.0
29. MB ADVISORY MESSICO S.A. C.V.	Bosques De Las Lomas	1	A.1.1	100.0	100.0
30. TELCO MB S.R.L.	Milan	1	A.1.1	100.0	100.0
31. SINTO MB S.R.L.	Milan	1	A.1.1	100.0	100.0

* Taking into account the put and call option exercisable as from the fifth anniversary of the execution date of the transaction.

Legend

[1] Type of relationship:
1 = majority of voting rights in ordinary AGMs.
2 = dominant influence in ordinary AGMs.

[2] Effective and potential voting rights in ordinary AGMs.

2. Considerations and significant assumptions used to determine consolidation area

The area of consolidation is defined on the basis of IFRS 10, "Consolidated financial statements", which provides that control occurs when the following three conditions apply:

(a) when the investor has power over the investee, defined as having substantive rights over the investee's relevant activities;

(b) when the investor has exposure, or rights, to variable returns from its involvement with the investee;

(c) when the investor has the ability to exert power over the investee to affect the amount of the variable returns.

Subsidiaries are consolidated on the line-by-line basis, which means that the carrying amount of the parent's investment and its share of the subsidiary's equity after minorities are eliminated against the addition of that company's assets and liabilities, income and expenses to the parent company's totals. Any surplus arising following allocation of asset and liability items to the subsidiary is recorded as goodwill. Intra-group balances, transactions, income and expenses are eliminated upon consolidation.

Investments in associates and joint arrangements are consolidated using the equity method. Associates are companies which are subject to dominant influence, a concept which is defined as the power to participate in activities which are significant for the company without having control of it. Dominant influence is assumed to exist in cases where one company holds at least 20% of the voting rights of another. In establishing whether or not dominant influence exists, account is also taken of potential rights, rights still to be exercised pursuant to options, warrants or conversion rights embedded in financial instruments; consideration is also given to issues of ownership structure, e.g. voting rights owned by other investors, etc.

The definition of joint arrangements used is that provided in IFRS 11, which involves the twofold requirement of the existence of a contractual arrangement and that such an arrangement must provide joint control to two or more parties.

For equity-accounted companies, any differences in the carrying amount of the investment and investee company's net equity are reflected in the book value of the investment. This value is also reduced if the investee company distributes dividends. The profit made or loss incurred by the investee company is recorded in the profit and loss account, as are any long-term reductions in value or reversals.

3. *Investments in subsidiaries with significant minority interests*

Nothing to report.

4. *Significant restrictions*

The Group considers that no restrictions currently in force, under the terms of its Articles of Association, shareholders' agreements or external regulations, would prevent it or otherwise limit its ability to access its assets or settle its liabilities.

The Group also considers that no rights are in force to protect the interest of minority or third parties.

5. *Other information*

The reporting date for the consolidated financial statements is the date on which the parent company's financial year ends. In cases where Group companies have reporting periods ending on different dates, these companies are consolidated based on financial and earnings situations prepared as at the reporting date for the consolidated financial statements.

The financial statements of all subsidiaries have been drawn up based on the same accounting principles used at Group level.

Associates which have reporting periods ending on different dates compared to the Group prepare a pro forma accounting situation as at the consolidated reporting date, or alternatively send a statement relative to a previous date as long as it is not more than three months previously (i.e. for these consolidated financial statements, 31 March 2105); such an arrangement is permitted (IAS 28, par. 24-25), provided that account is taken of any significant transactions or events which take place between this date and the consolidated reporting date.

SECTION 4

Events subsequent to the reporting date

Since the reporting date, no events have taken place that would cause the results presented in the consolidated report for the twelve months ended 30 June to require adjustment 2015.

On 3 August 2015, an agreement was entered into to acquire Cairn Capital Group Ltd, a London-based asset management and advisory firm specializing in credit products. At closing, which is expected to take place by year-end 2015, the Group will acquire 51% of the company's share capital, with put and call options (as from year 3) over the other 49%. This acquisition launches the Group's plans to develop an alternative asset management business (MAAM) as provided in the 2014-16 business plan.

Plans have also been launched to merge Group companies Telco MB S.r.l. and Sinto MB S.r.l. into Mediobanca S.p.A., to be completed once the requisite authorizations have been received from the supervisory authorities.

For a description of the most significant events since the reporting date, please refer to the relevant section in the Review of Operations.

A.2 - Significant accounting policies

Financial assets held for trading

This category comprises debt securities, equities, loans held for trading purposes, and the positive value of derivatives held for trading including those embedded in complex instruments such as structured bonds (recorded separately).

At the settlement date for securities and subscription date for derivatives, such assets are recognized at fair value [1] not including any transaction expenses or income directly attributable to the asset concerned, which are taken through the profit and loss account.

After initial recognition they continue to be measured at fair value. Equities and linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at cost (these too qualify as Level 3 assets). If the assets suffer impairment, they are written down to their current value.

[1] See Part A3 – Information on fair value, pp. 98-105 for further details.

Gains and losses upon disposal and/or redemption and the positive and negative effects of changes in fair value over time are reflected in the profit and loss account under the heading *Net trading income*.

AFS securities

This category includes all financial assets apart from derivatives not booked under the headings *Financial assets held for trading*, *Financial assets held to maturity* or *Loans and receivables*.

AFS assets are initially recognized at fair value, which includes transaction costs and income directly attributable to them. Thereafter they continue to be measured at fair value. Changes in fair value are recognized in a separate net equity reserve, which is then eliminated against the corresponding item in the profit and loss account as and when an asset is disposed of or impairment is recognized. Fair value is measured on the same principles as described for trading instruments. Equities for which it is not possible to reliably determine fair value are stated at cost. For debt securities included in this category the value of amortized cost is also recognized against the corresponding item in the profit and loss account.

Assets are subjected to impairment tests at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. For shares, in particular, the criteria used to determine impairment are a reduction in fair value of over 30% or for longer than twenty-four months, compared to the initial recognition value. If the reasons for which the loss was recorded subsequently cease to apply, the impairment is written back to the profit and loss account for debt securities to and net equity for shares.

Financial assets held to maturity

These comprise debt securities with fixed or otherwise determinable payments and fixed maturities which the Group's management has the positive intention and ability to hold to maturity.

Such assets are initially recognized at fair value, which is calculated as at the settlement date and includes any transaction costs or income directly attributable to them. Following their initial recognition they are measured at amortized cost using the effective interest method. Differences between the initial recognition value and the amount receivable at maturity are booked to the profit and loss account pro-rata.

Assets are tested for impairment at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. If the reasons which brought about the loss of value subsequently cease to apply, the impairment is written back to the profit and loss account up to the value of amortized cost.

Loans and receivables

These comprise loans to customers and banks which provide for fixed or otherwise determinable payments that are not quoted in an active market and which cannot therefore be classified as available for sale. Repos and receivables due in respect of finance leasing transactions are also included, as are illiquid and/or unlisted fixed securities.

Loans and receivables are booked on disbursement at a value equal to the amount drawn plus (less) any income (expenses) directly attributable to individual transactions and determinable from the outset despite being payable at a later date. The item does not, however, include costs subject to separate repayment by the borrower, or which may otherwise be accounted for as ordinary internal administrative costs. Repos and reverse repos are booked as funding or lending transactions for the spot amount received or paid. Non-performing loans acquired are booked at amortized cost on the basis of an internal rate of return calculated using estimates of expected recoverable amounts.

Loans and receivables are stated at amortized cost, i.e. initial values adjusted upwards or downwards to reflect: repayments of principal, amounts written down/back, and the difference between amounts drawn at disbursement and repayable at maturity amortized on the basis of the effective interest rate. The latter is defined as the rate of interest which renders the discounted value of future cash flows deriving from the loan or receivable by way of principal and interest equal to the initial recognition value of the loan or receivable.

Individual items are tested at annual and interim reporting dates to show whether or not there is evidence of impairment. Items reflecting such evidence are then subjected to analytical testing, and, if appropriate, adjusted to reflect the difference between their carrying amount at the time of the impairment test (amortized cost), and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Future cash flows are estimated to take account of anticipated collection times, the presumed value of receivables upon disposal of any collateral, and costs likely to be incurred in order to recover the exposure. Cash flows from loans expected to be recovered in the short term are not discounted.

The original effective interest rate for each loan remains unchanged in subsequent years, even if new terms are negotiated leading to a reduction to below market rates, including non-interest-bearing loans. The relevant value adjustment is taken through the profit and loss account.

If the reasons which brought about the loss of value cease to apply, the original value of the loan is recovered in the profit and loss account in subsequent accounting periods up to the value of amortized cost.

Accounts for which there is no objective evidence of impairment, including those involving counterparties in countries deemed to be at risk, are subject to collective tests. Loans are grouped on the basis of similar credit risk characteristics, and the related loss percentages are estimated at the impairment date on the basis of historical series of internal and external data. Collective value adjustments are credited or charged to the profit and loss account, as appropriate. At each annual and interim reporting date, any writedowns or writebacks are remeasured on a differentiated basis with respect to the entire portfolio of loans deemed to be performing at that date.

Leasing

IAS 17 stipulates that for finance leases, interest income should be recorded based on methods which reflect a constant, regular return on the lessor's net investment.

In accordance with this principle, in the event of changes to contracts one these have become effective, any difference arising from comparison between the outstanding principal amount prior to renegotiation and the value of the new future flows discounted at the original interest rate have been taken through the profit and loss account for the period [2].

Hedges

There are two types of hedge:

- fair value hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in their fair value;
- cash flow hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in future cash flows attributable to specific risks relating to the items concerned.

For the process to be effective, the item must be hedged with a counterparty from outside the Group.

Hedge derivatives are recognized at fair value as follows:

- changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset, where a difference between the two emerges as a result of the partial ineffectiveness of the hedge;
- designated and qualify as cash flow hedges are recognized in net equity, while the gain or loss deriving from the ineffective portion is recognized through the profit and loss account only as and when, with reference to the hedged item, the change in cash flow to be offset crystallizes.

Hedge accounting is permitted for derivatives where the hedging relationship is formally designated and documented and provided that the hedge is effective at its inception and is expected to be so for its entire life.

A hedge is considered to be effective when the changes in fair value or cash flow of the hedging instrument offset those of the hedged item within a range of 80-125%. The effectiveness of a hedge is assessed both *prospectively*

[2] As required by the amortized cost rules under IAS 39.

and *retrospectively* at annual and interim reporting dates, the former to show expectations regarding effectiveness, the latter to show the degree of effectiveness actually achieved by the hedge during the period concerned. If an instrument proves to be ineffective, hedge accounting is discontinued and the derivative concerned is accounted for under trading securities, with the effects taken through the profit and loss account.

The hedge relationship may also be discontinued either voluntarily or when the hedged instrument is derecognized or the hedging instrument wound up early.

Equity investments

This heading consists of investments in:

- associates, which are equity-accounted. Associates are defined as companies in which at least 20% of the voting rights are held, and those in which the size of the investment is sufficient to ensure an influence in the governance of the investee company;
- jointly-controlled companies, which are also equity-accounted;
- other investments of negligible value, which are recognized at cost.

Where there is objective evidence that the value of an investment may be impaired, estimates are made of its current value using market prices if possible, and of the present value of estimated cash flows generated by the investment, including its terminal value. Where the value thus calculated is lower than the asset's carrying amount, the difference is taken through the profit and loss account. Where the reasons for the loss of value cease to apply, due to an event which takes place subsequent to the date on which the value reduction is recorded, writebacks are credited up to the amount of the impairment charges previously recorded.

Property, plant and equipment

This heading comprises land, core and investment properties, plant, furniture, fittings, equipment and assets used under the terms of finance leases, despite the fact that such assets remain the legal property of the lessor rather than the lessee.

Assets held for investment purposes refer to investments in real estate, if any (whether owned or acquired under leases), which are not core to the Group's main activities and/or are chiefly leased out to third parties.

These are stated at historical cost, which in addition to the purchase price, includes any ancillary charges directly resulting from their acquisition and/or usage. Extraordinary maintenance charges are reflected by increasing the asset's value, while ordinary maintenance charges are recorded in the profit and loss account.

Fixed assets are depreciated over the length of their useful life on a straight-line basis, with the exception of land, which is not depreciated on the grounds that it has unlimited useful life. Properties built on land owned by the Group are recorded separately, on the basis of valuations prepared by independent experts.

At annual and interim reporting dates, where there is objective evidence that the value of an asset may be impaired, its carrying amount is compared to its current value, which is defined as the higher of its fair value net of any sales costs and its related value of use, and adjustments, if any, are recognized through the profit and loss account. If the reasons which gave rise to the loss in value cease to apply, the adjustment is written back to earnings with the proviso that the amount credited may not exceed the value which the asset would have had net of depreciation, which is calculated assuming no impairment took place.

Intangible assets

These chiefly comprise goodwill and long-term computer software applications.

Goodwill may be recognized where this is representative of the investee company's ability to generate future income. At annual and interim reporting dates assets are tested for impairment, which is calculated as the difference between the initial recognition value of the goodwill and its realizable value, the latter being equal to the higher of the fair value of the cash-generating unit concerned net of any sales costs and its assumed value of use. Any adjustments are taken through the profit and loss account.

Other intangible assets are recognized at cost, adjusted to reflect ancillary charges only where it is likely that future earnings will derive from the asset and the cost of the asset itself may be reliably determined. Otherwise the cost of the asset is booked to the profit and loss account in the year in which the expense was incurred.

The cost of intangible assets is amortized on the straight-line basis over the useful life of the asset concerned. If useful life is not determinable the cost of the asset is not amortized, but the value at which it is initially recognized is tested for impairment on a regular basis.

At annual and interim reporting dates, where there is evidence of impairment the realizable value of the asset is estimated, and the impairment is recognized in the profit and loss account as the difference between the carrying amount and the recoverable value of the asset concerned.

Derecognition of assets

Financial assets are derecognized as and when the Group is no longer entitled to receive cash flows deriving from them, or when they are sold and the related risks and benefits are transferred accordingly. Tangible and intangible assets are derecognized upon disposal, or when an asset is permanently retired from use and no further earnings are expected to derive from it.

Assets or groups of assets which are sold continue to be recognized if the risks and benefits associated with them (in the relevant technical form) continue to be attributable to the Group. A corresponding amount is then entered as a liability to offset any amounts received (as *Other amounts receivable* or *Repos*).

The main forms of activity currently carried out by the Group which do not require underlying assets to be derecognized are the securitization of receivables, repo trading and securities lending.

Conversely, items received as part of deposit bank activity, the return on which is collected in the form of a commission, are not recorded, as the related risks and benefits continue to accrue entirely to the end-investor.

Payables, debt securities in issue and subordinated liabilities

These include the items *Due to banks*, *Due to customers* and *Debt securities in issue* less any shares bought back. Amounts payable by the lessee under the terms of finance leasing transactions are also included.

Initial recognition takes place when funds raised are collected or debt securities are issued, and occurs at fair value, which is equal to the amount collected net of transaction costs incurred directly or indirectly in connection with the liability concerned. Thereafter liabilities are stated at amortized cost on the basis of the original effective interest rate, with the exception of short-term liabilities which continue to be stated at the original amount collected.

Derivatives embedded in structured bonds are stripped out from the underlying contract and recognized at fair value. Subsequent changes in fair value are recognized through the profit and loss account.

Financial liabilities are derecognized upon expiry or repayment, even if buybacks of previously issued bonds are involved. The difference between the liabilities' carrying value and the amount paid to repurchase them is recorded through the profit and loss account.

The sale of treasury shares over the market following a buyback (even in the form of repos and securities lending transactions) is treated as a new issue. The new sale price is recorded as a liability without passing through the profit and loss account.

Trading liabilities

This item includes the negative value of trading derivatives and any derivatives embedded in complex instruments. Liabilities in respect of technical shortfalls deriving from securities trading activity are also included. All trading liabilities are recognized at fair value.

Staff severance indemnity provision

This is stated to reflect the actuarial value of the provision as calculated in line with regulations used for defined benefit schemes. Future obligations are estimated on the basis of historical statistical analysis (e.g. staff turnover, retirements, etc.) and demographic trends. These are then discounted to obtain their present value on the basis of market interest rates. The values thus obtain are booked under labour costs as the net amount of contributions paid, prior years' contributions not yet capitalized and net interest.

Since 1 July 2013, conversely, actuarial gains and/or losses are recorded in a net equity valuation reserve, i.e. in the other comprehensive income statement (OCI) and no longer in the profit and loss account as required by the new IAS 19 revised (Employee Benefits), which was approved by the IASB on 16 June 2011 and incorporated into EU law under regulation EE 475/12 [3].

Units accruing as from 1 January 2007 paid into complementary pension schemes or the Italian national insurance system are recorded on the basis of contributions accrued during the period.

Provisions for liabilities and charges

These regard risks linked with the Group's operations but not necessarily associated with failure to repay loans, and which could lead to expenses in the future. If the time effect is material, provisions are discounted using current market rates. Provisions are recognized in the profit and loss account.

Provisions are reviewed on a regular basis, and where the charges that gave rise to them are deemed unlikely to crystallize, the amounts involved are written back to the profit and loss account in part or in full.

Withdrawals are only made from provisions to cover the expenses for which the provision was originally made.

Foreign currency transactions

Transactions in foreign currencies are recorded by applying the exchange rates as at the date of the transaction to the amount in the foreign currency concerned.

[3] These items may therefore no longer be accounted for under labour costs as was the Group's previous practice.

Assets and liabilities denominated in currencies other than the Euro are translated into Euros using exchange rates ruling at the dates of the transactions. Differences on cash items due to translation are recorded through the profit and loss account, whereas those on non-cash items are recorded according to the valuation criteria used in respect of the category they belong to (i.e. at cost, through the profit and loss account or on an equity basis).

Tax assets and liabilities

Income taxes are recorded in the profit and loss account, with the exception of tax payable on items debited or credited directly to net equity. Provisions for income tax are calculated on the basis of current, advance and deferred obligations. Advance and deferred tax is calculated on the basis of temporary differences – without time limits – between the carrying amount of an asset or liability and its tax base, according to statutory criteria and the corresponding values used for tax purposes.

Advance tax assets are recognized in the balance sheet based on the likelihood of their being recovered.

Deferred tax liabilities are recognized in the balance sheet with the exception of tax-suspended reserves, if the size of the reserves available already subjected to taxation is such that it may be reasonably assumed that no transactions will be carried out on the Group's own initiative that might lead to their being taxed.

Deferred tax arising upon business combinations is recognized when this is likely to result in a charge for one of the companies concerned.

Tax assets and liabilities are adjusted as and when changes occur in the regulatory framework or in applicable tax rates, *inter alia* to cover charges that might arise in connection with inspections by or disputes with the tax revenue authorities.

Stock options and performance shares

The stock option and performance share schemes operated on behalf of Group staff members and collaborators are treated as a component of labour costs. The fair value of the instruments is measured and recognized in net equity at the grant date using a share/option pricing method adjusted to reflect historical series for previous financial years. The value thus determined is taken to the profit and loss account pro-rata to the vesting period for the individual awards.

Treasury shares

These are deducted from net equity, and any gains/losses realized on disposal are recognized in net equity.

Dividends and commissions

These are recognized as and when they are realized, provided there is reasonable likelihood that future benefits will accrue.

Fees included in amortized cost for purposes of calculating the effective interest rate are not included, but are recorded under *Net interest income*.

Related parties

In accordance with IAS 24, related parties are defined as:

a) individuals or entities which directly or indirectly, are subject to joint control by Mediobanca, parties to the Mediobanca shareholders' agreement with syndicated interests of over 2% of the company's share capital, and the entities controlled by or controlling them;

b) associate companies, joint ventures and entities controlled by them;

c) management with strategic responsibilities, that is, individuals with powers and responsibilities, directly or indirectly, for the planning, direction and control of the parent company's activities, including the members of the Board of Directors and Statutory Audit Committee;

d) entities controlled or jointly controlled by one or more of the individuals listed under the foregoing letter c);

e) close family members of the individuals referred to in letter c) above, that is, individuals who may be expected to influence them or be influenced by them in their relations with Mediobanca (this category includes partners, children, partners' children, dependents and partners' dependents) as well as any entities controlled, jointly controlled or otherwise associated with such individuals;

f) pension funds for employees of the parent company or any other entity related to it;

g) transactions involving vehicle companies, even if these are not directly attributable to related parties but the benefits from them still accrue to related parties.

A.3 - Information on transfers between Financial Asset Portfolios

A.3.1 Reclassified financial assets: book value, fair value and effects on comprehensive income

(€'000)

Type of instrument	Transferred from	Transferred to	Book value at 30/6/15	Fair value at 30/6/15	Additions to P&L if assets not transferred (pre-tax)		Additions to P&L made during the year (pre-tax)	
					Valuation	Other	Valuation	Other
Debt securities [1] (ABS)	Financial assets held for trading	Due from customers	94,074	98,284	(1,458)	2,591	—	2,591
Debt securities [1] (ABS)	AFS securities	Due from customers	11,466	11,828	(945)	646	—	646
Debt securities [2]	AFS securities	Financial assets held to maturity	328,199	352,559	(8,159)	16,977	—	16,977
Total			433,739	462,671	(10,562)	20,214	—	20,214

[1] Made during FY 08/09.

[2] Made during FY 10/11.

No transfers were made during the twelve months under review.

A.4 - Information on fair value

QUALITATIVE INFORMATION

This section provides the disclosure on fair value stipulated by IFRS 13 paragraph 91, which defines fair value as the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market.

For financial instruments listed on active markets, fair value is determined on the basis of the official prices prevailing on the principal market, or alternatively the most advantageous market to which the Group has access; such instruments are thus said to be marked to market. A market is defined as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

For instruments not listed on an active market or in cases where the market is not functioning properly, that is, it does not have a sufficient and continuous number of transactions, or sufficiently low bid-ask spreads and volatility, valuation models using market inputs are used instead, such as:

– valuations of instruments with similar characteristics;
– discounted cash flow calculations;
– option price calculation models, values recorded in recent comparable transactions, prudentially adjusted to reflect the illiquid nature of some market data and other risks associated with specific transactions (reputational risk, replacement risk, etc.).

If no market inputs are available, valuation models based on data estimated internally are used.

Equities and equity-linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at costs. For investment funds, including mutual funds, private equity funds, hedge funds (including funds of funds) and real estate funds, fair value is taken to be the net asset value (NAV) per stock unit published by the funds themselves.

As a further guarantee that the valuations deriving from the measurement models the Group uses remain objective, independent price verification processes (IPVs) are also carried out, in which a unit unrelated to the one assuming the risk checks the prices of the individual financial instruments on a daily basis, using data provided by information providers as its reference.

Fair value is reported according to rankings based on the quality of the input parameters used to determine it [4].

In accordance with the provisions of IFRS 13 as enacted in Bank of Italy circular no. 262, the fair value hierarchy assigns decreasing priority to measurements based on different market parameters. The highest priority (level 1) is assigned to measurements based on prices quoted (un-adjusted) on an active market for identical assets or liabilities; while the lowest of priority (level 3) is assigned to valuations deriving predominantly from unobservable inputs.

[4] Cf. IFRS 13, paragraph 73: "the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement"; and paragraph 74: "The fair value hierarch ranks fair value measurements based on the type of inputs; it does not depend on the type of valuation techniques used". For further details see IFRS 13, paragraphs 72-90.

The fair value ranking level assigned to an asset or liability is defined as the lowest-level input that is significant to the entire measurement. Three levels are identified.

- Level 1: quoted prices (single and unadjusted) in active markets for the individual financial instrument being measured.
- Level 2: inputs other than the quoted prices referred to above, that are observable on the market either directly (prices) or indirectly (price derivatives). In this case fair value is measured via a comparable approach, or by using a pricing model which leaves little scope for subjective interpretation and is commonly used by other financial operators.
- Level 3: significant inputs which are either unobservable on the market and/or reflect complex pricing models. In this case the fair value is set based on assumptions of future cash flows, which could lead to different estimates by different observers of the value of the same financial instrument.

As a rule Mediobanca uses market prices (level 1) or models based on observable inputs (level 2). In cases where level 3 instruments are used, additional price verification procedures are set in place, including: revision of relevant historical data, analysis of profits and losses, individual measurement of each single component in a structured component, and benchmarking. This approach involves the use of subjective assessments and judgements based on experience, and adjustments may therefore be required to valuations to take account of the bid-ask spread, liquidity or counterparty risk, and the type of measurement model adopted. All models in any case, including those developed internally, are verified independently and validated by different Bank units, thus ensuring an independent control structure.

Fair value adjustment

Fair value adjustment is defined as the quantity that has to be added to the price observed on the market or the theoretical price generated by the model, to ensure that the fair value reflects the price that can be realized in a market transaction which is effectively possible. The following adjustments in particular should be noted:

- credit/debt valuation adjustment;
- other adjustments.

Credit/debit valuation adjustment (CVA/DVA)

Credit and debt value adjustments (CVA and DVA respectively) are incorporated into the valuation of derivatives to reflect the impact respectively of the counterparty's credit risk and the Bank's own credit quality on the fair value, as follows:

– CVA is a negative quantity which takes into account the scenarios in which the counterparty might fail before the Bank does while amounts are still receivable (positive MTM) by the Bank from the counterparty;
– DVA is a positive quantity which takes into account the scenarios in which the Bank itself might fail before the party does while amounts are still payable (negative MTM) to the counterparty.

CVA and DVA are calculated taking into consideration any counterparty risk mitigation agreements that have been entered into, in particular collateral and netting agreements for each individual counterparty.

The CVA/DVA methodology used by Mediobanca is based on the following inputs:

– expected positive exposure (EPE) and expected negative exposure (ENE) of the valuation of the derivatives, deriving from simulation techniques;
– probability of default (PD), derived from historical PD readings or those implied in market prices obtained via credit default swap;
– loss given default (LGD) based on the estimated value of recovery in the event of the counterparty going bankrupt, as defined in specific analysis conducted by the Bank itself or the default rates conventionally utilized for credit default swap prices.

Other adjustments

Other adjustments of fair value not included in the categories described above, may be taken into consideration in order to align the valuation with the exit price inter alia on the basis of market liquidity levels or valuation parameters.

A.4.1 Fair value levels 2 and 3: measurement techniques and inputs used

Assets and liabilities measured at fair value on a recurring basis

This section provides disclosure on the measurement techniques and inputs used for assets and liabilities measured at fair value on a recurring basis.

– bonds: instruments not traded on active markets are marked to model using the implied credit spread curves obtained from Level 1 instruments, to which a further spread is added to reflect their illiquidity. The model makes maximum use of observable inputs and minimum use of non-observable inputs. In this way, depending on how representative the credit spread curve applied is, bonds are categorized as either Level 2 or Level 3 (the latter in cases where non-observable credit spreads are used). In fair value measurement, fair value adjustments can be used in cases where there is reduced liquidity and model risk, to compensate for the lack of observable market inputs for Level 2 and Level 3 positions.

– asset-backed securities, CLOs and loans: the measurement process relies on information providers which effectively collect market prices. All the ABS owned by Mediobanca are categorized as Level 3, with the exception of those for which the trader is able to provide, on a continuous basis, a breakdown of bid/ask contributions with the respective quantities, in which case they are categorized as Level 1.

– derivatives: the fair value of derivatives not traded on an active market derives from application of mark-to-model measurement techniques. In cases where there is an active market to provide inputs for the various components of the derivative to the valuation model, the fair value is measured on the basis of the market prices. Measurement techniques based on observable inputs are categorized as Level 2, whereas those based on non-observable inputs are categorized as Level 3.

- Equities: equities are categorized as Level 1 when quoted prices are available on an active market considered to be liquid, and Level 3 when there are no quoted prices or when quoted prices have been suspended indefinitely.
- Investment funds: Mediobanca owns holdings in investment funds which publish the net asset value (NAV) per stock unit. Such funds include mutual funds, private equity funds, hedge funds (including funds of funds) and real estate funds. Investments in funds are usually classified as Level 1 in cases where quoted prices are available on an active market; otherwise they are categorized as Level 3.

Assets and liabilities measured at fair value on a non-recurring basis

Financial instruments measured at fair value on a non-recurring basis (including amounts payable to and receivable from customers and banks) are not accounted for on the basis of fair value.

In such cases the fair value is calculated solely for the purpose of meeting the Bank's responsibilities in terms of providing market disclosure, and the calculation does not impact in any way on the book value of the investment and has no effect on the profit and loss account. Such instruments are not normally traded, and their fair value is thus measured on the basis of inputs compiled internally rather than directly observable on the market.

For loans to corporates, fair value is measured via the discounted cash flow method, using rates and/or flows adjusted to reflect credit risk in each case. Loans to counterparties with official ratings are categorized as Level 2, and in all other cases as Level 3. The same applies to retail loans (i.e. mortgage loans and consumer credit).

Bonds issued by Mediobanca are categorized as fair value Level 1 if quoted on an active market (using the market price as the input); if not, i.e. in cases where there are no quoted prices, the fair value is categorized as Level 2 and is calculated via the expected discounted cash flow using a market interest rate adjusted for the Bank's issuer risk (with a distinction being made between senior and subordinated risks).

A.4.2 Measurement processes and sensibilities

As required by IFRS 13, quantitative information on the significant non-observable inputs used in measuring the fair value of Level 3 instruments is provided below.

Uncertainties inherent in inputs and impact on mark-to-market for equity products

Non-observable inputs	**Quantification of uncertainty inherent input**	**+/- delta vs MtM (€'000), 30/6/15**	**+/- delta vs MtM (€'000), 30/6/14**
Implicit volatility	On average equal to 50 bps for volatility surface points falling outside the contribution of Totem application (maturity > 3Y for single stocks and maturity > 5Y for indexes)	181	154
Equity-equity correlation	Equal to 1% between two indexes and 2% between two single stocks	50	152

Measurement techniques used for equity, credit and interest rate products

Product	**Measurement technique**	**Non-observable inputs**	**Fair value* Assets 30/6/15 (€m)**	**Fair value* Liabilities 30/6/15 (€m)**	**Fair value* Assets 30/6/14 (€m)**	**Fair value* Liabilities 30/6/14 (€m)**
OTC equity plain vanilla options, OTC equity digital options, variance swap	Black-Scholes/ Black model	Implicit volatility [1]	11.5	(25.2)	4.7	(54.7)
OTC equity basket options, best of/ worst of	Black-Scholes method	Implicit volatility Equity-equity correlation [2]	16.9	—	37.5	(3.2)
Synthetic CDOs	Gaussian copula model using factor with base correlation	Base correlation with bootstrap starting from quoted data on liquid index tranches [3]	0.3	(0.8)	1.2	(2.-)
Structured CCSs	Discount cash flow	Level 3 categorization attributable to importance of the fair value adjustment versus overall MtM, due mostly to contractual clauses plus the fact that the spread is determined by proxy because the counterparty is unrated	18.2	—	33.8	—

* Values are shown net of reserves booked.

1 Volatility in a financial context is a measurement of how much the price of an instrument underlying a derivative may vary over time. The higher the volatility of the underlying instrument, the greater the risk associated with it. In general terms long positions in options benefit from increases in volatility, whereas short positions in options lose out from them.
For equity derivatives, the implicit volatility surface may be obtained from the price of the call and put options, as there are regulated markets for these. The uncertainty inherent in this input is attributable to one of the following scenarios: illiquidity of quoted prices (wide bid/ask spreads, typically present on long maturities or moneyness far from the at-the-money spot), concentration effects and non-observable market data (here too present when maturities are considered too long or moneyness too far from the at-the-money spot).

2 Equity-equity correlation is a measurement of the correlation between two equity financial instruments underlying a derivative. Variations in the correlation levels may impact favourably or unfavourably, depending on the correlation type, on an instrument's fair value.
Equity-equity correlations are less observable than volatilities, because correlation products are not quoted on any regulated markets. For this reason correlations are more prone to input uncertainty.

3 The base correlation is the level of relation between the default events for the underlying instruments belonging to the principal credit indexes. The correlation is obtained from the quoted market prices of synthetic CDOs on the indexes, in particular from instruments hedging the various parts of the equity structure of these indexes.

A.4.3 Fair value ranking

Transfers between levels of fair value ranking

The main factors contributing to transfers between the different fair value levels include changes in market conditions and refinements in the measurement models and/or the non-observable inputs.

An instrument is transferred from fair value Level 1 to Level 2 or vice versa mainly as a result of changes in the significance of a price expressed by the reference active market for the instrument concerned.

Conversely, transfers from Level 2 to Level 3 (or vice versa) are decided on the basis of the significance of the input data, in particular the weight which non-observable data have in the inputs compared to observable data.

A.4.4 Other information

The Mediobanca Group has availed itself of the exception provided under IFRS 13, paragraph 48 from measuring fair value on a net basis for financial assets and liabilities with positions compensating for the counterparty's market or credit risks.

QUANTITATIVE INFORMATION

A.4.5 Fair value ranking

A.4.5.1 Assets and liabilities recognized at fair value on a recurring basis by fair value ranking

(€'000)

Financial assets/Liabilities measured at fair value	30/6/15			30/6/14		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	5,855,061	5,595,458	410,267	6,228,349	5,115,989	1,062,629
2. Financial assets recognized at fair value	—	—	—	—	—	—
3. AFS securities	7,434,406	366,921	261,811	7,051,823	487,242	879,423
4. Hedge derivatives	—	754,941	—	—	1,008,609	—
5. Tangible assets	—	—	—	—	—	—
6. Intangible assets	—	—	—	—	—	—
Total	13,289,467	6,717,320	672,078	13,280,172	6,611,840	1,942,052
1. Financial liabilities held for trading	(3,074,413)	(5,170,199)	(354,320)	(3,199,477)	(5,085,414)	(992,270)
2. Financial liabilities recognized at fair value	—	—	—	—	—	—
3. Hedge derivatives	—	(291,201)	—	—	(353,451)	—
Total	(3,074,413)	(5,461,400)	(354,320)	(3,199,477)	(5,438,865)	(992,270)

The level 3 instruments chiefly consist of €329.1m in options traded, i.e. contracts with the same underlying instrument but executed with different counterparties (30/6/14: €934.4m); these include €5.3m in options linked to bonds issued (€268.4m). Level 3 AFS assets consist of investments in unlisted companies (valued on the basis of internal models) and private equity funds. During the year under review the level 3 assets declined from €1,942.1m to €672.1m. as a result of the Sintonia holding being re-categorized (€449.2m) and the options themselves being less profitable: maturities for the period (€701.4m) were only part offset by new additions (€50m).

A.4.5.2 Annual changes in financial assets recognized at fair value on a recurring basis (level 3 assets)

(€'000)

	FINANCIAL ASSETS			
	Held for trading [1]	**Recognized at fair value**	**AFS** [2]	**Hedges**
1. Balance at start of period	128,260	—	879,424	—
2. Additions	73,874	—	194,196	—
2.1 Purchases	21,474	—	83,901	—
2.2 Profits recognized in:	45,727	—	110,295	—
2.2.1 profit and loss	45,727	—	55,537	—
- of which, gains	12,857	—	—	—
2.2.2 net equity	X	X	54,758	—
2.3 Transfers from other levels	6,655	—	—	—
2.4 Other additions	18	—	—	—
3. Reductions	120,958	—	811,809	—
3.1 Disposals	23,463	—	297,839	—
3.2 Redemptions	68,788	—	7,326	—
3.3 Losses recognized in:	27,362	—	19,576	—
3.3.1 profit and loss	27,362	—	15,530	—
- of which, losses	27,362	—	13,750	—
3.3.2 net equity	X	X	4,046	—
3.4 Transfers to other levels	601	—	—	—
3.5 Other reductions	744	—	487,068	—
4. Balance at end of period	81,176	—	261,811	—

[1] Includes market value of options covering those attached to bond issues by Mediobanca and Mediobanca International (€5.3m as at 30/6/15 and €268.4m as at 30/6/14) as well as options traded (€323.8m and €666m respectively), the values of which are recorded as both assets and liabilities for the same amount.

[2] Includes investments in unlisted companies valued on the basis of internal models.

A.4.5.3 Annual changes in liabilities recognized at fair value on a recurring basis (level 3 liabilities)

(€'000)

	FINANCIAL LIABILITIES		
	Held for trading [1]	**Recognized at fair value**	**Hedges**
1. Balance at start of period	57,901	—	—
2. Additions	40,449	—	—
2.1 Issues	2,998	—	—
2.2 Losses recognized in:	33,445	—	—
2.2.1 profit and loss	33,445	—	—
- of which, losses	33,445	—	—
2.2.2 net equity	X	X	—
2.3 Transfers from other levels	2,005	—	—
2.4 Other additions	2,001	—	—
3. Reductions	73,120	—	—
3.1 Redemptions	38,344	—	—
3.2 Buybacks	—	—	—
3.3 Profits recognized in:	6,527	—	—
3.3.1 profit and loss	6,527	—	—
- of which, gains	6,527	—	—
3.3.2 net equity	X	X	—
3.4 Transfers to other levels	28,249	—	—
3.5 Other reductions	—	—	—
4. Balance at end of period	25,230	—	—

[1] Includes market value of options covering those attached to bond issues by Mediobanca and Mediobanca International (€5.3m as at 30/6/15 and €268.4m as at 30/6/14) as well as options traded (€323.8m and €666m respectively), the values of which are recorded as both assets and liabilities for the same amount.

A.4.5.4 Assets and liabilities not recognized at fair value or recognized at fair value on a non-recurring basis, by fair value ranking

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	30/6/15				30/6/14			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financial assets held to maturity	1,311,696	1,350,529	43,100	21,002	1,659,818	1,596,622	150,608	38,411
2. Due from banks	6,078,256	—	5,857,245	221,077	5,287,754	—	5,029,880	246,127
3. Due from customers	37,122,531	—	10,961,656	26,250,313	36,623,531	—	12,053,692	25,684,668
4. Tangible assets held for investment purposes	72,915	—	—	139,110	67,593	—	—	118,816
5. Non-current assets and groups of assets being sold	—	—	—	—	—	—	—	—
Total	44,585,398	1,350,529	16,862,001	26,631,502	43,638,696	1,596,622	17,234,180	26,088,022
1. Due to banks	14,303,929	—	14,303,929	—	11,459,800	—	11,460,317	—
2. Due to customers	16,873,388	—	16,904,574	—	16,475,388	—	16,475,335	—
3. Debt securities in issue	20,154,478	3,148,487	17,519,990	302,268	23,330,028	1,627,628	22,047,816	11,109
4. Liabilities in respect of non-current assets being sold	—	—	—	—	—	—	—	—
Total	51,331,795	3,148,487	48,728,493	302,268	51,265,216	1,627,628	49,983,468	11,109

A.5 - Information on day one profit/loss

For Level 3 transactions, the fair value derived from the model may differ from the price of the transaction itself. If the difference is positive (day one profit), it is amortized over the outstanding life of the financial instrument; if it is negative (day one loss), it is taken directly to the profit and loss account, on prudential grounds. Any subsequent changes in fair value will therefore be linked to the trends in the various risk factors to which the instrument is exposed (interest rate/exchange rate risk, etc.) and recorded directly in the profit and loss account.

At the reporting date the Group's consolidated financial statements do not contain any amounts reflecting suspended day one profits/losses in the profit and loss account to be released over time.

Part B - Notes to consolidated balance sheet *

Assets

SECTION 1

Heading 10: Cash and cash equivalents

1.1 Cash and cash equivalents

	30/6/15	30/6/14
a) Cash	44,023	28,165
b) Demand deposits with Central banks	5,004	5,782
Total	49,027	33,947

* Figures in €'000, save in footnotes, where figures are provided in full.

SECTION 2

Heading 20: Financial assets held for trading

2.1 Financial assets held for trading: composition

Items/value	30/6/15				30/6/14			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Balance-sheet assets								
1. Debt securities	3,205,161	735,879	22,259		4,424,464	651,077	34,502	
1.1 Structured securities	49,616	113,608	—		46,609	75,561	—	
1.2 Other	3,155,545	622,271	22,259		4,377,855	575,516	34,502	
2. Equity instruments [1]	1,726,920	24,634	—		1,038,666	27,087	162	
3. Units in investment funds	279,199	134,019	12,052		150,746	36,332	16,556	
4. Loans	22,090	—	—		76,145	9,683	—	
4.1 Repos	—	—	—		—	—	—	
4.2 Other	22,090	—	—		76,145	9,683	—	
Total (A)	5,233,370	894,532	34,311		5,690,021	724,179	51,220	
B. Derivative instruments								
1. Financial derivatives:	621,691	4,487,089	375,653		538,328	3,859,177	1,010,350	
1.1 Trading	621,691	4,080,891	370,158	[2]	538,328	3,654,166	741,374	[2]
1.2 Related to fair value option assets / liabilities	—	—	—		—	—	—	
1.3 Other	—	406,198	5,495	[3]	—	205,011	268,976	[3]
2. Credit derivatives:	—	213,837	303		—	532,633	1,059	
2.1 Trading	—	213,837	303		—	532,633	1,059	
2.2 Related to fair value option assets / liabilities	—	—	—		—	—	—	
2.3 Other	—	—	—		—	—	—	
Total (B)	621,691	4,700,926	375,956		538,328	4,391,810	1,011,409	
Total (A+B)	5,855,061	5,595,458	410,267		6,228,349	5,115,989	1,062,629	

[1] Equities as at 30/6/15 include shares committed in securities lending transactions totalling €1,598,144 (€556,630 at 30/6/14).

[2] Respectively €323,795,000 and €665,980,000 by way of options traded, with the equivalent amount being recorded as trading liabilities.

[3] Includes the market value of options (€5.3m) covering those linked with bonds issued by Mediobanca S.p.A. and Mediobanca International, with the equivalent amount being recorded as trading liabilities.

2.2 Financial assets held for trading: by borrower/issuer

Items/Values	30/6/15	30/6/14
A. FINANCIAL ASSETS (NON-DERIVATIVES)		
1. Debt securities	3,963,299	5,110,043
a) Governments and central banks	1,931,561	3,347,653
b) Other public-sector entities	64,042	208,887
c) Banks	956,769	480,937
d) Other issuers	1,010,927	1,072,566
2. Equity instruments	1,751,554	1,065,915
a) Banks	65,633	72,724
b) Other issuers:	1,685,921	993,191
- Insurance companies	31,102	42,115
- Financial companies	176,345	52,313
- Non-financial companies	1,476,630	897,024
- Other	1,844	1,739
3. Units in investment funds	425,270	203,634
4. Loans	22,090	85,828
a) Governments and Central Banks	—	—
b) Other public-sector entities	—	—
c) Banks	—	—
d) Other issuers	22,090	85,828
Total A	6,162,213	6,465,420
B. DERIVATIVE INSTRUMENTS		
a) Banks	3,509,619	3,572,791
- Fair value	3,509,619	3,572,791
b) Customers	2,188,954	2,368,756
- Fair value	2,188,954	2,368,756
Total B	5,698,573	5,941,547
Total (A+B)	11,860,786	12,406,967

2.3 Financial assets held for trading: movements during the period

	Debt securities	Equity instruments	Units in investments funds	Loans	Total
A. Gross opening balance	5,110,043	1,065,915	203,634	85,828	6,465,420
B. Increases	31,332,794	11,327,295	778,252	76,485	43,514,826
B.1 Purchases	31,158,379	11,024,952	726,170	70,010	42,979,511
B.2 Positive changes in fair value	24,581	70,595	5,918	529	101,623
B.3 Other changes	149,834	231,748	46,164	5,946	433,692
C. Decreases	32,479,538	10,641,656	556,616	140,223	43,818,033
C.1 Sales	30,594,420	10,410,019	542,405	135,846	41,682,690
C.2 Redemptions	299,869	—	—	205	300,074
C.3 Negative changes in fair value	53,900	149,378	11,984	1,866	217,128
C.4 Tranfers to other portfolios	—	—	—	—	—
C.5 Other changes	1,531,349	82,259	2,227	2,306	1,618,141
D. Closing balances	3,963,299	1,751,554	425,270	22,090	6,162,213

SECTION 4

Heading 40: Available for sale (AFS) securities

4.1 AFS securities: composition

Items/Values	30/6/15			30/6/14		
	Level 1	Level 2	Level 3 *	Level 1	Level 2	Level 3 *
1. Debt securities	6,572,244	366,537	11,686	6,651,103	486,858	14,917
1.1 Structured securities	—	—	—	—	—	—
1.2 Other	6,572,244	366,537	11,686	6,651,103	486,858	14,917
2. Equty instruments	842,430	—	115,468	400,720	—	740,826
2.1 Designated at fair value	842,430	—	115,416	400,720	—	740,774
2.2 Recognised at cost	—	—	52	—	—	52
3. Units investment funds	19,732	384	134,657	—	384	123,680
4. Loans	—	—	—	—	—	—
Total	7,434,406	366,921	261,811	7,051,823	487,242	879,423

* Includes shares in non-listed companies based on internal rating models.

4.2 AFS securities: by borrower/issuer

Items/Values	30/6/15	30/6/14
1. Debt securities	6,950,467	7,152,878
a) Governments and central banks	5,111,273	4,966,047
b) Other public-sector entities	—	—
c) Banks	946,207	1,156,498
d) Other issuers	892,987	1,030,333
2. Equity instruments	957,898	1,141,546
a) Banks	643	—
b) Other issuers:	957,255	1,141,546
- insurance companies	—	—
- financial companies	31,751	57,931
- non-financial companies	916,664	1,071,618
- other	8,840	11,997
3. Units in investment funds (including Private Equity funds)	154,773	124,064
4. Loans	—	—
a) Governments and Central Banks	—	—
b) Other public-sector entities	—	—
c) Banks	—	—
d) Other entities	—	—
Total	8,063,138	8,418,488

4.3 AFS securities: assets subject to specific hedging

Items/Values	30/6/15	30/6/14
1. Financial instruments subject to fair value micro hedging	314,292	793,555
a) Interest rate risk	314,292	793,555
b) currency risk	—	—
c) credit risk	—	—
d) multiple risks	—	—
2. Financial instruments subject to cash flow micro hedging	—	—
a) interest rate risk	—	—
b) currency risk	—	—
c) other	—	—
Total	314,292	793,555

4.4 AFS securities: movements during the period

	Debt securities	Equity instruments	Units in investment funds	Loans	Total
A. Opening balance	7,152,878	1,141,546	124,064	—	8,418,488
B. Increases	3,096,777	186,340	44,549	—	3,327,666
B.1 Purchases	3,015,287	66,021	36,790	—	3,118,098
B.2 Variazioni positive di fair value	35,892	112,693	7,754	—	156,339
B.3 Write-backs	—	—	—	—	—
- related to P&L	—	X	—	—	—
- related to Equity	—	—	—	—	—
B.4 Transfers from other portfolios	—	—	—	—	—
B.5 Other changes	45,598	7,626	5	—	53,229
C. Decreases	3,299,188	369,988	13,840	—	3,683,016
C.1 Sales	1,128,642	344,345	2,624	—	1,475,611
C.2 Redemptions	2,086,100	—	—	—	2,086,100
C.3 Negative changes in fair value	60,396	6,750	4,660	—	71,806
C.4 Impairment writedowns	—	18,893	6,502	—	25,395
- through profit or loss	—	18,893	2,095	—	20,988
- in equity	—	—	4,407	—	4,407
C.5 Transfers to other portfolios	—	—	—	—	—
C.6 Other changes	24,050	—	54	—	24,104
D. Closing balances	6,950,467	957,898	154,773	—	8,063,138

SECTION 5

Heading 50: Financial assets held to maturity

5.1 Financial assets held to maturity: composition

Type of transactions/ group components	30/6/15				30/6/14			
	Book value	*Fair value*			Book Value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debts securities	1,311,696	1,350,529	43,100	21,002	1,659,818	1,596,622	150,608	38,411
- structured	—	—	—	—	—	—	—	—
- other	1,311,696	1,350,529	43,100	21,002	1,659,818	1,596,622	150,608	38,411
2. Loans	—	—	—	—	—	—	—	—
Total	1,311,696	1,350,529	43,100	21,002	1,659,818	1,596,622	150,608	38,411

5.2 Assets held to maturity: by borrower/issuer

Type of transaction / Values	30/6/15	30/6/14
1. Debt securities	1,311,696	1,659,818
a) Governments and central banks	359,024	362,189
b) Other public-sector entities	—	—
c) Banks	330,898	502,378
d) Other issuers	621,774	795,251
2. Loans	—	—
a) Governments and central banks	—	—
b) Other public-sector entities	—	—
c) Banks	—	—
d) Other entities	—	—
Total	1,311,696	1,659,818
Total Fair Value	1,414,631	1,785,641

5.4 Assets held to maturity: movements during the period

	Debt securities	Loans	Total
A. Gross opening balance	1,659,818	—	1,659,818
B. Increases	115,390	—	115,390
B.1 Purchases	101,336	—	101,336
B.2 Write-backs	898	—	898
B.3 Transfers from other portfolios	—	—	—
B.4 Other changes	13,156	—	13,156
C. Decreases	463,512	—	463,512
C.1 Sales	—	—	—
C.2 Redemptions	462,047	—	462,047
C.3 Write-downs	—	—	—
C.4 Transfers from other portfolios	—	—	—
C.5 Other changes	1,465	—	1,465
D. Closing balances	1,311,696	—	1,311,696

SECTION 6

Heading 60 - Due from banks

6.1 Due from banks: composition

Type of transaction / Values	30/6/15				30/6/14			
	BookValue	Fair value			Book Value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Loans to Central Banks	131,490	—	131,490	—	136,897	—	136,897	—
1. Time deposits	—	X	X	X	—	X	X	X
2. Compulsory reserves	131,490	X	X	X	136,897	X	X	X
3. Repos	—	X	X	X	—	X	X	X
4. Other	—	X	X	X	—	X	X	X
B. Loans to banks	5,946,766	—	5,725,755	221,077	5,150,857	—	4,892,983	246,127
1. Loans	5,946,766	—	5,725,755	221,077	5,150,857	—	4,892,983	246,127
1.1 Current accounts and demand deposits	770,681	X	X	X	2,244,332	X	X	X
1.2 Time deposits	70,307	X	X	X	177,216	X	X	X
1.3 Other loans:	5,105,778	X	X	X	2,729,309	X	X	X
- Repos	3,914,788	X	X	X	1,983,525	X	X	X
- Finance leases	5,067	X	X	X	3,789	X	X	X
- Other	1,185,923	X	X	X	741,995	X	X	X
2. Debts securities	—	—	—	—	—	—	—	—
2.1 Structured	—	X	X	X	—	X	X	X
2.2 Other	—	X	X	X	—	X	X	X
Total	6,078,256	—	5,857,245	221,077	5,287,754	—	5,029,880	246,127

*6.3 Financial leasing **

	30/6/15					
	Impaired exposures	Minimum Payments			Gross investments	
		Equity share		Interest share		
			of which outstanding amount guaranteed			of which outstanding amount guaranteed
Up to 3 months	—	378	—	77	455	—
Between 3 months and 1 year	—	965	—	166	1,131	5
Between 1 year and 5 years	—	2,865	—	363	3,229	12
Over 5 years	—	1,014	—	181	1,195	18
Unspecified	—	—	—	—	—	—
Total	—	5,222	—	787	6,010	35

* This table, based on the "Instructions for financial intermediaries registered in the special list of electronic money institutions, fund managers and securities brokerages" published by the Bank of Italy, shows the book value of impaired exposures, the current value of minimum payments (before value adjustments, if any) and gross investments, broken down by time horizon.

SECTION 7

Heading 70: Due from customers

7.1 Due from customers: composition

Type of transaction / values	30/6/15						30/6/14					
	Book Value			Fair Value			Book Value			Fair Value		
	Performing	Impaired		Level 1	Level 2	Level 3	Performing	Impaired		Level 1	Level2	Level 3
		Purchased	Other					Purchased	Other			
Loans	35,488,055	73,801	1,078,456	—	10,712,897	26,002,107	35,079,411	84,586	1,073,018	—	11,965,539	25,449,492
1. Current accounts	272,716	—	80	X	X	X	193,208	—	80	X	X	X
2. Repos	3,689,916	—	—	X	X	X	4,577,661	—	—	X	X	X
3. Mortgages	17,099,642	—	576,797	X	X	X	16,127,426	—	548,709	X	X	X
4. Credit cards and personal loans, incl. wage assignment loans	10,179,630	73,801	224,008	X	X	X	9,386,575	84,586	255,185	X	X	X
5. Financial leasing	2,485,482	—	267,043	X	X	X	2,737,657	—	257,179	X	X	X
6. Factoring	446,701	—	3,735	X	X	X	165,435	—	1,313	X	X	X
7. Other loans	1,313,968	—	6,793	X	X	X	1,891,449	—	10,552	X	X	X
Debts securities	482,219	—	—	—	248,759	248,206	386,516	—	—	—	88,153	305,959
8. Structured	—	—	—	X	X	X	—	—	—	X	X	X
9. Other	482,219	—	—	X	X	X	386,516	—	—	X	X	X
Total	35,970,274	73,801	1,078,456	—	10,961,656	26,250,313	35,465,927	84,586	1,073,018	—	12,053,692	25,755,451

7.2 Due from customers: by borrower/issuer

Type of transaction / Values	**30/6/15**			**30/6/14**		
	Bonis	**Impaired**		**Bonis**	**Impaired**	
		Purchased	**Other**		**Purchased**	**Other**
1. Debt securities issued by	482,219	—	—	386,516	—	—
a) Governments	—	—	—	—	—	—
b) Other public-sector Entities	—	—	—	—	—	—
c) Other issuers	482,219	—	—	386,516	—	—
- non-financial companies	17,949	—	—	14,708	—	—
- financial companies	464,270	—	—	371,808	—	—
- insurance companies	—	—	—	—	—	—
- other	—	—	—	—	—	—
2. Loans to:	35,488,055	73,801	1,078,456	35,079,411	84,586	1,073,018
a) Governments	—	—	—	—	—	—
b) Other public-sector Entities	94,822	—	12	120,995	—	10
c) Other entities	35,393,234	73,801	1,078,444	34,958,416	84,586	1,073,008
- non-financial companies	13,151,353	2,947	661,032	11,546,237	3,192	617,570
- financial companies	5,562,883	24	24,444	8,260,236	12	32,989
- insurance companies	947,831	—	1,888	864,356	11	3
- other	15,731,165	70,830	391,080	14,287,587	81,371	422,446
Total	35,970,274	73,801	1,078,456	35,465,927	84,586	1,073,018

7.3 Due from customers: assets subject to specific hedging

	30/6/15	**30/6/14**
1. Loans and receivables subject to micro-hedging of fair value:	326,465	241,187
a) Interest rate risk	326,465	241,187
b) Currency risk	—	—
c) Credit risk	—	—
d) Multiple risks	—	—
2. Loans and receivables subject to micro-hedging of cash flows	—	—
a) Interest rate risk	—	—
b) Currency risk	—	—
c) Expected transaction	—	—
d) Other hedging activities	—	—
Total	326,465	241,187

*7.4 Due under finance leasing **

	30/6/15					
	Impaired exposures	Minmum Payments			Gross investments	
		Equity share		Interest share		
			of which outstanding amount guaranteed			of which outstanding amount guaranteed
Up to 3 months	2,551	151,141	—	19,570	188,476	6,268
Between 3 months and 1 year	33,417	357,786	—	40,109	431,311	18,450
Between 1 year and 5 years	230,063	1,093,862	—	192,335	1,516,261	87,778
Over 5 years	1,012	868,007	—	124,226	993,246	250,335
Unspecified	—	—	—	—	13,912	—
Total	267,043	2,470,796	—	376,240	3,143,206	362,831

* This table, based on the "Instructions for financial intermediaries registered in the special list of electronic money institutions, fund managers and securities brokerages" published by the Bank of Italy, shows the book value of impaired exposures, the current value of minimum payments (before value adjustments, if any) and gross investments, broken down by time horizon.

SECTION 8

Heading 80: Hedging derivatives

8.1 Hedging derivatives: by hedge type and level

	30/6/15				30/6/14			
	Fair value			Notional Value	Fair value			Notional Value
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A) Financial derivatives	—	754,941	—	12,568,015	—	1,008,609	—	15,514,778
1) Fair value	—	754,941	—	12,568,015	—	1,008,609	—	15,514,778
2) Cash flows	—	—	—	—	—	—	—	—
3) Net investments in foreign subsidiaries	—	—	—	—	—	—	—	—
B) Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flows	—	—	—	—	—	—	—	—
Total	—	754,941	—	12,568,015	—	1,008,609	—	15,514,778

8.2 Hedging derivatives: by portfolio hedged and hedge type (book value)

Transaction / Type of hedging	Fair value hedges						Cash-flow hedges		Net Investments on foreign subsidiaries
	Micro					Macro	Micro	Macro	
	Interest rate risk	Currency risk	Credit risk	Price risk	Multiple risk				
1. Available-for-sale financial instruments	282	—	—	—	—	X	—	X	X
2. Loans and receivables	17,145	—	—	X	—	X	—	X	X
3. Held-to-maturity investments	X	—	—	X	—	X	—	X	X
4. Portfolio	X	X	X	X	X	—	X	—	X
5. Others	—	—	—	—	—	X	—	X	—
Total assets	17,427	—	—	—	—	—	—	—	—
1. Financial liabilities	737,514	—	—	X	—	X	—	X	X
2. Portfolio	X	X	X	X	X	—	X	—	X
Total liabilities	737,514	—	—	—	—	—	—	—	—
1. Highly probable transactions	X	X	X	X	X	X	—	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	—	X	—	—

SECTION 10

Heading 100: Equity investments

As at 30 June 2015, the stakes held as part of the Equity investment portfolio reflected a book value of €3,411.4m.

10.1 Equity investments: disclosure on relationships

Company name	Legal office	Operating office	Control type	Ownership		Voting rights %
				Controlling entity	Ownership %	
A. Jointly-controlled entities						
1. Banca Esperia S.p.A.	Milan	Milan	1	Mediobanca S.p.A.	50.0	50.0
B. Entities under signficant influence						
1. Assicurazioni Generali S.p.A.	Trieste	Milan	2	Mediobanca S.p.A.	13.24	13.24
2. Burgo Group S.p.A.	Altavilla Vicentina (VI)	Milan	2	Mediobanca S.p.A.	22.13	22.13
3. Athena Private Equity S.A. (under liquidation)	Luxembourg	Luxembourg	2	Mediobanca S.p.A.	24.27	24.27
4. Fidia SGR S.p.A. (under liquidation)	Milan	Milan	2	Mediobanca S.p.A.	25.0	25.0

Legend:
1 Joint control.
2 Subject to significant influence.
3 Exclusively controlled and not consolidated.

The criteria and methods for establishing the area of consolidation are illustrated in "Section 3 - Part A - Accounting Policies" to which reference is made.

10.2 Equity investments: book values, fair values and dividends received

Company name	Book value		*Fair Value* *	Dividends received **
A. Jointly-controlled entities				
1. Banca Esperia S.p.A..	93,243	1	—	—
B. Entities under signficant influence				
1. Assicurazioni Generali S.p.A.	3,311,714		3,330,497	123,657
2. Burgo Group S.p.A.	—		—	—
3. Athena Private Equity S.A. (under liquidation)	5,818		—	—
4. Fidia SGR S.p.A. (under liquidation)	539		—	—
5. Others	46		—	—
Total	3,411,360			

1 Includes goodwill of €1,833,000.

* Available only for listed companies.

** Dividends are collected by Group companies and so are eliminated.

Accounting information for the equity-accounted investee companies is shown below as stated in the respective companies' most recent financial statements, in each case for the period ended 31 December 2014.

As at 30 June 2015 there were no particularly significant commitments outstanding for the Group's joint arrangements and associates.

The value of the investments has been tested for impairment test, as required by IAS 36, to check whether or not any long-term losses in value have emerged, based on external and internal indicators. As at 30 June 2015 no evidence of impairment had emerged.

10.3 Significant investments: accounting data

Company name	A. Jointly-controlled entities	B. Entities under signficant influence
	Banca Esperia S.p.A.	Assicurazioni Generali S.p.A.
Cash and cash-convertible assets	151	X
Financial assets	1,699,505	439,248,000
Non-financial assets	98,911	44,574,000
Financial liabilities	1,553,283	58,173,000
Non-financial liabilities	63,855	418,960,000
Total revenues	92,088	88,262,000
Interests' margin	12,480	X
Adjustments and reversals on tangible and intangible assets	(1,718)	X
Profit/(Loss) on ordinary activities before tax	9,718	2,953,000
Profit/(Loss) on ordinary activities after tax	1,842	1,921,000
Profit/(Loss) on held-for-sale assets after tax	—	(69,000)
Profir/(Loss) for the period (1)	1,842	1,852,000
Other profit/loss components after tax (2)	1,987	3,499,000
Total profit/loss for the period (3) = (1) +(2)	3,829	5,351,000

The table below shows the difference between the book value of each significant investment and the data used to value it.

Company name	Total net equuity	Pro-quota net equity	Consolidation differences	Consolidated book value
A. Jointly-controlled companies				
Banca Esperia S.p.A	182,818	91,410	1,833	93,243
B. Companies subject to significant influence				
Assicurazioni Generali S.p.A.	25,163,748	3,332,062	(20,348)	3,311,714

The differences arising on consolidation refer, for Banca Esperia, for the goodwill paid to acquire a minority interest, and for Assicurazioni Generali, the Mediobanca shares owned by the company (worth €153.7m). The book value of the Assicurazioni Generali investment also reflects the dividend received on 20 May 2015 (€123.7m).

As at 30 June 2015, the market value of the Assicurazioni Generali was €3,330.5m, i.e. higher than the book value.

10.4 Non-significant investments: accounting data

Company name	**B. Entities under signficant influence**		
	Burgo Group S.p.A	**Athena Private Equity S.A. (in liquidation)**	**Fidia SGR S.p.A. (in liquidation) ***
Book value of equity interests	—	539	5,818
Total assets	1,819,480	25,683	2,865
Total liabilities	1,691,309	1,603	439
Total revenues	2,259,829	5,160	n.s.
Profit/(Loss) on ordinary activities after tax	(73,793)	(528)	(73)
Profit/(Loss) for held-for-sale assets after tax	(3,980)	—	—
Profit/(Loss) for the period (1)	(77,772)	(528)	(73)
Other profit/(loss) components after tax (2)	(131,367)	—	—
Total profit/(loss) (3) = (1) + (2)	(209,139)	(528)	(73)

* The company was wound up on 30 July 2015.

For details on the nature of the relationship, please see Section 10.1.

The equity investments subject to significant influence and/or joint control are valued using the equity method, and the calculation of their value includes treasury shares owned, dividends collected, and any Mediobanca shares owned by the investee companies.

On 30 July 2015, agreements were entered into with the lender banks regarding methods to strengthen the capital of Burgo Group, under the regulatory framework provided by Article 67 of the Italian bankruptcy law. In line with the provisions, under the agreements €300m in medium-/long-term loans will be converted into equity instruments worth €200m and a €100m convertible loan. The company's shareholders then approved the financial statements for FY 2014 and appointed a new Board of Directors.

The book value of the investment has been written off entirely on prudential grounds since December 2013.

The liquidation of Athena Private Equity continued during the year under review. For Fidia, the final liquidation accounts were approved in July 2015 and the assets allocated to shareholders (€0.5m allocated to Mediobanca).

10.5 Equity investments: movements during the period

	30/6/15	30/6/14
A. Opening balance	2,871,375	2,586,899
B. Increases	544,535	322,792
B.1 Purchases	—	—
B.2 Writebacks	—	—
B.3 Revaluations	—	—
B.4 Other changes	544,535	322,792
C. Decreases	4,549	38,316
C.1 Sales	—	15,959
C.2 Adjustments	129	18,612
C.3 Other changes	4,420	3,745
D. Closing balance	3,411,360	2,871,375
E. Total revaluations	—	—
F. Total adjustments	733,478	733,349

SECTION 12

Heading 120: Property, plant and equipment

12.1 Tangible assets stated at cost

Items/value	30/6/15	30/6/14
1.1 Owned assets	235,703	238,456
a) lands	84,883	84,883
b) buildings	107,320	110,554
c) office furniture and fitting	11,262	12,824
d) electronic system	12,670	12,634
e) other	19,568	17,561
1.2 Leased assets	—	17
a) lands	—	—
b) buildings	—	17
c) office furniture and fitting	—	—
d) electronic system	—	—
e) other	—	—
Total	235,703	238,473

12.2 Core tangible assets: movements during the period

Items/value	30/6/15				30/6/14			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Owned assets	72,915	—	—	139,110	67,593	—	—	118,816
a) land	27,382	—	—	79,523	26,674	—	—	66,411
b) buildings	45,533	—	—	59,587	40,919	—	—	52,405
2. Leased assets	—	—	—	—	—	—	—	—
a) land	—	—	—	—	—	—	—	—
b) buildings	—	—	—	—	—	—	—	—
Total	72,915	—	—	139,110	67,593	—	—	118,816

12.5 Core properties: movements during the period

Activities/Values	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	84,883	147,805	48,301	38,100	69,940	389,029
A.1 Total net reduction value	—	(37,235)	(35,476)	(25,466)	(52,379)	(150,556)
A.2 Net opening balance	84,883	110,571	12,824	12,634	17,561	238,473
B. Increase	—	1,893	2,593	2,200	8,422	15,108
B.1 Purchase	—	1,893	2,593	2,186	8,414	15,086
B.2 Capitalised expenditure on improvements	—	—	—	—	—	—
B.3 Write-backs	—	—	—	—	—	—
B.4 Posit. changes in fair value allocated to:	—	—	—	—	—	—
- a) net equity	—	—	—	—	—	—
- b) profit & loss	—	—	—	—	—	—
B.5 exchange difference (+)	—	—	—	1	—	1
B.6 Transfer from investment properties	—	—	—	—	—	—
B.7 Other adjustment	—	—	—	13	8	21
C. Decreases	—	5,144	4,156	2,164	6,415	17,879
C.1 Sales	—	139	83	38	31	291
C.2 Amortization	—	4,105	3,639	2,125	6,384	16,253
C.3 Impairment losses allocated to:	—	—	—	—	—	—
- a) net equity	—	—	—	—	—	—
- b) profit & loss	—	—	—	—	—	—
C.4 Negat.changes in fair value allocated to:	—	—	—	—	—	—
- a) net equity	—	—	—	—	—	—
- b) profit & loss	—	—	—	—	—	—
C.5 exchange difference (-)	—	—	2	—	—	2
C.6 Trasfers to:	—	900	—	—	—	900
- a) held-for-sales investments	—	900	—	—	—	900
- b) assets classified as held-for-sales	—	—	—	—	—	—
C.7 Other adjustment	—	—	432	1	—	433
D. Net closing balance	84,883	107,320	11,262	12,670	19,568	235,703
D.1 Total net write-down	—	(34,704)	(25,100)	(14,790)	(55,924)	(130,518)
D.2 Final gross balance	84,883	142,024	36,362	27,460	75,492	366,221
E. Carried at cost	—	—	—	—	—	—

12.6 Properties held for investment purposes: movements during the period

	Land	Buildings
A. Opening balance	26,674	40,919
B. Increases	708	7,548
B.1 Purchases	708	6,579
B.2 Capitalised expenditure on improvements	—	69
B.3 Increases in fair value	—	—
B.4 Write backs	—	—
B.5 Positive exchange differences	—	—
B.6 Transfer from properties used in the business	—	900
B.7 Other changes	—	—
C. Reductions	—	2,935
C.1 Disposals	—	25
C.2 Depreciation	—	2,910
C.3 Negative changes in fair value	—	—
C.4 Impairment losses	—	—
C.5 Negative exchange difference	—	—
C.6 Transfers to	—	—
a) properties used in the business	—	—
b) non current assets classified ad held for sale	—	—
C.7 Other changes	—	—
D. Closing balance	27,382	45,533
E. Measured at fair value	79,523	59,587

These consist of the following properties:

Properties	SQU. M	Book value (€ m)	Book value per SQU. m (€ 000)
Roma: Piazza di Spagna	8,228	25,835	3.1
Lecce: Via Brenta	21,024	22,379	1.1
Verona: Località Bovolone	15,680	13,538	0.9
Bologna: Via Todano	9,571	7,832	0.8
Brescia: Località Corte Franca	3,720	1,984	0.5
Pavia: Via Campari	1,100	1,163	1.1
Other	202	184	0.9
Total	59,525	72,915	

SECTION 13

Heading 130: Intangible assets *

13.1 Intangible assets

Activities/Values	30/6/15		30/6/14	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	X	374.098	X	365.934
A.1.1 Attributable to the Group	X	374.098	X	365.934
A.1.2 Attributable to minorities	X	—	X	—
A.2 Other intangible assets	36.158	—	39.841	3.600
A.2.1 Assets valued at cost:	36.158	—	39.841	3.600
a) Intangible assets generated internally	—	—	—	—
b) Other assets	36.158	—	39.841	3.600
A.2.2 Assets valued at fair value:	—	—	—	—
a) Intangible assets generated internally	—	—	—	—
b) Other assets	—	—	—	—
Total	36.158	374.098	39.841	369.534

* For further details on goodwill please see Part G - Combination involving Group companies or business units.

13.2 Intangible assets: movements during the period

	Goodwill	Other intangible assets: generated internally		Other intangible assets:		Total
		Finite	Indefinite	Finite	Indefinite	
A. Gross opening balance	365,934	—	—	164,402	3,600	533,936
A.1 Total net reduction in value	—	—	—	(124,561)	—	(124,561)
A.2 Net opening balance	365,934	—	—	39,841	3,600	409,375
B. Increases	8,164	—	—	16,431	—	24,595
B.1 Puchases	8,164	—	—	16,431	—	24,595
B.2 Increases in intagible assets generated internally	X	—	—	—	—	—
B.3 Write-backs	X	—	—	—	—	—
B.4 Increases in fair value:	—	—	—	—	—	—
- net equity	X	—	—	—	—	—
- profit & loss	X	—	—	—	—	—
B.5 Positive exchange differences	—	—	—	—	—	—
B.6 Other changes	—	—	—	—	—	—
C. Reductions	—	—	—	20,114	3,600	23,714
C.1 Disposals	—	—	—	—	—	—
C.2 Write-downs	—	—	—	20,093	3,600	23,693
- Amortization	X	—	—	20,093	—	20,093
- Write-downs	—	—	—	—	3,600	3,600
+ in equity	X	—	—	—	—	—
+ profit & loss	—	—	—	—	3,600	3,600
C.3 Reduction in fair value	—	—	—	—	—	—
- in equity	X	—	—	—	—	—
- through profit or loss	X	—	—	—	—	—
C.4 Transfers to non-current assets held for sale	—	—	—	—	—	—
C.5 Negative exchange differences	—	—	—	—	—	—
C.6 Other changes	—	—	—	21	—	21
D. Net closing balance	374,098	—	—	36,158	—	410,256
D.1 Total net reduction in value	—	—	—	(100,696)	—	(100,696)
E. Closing balance	374,098	—	—	136,854	—	510,952
F. Carried at cost	—	—	—	—	—	—

SECTION 14

Asset heading 140 and Liability heading 80: tax assets and liabilities

14.1 Advance tax assets: composition

	30/6/15	30/6/14
- Balancing to the P&L	715,467	682,828
- Balancing to the Net equity	20,185	28,444
Total	735,652	711,272

14.2 Deferred tax liabilities: composition

	30/6/15	30/6/14
- Balancing to the profit and loss	282,899	272,729
- Balancing to the net equity	82,169	88,390
Total	365,068	361,119

14.3 Changes in advance tax during the period

	30/6/15	30/6/14
1. Opening balance	682,828	586,422
2. Increases	138,065	192,763
2.1 Deferred tax assets of the year	132,629	192,742
a) relating to previous years	138	2,146
b) due to change in accounting policies	—	—
c) write-backs	64	43
d) others (creation of temporary differences, use of TLCF)	132,427	190,553
2.2 New taxes or increases in tax rates	4,278	—
2.3 Other increases	1,158	21
3. Decreases	105,425	96,357
3.1 Deferred tax assets derecognised in the year	99,435	89,903
a) reversals of temporary differences	96,935	85,914
b) write-downs of non-recoverable items	—	—
c) change in accounting policies	—	—
d) others	2,500	3,989
3.2 Reduction in tax rates	—	1,903
3.3 Other decreases	5,990	4,551
a) conversion into tax credit under L. 214/2011	5,953	4,493
b) others	37	58
4. Final amount	715,467	682,828

14.3.1 Changes in advance tax during the period (pursuant to Italian Law 214/11)

	30/6/15	**30/6/14**
1. Opening balance	588,140	447,576
2. Increases	127,785	183,167
3. Decreases	88,132	42,603
3.1 Reversals of temporary differences	80,162	35,970
3.2 Conversion to taX credit deriving:	5,882	4,459
a) from year losses	—	—
b) from tax losses	5,882	4,459
3.3 Other decreases	2,088	2,174
4. Final amount	627,793	588,140

14.4 Changes in deferred tax during the period

	30/6/15	**30/6/14**
1. Opening balance	272,729	284,173
2. Increases	13,942	9,209
2.1 Deferred tax liabilities of the year	5,678	5,307
a) relating to previous years	—	—
b) due to change in accounting policies	—	—
c) other	5,678	5,307
2.2 New taxes or increases in tax rates	—	—
2.3 Other increases	8,264	3,902
3. Decreases	3,772	20,653
3.1 Deferred tax liabilities derecognised in the year	690	20,539
a) reversals of temporary differences	660	20,532
b) due to change in accounting policies	—	—
c) other	30	7
3.2 Reductions in tax rates	—	—
3.3 Other decreases	3,082	114
4. Final amount	282,899	272,729

14.5 Changes in advance tax during the period [1]

	30/6/15	30/6/14
1. Opening balance	28,444	63,053
2. Increases	11,384	8,214
2.1 Deferred tax assets of the year	11,084	8,214
a) relating to previous years	—	—
b) due to change in accounting principles	—	87
c) other (creation of temporary differences)	11,084	8,127
2.2 New taxes or increase in tax rates	253	—
2.3 Other increases	47	—
3. Decreases	19,644	42,823
3.1 Deferred tax assets derecognised in the year	19,563	42,546
a) reversals of temporary differences	17,381	35,976
b) writedowns of non-recoverable items	—	—
c) due to change in accounting principles	—	—
d) other	2,182	6,570
3.2 Reduction in tax rates	—	277
3.3 Other decreases	80	—
4. Final amount	20,185	28,444

[1] Taxes on cash flow hedges and AFS securities valuations.

14.6 Changes in deferred tax during the period [1]

	30/6/15	30/6/14
1. Opening balance	88,390	56,363
2. Increases	80,485	87,962
2.1 Deferred tax liabilities of the year	76,817	87,962
a) relating to previous years	—	—
b) due to change in accounting principles	—	—
c) Other (creation of temporary differences)	76,817	87,962
2.2 New taxes or increase in tax rates	22	—
2.3 Other increases	3,646	—
3. Decreases	86,706	55,936
3.1 Deferred tax liabilities derecognised in the year	86,706	55,931
a) reversal of temporary differences	85,087	55,778
b) due to change in accounting principles	—	—
c) other	1,619	153
3.2 Reduction in tax rates	—	5
3.3 Other decreases	—	—
4. Final amount	82,169	88,390

[1] Taxes on cash flow hedges and AFS securities valuations.

SECTION 16

Heading 160: Other assets

16.1 Other assets: composition

	30/6/15	30/6/14
1. Gold, silver and precious metals	695	695
2. Accrued income other than capitalized income from financial assets	8,503	9,486
3. Trade receivables or invoices to be issued	115,369	104,349
4. Amounts due from tax revenue authorities (not recorded under Heading 140)	193,076	208,883
5. Other items	68,158	85,830
- bills for collection	11,247	11,252
- amounts due in respect of premiums, grants, indemnities and other items in respect of lending	31,120	45,839
- futures and other securities transactions	267	903
- advance payments on deposit commissions	7,409	7,923
- other items in transit	10,123	13,019
- amounts due to staff	381	275
- sundry other items	7,612	6,619
6. Adjustment arising on consolidation	2	1
Total	385,803	409,244

Liabilities

SECTION 1

Heading 10: Due to banks

1.1 Due to banks: composition

Type of transaction/Values	30/6/15	30/6/14
1. Deposits from central banks	5,479,290	5,581,084
2. Deposits from banks	8,824,639	5,878,716
2.1 Other current accounts and demand deposits	1,122,882	2,184,721
2.2 Time deposits	357,384	53,449
2.3 Loans	7,286,914	3,624,297
2.3.1 Repos	3,955,064	1,101,385
2.3.2 Other	3,331,850	2,522,912
2.4 Liabilities in respect of commitments to repurchase treasury shares	—	—
2.5 Other debt	57,459	16,250
Total	14,303,929	11,459,800
Fair value – level 1	—	—
Fair value - level 2	14,303,929	11,460,317
Fair value - level 3	—	—
Total Fair value	14,303,929	11,460,317

1.2 Breakdown of heading 10 "Due to banks": subordinated liabilities

Subordinated liabilities included under the heading Due to banks amount to €43,333,000, and refer to amounts payable by Linea to its former shareholders; the loan was repaid in full on 31 July 2015.

1.4 Due to banks: items subject to specific hedges

	30/6/15	30/6/14
1. Liability items subject to micro-hedging of fair value	1,088,890	257,599
a) Interest rate risk	1,088,890	257,599
b) Currency risk	—	—
c) Multiple risks	—	—
2. Liability items subject to micro-hedging of cash flows	915,000	418,000
a) Interest rate risk	915,000	418,000
b) Currency risk	—	—
c) Other	—	—
Total	2,003,890	675,599

SECTION 2

Heading 20: Due to customers

2.1 Due to customers: composition

Type of transaction/Values	30/6/15	30/6/14
1. Current accounts and demand deposits	6,949,043	4,282,366
2. Time deposits including saving deposits with maturity	7,116,087	9,409,622
3. Loans	2,807,660	2,783,390
3.1 Repos	1,478,593	1,112,816
3.2 Other	1,329,067	1,670,574
4. Liabilities in respect of commitments to repurchase treasury shares	—	—
5. Others	598	10
Total	16,873,388	16,475,388
Fair value - level 1	—	—
Fair value - level 2	16,904,574	16,475,335
Fair value - level 3	—	—
Total Fair value	16,904,574	16,475,335

2.4 Due to customers: items subject to specific hedges

	30/6/15	30/6/14
1. Liability items subject to micro-hedging of fair value	123,435	105,029
a) Interest rate risk	123,435	105,029
b) Currency risk	—	—
c) Multiple risk	—	—
2. Liability items subject to micro- hedging of cash flows	—	—
a) Interest rate risk	—	—
b) Currency risk	—	—
c) Other	—	—
Total	123,435	105,029

SECTION 3

Heading 30: Debt securities in issue

3.1 Debt securities in issue: composition

Type of securities/ Values	30/6/15				30/6/14			
	Book value	Fair Value *			Book value	Fair Value *		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Debts certificates including bonds								
1. Bonds	19,852,210	3,148,487	17,519,990	—	23,318,919	1,627,628	22,047,816	—
1.1 structured	6,668,862	22,295	7,261,120	—	9,464,572	402,555	9,215,157	—
1.2 other	13,183,348	3,126,192	10,258,870	—	13,854,347	1,225,073	12,832,659	—
2. Other structured securities	302,268	—	—	302,268	11,109	—	—	11,109
2.1 structured	—	—	—	—	—	—	—	—
2.2 other	302,268	—	—	302,268	11,109	—	—	11,109
Total	20,154,478	3,148,487	17,519,990	302,268	23,330,028	1,627,628	22,047,816	11,109

* The fair values are shown net of Mediobanca issuer risk; if this item is included, the fair value at 30 June 2015 would show a gain of €305m (€149m).

Debt securities fell from €23,318,919 to €19,852,210, after new issues worth €2.9bn, redemptions totalling €5.8bn, net buybacks on the market of €0.5bn (generating losses of €13.7m), and other upward adjustments (to reflect exchange rates, amortized cost and hedging effects) amounting to €108.8m.

3.2 Breakdown of heading 30 "Debt securities in issue": subordinated liabilities

Debt securities in issue include the following four subordinated, lower tier 2 issues in an aggregate amount of €1,898,932,000:

Issue	30/6/15		
	ISIN code	Nominal value	Book value
MB GBP Lower Tier II Fixed/Floating Rate Notes 2018 (Non più computato nel patrimonio di Vigilanza)	XS0270002669	22,379	31,449
MB Secondo Atto 5% 2020 Lower Tier 2	IT0004645542	739,553	840,771
MB Quarto Atto a Tasso Variabile 2021 Lower Tier 2	IT0004720436	493,205	490,863
MB CARATTERE 5,75% 2023 Lower Tier 2	IT0004917842	499,041	535,849
Total subordinated securities		1,754,178	1,898,932

3.3 Breakdown of heading 30 “Debt securities in issue”: items subject to specific hedging

	30/6/15	30/6/14
1. Securities subject to micro-hedging of fair value	13,152,759	16,613,364
a) Interest rate risk	13,152,759	16,613,364
b) Currency risk	—	—
c) Multiple risks	—	—
2. Securities subject to micro-hedging of cash flows	4,606,003	4,468,892
a) Interest rate risk	4,606,003	4,468,892
b) Currency risk	—	—
c) Other	—	—
Total	17,758,762	21,082,256

SECTION 4

Heading 40: Trading liabilities

4.1 Trading liabilities: composition

Type of transaction/ Values	30/6/15					30/6/14				
	Nominal value	Fair Value			Fair Value *	Nominal value	Fair Value			Fair Value *
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Financial liabilities										
1. Deposits from banks	1,238,054	1,743,333	—	—	1,743,333	1,593,649	1,645,468	41,121	—	1,686,589
2. Deposits from customers	415,802	585,502	—	—	585,502	804,828	830,998	20,767	—	851,765
3. Debt securities	—	—	—	—	—	—	—	—	—	—
3.1 Bonds	—	—	—	—	—	—	—	—	—	—
3.1.1 Structured	—	—	—	—	X	—	—	—	—	X
3.1.2 Other bond	—	—	—	—	X	—	—	—	—	X
3.2 Other securities	—	—	—	—	—	—	—	—	—	—
3.2.1 Structured	—	—	—	—	X	—	—	—	—	X
3.2.2 Other	—	—	—	—	X	—	—	—	—	X
Total A	1,653,856	2,328,835	—	—	2,328,835	2,398,477	2,476,466	61,888	—	2,538,354
B. Derivative instruments										
1. Financial derivatives	—	745,578	4,672,613	354,320	—	—	723,011	4,163,018	992,270	—
1.1 Trading	X	745,578	4,244,453	348,776 [1]	X	X	723,011	3,957,062	697,495 [1]	X
1.2 Related with fair value option	X	—	—	—	X	X	—	—	—	X
1.3 Other	X	—	428,160	5,544 [2]	X	X	—	205,956	294,775 [2]	X
2. Credits derivatives	—	—	497,585	—	—	—	—	860,508	—	—
2.1 Trading	X	—	497,585	—	X	X	—	860,508	—	X
2.2 Related with fair value option	X	—	—	—	X	X	—	—	—	X
2.3 Other	X	—	—	—	X	X	—	—	—	X
Total B	X	745,578	5,170,198	354,320	X	X	723,011	5,023,526	992,270	X
Total (A+B)	X	3,074,413	5,170,198	354,320	X	X	3,199,477	5,085,414	992,270	X

* Fair value calculated excluding variations in value due to changes in the issuer’s credit standing.

[1] Respectively €323,795,000 and €665,980,000 for options traded, matching the amount recorded among assets held for trading.

[2] Includes the market value (€5.3m, €0.3m at 30/6/14) of options covering options matched with bonds issued by Mediobanca and Mediobanca International, against the same amount recorded among assets held for trading

SECTION 6

Heading 60: Hedging derivatives

6.1 Hedging derivatives: by type of product/underlying asset

Items/amounts	30/6/15				30/6/14			
	Fair Value			Nominal value	Fair Value			Nominal value
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	—	291,201	—	6,682,071	—	353,451	—	7,836,764
1) Fair value	—	274,314	—	6,427,071	—	328,386	—	7,531,764
2) Cash flows	—	16,887	—	255,000	—	25,065	—	305,000
3) Net investment in foreign subsidiaries	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flows	—	—	—	—	—	—	—	—
Total	—	291,201	—	6,682,071	—	353,451	—	7,836,764

6.2 Hedging derivatives: by portfolio hedged/hedge type

Operatons / type of hedging	Fair Value						Cash flow		Net investments on foreign subsidiaries
	Micro-hedge					Macro-hedge	Micro-hedge	Macro-hedge	
	Interest rate risk	Currency risk	Credit risk	Price risk	Multiple risks				
1. Available for sale financial assets	14.417								X
2. Loans and receivables	5,911	—	—	X	—	X	—	X	X
3. Held to maturity investments	X	—	—	X	—	X	—	X	X
4. Porrfolio	X	X	X	X	X	—	X	—	X
5. Others	—	—	—	—	—	X	—	X	—
Total assets	20,328	—	—	—	—	—	—	—	—
1. Financial liabilities	253,986	—	—	X	—	X	16,887	X	X
2. Portfolio	X	X	X	X	X	—	X	—	X
Total liabilities	253,986	—	—	—	—	—	16,887	—	—
1. Higly probable transactions	X	X	X	X	X	X	—	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	—	—	—	—

SECTION 8

Heading 80 - Deferred liabilities

Please see asset section 14.

SECTION 10

Heading 100: Other liabilities

10.1 Other liabilities: composition

	30/6/15	30/6/14
1. Payment agreements (IFRS 2)	—	—
2. Impaired endorsements	17,727	19,130
3. Working capital payables and invoices pending receipt	233,994	243,014
4. Amounts due to revenue authorities	75,459	96,466
5. Amounts due to staff	157,055	129,668
6. Other items:	199,910	228,260
- bills for collection	28,190	25,890
- coupons and dividends pending collection	2,235	2,219
- available sums payable to third parties	114,944	159,611
- premiums, grants and other items in respect of lending transactions	35,168	23,067
- credit notes to be issued	10,550	12,610
- other	5,488	4,863
7. Adjustments upon consolidation	—	20
Total	684,145	716,558

SECTION 11

Heading 110: Staff severance indemnity provision

11.1 Staff severance indemnity provision: changes during the period

	30/6/15	30/6/14
A. Balance at start of the period	28,737	27,701
B. Increases	9,800	13,014
B.1 Provision of the year	9,162	10,226
B.2 Other increases	638	2,788
C. Reductions	11,882	11,978
C.1 Severance payments	2,658	3,038
C.2 Other decreases [1]	9,224	8,940
D. Closing balance	26,655	28,737

[1] Includes €6.895 in transfers to external, defined contribution pension schemes (30/6/14: €5,809,000).

SECTION 12

Heading 120: Provisions

12.1 Provisions: composition

Items	30/6/15	30/6/14
1. Provision to retirement payments and similar	—	—
2. Other provisions	157,938	166,292
2.1 Legal disputes	7,273	6,089
2.2 Staff expences	2,069	2,912
2.3 Other	148,596	157,291
Total	157,938	166,292

The provisions include suitable cover for any expenses that might be incurred as a result of the litigation pending against Mediobanca, as shown on p. 54 and 55 of the Review of Operations.

12.2 Provision: movements during the period

Items	Charges relating to staff [1]	Other provisions	Total
A. Opening balance	2,912	163,380	166,292
B. Increases	7,010	6,160	13,170
B.1 Provision for the year	7,000	5,949	12,949
B.2 Changes due to the passage of time	—	—	—
B.3 Difference due to discount-rate changes	—	—	—
B.4 Other increases	10	211	221
C. Decreases	7,853	13,671	21,524
C.1 Use during the year	7,853	12,676	20,529
C.2 Difference due to discount-rate changes	—	—	—
C.3 Other decreases	—	995	995
D. Closing balance	2,069	155,869	157,938

[1] Includes sums set aside in respect of staff exit incentivizations.

SECTION 13

Heading 130: Technical reserves

13.1 Technical reserves: composition

	Direct business	Indirect business	30/6/15	30/6/14
A. Non-life business	—	127,894	127,894	123,664
A.1 Provision for unearned premiums	—	114,016	114,016	111,444
A.2 Provision for outstanding claims	—	13,878	13,878	12,220
A.3 Other provisions	—	—	—	—
B. Life business	—	—	—	—
B.1 Mathematical provisions	—	—	—	—
B.2 Provisions for amounts payable	—	—	—	—
B.3 Other insurance provisions	—	—	—	—
C. Insurance provisions when investments risk is borne by the insured party	—	—	—	—
C.1 Provision for policies where the performance is connected to investment funds and maket indices	—	—	—	—
C.2 Provision for pension funds	—	—	—	—
D. Total insurance provisions	—	127,894	127,894	123,664

13.2 Technical reserves: movements during the year

	30/6/15	30/6/14
A. Non-life business		
Balance at start of period	123,664	117,405
Combinations involving group companies	—	—
Changes to reserves (+/-)	4,230	6,259
Other additions	—	—
Balance at end of period	127,894	123,664
B. Life business and other reserves		
Balance at start of period	—	—
Combinations involving group companies	—	—
Changes due to premiums	—	—
Changes due to sums to be paid out	—	—
Changes due to payments	—	—
Changes due to incomes and other bonuses recognized to insured parties (+/-)	—	—
Changes to other technical reserves (+/-)	—	—
Other reductions	—	—
Balance at end of period	—	—
C. Total technical reserves	127,894	123,664

SECTION 15

Headings 140, 160, 170, 180, 190, 200 and 220: Net equity

15.1 "Capital" and "treasury shares": composition

For the composition of the Group's capital, please see part F of the notes to the accounts.

15.2 Share capital: changes in no. of shares in issue during period

Item/type	Ordinary
A. Shares in issue at start of period	847,842,347
– entirely unrestricted	861,406,712
– with restrictions	—
A.1 Treasury shares (-)	(15,845,414)
A.2 Shares in issue: balance at start of period	845,561,298
B. Additions	5,834,500
B.1 New share issuance as a result of:	5,791,049
– rights issues	—
- business combinations	—
- bond conversions	—
- exercise of warrants	—
- others	—
– bonus issues	5,791,049
- to staff members	5,791,049
- to Board members	—
- others	—
B.2 Treasury share disposals	43,451
B.3 Other additions	—
C. Reductions	—
C.1 Cancellations	—
C.2 Treasury share buybacks	—
C.3 Disposals of businesses	—
C.4 Other reductions	—
D. Shares in issue: balance at end of period	851,395,798
D.1 Add: treasury shares	(15,801,963) [1]
D.2 Shares in issue at end of period	867,197,761
– entirely unrestricted	867,197,761
– with restrictions	—

[1] Including 65,177 shares reserved in connection with the award of performance shares.

15.4 Profit reserves: other information

Item	30/6/15	30/6/14
Legal reserve	86,150	86,113
Statutory reserves	1,115,292	1,077,282
Treasury shares	198,688	199,233
Others	2,954,276	2,787,746
Total	4,354,406	4,150,374

SECTION 16

Heading 210: Net equity attributable to minorities

16.1 Heading 210: net equity attributable to minorities: composition

Item/amounts	30/6/15	30/6/14
1. Share capital	24,949	24,948
2. Share premium reserve	2,786	7,216
3. Reserves	80,110	79,091
4. Treasury shares	—	—
5. Valuation reserves [1]	(2,923)	(3,320)
6. Equity instruments	—	—
7. Profit (loss) for the period attributable to minorities	3,094	(3,410)
Total	108,016	104,525

[1] Cash flow hedge reserve and defined benefit schemes, if any.

Name of company	30/6/15	30/6/14
1. Selma BPM	24,831	25,681
2. Palladio	41,004	38,451
3. Teleleasing	42,181	40,393
Total	108,016	104,525

Other informations

1. Guarantees and commitments

Operations	30/6/15	30/6/14
1) Financial guarantees given to	411,768	290,585
a) Banks	84,003	83,109
b) Customers	327,765	207,476
2) Commercial guarantees given to	296	295
a) Banks	286	286
b) Customers	10	9
3) Irrevocable commitments to disburse funds	8,305,154	14,695,731
a) Banks	155,634	46,019
i) usage certain	145,356	41,380
ii) usage uncertain	10,278	4,639
b) Customers	8,149,520	14,649,712
i) usage certain	7,353,166	13,061,854
ii) usage uncertain	796,354	1,587,858
4) Commitments underlying credit derivatives: protection sales [1]	9,537,455	35,099,614
5) Assets formed as collateral for third-party obligations	—	—
6) Other commitments	2,973,739	3,274,316
Total	21,968,496	53,360,541

[1] Includes transactions fully matched by hedge buys (€6,768,125,000 and €31,890,887,000 respectively).

*2. Assets pledged as collateral for own liabilities and commitments **

Portfolios	30/6/15	30/6/14
1. Financial instruments held for trading	2,769,378	1,519,136
2. Financial instruments designated at fair value	—	—
3. Financial instruments available for sale	2,630,968	1,443,004
4. Financial instruments held to maturity	758,201	684,783
5. Loans and receivables with banks	380,656	455,000
6. Loans and receivables with customers	11,674,154	7,773,776
7. Property, plant and equipment	—	—

* Cf. also table of assets subject to commitments shown on p. 239.

5. Assets managed and traded on behalf of customers

Type of service	30/6/15	30/6/14
1. Orders execution on behalf of customers	71,653,206	33,758,096
a) purchases	35,279,022	17,049,571
1. settled	35,182,128	16,991,150
2. unsettled	96,894	58,421
b) sales	36,374,184	16,708,525
1. settled	36,277,290	16,650,104
2. unsettled	96,894	58,421
2. Portfolio management	2,699,000	3,196,000
a) Individual	924,000	932,000
b) Collective	1,775,000	2,264,000
3. Custody and administration of securities	36,395,330	40,383,744
a) Third party securities on deposits: relating to depositary bank activities (excluding segregated accounts)	5,134,333	4,214,700
1. securities issued by companies included in area of consolidation	540,331	673,652
2. other securities	4,594,002	3,541,048
b) Third party securities held in deposits (excluding segregated accounts): other	8,135,913	7,531,738
1. securities issued by companies included in area of consolidation	34	34
2. other securities	8,135,879	7,531,704
c) securities of third deposited to third	7,868,874	6,864,056
d) property securities deposited to third	15,256,210	21,773,250
4. Other operations	—	—

6. Financial assets subject to netting or master agreements or similar arrangements

Instrument type	Gross amounts of financial assets (a)	Financial liabilities offset in Balance Sheet (b)	Net Balance Sheet values of financial asset (c=a-b)	Related amounts not recognised in Balance Sheet		Net amounts 30/6/15 (f=c-d-e)	Net amounts 30/6/14
				Financial instruments (d)	Cash collateral received (e)		
Derivatives	5,287,897	229,117	5,058,780	4,041,609	631,877	385,294	380,030
Repos	7,604,704	—	7,604,704	7,604,704	—	—	101,074
Securities lending	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total 06-30-2015	12,892,601	229,117	12,663,484	11,646,313	631,877	385,294	X
Total 06-30-2014	14,389,802	118,091	14,271,711	13,380,089	410,518	X	481,104

7. Financial liabilities subject to netting or master agreements or similar arrangements

Instrument type	Gross amounts of financial liabilities (a)	Financial assets offset in Balance Sheet (b)	Net Balance Sheet values of fiinancial liabilities (c=a-b)	Related amounts not recognised in Balance Sheet		Net amounts 30/6/15 (f=c-d-e)	Net amounts 30/6/14
				Financial instruments (d)	Cash collateral pledged (e)		
Derivatives	4,455,120	—	4,455,120	4,030,860	305,505	118,755	183,349
Repos	5,433,657	—	5,433,657	5,433,657	—	—	14,318
Securities lending	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total 06-30-2015	9,888,777	—	9,888,777	9,464,517	305,505	118,755	X
Total 06-30-2014	8,728,858	—	8,728,858	8,346,819	184,372	X	197,667

Part C - Notes to consolidated profit and loss account

SECTION 1

Headings 10 and 20: Net interest income

1.1 Interest and similar income: composition

Voices/Technical forms	Debt securities	Loans	Other transactions	12 mths ended 30/6/15	12 mths ended 30/6/14
1. Financial assets held for trading - Cash Instruments	66,338	1,118	—	67,456	89,260
2. Financial assets designated at fair value through profit or loss	—	—	—	—	—
3. Available for sale financial assets	135,631	—	—	135,631	221,075
4. Held to maturity investments	69,734	—	—	69,734	70,059
5. Loans and receivables with banks	—	39,737	—	39,737	50,421
6. Loans and receivables with customers	9,726	1,497,975	1	1,507,702	1,540,065
7. Hedging derivatives	X	X	270,034	270,034	406,702
8. Other assets	X	X	1,274	1,274	2,401
Total	281,429	1,538,830	271,309	2,091,568	2,379,983

1.2 Interest and similar income: differences arising on hedging transactions

Items	12 mths ended 30/6/15	12 mths ended 30/6/14
A. Positive differentials related to hedging operations	547,201	726,666
B. Negative differentials related to hedging operations	(277,167)	(319,964)
C. Net differentials (A-B)	270,034	406,702

1.3 Interest and similar income: other information

Items	12 mths ended 30/6/15	12 mths ended 30/6/14
Interest income from currency assets	204,601	188,595
Interest income from leasing	89,491	101,773
Interest incomes on receivables involving customers' funds held on non-discretionary basis	—	—
Total	294,092	290,368

1.4 Interest expense and similar charges: composition

Items/Technical forms	Debts	Securities	Other transactions	12 mths ended 30/6/15	12 mths ended 30/6/14
1. Deposits from central banks	(4,230)	X	—	(4,230)	(25,168)
2. Deposits from banks	(40,484)	X	—	(40,484)	(39,816)
3. Deposits from customers	(174,602)	X	—	(174,602)	(328,844)
4. Debt securities in issue	X	(729,735)	—	(729,735)	(925,138)
5. Financial liabilities held for trading	—	—	—	—	—
6. Financial liabilities at fair value through profit or loss	—	—	—	—	—
7. Other liabilities and funds	X	X	(4)	(4)	(85)
8. Hedging derivatives	X	X	—	—	—
Total	(219,316)	(729,735)	(4)	(949,055)	(1,319,051)

1.6 Interest expense and similar charges: other information

Items	12 mths ended 30/6/15	12 mths ended 30/6/14
Interest expense on liabilities held in foreign currency	(26,164)	(20,372)
Interest expense on finance lease transactions	—	—
Interest receivables on customers funds' held on a non-discretionary basis	—	—
Total	(26,164)	(20,372)

SECTION 2

Headings 40 and 50: Net fee and commission income

2.1 Fee and commission income: composition

Total	12 mths ended 30/6/15	12 mths ended 30/6/14
a) guarantees given	2,864	1,978
b) credit derivatives	—	—
c) management, brokerage and consultancy services:	239,132	200,028
1. securities trading	11,090	10,052
2. currency trading	—	—
3. portfolio management	9,840	8,299
3.1. individual	9,840	8,299
3.2. collective	—	—
4. custody and administration of securities	10,874	9,076
5. custodian bank	7,458	7,458
6. placement of securities	116,465	76,327
7. reception and transmission of orders	15,725	9,291
8. advisory services	—	—
8.1 related to investments	—	—
8.2 related to financial structure	—	—
9. distribution of third party services	67,680	81,622
9.1 portfolio management	18,712	26,073
9.1.1. individual	18,712	26,073
9.1.2. collective	—	—
9.2 insurance products	47,338	54,211
9.3 other products	1,630	1,338
d) collection and payment services	16,679	15,672
e) securitization servicing	—	—
f) factoring services	910	—
g) tax collection services	—	—
h) management of multilateral trading facilities	—	—
i) management of current accounts	1,699	1,119
j) other services	164,679	170,979
Total	425,963	391,873

2.2 Fee and commission expense: composition

Services/Amounts	12 mths ended 30/6/15	12 mths ended 30/6/14
a) guarantees received	—	—
b) credit derivatives	(306)	(233)
c) management, brokerage and consultancy services:	(9,999)	(10,351)
1.trading in financial instruments	(6,223)	(5,025)
2. currency trading	—	—
3. portfolio management:	—	—
3.1 own portfolio	—	—
3.2 third party portfolio	—	—
4. custody and administration securities	(2,741)	(2,956)
5. financial instruments placement	(1,035)	(2,370)
6. off-site distribution of financial instruments, products and services	—	—
d) collection and payment services	(8,121)	(7,360)
e) other services	(41,253)	(39,128)
Total	(59,678)	(57,072)

SECTION 3

Heading 70: Dividends and similar income

3.1 Dividends and similar income: composition

Items/Income	12 mths ended 30/6/15		12 mths ended 30/6/14	
	Dividends	Income from units in investment funds	Dividends	Income from units in investment funds
A. Financial assets held for trading	18,025	—	55,098	—
B. Available for sale financial assets	19,838	9,756	15,645	14,098
C. Financial assets at fair value thought profit or loss- others	—	—	—	—
D. Investments	—	X	—	X
Total	37,863	9,756	70,743	14,098

SECTION 4

Heading 80: Net trading income

4.1 Net trading income: composition

Transactions / Income	Unrealized profits (A)	Realized profits (B)	Unrealized losses (C)	Realized losses (D)	Net Profit (A+B)-(C+D)
1. Financial assets held for trading	109,748	335,642	(219,572)	(218,482)	7,336
1.1 Debt securities	25,678	78,539	(49,006)	(135,709)	(80,498)
1.2 Equity	78,496	223,075	(157,599)	(80,284)	63,688
1.3 Units in investment funds	5,574	32,240	(11,363)	(2,489)	23,962
1.4 Loans	—	1,788	(1,604)	—	184
1.5 Other	—	—	—	—	—
2. Financial liabilities held for trading	—	—	—	—	—
2.1 Debt securities	—	—	—	—	—
2.2 Deposits	—	—	—	—	—
2.3 Other	—	—	—	—	—
3. Financial assets and liabilities in foreign currency: exchange differences	X	X	X	X	182,519
4. Derivatives	4,155,328	2,836,048	(3,857,601)	(3,077,646)	(90,932)
4.1 Financial derivatives:	3,752,985	2,284,951	(3,453,448)	(2,529,680)	(92,253)
- on debt securities and interest rates [1]	1,126,307	308,488	(1,066,346)	(301,980)	66,469
- on equity securities and shares indexes	2,625,307	1,957,961	(2,386,037)	(2,227,545)	(30,314)
- on currencies and gold	X	X	X	X	(147,061)
- other [2]	1,371	18,502	(1,065)	(155)	(18,653)
4.2 Credit derivatives	402,343	551,097	(404,153)	(547,966)	1,321
Total	4,265,076	3,171,690	(4,077,173)	(3,296,128)	98,922

[1] Of which €5,509,000 in positive margins on interest rate derivatives (30/6/14: €28,816,000).

[2] Equity swap contracts have been classified as equity derivatives.

SECTION 5

Heading 90: Net hedging income (expense)

5.1 Net hedging income (expense): composition

Income elements/amounts	12 mths ended 30/6/15	12 mths ended 30/6/14
A. Incomes from:		
A.1 Fair value hedging instruments	320,446	516,584
A.2 Hedged asset items (in fair value hedge relationships)	1,100	25,223
A.3 Hedged liability items (in fair value hedge relationship)	150,874	206,205
A.4 Cash-flow hedging derivatives (including ineffectiveness of net investment hedge)	8	—
A.5 Assets and liabilities denominated in currency (not derivative hedging instruments)	—	—
Total gains on hedging activities (A)	472,428	748,012
B. Losses on:		
B.1 Fair value hedging instruments	(297,039)	(383,019)
B.2 Hedged asset items (in fair value hedge relationship)	(30,980)	(54,912)
B.3 Hedged liabilities items (in fair value hedge relationships)	(145,479)	(312,074)
B.4 Cash-flow hedging derivatives (including ineffectivness of net investment hedge)	(5)	(721)
B.5 Assets and liabilities denominated in currency (not derivative hedging instruments)	—	—
Total losses on hedging activities (B)	(473,503)	(750,726)
C. Net profit from hedging activities (A – B)	(1,075)	(2,714)

SECTION 6

Heading 100: Gains (losses) on disposals/repurchases

6.1 Gains (losses) on disposals/repurchases: composition

Items / Income	12 mths ended 30/6/15			12 mths ended 30/6/14		
	Gain	Losses	Net profit	Gain	Losses	Net profit
Financial assets						
1. Loans and receivables with banks	5,317	—	5,317	—	—	—
2. Loans and receivables with customers	9,230	(64,441)	(55,211)	892	(48,949)	(48,057)
3. Financial assets available for sale	166,623	(513)	166,110	307,626	(15,792)	291,834
3.1 Debt securities	41,072	(459)	40,613	60,654	(11,313)	49,341
3.2 Equity Instruments	125,503	—	125,503	246,598	(4,479)	242,119
3.3 Units in investment funds	48	(54)	(6)	374	—	374
3.4 Loans	—	—	—	—	—	—
4. Financial assets held to the deadline	20,039	(148)	19,891	426	(1,944)	(1,518)
Total assets	201,209	(65,102)	136,107	308,944	(66,685)	242,259
Financial liabilities						
1. Deposits with banks	—	—	—	—	—	—
2. Deposits with customers	—	—	—	—	—	—
3. Debt Securities in issue	391	(14,083)	(13,690)	10	(17,532)	(17,522)
Total liabilities	391	(14,083)	(13,690)	10	(17,532)	(17,522)

SECTION 8

Heading 130: Adjustments for impairment

8.1 Adjustments for impairment: composition

Transactions/Income	Write - downs			Write - downs				12 mths ended 30/6/15	12 mths ended 30/6/14
	Specific		Portfolio	Specific		Portfolio			
	Write - offs	Others		A	B	A	B		
A. Loans and receivables with banks									
- Loans	—	—	(530)	—	7	—	45	(478)	(37,476)
- Debt securities	—	—	—	—	—	—	—	—	—
B. Loans and receivables with customers									
Deteriorated purchased loans									
- Loans	—	(4,122)	X	—	709	X	X	(3,413)	(4,817)
- Debt securities	—	—	X	—	—	X	X	—	—
Other receivables									
- Loans	(42,842)	(461,112)	(121,661)	3,958	92,734	—	63,403	(465,520)	(639,346)
- Debt securities	—	—	(39)	—	—	—	—	(39)	(686)
C. Total	(42,842)	(465,234)	(122,230)	3,958	93,450	—	63,448	(469,450)	(682,325)

Legend

A = interest

B = other amounts recovered

8.2 Net value adjustments for impairment to AFS securities: composition

Transactions/Income	Adjustments		Reversals of impairment losses		12 mths ended 30/6/15	12 mths ended 30/6/14
	Specific		Specific			
	Write-off	Others	A	B		
A. Debt securities	—	—	—	—	—	—
B. Equity instruments	—	(18,893)	—	—	(18,893)	(6,186)
C. Units in investments funds	—	(2,083)	X	X	(2,083)	(2,538)
D. Loans to banks	—	—	X	—	—	—
E. Loans to customers	—	—	—	—	—	—
Total	—	(20,976)	—	—	(20,976)	(8,724)

Legend

A = interest

B = other amounts recovered

8.3 Adjustments for impairment to financial assets held to maturity: composition

Transactions/Income	Adjustments			Reversals of impairment losses				12 mths ended 30/6/15	12 mths ended 30/6/14
	Specific		Portfolio	Specific		Portfolio			
	Write - offs	Other		A	B	A	B		
A. Debt securities	—	—	—	—	—	—	898	898	(2,771)
B. Loans to banks	—	—	—	—	—	—	—	—	—
C. Loans to customers	—	—	—	—	—	—	—	—	—
D. Total	—	—	—	—	—	—	898	898	(2,771)

Legend

A = interest

B = other amounts recovered

8.4 Adjustments for impairment to other financial transactions: composition

Transactions/Income	Adjustments			Reversals of impairment losses				12 mths ended 30/6/15	12 mths ended 30/6/14
	Specific		Portfolio	Specific		Portfolio			
	Write - offs	Other		A	B	A	B		
A. Guarantees given	—	—	(3)	—	—	—	84	81	(50)
B. Credit derivatives	—	—	—	—	—	—	—	—	—
C. Commitments to disburse funds	—	—	(10)	—	1,012	—	320	1,322	(5,983)
D. Other transactions	—	—	—	—	—	—	—	—	—
E.Total	—	—	(13)	—	1,012	—	404	1,403	(6,033)

Legend

A = interest

B = other amounts recovered

SECTION 9

Heading 150: Net premium income

9.1 Net premium income: composition

Premiums from insurance	Direct business	Indirect business	12 mths ended 30/6/15	12 mths ended 30/6/14
A. Life business				
A.1 Gross premiums written (+)	—	—	—	—
A.2 Reinsurance premiums paid (-)	—	—	—	—
A.3 Total	—	—	—	—
B. Non-life business				
B.1 Gross premium written (+)	—	44,590	44,590	42,398
B.2 Reinsurance premiums paid (-)	—	—	—	—
B.3 Change in gross value of premium reserve (+/-)	—	(2,573)	(2,573)	(4,424)
B.4 Change in provision for unearned premiums ceded to reinsurers (+/-)	—	—	—	—
B.5 Total	—	42,017	42,017	37,974
C. Total net premiums	—	42,017	42,017	37,974

SECTION 10

Heading 160: Other net income (expense) from insurance operations

10.1 Other net income (expense) from insurance operations: composition

	12 mths ended 30/6/15	12 mths ended 30/6/14
1. Net change in insurance provisions	—	—
2. Claims paid pertaining to the year	(11,134)	(11,817)
3. Other income and expense (net) from insurance business	(6,618)	(6,240)
Total	(17,752)	(18,057)

10.3 Breakdown of sub-heading "Claims paid out during the year"

Charges for claims	**12 mths ended 30/6/15**	**12 mths ended 30/6/14**
Life business: expense relating to claims, net of reinsurers' portions		
A. Amounts paid out	—	—
A.1 Gross annual amount	—	—
A.2 Amount attributable to reinsurers	—	—
B. Change in reserve for amounts payable	—	—
B.1 Gross annual amount	—	—
B.2 Amount attributable to reinsurers	—	—
Total life business claims	—	—
Non-life business: expense relating to claims, net of amounts recovered from reinsurers		
C. Claims paid	(9,477)	(9,983)
C.1 Gross annual amount	(9,477)	(9,983)
C.2 Amount attributable to reinsurers	—	—
D. Change in recoveries net of reinsurers' portion	—	—
E. Change in claims reserves	(1,657)	(1,834)
E.1 Gross annual amount	(1,657)	(1,834)
E.2 Amount attributable to reinsurers	—	—
Total non-life business claims	(11,134)	(11,817)

SECTION 11

Heading 180: Administrative expenses

11.1 Personnel costs: composition

Type of expense/Amounts	12 mths ended 30/6/15	12 mths ended 30/6/14
1) Employees	(405,721)	(364,878)
a) wages and salaries	(282,501)	(251,970)
b) social security contributions	(66,932)	(61,098)
c) Severance pay (only for Italian legal entities)	(1,665)	(1,530)
d) Social security costs	—	—
e) allocation to employee severance pay provision	(7,674)	(8,768)
f) provision for retirements and similar provisions:	—	—
- defined contribution	—	—
- defined benefit	—	—
g) payments to external pension funds:	(12,667)	(11,359)
- defined contribution_old	(12,667)	(11,359)
- defined benefit	—	—
h) Expenses resulting from share based payments	(14,556)	(12,162)
i) other employee benefits	(19,726)	(17,991)
2) Other staff	(5,051)	(4,671)
3) Directors and Statutory Auditors	(8,512)	(8,199)
4) Early retirement costs	—	(1,217)
Total	(419,282)	(378,965)

11.2 Average number of staff by category

	12 mths ended 30/6/15	12 mths ended 30/6/14
1) Employees		
a) Senior managers	226	204
b) Managers	1,251	1,194
c) Remaining employees staff	2,173	2,106
2) Other staff	170	184
Total	3,820	3,688

11.5 Other administrative expenses: composition

	12 mths ended 30/6/15	12 mths ended 30/6/14
OTHER ADMINISTRATIVE EXPENSES		
- legal, tax and professional services	(45,725)	(39,232)
- loan recovery activity	(52,046)	(47,997)
- marketing and communications	(53,220)	(62,467)
- property	(37,075)	(36,732)
- EDP	(61,835)	(49,834)
- info-provider	(28,873)	(27,789)
- bank charges, collection and payment fees	(17,300)	(16,961)
- operating expenses	(50,750)	(52,186)
- other staff expenses	(21,956)	(18,539)
- other costs [1]	(24,050)	(15,399)
- indirect and other taxes	(62,499)	(64,943)
Total other administrative expenses	(455,329)	(432,079)

[1] Includes €13,511,000 transfer to Single Resolution Fund (SFR).

SECTION 12

Heading 190: Net transfers to provisions

12.1 Net transfers to provisions: composition

	12 mths ended 30/6/15	12 mths ended 30/6/14
Transfers made in order to cover:		
- legal expenses	78	—
- promotional costs	—	—
- certain or probable risks and commitments [1]	(3,983)	(2,630)
Total transfers to provision for risks and expenses	(3,905)	(2,630)

[1] Includes the effect of discounting such items.

SECTION 13

Heading 200: Net adjustments to tangible assets

13.1 Net adjustments to tangible assets: composition

Asset/Income	Depreciations (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b + c)
A. Property, equipment and investment property				
A.1 Owned	(19,163)	—	—	(19,163)
- For operational use	(16,253)	—	—	(16,253)
- For investment	(2,910)	—	—	(2,910)
A.2 Acquired through finance lease	—	—	—	—
- For operational use	—	—	—	—
- For investment	—	—	—	—
Total	(19,163)	—	—	(19,163)

SECTION 14

Heading 210: Net adjustments to intangible assets

14.1 Net adjustments to intangible assets: composition

Asset/Income	Depreciations (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b + c)
A. Intangible assets				
A.1 Owned	(20,094)	(3,600)	—	(23,694)
- Software	(10,348)	—	—	(10,348)
- Other	(9,746)	(3,600)	—	(13,346)
A.2 Held by Finance leases	—	—	—	—
Total	(20,094)	(3,600)	—	(23,694)

SECTION 15

Heading 220: Other operating income (expense)

15.1 Other operating expense: composition

Income-based components/values	12 mths ended 30/6/15	12 mths ended 30/6/14
a) Leasing activity	(17,684)	(18,810)
b) Sundry costs and expenses	(2,521)	(5,220)
Total	(20,205)	(24,030)

15.2 Other operating income: composition

Income-based components/values	12 mths ended 30/6/15	12 mths ended 30/6/14
a) Amounts recovered from customers	61,483	64,089
b) Leasing activity	16,047	17,687
c) Other income	84,397	70,044
Total	161,927	151,820

SECTION 16

Heading 240: Gains (losses) on equity investments

16.1 Gains (losses) on equity investments: composition

Income/Value	12 mths ended 30/6/15	12 mths ended 30/6/14
1) Joint ventures		
A. Income	37	—
1. Revaluations	37	—
2. Gains on disposal	—	—
3. Writebacks	—	—
4. Other gains	—	—
B. Expenses	—	—
1. Writedowns	—	—
2. Impairment losses	—	—
3. Losses on disposal	—	—
4. Other expenses	—	—
Net profit	37	—
2) Companies subject to significant influence		
A. Income	223,969	267,942
1. Rvaluations	223,969	267,942
2. Gains on disposal	—	—
3. Writebacks	—	—
4. Other gains	—	—
B. Expenses	(73)	(23,020)
1. Writedowns	(42)	(4,407)
2. Impairment losses	(31)	(18,613)
3. Losses on disposal	—	—
4. Other expenses	—	—
Net profit	223,896	244,922
Total	223,933	244,922

SECTION 19

Heading 270: Net gain (loss) upon disposal of investments

19.1 Net gain (loss) upon disposal of investments: composition

Income/Value	12 mths ended 30/6/15	12 mths ended 30/6/14
A. Assets	—	—
- Gains on disposal	—	—
- Losses on disposal	—	—
B. Other assets	(17)	(56)
- Gains from disposals	7	3
- Losses from disposals	(24)	(59)
Net result	(17)	(56)

SECTION 20

Heading 290: Income tax on ordinary activities

20.1 Income tax on ordinary activities: composition

Income components/Sectors	12 mths ended 30/6/15	12 mths ended 30/6/14
1. Current tax expense (-)	(197,932)	(157,727)
2. Changes of current tax expense of previous years (+/-)	206	686
3. Reduction in current tax expense for the period (+)	108	179
3. bis Reductions in current tax expense for the period due tax credit related to L. 214/2011 (+)	1,901	4,459
4. Changes to deferred tax assets (+/-)	36,751	96,155
5. Changes to deferred tax liabilities (+/-)	(5,275)	16,568
6. Tax expense for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(164,241)	(39,680)

20.2 Reconciliation between theoretical and effective tax burden

	12 mths ended 30/6/15	
	Amounts %	**Absolute values**
Total profit or loss before tax from current operations	100%	757.086
Theoretical tax rate	27.50%	27.50%
Theoretical computed taxes on income	27.50%	208,199
Dividends (–)	-4.57%	(34,263)
Gains on disposals of equity investments (PEX) (–)	-4.28%	(32,375)
Gains on equity-accounted investments (–)	—	—
Changes in deferred tax for previous years (–)	-0.08%	(602)
Other taxes (non-Italian companies) (–)	-1.45%	(10,953)
Non-taxable income 10 % IRAP (–)	-0.22%	(1,641)
Interest on exempt securities (–)	-0.06%	(439)
Tax losses (–)	0.47%	(3,562)
Tax sparing credit	-0.39%	(2,927)
Non-deductible interest expense 3 % (+)	2.28%	17,241
Benefit from tax consolidation (–)	-0.79%	(6,017)
Impairment (+/–)	0.71%	5,365
Extraordinary items (rate adjustments, …)	0.03%	191
Other differences	1.83%	(13,859)
TOTAL IRES	16.38%	123,998
IRAP	5.32%	40,243
TOTAL FOR HEADING [1]	21.69%	164,241

[1] Compared with a tax rate of 7.92% in the previous financial year.

SECTION 22

Heading 330: Net profit (loss) attributable to minorities

22.1 Breakdown of Heading 330, "Net profit (loss) for the year attributable to minorities"

	12 mths ended 30/6/15	12 mths ended 30/6/14
Palladio Leasing S.p.A.	2,243	221
SelmaBipiemme Leasing S.p.A.	(938)	(5,152)
Teleleasing S.p.A.	1,789	1,521
Other companies	—	—
Adjustments on consolidation	—	—
Total	3,094	(3,410)

SECTION 24

Earnings per share

24.1 Average number of ordinary shares on a diluted basis

	12 mths ended 30/6/15	12 mths ended 30/6/14
Net profit	589,751	464,777
Avg.no.of shares in issue	847,414,629	845,404,033
Avg. no. if potentially diluited share	31,940,173	35,409,287
Avg. no. of diluited shares	879,354,802	880,813,320
Earinings per share	0.70	0.55
Earnings per share, diluited	0.67	0.53

Part D - Comprehensive consolidated profit and loss account

Prospetto analitico della redditività Consolidata complessiva

	Items	Before tax effect	Tax effect	After tax effect
10.	Net profit (loss)	X	X	592,845
	Other income items not passing through P&L			
20.	Property, plant and equipment	—	—	—
30.	Intangible assets	—	—	—
40.	Defined benefits plans	864	(402)	462
50.	Non-current assets classified as held for sale	—	—	—
60.	Valuation reserves from equity-accounted investments:	(126,477)	—	(126,477)
	Other income items passing through P&L			
70.	Hedges of non-Italian investments:	—	—	—
	a) changes in fair value:	—	—	—
	b) reclassifications through profit or loss account	—	—	—
	c) other variations	—	—	—
80.	Exchange differences:	184	(61)	123
	a) changes in fair value:	—	—	—
	b) reclassifications through profit or loss account	—	—	—
	c) other variations	184	(61)	123
90.	Cash flow hedges:	33,207	(3,209)	29,998
	a) changes in fair value:	33,207	(3,209)	29,998
	b) reclassifications through profit or loss account	—	—	—
	c) other variations	—	—	—
100.	AFS securities:	(68,395)	16,181	(52,214)
	a) changes in fair value:	89,486	(978)	88,508
	b) reclassifications through profit or loss account	(157,881)	17,159	(140,722)
	- due to impairment	(4,407)	1,457	(2,950)
	- gain/losses on disposals	(153,474)	15,702	(137,772)
	c) other variations	—	—	—
110.	Non-current assets classified as held for sale:	—	—	—
	a) changes in fair value:	—	—	—
	b) reclassifications through profit or loss account	—	—	—
	c) other variations	—	—	—
120.	Valuation reserves from equity-accounted investments:	714,326	—	714,326
130.	Total other comprehensive income	553,709	12,509	566,218
140.	Comprehensive income after tax (10 + 130)	X	X	1,159,063
150.	Consolidated comprehensive income attributable to minorities	X	X	3,491
160.	Consolidated comprehensive income attributable to parent company	X	X	1,155,572

Part E - Information on risks and related hedging policies

SECTION 1

Banking Group risks

1.1 CREDIT RISK

QUALITATIVE INFORMATION

Description of risk governance organization

The Mediobanca Group has equipped itself with a risk governance and control system which is structured across a variety of organizational units involved in the process, with a view to ensuring that all relevant risks to which the Group is or might be exposed are managed effectively, and at the same time guaranteeing that all forms of operations are consistent with their own propensity to risk.

The Board of Directors, in view in particular of its role of strategic supervision, is responsible for approving strategic guidelines and directions of the risk appetite framework (RAF), business and financial plans, budgets, and risk management and internal control policies.

The Executive Committee is responsible for the ordinary management of the Bank and for co-ordination and management of the Group companies, without prejudice to the matters for which the Board of Directors has sole jurisdiction.

The Control and risks committee assists the Board of Directors in performing duties of monitoring and instruction in respect of the internal controls, risk management, and accounting and IT systems.

The Statutory Audit Committee supervises the risk management and control system as defined by the RAF and the internal controls system generally, assessing the effectiveness of the structures and units involved in the process and co-ordinating them.

Within the framework of the risk governance system implemented by Mediobanca S.p.A., the following committees have specific responsibilities in the processes of taking, managing, measuring and controlling risks: the Risks committee and Delegated risks committee for credit, issuer, market and conduct risks; the ALM committee, for monitoring the Group's ALM risk-taking and management policy (treasury and funding operations) and approving the methodologies for measuring exposure to liquidity and interest rate risk; the Investments committee for equity investments owned and banking book equities; the New Operations committee, for prior analysis of new operations and the possibility of entering new sectors, new products and the related pricing models; and the Operational risks committee, for management of operational risks in terms of monitoring risk profiles and defining mitigation actions.

Although risk management is the responsibility of each individual business unit, the Risk Management unit presides over the functioning of the Bank's risk system, defining the appropriate global methodologies for measuring risks, current and future, in conformity with the regulatory requirements in force as well as the Bank's own operating choices identified in the RAF, monitoring risks and ascertaining that the various limits established for the various business lines are complied with. The risk management process, which is supervised by the Chief Risk Officer, reporting directly to the Chief Executive Officer, is implemented by the following units: Enterprise Risk Management, which helps to develop risk management policies at Group level, and is responsible for integrated Group risks monitoring, ICAAP reporting and internal risk measurement model validation; ii) Credit Risk Management, responsible for credit risk analysis and assigning internal ratings to counterparties; Market and Liquidity Risk Management, which monitors market, counterparty, liquidity and interest rate risk on the banking book; iv) Quantitative Risk Methodologies, responsible for developing quantitative analysis and credit and market risk management methodologies; v) and Operational Risk Management, responsible for developing and maintaining the systems for measuring and managing operational risks.

As a result of the new regulations on internal controls systems being introduced (cf. Bank of Italy circular no. 263 issued on 27 December 2006 "New supervisory provisions for banks"– fifteenth update issued on 2 July 2013), Mediobanca has adapted its internal controls system in line with the new regulatory requirements.

Establishment of risk propensity and process for managing relevant risks

In the process of defining its Risk Appetite Framework ("RAF"), Mediobanca has established the level of risk (overall and by individual type) which it intends to assume in order to pursue its own strategic objectives, and identified the metrics to be monitored and the relevant tolerance thresholds and risk limits.

Based on its operations and the markets in which it operates, the Mediobanca Group has identified the relevant risks to be submitted to specific assessment in the course of the reporting for the ICAAP (Internal Capital Adequacy Assessment Process) in accordance with the Bank of Italy instructions contained in circular no. 285 issued on 17 December 2013, "Supervisory instructions for banks" as updated ("Circular 285") and circular no. 263 issued on 27 December 2006 "New prudential supervisory instructions for banks", as updated ("Circular 263"), appraising its own capital adequacy from both a present and future perspective which takes into account the strategies and development of the reference scenario.

1.2 CREDIT RISK

While adopting the standardized methodology defined by the supervisory provisions in force for calculating regulatory capital, the Group has also internal rating models for operating purposes for the following customer segments: Banks, Insurances, Large corporates and Holding companies (customers mostly targeted by Mediobanca S.p.A.), Mid-corporate and Small businesses (customers targeted mostly by the leasing companies), and Private individuals (targeted by Compass for consumer credit, CheBanca! for mortgage lending, and Creditech for non-recourse factoring business).

Corporate lending (Mediobanca)

The Group's internal system for managing, evaluating and controlling credit risk reflects its traditional policy based on a prudent and highly selective approach. Lending decisions are based on individual analysis, which builds on adequate and often extensive knowledge of the borrower's business, assets and management, as well as the macro-economic framework in which it operates. At the analysis stage, all relevant documentation is obtained to be order to appraise the borrower's credit standing and define the appropriate remuneration for the risk being assumed. The analysis also includes an assessment of the duration and amount of the loans being applied for, the provision of appropriate guarantees, and the use of covenants in order to prevent deteriorations in the counterparty's credit rating.

With reference to the correct application of credit risk mitigation techniques, specific activities are implemented to define and meet all the requirements to ensure that the real and personal guarantees have the maximum mitigating effects on the exposures, *inter alia* to obtain a positive impact on the Bank's capital ratios.

For the assumption of credit risk, all counterparties must be analysed and where possible assigned an internal rating, which takes into account the specific quantitative and qualitative characteristics of the counterparty concerned.

Loans originated by the business divisions are assessed by the Risk Management unit and regulated in accordance with the powers deliberated and the policy for managing most significant transactions, through the different operating levels. If successful, the applications are submitted for approval to the relevant bodies, i.e. the Board of Directors, Executive Committee, Risks Committee and Delegated Risks Committee, depending on the nature of the counterparty, its credit standing based on internal ratings, and on the amount of finance required.

The Credit Risk Management unit carries out a review of the ratings assigned to the counterparties at least once a year. Approved loans must also be confirmed by the approving body at least the same intervals, in accordance with the limits established by the Executive Committee's resolution in respect of operating powers.

Any deterioration in the risk profile of either the loan or the borrower's rating are brought swiftly to the management's attention.

In terms of monitoring the performance of individual credit exposures, Mediobanca adopts an early warning methodology to identify a list of counterparties (known as the "watchlist") requiring indepth analysis on account of their potential or manifest weaknesses. The exposures identified are then classified by level of alert (green, amber or red for performing accounts, black for non-performing items) and are reviewed in the course of meetings held regularly to identify the most appropriate mitigation actions to be taken. The watchlist also includes all forborne positions, which are therefore subject to specific monitoring.

Leasing

Individual applications are processed using similar methods to those described above for corporate banking. Applications for leases below a predetermined limit received via banks with which Mediobanca has agreements in place are approved by the banks themselves, against written guarantees from them covering a portion of the risk.

Applications for smaller amounts are approved using a credit scoring system developed on the basis of historical series of data, tailored to both asset type and the counterparty's legal status (type of applicant company).

Sub-standard accounts are managed in a variety of ways which prioritize either recovery of the amount owed or the asset under lease, according to the specific risk profile of the account concerned. All non-performing accounts are tested analytically to establish the relative estimated loss against the value of the security provided taken from the results of valuations updated regularly and revised downwards on a prudential basis, and/or any other form of real guarantees issued. Other performing accounts are measured individually on the basis of statistics according to internal ratings and distinguished by their degree of riskiness.

Consumer credit (Compass)

Applications for finance are approved on the basis of a credit scoring system tailored to individual products. The scoring grids have been developed from internal historical series, enhanced by data provided by central credit *bureaux*. Points of sale are linked electronically to the company's headquarters, in order to ensure that applications and credit scoring results are processed and transmitted swiftly. Applications for finance above a certain limit are approved by the relevant bodies at headquarters, in accordance with the authorization levels established by the companies' Boards of Directors.

From the first instance of non-payment, accounts are managed using the entire range of recovery procedures, including postal and telephone reminders, external recovery agents, or legal recovery action). After six unpaid instalments (or four unpaid instalments in particular cases, such as credit cards), accounts are held to be officially in default, and the client is deemed to have lapsed from the time benefit allowed under Article 1186 of the Italian Civil Code. As from the six months after such lapse has been ascertained, acccounts for which legal action has been ruled out on the grounds of being uneconomic are sold via competitive procedures to factoring companies (including Creditech), for a percentage of the value of the principal outstanding, which reflects their estimated realizable value.

Provisioning is determined collectively on the basis of historical PD and LGD values distinguished by product and state of impairment. Probability of default in particular is calculated over a time horizon of less than a year, corresponding to the emergence period for hidden losses which is currently six months, and calibrated based on the trend of the last three years. The LGD values are based on data for amounts recovered and written off in the last five years. To calculate the provisions for the performing portfolio, losses defined as "incurred but not reported" are quantified by distinguishing PD values by product, degree of arrears and whether or not there are previous difficulty indicators (including forbearance, if any).

Factoring (Creditech)

Factoring includes both traditional factoring (loans with very short-term disbursements, often backed by insurance cover) and non-recourse factoring (acquiring loans from the seller to be repaid via monthly instalments by the original borrower, who in virtually all cases is a retail customer). For traditional factoring, the internal units appraise the solvency of the sellers and the original borrowers via individual analysis using methodologies similar to those adopted for corporate lending, whereas for non-recourse factoring the acquisition price is calculated following due statistical analysis of the accounts being sold, and takes into consideration the projected recoveries, changes and margins.

Ordinary corporate factoring is subject to analytical monitoring and assessment. Loan instalments are monitored in the same way as retail loans, through ongoing identification and analysis of delays in payment to allow the most effective recovery activities to be adopted. At each reporting date provisions for adjustment are estimated based on the expected cash flows and taking into account both collection times and recovery costs.

Mortgage lending (CheBanca!)

Mortgage applications are processed and approved centrally at head office. The applications are approved, using an internal rating model among other things, based on individual appraisal of the applicant's income and maximum borrowing levels, as well as the value of the property itself. Risks are monitored on a monthly basis, ensuring the company's loan book is regularly assessed.

Properties established as collateral are subject to a statistical revaluation process which is carried out once a quarter. If the review shows a significant reduction in the value of the property, a new valuation is carried out by an independent expert.

Irregular accounts are managed through monthly reports analysing the characteristics of the accounts in order to flag up promptly any potential problem areas using advanced early warning systems linked to public and private databases.

Non-performing accounts are managed, for out-of-court credit recovery procedures, by a dedicated organizational structure with the help of external collectors. If further signs of deterioration are noted, property enforcement procedures are instigated through external lawyers. Procedurally mortgage loans with four or more unpaid instalments (not necessarily consecutive) are designated as sub-standard accounts, and generally after the eighth or ninth unpaid instalment become non-performing.

Provisioning is determined analytically for non-performing items and collectively for sub-standard, restructured, overdue and performing accounts. For the analytical provisions for the non-performing items, account is taken of the official valuations of the assets (deflated on a prudential basis), timescales and recovery costs. For the performing accounts, the Bank uses risk parameters (PD and LGD), which are estimated via the internal rating model, to determine the collective risk provisions.

QUANTITATIVE INFORMATION

Credit quality

A.1 Impaired and performing accounts: amounts, adjustments, trends, segmentation by performance and geography

A.1.1 Financial assets by portfolio and credit quality (book value)

Portfolio/quality	GBanking Group [1]						Others [2]		Total
	Bad loans	Potential problem	Restructured	Past-due exposures, impaired	Past-due exposures, not impaired	Other assets	Overdue	Other assets	
1. Financial assets held for trading	—	9,939	2,366	—	—	9,736,291	—	—	9,748,596
2. AFS securities	—	—	—	—	—	7,138,760	—	79,508	7,218,268
3. Financial assets held to maturity	—	—	—	—	—	1,311,696	—	—	1,311,696
4. Due from banks	—	—	—	—	—	6,035,271	—	68,458	6,103,729
5. Due from customers	259,377	661,899	139,156	95,045	420,551	36,025,181	—	11,188	37,612,397
6. Financial assets recognized at fair value	—	—	—	—	—	—	—	—	—
7. Financial assets being sold	—	—	—	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	—	—	754,941	—	—	754,941
Total at 30/6/15	259,377	671,838	141,522	95,045	420,551	61,002,140	—	159,154	62,749,627
Total at 30/6/14	270,956	697,164	67,315	128,690	509,773	61,850,635	—	144,301	63,668,834

[1] Includes pro-rata consolidation of Banca Esperia.

[2] Includes Compass RE (reinsurance company) and R&S (other companies).

A.1.2 Financial assets by portfolio/credit quality (gross/net values)

Portfolio/quality	Impaired assets			Performing			Total (net exposure)
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
A. Banking group							
1. Financial assets held for trading	12,305	—	12,305	—	—	9,736,291	9,748,596
2. AFS securities	—	—	—	7,138,760	—	7,138,760	7,138,760
3. Financial assets held to maturity	—	—	—	1,325,092	(13,396)	1,311,696	1,311,696
4. Due from banks	—	—	—	6,036,588	(1,317)	6,035,271	6,035,271
5. Due from customers [1]	2,385,276	(1,229,799)	1,155,477	36,685,524	(239,792)	36,445,732	37,601,209
6. Financial assets recognized at fair value	—	—	—	—	—	—	—
7. Financial assets being sold	—	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	—	—	754,941	754,941
Total A	2,397,581	(1,229,799)	1,167,782	51,185,964	(254,505)	61,422,691	62,590,473
B. Others							
1. Financial assets held for trading	—	—	—	—	—	—	—
2. AFS securities	—	—	—	79,508	—	79,508	79,508
3. Financial assets held to maturity	—	—	—	—	—	—	—
4. Due from banks	—	—	—	68,458	—	68,458	68,458
5. Due from customers	—	—	—	11,188	—	11,188	11,188
6. Financial assets recognized at fair value	—	—	—	—	—	—	—
7. Financial assets being sold	—	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	—	—	—	—
Total B	—	—	—	159,154	—	159,154	159,154
Total at 30/6/15	2,397,581	(1,229,799)	1,167,782	51,345,118	(254,505)	61,581,845	62,749,627
Total at 30/6/14	2,257,788	(1,093,663)	1,164,125	50,571,347	(232,039)	62,504,709	63,668,834

[1] The performing assets include €40.4m in unpaid instalments, corresponding to a gross exposure (i.e. including the share not yet overdue) of €488.7m (equal to 1.6% of the performing assets), of which €70.4m is attributable to leasing (2.7% of the performing loans in this segment), €257.9m to consumer credit (2.5%), and €147.9m to CheBanca! mortgage receivables (3.1%). Gross exposures being renegotiated under the terms of collective agreements amount to €46m, almost entirely attributable to mortgage loans granted by CheBanca!

Information on sovereign debt exposures

*A.1.2.a Exposures to sovereign debt securities by state, counterparty and portfolio **

Asset portfolio/quality	Non performing loans				Performing assets			Total net exposure [1]
	Gross exposure	Specific adjustments	Collective adjustments	Net exposure	Gross exposure	Collective adjustments	Net exposure	
1. Financial assets held for trading	—	—	—	—	X	X	959,569	959,569
Germany	—	—	—	—	X	X	554,189	554,189
Italy	—	—	—	—	X	X	259,788	259,788
Others	—	—	—	—	X	X	145,592	145,592
2. AFS securities	—	—	—	—	5,339,943	—	5,339,943	5,339,943
Italy	—	—	—	—	4,695,875	—	4,695,875	4,695,875
France					362,859	—	362,859	362,859
Germany	—	—	—	—	209,508	—	209,508	209,508
Others	—	—	—	—	71,701	—	71,701	71,701
3. Financial assets held to maturity	—	—	—	—	359,024	—	359,024	359,024
Italy	—	—	—	—	358,142	—	358,142	358,142
Others	—	—	—	—	882	—	882	882
Total at 30/6/15	—	—	—	—	5,698,967	—	6,658,536	6,658,536

* Does not include financial and credit derivatives.

[1] The net exposure includes positions in securities (long and short) recognized at fair value (including the outstanding accrual) except for assets held to maturity which are stated at amortized cost, the implied fair value of which is €38.7m.

A.1.2.b Exposures to sovereign debt securities by portfolio

Asset portfolio/quality	Trading book [1]			Banking book [2]			
	Nominal value	Book value	Duration	Nominal value	Book value	Fair value	Duration
Italy	219,993	259,788	1,86	4,874,173	5,054,016	5,078,890	2,41
Germany	519,230	554,189	7,53	205,500	209,508	209,508	5,27
France	—	—	—	368,275	362,859	362,859	4,79
United States	894	874	9,64	53,624	53,660	53,660	4,42
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	—

[1] Does not include buys of €40m on *Bund/Bobl/Schatz* futures (Germany), with a fair value of €1.4m; or sales of €31m on the Treasury future(United States), with a fair value of €0.07m, and buys on the BPT future (Italy) with a fair value of €0.04m, with a fair value of €0.01m. Net hedge buys of €10m (€7m of which on Italy country risk and €3m on Hungary country risk) have also not been included.

[2] Item does not include Greek GDP-linkers securities in a notional amount of €127m recorded at a fair value of €0.5m.

A.1.3 Banking Group – cash and off-balance-sheet exposures: gross/net values

Type of exposures/amounts	Gross exposure	Specific writedowns	Portfolio adjustments	Net exposure
A. CASH EXPOSURES				
a) Bad loans	—	—	X	—
b) Potential problem	—	—	X	—
c) Restructured	—	—	X	—
d) Past due Non-performing	—	—	X	—
e) Other assets	8,273,319	X	(2,240)	8,271,079
TOTAL A	8,273,319	—	(2,240)	8,271,079
B. OFF-BALANCE-SHEET EXPOSURES				
a) NPL	—	—	X	—
b) Other assets [1]	28,275,114	X	—	28,275,114
TOTAL B	28,275,114	—	—	28,275,114
TOTAL A+B	36,548,433	—	(2,240)	36,546,193

[1] 30/6/15 data include €6,768,125 of operations perfectl marche by hedging purchase

A.1.6 Banking Group – Cash and off-balance-sheet exposures to customers: gross/net values

Type of exposures/amounts	Gross exposure	Specific writedowns	Portfolio adjustments	Net exposure
A. CASH EXPOSURES				
a) Bad loans	613,665	(354,288)	X	259,377
b) Potential problem	1,317,072	(655,173)	X	661,899
c) Restructured	267,316	(128,160)	X	139,156
d) Past due Non-performing	187,223	(92,178)	X	95,045
e) Other assets	46,959,838	X	(252,265)	46,707,573
TOTAL A	49,345,114	(1,229,799)	(252,265)	47,863,050
B. OFF-BALANCE-SHEET EXPOSURES				
a) NPL	739	(67)	X	672
b) Other assets	18,709,033	X	(17,659)	18,691,374
TOTAL B	18,709,772	(67)	(17,659)	18,692,046
TOTAL A+B	68,054,886	(1,229,866)	(269,924)	66,555,096

The bad loans items include €73.8m attributable to Creditech, i.e. acquisitions of non-performing loans with a nominal value of €2.6bn. Of these items, €50m (with a nominal book value of €1.8bn) involve assets acquired from other Group companies, mostly those involved in consumer credit activities.

A.1.7 Banking Group – Cash exposures to customers: trends in gross impaired positions/accounts

Description/Category	Bad loans	Doubtful loans	Restructured exposures	Past due exposures
A. Opening balance (gross amount)	651,735	1,276,241	120,838	204,022
- Sold but not derecognised	*21,782*	*31,363*	*3,924*	*14,511*
B. Increases	286,101	809,073	192,324	546,726
B.1 transfers from performing loans	14,056	311,170	8,637	488,142
B.2 transfers from other impaired exposures	261,995	460,050	170,830	47,888
B.3 other increases	10,050	37,853	12,857	10,696
C. Decreases	324,171	768,242	45,846	563,525
C.1 transfers to performing loans (including not impaired past-due)	5,897	47,889	12,994	64,815
C.2 write-offs	15,458	9,561	387	1,436
C.3 recoveries	67,261	110,501	13,435	48,358
C.4 sales proceeds	10,783	13,524	—	4
C.4 bis losses on disposals	198,513	103,883	—	94
C.5 transfers to other impaired exposures	15,312	469,962	13,883	441,592
C.6 other decreases	10,947	12,922	5,147	7,226
D. Closing balance (gross amounts)	613,665	1,317,072	267,316	187,223
- Sold but not derecognised	*47,528*	*116,413*	*6,060*	*44,760*

A.1.8 Banking Group – cash exposures to customers: trends in overall value adjustments

Description/Category	Bad loans	Doubtful loans	Restructured exposures	Past due exposures
A. Opening balance total writedowns	(380,779)	(584,030)	(53,523)	(75,332)
- Sold but not derecognised	*(18,845)*	*(47,959)*	—	*(20,186)*
B. Increase variations	(387,148)	(366,539)	(83,481)	(65,292)
B.1 write-downs	(142,116)	(210,655)	(48,024)	(53,901)
B.1 bis losses on disposal	(198,513)	(103,883)	—	(94)
B.2 transfers from other impaired exposure	(42,100)	(35,901)	(35,414)	(4,502)
B.3 other increase variations	(4,419)	(16,100)	(43)	(6,795)
C. Decrease variations	413,639	295,396	8,844	48,446
C.1 write-backs from assessments	8,664	15,244	2,772	6,582
C.2 write-backs from recoveries	18,418	11,618	937	3,768
C.2 bis gains on disposal	—	—	—	—
C.3 write-offs	176,638	89,640	365	978
C.4 transfers to other impaired exposures	4,331	72,775	4,305	36,508
C.5 other reductions	205,588	106,119	465	610
D. Closing balance - writedowns	(354,288)	(655,173)	(128,160)	(92,178)
- Sold but not derecognised	*(33,300)*	*(68,404)*	*(1,272)*	*(27,153)*

New definitions of non performing loans have been adopted in accordance with the provisions of Bank of Italy circular 272/08, seventh update (three different sub-categories: bad loans, 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.

Forborne exposures are defined more precisely as debt contracts in respect of which concessions have been made to a borrower finding themselves or soon to find themselves in a situation where they find or will find it difficult to meet their own financial commitments ("financial difficulties").

For an exposure to be classified as forborne, Mediobanca seeks to identify whether, following contractual amendments which are favourable to the customer (typically rescheduling maturities, suspending payments, refinancing, waivers of covenants, etc.) a situation of financial difficulty would exist as a result of the actual or potential accumulation (if the concessions are not granted) of more than 30 days' arrears. Assessment of financial difficulty is based chiefly on individual analysis in the areas of corporate lending and leasing, and the recurrence of preset conditions in consumer credit (e.g. number of arrears accumulated) and mortgage lending (e.g. loss of employment, serious illnesses and/or divorce or separation).

The introduction of these new categories has made no substantial change to the extent of the non-performing exposures, which have a gross value of €2,385.3m and a net value of €1,155.5m, the previous categories of "sub-standard" and "restructured" exposures largely coinciding with the new category of "likely default".

As at 30 June 2015, non-performing loans net of forborne exposures thus amounted to €631m, with a coverage ratio of 53%, and representing 1.68% of the total loan book.

Performing loans qualifying as forborne amounted to €342m, with a coverage ratio of 13%, and representing 0.91% of the total loan book.

A.2 Exposures by internal and external ratings

A.2.1 Banking Group – cash and off-balance-sheet exposures by external rating category

Exposures	External rating classes						Without rating	Total
	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	Lower than B-		
A. On-balance-sheet credit exposures	2,364,385	2,667,496	11,188,311	2,959,545	1,911,514	420,646	34,622,229	56,134,126
B. Derivative contracts	196,543	25,130,128	2,919,707	772,654	2,436,906	—	6,812,394	38,268,332
B.1 Financial derivative contracts	196,543	17,646,942	1,704,989	772,654	2,436,906	—	6,263,489	29,021,523
B.2 Credit derivatives [1]	—	7,483,186	1,214,718	—	—	—	548,905	9,246,809
C. Guarantees given	2,727	—	286	9,431	—	8,168	416,087	436,699
D. Other commitments to disburse funds	33,026	583,772	2,044,326	1,608,360	83,494	—	3,906,401	8,259,379
E. Others	—	—	—	—	—	—	2,750	2,750
Total 30/6/15	2,596,681	28,381,396	16,152,630	5,349,990	4,431,914	428,814	45,759,861	103,101,286
Total 30/6/14	1,962,129	45,846,510	33,878,357	4,383,309	3,207,944	609	44,303,851	133,582,709

[1] 30/6/15 data include €6,768,125 of operations perfectly matched with hedging purchase.

A.3 Secured exposures by type of security

A.3.1 Banking Group – secured cash exposures to banks

	Net exposures	Collaterals (1)				Guarantees									Total (1)+(2)
						Credit derivatives					Signature loans				
		Property, Mortgages	Financial leasing property	Securities	Other assets	CLN	Other derivatives				Governments and Central Banks	Other public entities	Banks	Other entities	
							Governments and Central Banks	Other public entities	Banks	Other entities					
1. Secured balance sheet credit exposures	4,310,766	—	1,344	4,773,593	3,230	—	—	—	—	—	8,389	63,078	—	490	4,850,124
1.1 totally secured	3,380,400	—	1,344	3,894,753	3,230	—	—	—	—	—	4,133	63,078	—	141	3,966,679
- *of which*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1.2 partially secured	930,366	—	—	878,840	—	—	—	—	—	—	4,256	—	—	349	883,445
- *of which*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Secured off-balance sheet credit exposures	27,614	—	—	—	28,128	—	—	—	—	—	—	—	—	—	28,128
2.1 totally secured	27,614	—	—	—	28,128	—	—	—	—	—	—	—	—	—	28,128
- *of which*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2.2 partially secured	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- *of which*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

A.3.2 Banking Group – secured cash exposures to customers

	Net exposures	Collaterals (1)				Guarantees (2)									Total (1)+(2)
		Property Mortgages	Financial leasing property	Securities	Other assets	Credit derivatives					Signature loans				
						CLN	Other derivatives				Governments and Central Banks	Other public entities	Banks	Other entities	
							Governments and Central Banks	Other public entities	Banks	Other entities					
1. Secured Balance Sheet credit exposures:	18,017,386	10,503,302	767,622	6,746,336	1,320,255	—	460	—	—	—	99,353	322,936	1,683,844	3,105,687	24,549,795
1.1 totally secured	12,359,746	10,071,808	767,622	4,324,601	997,253	—	—	—	—	—	99,353	307,770	267,360	3,084,290	19,920,057
- of which impaired	576,746	865,474	71,268	4,166	28,931	—	—	—	—	—	—	—	55,370	213,457	1,238,666
1.2 partially secured	5,657,640	431,494	—	2,421,735	323,002	—	460	—	—	—	—	15,166	1,416,484	21,397	4,629,738
- of which impaired	49,711	9,246	—	2,218	3,424	—	—	—	—	—	—	—	—	44	14,932
2. Secured off- Balance Sheet credit exposures:	1,768,559	98,385	—	40,466	202,359	—	—	—	—	—	—	42,830	966,546	271,203	1,621,789
2.1 totally secured	679,619	97,025	—	38,009	131,498	—	—	—	—	—	—	42,830	254,664	270,062	834,088
- of which impaired	*739*	*411*	—	—	—	—	—	—	—	—	—	—	*531*	*85*	*1,027*
2.2 partially secured	1,088,940	1,360	—	2,457	70,861	—	—	—	—	—	—	—	711,882	1,141	787,701
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

B. Loan distribution and concentration

B.1 Banking Group – cash and off-balance-sheet exposure to customers by sector (book value)

Exposures/Counterparts	Goverments			Other public entities			Financial companies			Insurance companies			Non-financial companies			Other entities		
	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments
A. Balance sheet exposures																		
A.1 Bad loans	—	—	X	—	—	X	24	(3.428)	X	55	(10)	X	63.828	(65.421)	X	195.470	(285.429)	X
A.2 Doubtful loans	—	—	X	10	—	X	19.316	(3.236)	X	334	(64)	X	468.112	(417.811)	X	174.127	(234.062)	X
A.3 Restructured exposures	—	—	X	—	—	X	5.738	(8.202)	X	—	—	X	103.294	(103.437)	X	30.124	(16.521)	X
A.4 Impaired past due exposures	—	—	X	2	—	X	19	(14)	X	1.501	(70)	X	31.174	(4.718)	X	62.349	(87.376)	X
A.5 Other exposures	7.660.568	X	(3.661)	169.975	X	(4.129)	6.960.769	X	(13.984)	1.366.784	X	(2.186)	14.435.960	X	(69.272)	16.113.517	X	(159.033)
TOTAL A	7.660.568	—	(3.661)	169.987	—	(4.129)	6.985.866	(14.880)	(13.984)	1.368.674	(144)	(2.186)	15.102.368	(591.387)	(69.272)	16.575.587	(623.388)	(159.033)
B. Off-balance sheet exposures																		
B.1 Bad loans	—	—	X	—	—	X	—	—	X	—	—	X	—	—	X	—	—	X
B.2 Doubtful loans	—	—	X	—	—	X	—	—	X	—	—	X	30	—	X	178	—	X
B.3 Other impaired assets	—	—	X	—	—	X	—	—	X	—	—	X	464	(67)	X	—	—	X
B.4 Other exposures	551.348	X	—	7.386	X	—	8.889.181	X	(4.066)	335.724	X	(55)	8.723.068	X	(13.538)	184.667	X	—
TOTAL B	551.348	—	—	7.386	—	—	8.889.181	—	(4.066)	335.724	—	(55)	8.723.562	(67)	(13.538)	184.845	—	—
Total(A+B) 30/6/15	8.211.916	—	(3.661)	177.373	—	(4.129)	15.875.047	(14.880)	(18.050)	1.704.398	(144)	(2.241)	23.825.930	(591.454)	(82.810)	16.760.432	(623.388)	(159.033)
Total (A+B) 30/6/14	13.919.452	—	(3.323)	343.906	—	(3.420)	16.285.948	(11.639)	(26.365)	1.447.438	(6)	(2.261)	24.444.585	(482.853)	(115.588)	15.563.008	(600.255)	(96.992)

B.2 Banking Group – cash and off-balance-sheet exposures to customers by geography (book value)

Exposures / Geographical	Italy		Other European countries		America		Asia		Rest of the world	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. Balance sheet exposures										
A.1 Bad loans	248,890	(338,534)	10,176	(14,754)	311	(25)	—	—	—	(975)
A.2 Doubtful loans	659,071	(650,653)	2,651	(3,725)	176	(795)	—	—	1	—
A.3 Restructured exposures	131,136	(81,802)	7,933	(46,309)	9	—	78	(49)	—	—
A.4 Impaired past due exposures	93,142	(91,964)	1,309	(208)	280	(6)	1	—	313	—
A.5 Other exposures	35,216,468	(218,458)	9,833,667	(26,185)	1,519,806	(4,060)	1,734	(8)	135,898	(3,554)
Total A	36,348,707	(1,381,411)	9,855,736	(91,181)	1,520,582	(4,886)	1,813	(57)	136,212	(4,529)
B. Off-balance sheet exposures										
B.1 Bad loans	—	—	—	—	—	—	—	—	—	—
B.2 Doubtful loans	208	—	—	—	—	—	—	—	—	—
B.3 Other impaired assets	—	—	464	(67)	—	—	—	—	—	—
B.4 Other exposures	7,005,957	(8,272)	11,501,273	(9,182)	175,828	(205)	615	—	7,701	—
Total B	7,006,165	(8,272)	11,501,737	(9,249)	175,828	(205)	615	—	7,701	—
Total A+B 30/6/15	43,354,872	(1,389,683)	21,357,473	(100,430)	1,696,410	(5,091)	2,428	(57)	143,913	(4,529)
Total A+B 30/6/14	50,565,454	(1,237,916)	19,783,331	(98,920)	1,445,256	(3,458)	54,692	(9)	155,604	(2,389)

B.3 Banking Group – cash and off-balance-sheet exposures to banks by geography (book value)

Exposures / Geographical	Italy		Other European countries		America		Asia		Rest of the world	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. Balance sheet exposures										
A.1 Bad loans	—	—	—	—	—	—	—	—	—	—
A.2 Doubtful loans	—	—	—	—	—	—	—	—	—	—
A.3 Restructured exposures	—	—	—	—	—	—	—	—	—	—
A.4 Impaired past due exposures	—	—	—	—	—	—	—	—	—	—
A.5 Other exposures	3,247,402	(1,390)	4,711,937	(602)	277,582	(14)	17,004	(234)	17,154	—
TOTAL A	3,247,402	(1,390)	4,711,937	(602)	277,582	(14)	17,004	(234)	17,154	—
B. Off-balance sheet exposures										
B.1 Bad loans	—	—	—	—	—	—	—	—	—	—
B.2 Doubtful loans	—	—	—	—	—	—	—	—	—	—
B.3 Other impaired assets	—	—	—	—	—	—	—	—	—	—
B.4 Other exposures	2,424,063	—	25,075,556	—	765,217	—	10,278	—	—	—
TOTAL B	2,424,063	—	25,075,556	—	765,217	—	10,278	—	—	—
Total A+B 30/6/15	5,671,465	(1,390)	29,787,493	(602)	1,042,799	(14)	27,282	(234)	17,154	—
Total A+B 30/6/14	4,892,308	(1,086)	55,904,466	(573)	733,597	(14)	8,465	(473)	39,379	—

B.4a Credit risk indicators

	30/6/15	30/6/14
a) Gross bad loans/total loans	1.45%	1.61%
b) Irregualr items/cash exposures	4.58%	4.37%
c) Net bad loans/regulatory capital	2.92%	3.35%

B.4b Large risks

	30/6/15	30/6/14
a) Book value	12,698,680	11,500,719
b) Weighted value	8,878,907	8,911,672
c) No. Of exposures	6	8

C. Securitizations and asset disposals

C.1 Securitizations

Qualitative information

The securitization of a portfolio of Futuro performing receivables was finalized in April 2015, through SPV Quarzo CQS S.r.l., for a total nominal amount of €820m, €82m of which in junior tranches subscribed for by Futuro and €738m in senior bonds (Moody's rating Aa2), subscribed for as to €538m by third-party investors and as to €200m by Mediobanca S.p.A. The receivables forming the underlying instrument of the securitization (€820m in salary-backed finance) continue to be recognized as assets in Futuro's financial statements as part of its consumer business.

The Group's portfolio of securities deriving from securitizations by other issuers totalled €229m (30/6/14: €308.3m), the reduction attributable to repayments totalling €150.1m being only partly offset by the €57m in new market acquisitions. Three-quarters of the portfolio is concentrated in the banking book (AFS and HTM), while the remainder involves the trading book, on which trading amounting to €106.5m was recorded.

The fair value of the portfolio is calculated based on prices supplied by financial information providers, with the exception of the ELM synthetic security. The portfolio showing an unrealized gain on the fixed assets of €2.8m.

Over 90% consists of senior-ranking securities, with seven mezzanine and one junior-ranking security. All the securities have external ratings, and around two-thirds are eligible for refinancing transactions with the European Central Bank.

Asset-backed securities (ABS), in particular those of the peripheral EU member states, significantly outperformed the other credit products due to the European Central Bank's decision to launch the Asset-Backed Purchase Programme (ABSPP), which at 30 June 2015 had a reached a total of €6.6bn, and allowed certain ABS to be included in the liquidity indicator (LCR).

The Group's portfolio remains concentrated on senior tranches of domestic stocks backed by mortgages and state-owned properties. Most of the other exposures involve CLOs with European corporate loans as the underlying instrument.

Quantitative information

C.1 Banking Group – exposures deriving from securitizations by underlying asset

Quality of underlying assets/ Exposures	On Balance-sheet *					
	Senior		Mezzanine		Junior	
	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
A. With own underlying assets	—	—	—	—	—	—
a) Impaired	—	—	—	—	—	—
b) Other	—	—	—	—	—	—
B. With third-party underlying assets	220,032	212,426	15,640	15,640	909	909
a) Impaired	—	—	—	—	—	—
b) Other	220,032	212,426	15,640	15,640	909	909

* No off balance-sheet exposures.

C.3 Banking Group – exposures deriving from main customer securitizations by asset type/exposure

Type of securitized asset/exposure *	**Cash exposures [1]**					
	Senior		**Mezzanine**		**Junior**	
	Book value	**Writedowns/ writebacks**	**Book value**	**Writedowns/ writebacks**	**Book value**	**Writedowns/ writebacks**
A. Mortgage loans on properties						
A.1 FIP1A2 MTG 10/23 IT0003872774	83,126	—	—	—	—	—
A.2 CLAAB 2011-1 A IT0004790918	23,493	(77)	—	—	—	—
A.3 VELA4A2 MTG IT0004102007	22,413	—	—	—	—	—
A.4 RMAC2005-NS4XM2A MTG XS0235778106	—	—	5,589	303	—	—
A.5 BERAB 3 A IT0005027930	4,195	34	—	—	—	—
A.6 Other	5,934	52	4,033	132	909	10
TOTAL A MORTGAGE LOANS ON PROPERTIES	139,161	9	9,622	435	909	10
B. Other receivables						
B.1 ELM BB.V. FL IT0003142996	22,785	—	—	—	—	—
B.2 GERMAN16 (GE18) 3.375 XS0222473877	25,822	(752)	—	—	—	—
B.3 SUNRISE09A MTG IT0004495609	3,924	10	—	—	—	—
B.4 SUNRISE2A MTG IT0004232598	1,630	6	—	—	—	—
B.5 Other	5,563	(23)	—	—	—	—
TOTAL B OTHER RECEIVABLES	59,724	(759)	—	—	—	—
C. Collateralized Loan Obligation						
C.1 CELF 2006-1X A1 XS0269527437	6,073	(31)	—	—	—	—
C.2 BESME 1 A1X IT0004941149	4,373	(7)	—	—	—	—
C.3 CLAV 2007-1X III XS0334000550	—	—	3,009	(11)	—	—
C.4 GSHAM 2006-3X D XS0277785936	—	—	3,009	(4)	—	—
C.5 Other	3,095	(1)	—	—	—	—
TOTAL C COLLATERALIZED LOAN OBLIGATION	13,541	(39)	6,018	(15)	—	—
Total at 30/6/15	212,426	(789)	15,640	420	909	10
Total at 30/6/14	250,465	7	28,665	1,633	2,656	405

* Mediobanca does not have on its books any credit exposures backed by US subprime or Alt-A mortgages.
[1] No off-balance-sheet exposure.

C.4 Banking Group – exposures to securitizations by asset/portfolio type

Exposure / portfolio	Trading	Carried at fair value	Available-for-sale	Held-to-maturity	Loans	30/6/15	30/6/14
1. Balance sheet exposure	62,972	—	37,679	22,785	105,539	228,975	281,786
- Senior	46,423	—	37,679	22,785	105,539	212,426	250,465
- Mezzanine	15,640	—	—	—	—	15,640	28,665
- Junior	909	—	—	—	—	909	2,656
2. Off-balance sheet exposure	—	—	—	—	—	—	—
- Senior	—	—	—	—	—	—	—
- Mezzanine	—	—	—	—	—	—	—
- Junior	—	—	—	—	—	—	—

C.5 Banking Group – total amount of securitized assets underlying junior securities or other forms of financing

Assets/Values	Traditional securitisations	"Sinthetic" securitisation
A. Own underlying assets	—	—
A.1 Totally derecognised	—	—
1. Bad loans	—	—
2. Doubtful loans	—	—
3. Restructured exposures	—	—
4. Past-due exposures	—	—
5. Other assets	—	—
A.2 Partially derecognised	—	—
1. Bad loans	—	—
2. Doubtful loans	—	—
3. Restructured exposures	—	—
4. Past-due exposures	—	—
5. Other assets	—	—
A.3 Non-derecognised	—	—
1. Bad loans	—	—
2. Doubtful loans	—	—
3. Restructured exposures	—	—
4. Past-due exposures	—	—
5. Other assets	2,656	—
B. Third party underlying assets	—	—
B.1 Bad loans	—	—
B.2 Doubtful loans	—	—
B.3 Restructured exposures	—	—
B.4 Past-due exposures	—	—
B.5 Other assets	—	—

C.6 Banking Group – interests in securitization vehicles

Name	Head office	% shareholding	Assets			Liabilities		
			Receivables	Debt securities	Other items	Senior	Mezzanine	Junior
Quarzo S.r.l.	Milan	90%	3,381,420		225,889	2,968,321		542,070
Quarzo CQS S.r.l.	Milan	90%	825,883		71,513	711,781		82,359
Quarzo Lease S.r.l	Milan	90%	537		3	162		260

C.8 Banking Group: servicing – collecting securitized receivables and redeeming securities issued by vehicle companies

Servicer	Vehicle company	Securitized assets 30/6/15		Receivables collected during the year		Percentage share of securities repaid 30/6/15					
						Senior		Mezzanine		Junior	
		Impaired	Performing	Impaired	Performing	Impaired assets	Performing assets	Impaired assets	Performing assets	Impaired assets	Performing assets
SelmaBPM Leasing	Quarzo Lease	16,033	164,405	4,206	53,800	—	45	—	—	—	—
SelmaBPM Leasing	Quarzo Lease	17,575	128,364	4,340	43,680	—	74	—	—	—	—
SelmaBPM Leasing	Quarzo Lease	12,698	118,560	7,116	68,391	—	51	—	—	—	—
Compass	Quarzo	151,156	3,559,343	8,516	1,845,909	—	—	—	—	—	—
Futuro	Quarzo CQS	2,581	766,680	416	79,048	—	4	—	—	—	—

C.9 Banking Group – SPVs consolidated

Quarzo Lease S.r.l. (SelmaBipiemme Leasing)

This company currently has three securitizations outstanding, all with SelmaBipiemme receivables as the underlying instruments, with the junior tranches underwritten by SelmaBipiemme itself and the senior tranches by the EIB. The deals are all in the advanced amortization stages ; the third tranche was repaid in full on 27 July 2015, when the company bought back the outstanding receivables.

The main terms of the deals are as follows:

Tranche	Date	Outstanding amount at issue			Date	Outstanding amount at 30/6/15	
		Junior	Senior	Receivables	Amortization	Senior	Receivables
I	Jul-07	36.9	350.0	386.9	Apr-13	123.4	185.1
II	May-09	100.0	350.0	450.0	Jul-12	30.4	152.9
III	Jul-11	123.1	202.0	325.0	Oct-13	8.0	137.2

Accounts between SelmaBipiemme and vehicle company Quarzo Lease for the year were as follows:

Tranche	Amounts collected	Servicing fee	Interest on junior tranche
I	65.7	0.04	6.98
II	54.0	0.04	4.70
III	86.5	0.06	6.70

Quarzo S.r.l. (Compass)

Quarzo S.r.l. currently has one securitization outstanding subscribed for directly by Group companies, with the purpose of expanding the Group's sources of funding, by taking advantage of the possibility of refinancing senior bonds with the European Central Bank. The transaction consists of a senior issue in an amount of €2,960m plus a junior tranche worth €540m. The monthly revolving periods will continue until December 2015.

Accounts between Compass and vehicle company Quarzo were as follows:

Collections on behalf of Quarzo:	€ 1,854.4m
Servicing fees collected:	€ 17.5m
Interest accruing on junior notes:	€ 16.4m
Additional return accrued:	€ 102.6m

A new intercompany securitization was finalized on 12 July 2015, with an initial portfolio of performing loans worth a total amount of €2,200m being ceded and senior notes worth €1,694m and junior notes worth €506m being issued.

Quarzo CQS S.r.l. (Futuro)

The first securitization of Futuro receivables was finalized in April 2015, via SPV Quarzo CQS S.r.l. The transaction involves performing loans worth a total of €820m being ceded in a single, non-revolving tranche, and senior notes issued in an amount of €738m being issued (and listed on the Dublin stock market) plus junior notes, subscribed for by the same company, worth €82m. The senior notes were mostly sold on the market, while a €200m share was subscribed for by the Mediobanca treasury.

Accounts between Futuro S.p.A. and vehicle company Quarzo CQS were as follows:

– Collections on behalf of Quarzo CQS:	€	60,050,100
– Servicing fee collected:	€	116,000
– Interest accruing on junior notes:	€	358,700
– Interest accruing on loan to SPV	€	30,700
– Additional return accrued:	€	24,944,900

D. Disclosure on structured entities other than securitization SPVS

In accordance with the provisions of IFRS 12, the Group treats the companies it sets up in order to achieve a limited or well-defined objective, which are regulated by contractual agreements often imposing close restrictions on the decision-making powers of its governing bodies, as structured entities (special purpose vehicles or entities). Such entities are therefore normally structured to ensure that the voting rights (o similar) are not the main factor in establishing who controls them (the activities are often governed by contractual agreements provisions agreed when the entity itself is structured and are therefore difficult to change).

D.1 Consolidated structured entities

In addition to the three securitization SPVs (Quarzo S.r.l., Quarzo Lease S.r.l. and Quarzo CQS S.r.l.), the following structured entities are included in the Group's area of consolidation, as described in Part A – Section 3 of the Notes to the Accounts:

– Telco MB: company deriving from the demerger of Telco S.p.A. which was the recipient of the Telecom Italia S.p.A. shares owned by Telco and subsequently sold to Mediobanca S.p.A.;
– Sinto MB: company deriving from the demerger of Sintonia S.p.A. which was the recipient of the Atlantia S.p.A. shares.

The process of merging both companies into Mediobanca is underway.

D.2 Structured entities not consolidated in accounting terms

The Group has no other interests in structured entities to report. Group company CheBanca! is the sponsor of Yellow Fund Sicav while Mediobanca S.p.A. has minority interests in UCITs (as shown in tables 2.1 and 4.1 of Part B, "Assets").

D.2.1. Structured entities consolidated for regulatory purposes

As at 30 June 2015 there was no disclosure to be made as no instances of this type of interest apply in the case of Mediobanca.

D.2.2. Other structured entities

QUALITATIVE INFORMATION

The Group's operations in this area are mainly carried out through vehicle companies, in particular as follows:

UCITs

In May 2015, CheBanca! via the Allfunds Banks platform launched the sale, exclusive to its clients, of five different segments of its Yellow Funds SICAV, an authorized company incorporated under Luxembourg law. Of the five segments, one involves debt securities, one equities, and the other three target volatility funds of funds.

The SICAV is managed by fund management company Duemme International Luxemburg, while the three funds of funds are managed by BlackRock and the other funds by Duemme Sgr.

As part of its activity as sponsor, CheBanca! subscribed for the initial units in each individual segment (230,000 units, involving an outlay of €23m); as at 30 June 2015 a total of 203,461 units were in issue with a net asset value (NAV) of €19.7m. As the activity has only just started, the fees collected by CheBanca! as at the reporting date were virtually nil.

The process of delegating and sub-delegating investment activity, along with the broad powers of discretion afforded to delegates, mean that the ability to impact on returns stipulated by IFRS 10 as a precondition for establishing control does not apply in this case, hence Mediobanca does not have direct control over the Sicav.

Asset-backed SPEs

The entities in this case have been set up to acquire, build or manage actual or financial assets, for which the prospect of recovering the credit concerned depend largely on the cash flows to be generated by the assets.

As part of its ordinary lending operations, the Group finances asset-backed SPEs but without holding any form of direct equity stake or interest in them, hence such activity does not constitute acting as sponsor.

The lending transactions, recorded under asset heading 70, in which the Group is the sole lender involve an amount of €953.9m, plus €58m in notes held as available for sale (asset heading 40).

QUANTITATIVE INFORMATION

Balance-sheet item/type of entity structured	Asset portfolios	Total assets (A)	Liability portfolios	Total liabilities (B)	Book value (C=A-B)	Maximum exposure to risk of loss (D)	Difference between maximum exposure to risk of loss and book value (E=D-C)
Yellow Fund Sicav	AFS	19,732	—	—	19,732	19,732	—
Asset Back	L&R	953,948	—	—	953,948	953,948	—
Asset Back	AFS	58,282	—	—	58,282	58,282	—

D.3 Leveraged finance transactions

As part of its corporate lending activity, the Mediobanca Group takes an active part in buyout transactions promoted or sponsored almost entirely by private equity funds in order to take over companies with promising growth prospects, low debt levels and stable cash flow over time. Such transactions have a sub-investment grade rating, a non-recourse contractual structure, and borrowing is commensurate with future cash flow levels. The purpose of such transactions is never for Mediobanca to acquire target companies, as the majority stakes are held directly by the private equity funds.

As at 30 June 2015 commitments to deals of this nature amounted to €1,272.7m,[1] slightly lower than the (€1,292.4m) reported last year. Such deals represented slightly less than 9% of the corporate portfolio, 26.5% of which in relation to domestic transactions, five dealswith North American clients (for a value of approx. €218m), and the remainder deals within the confines of the European Union. The leveraged finance market returned to its former dynamism during the year, with repayments of €647m (including 13 deals being wound up) and additions totalling €627m (with ten new deals).

[1] Plus off-balance-sheet exposures (commitments and derivatives) totalling €361.1m (30/6/14: €328.9m).

E. Disposals

A. Financial assets sold but not fully derecognized

QUANTITATIVE INFORMATION

E.1 Banking Group – Financial assets sold but not derecognized: book value and full value

Type / Portfolio	Financial assets held for trading	Financial assets carried at fair value through	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables with banks	Loans and receivables with customers	Total	
							06-30-2015	06-30-2014
A. Balance-sheet assets	2,252,734	—	862,589	275,946	—	1,634,370	5,025,639	4,024,958
1. Debt securities	—	—	—	—	—	—	—	—
a) Financial Assets sold but recorded in full (book value)	511,163	—	862,589	275,946	—	—	1,649,698	2,174,123
2. Equity securities	1,598,144	—	—	X	X	X	1,598,144	556,639
3. UCITS	143,427	—	—	X	X	X	143,427	—
4. Loans	—	—	—	—	—	—	—	—
a) Financial Assets sold but recorded in full (book value)	—	—	—	—	—	1,634,370	1,634,370	1,294,196
B. Derivatives	—	X	X	X	X	X	—	—
Total 30/6/15	2,252,734	—	862,589	275,946	—	1,634,370	5,025,639	X
- of which impaired	—	—	—	—	—	*86,872*	*86,872*	—
Total 30/6/14	1,576,717	—	995,361	158,684	—	1,294,196	X	4,024,958
- of which impaired	—	—	—	—	—	—	*X*	—

E.2 Banking Group – financial liabilities in respect of financial assets sold but not derecognized (book value)

Liabilities/portfolio assets	Financial assets held for trading	Financial assets carried at fair value through profit or loss	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables with banks	Loans and receivables with customers	Total	
							30/6/15	30/6/14
1. Deposits from customers	89,145	—	498,380	114,072	—	330,499	1,032,096	1,985,530
a) related to fully recognised assets	89,145	—	498,380	114,072	—	162,370	863,967	1,701,620
b) relating to partially recognised assets	—	—	—	—	—	168,129	168,129	283,910
2. Deposits from banks	2,080,068	—	253,056	135,209	—	180,914	2,649,247	1,619,725
a) related to fully recognised assets	2,080,068	—	253,056	135,209	—	180,914	2,649,247	1,619,725
b) relating to partially recognised assets	—	—	—	—	—	—	—	—
3. Debt securities in issue	—	—	—	—	—	517,409	517,409	—
a) related to fully recognised assets	—	—	—	—	—	517,409	517,409	—
b) relating to partially recognised assets	—	—	—	—	—	—	—	—
Total 30/6/15	2,169,213	—	751,436	249,281	—	1,028,822	4,198,752	X
Total 30/6/14	1,544,793	—	908,782	119,183	—	1,032,497	X	3,605,255

E.3 Banking Group – Assets disposals with liabilities related only to disposed assets: fair value

Instrument/portfolio	Financial assets held for trading	Financial assets recognized at fair value	Financial assets available for sale	Financial assets held to maturity (fair value)	Due from banks (fai value)	Due from customers (fai value)	Total	
							30/6/15	30/6/14
A. Cash assets	2,253,477	—	862,589	293,181	—	1,769,053	5,178,300	4,000,047
1. Debt securities	511,163	—	862,589	293,181	—	—	1,666,933	2,437,541
2. Equities	1,742,314	—	—	X	X	X	1,742,314	556,639
3. UCITS units	—	—	—	X	X	X	—	—
4. Loans	—	X	X	—	—	1,769,053	1,769,053	1,005,867
B. Derivative instruments	—	X	X	X	X	X	—	—
Total assets	2,253,477	—	862,589	293,181	—	1,769,053	5,178,300	4,000,047
C. Associated liabilities	2,169,213	—	751,436	249,281	—	1,406,681	4,576,611	3,544,617
1. Due from customers	89,145	—	498,380	114,072	—	342,852	1,044,449	1,297,025
2. Due from banks	2,080,068	—	253,056	135,209	—	350,437	2,818,770	2,247,592
3. Debt securities in issue	—	—	—	—	—	713,392	713,392	—
Total liabilities	2,169,213	—	751,436	249,281	—	1,406,681	4,576,611	3,544,617
Net value 30/6/15	84,264	—	111,153	43,900	—	362,372	601,689	X
Net value 30/6/14	36,337	—	99,052	48,201	—	271,840	X	455,430

E.4 Banking Group – covered bond issues

The Group has a programme of covered bond issuance in progress, involving an amount of up to €5bn. The programme, implemented in accordance with the provisions of Italian law 130/99, has a ten-year duration (falling due in December 2021), and involves the following parties:

– Mediobanca as the issuer of the covered bonds;
– CheBanca! as the seller (including on a revolving bsais) and servicer on the transaction;
– Mediobanca Covered Bond S.r.l., an SPV incorporated pursuant to Article 7-bis of Italian law 130/99, as the non-recourse recipient of the assets anad guarantor of the covered bonds.

Two deals are outstanding under the current programme, both rated "A" by S&P and placed with insituttional investors:

– in December 2011, a ten-year, €750m bond was issued at a fixed rate of 3.625% against a €1.5bn portfolio of mortgage receivables;
– in June 2014, a five-year, €750m bond was issued at a fixed rate of 1.125% e against a €1.2bn portfolio of mortgage receivables.

As part of the ordinary operations under the terms of the programme, assets worth a total of €478.3m were sold to the SPV during the twelve months, with buybacks of €44.3m.

1.2 BANKING GROUP - MARKET RISK

1.2.1 INTEREST RATE RISK AND PRICE RISK – TRADING BOOK

QUALITATIVE INFORMATION

Mediobanca's exposure to price risk on the trading book is measured on a daily basis by calculating two main indicators:

1) sensitivity (the so-called "Greeks") to minor changes in risk factors (such as interest rates, share prices, exchange rates, credit spreads, inflation and volatility, dividends and correlations);
2) value-at-risk, [1] 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 analysis regards not just the trading book but the Bank's entire asset structure, including the banking book but net of the equity investments. For exposures to bonds and credit derivatives, the daily VaR reading is able to capture and distinguish accurately between the risks deriving from changes in market interest rates and loan spreads.

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

In order to check that the various business units' operations have been carried out within the risk limits which the Bank considers appropriate, limits have been introduced for each trading desk based on the above indicators. In the case of VaR, the indicator used to check the limit is calculated by using the Monte Carlo method. Historical simulations of VaR are also used for comparison purposes. [2] This measurement is also used to calculate the expected shortfall at the 99th percentile (or Conditional VaR at the 99th percentile), which measures average loss in 1% of the most unfavourable scenarios not included in the calculation of VaR.

[1] VaR: maximum potential loss over to specified time horizon and to given confidence level.

[2] Determines portfolio values based on random and historical variations in risk factors respectively.

The 2014-15 financial year saw the positive trend continue on various markets during the first quarter (September 2014), with good performances on the equity side and a moderate reduction in the BTP-Bund spread. This scenario changed, however, towards the second half of October, when the Greek crisis flared up again, hitting stock markets and spreads on peripheral EU member states' sovereign debt securities. The BTP-Bund spread rose to over 160 basis points, before entering a very volatile phase. The trend in VaR was impacted by the fluctuating negotiations between Greece and the rest of the Eurozone, with strong mitigation being provided by the ECB's quantitative easing programme announced at the end of January which became operative from early March 2015. The days immediately prior to the end of the financial year also saw a sharp increase in volatility due to the Greek crisis flaring up once again and the fears that the country would exit the Eurozone.

The value at risk declined from a high of approx. €35m (midway through October) to a low of €17m at end-May, before rising again to reach €31m at the reporting date. The average VaR figure for the year was therefore €23.1m, lower than the €28.6m recorded the previous year.

The main driver in the reduction in the average VaR reading was the equity component, for which the average reading declined from €17.5m to €10.5m, on the back of the asset sale process launched the previous year. The average interest rate reading remained stable at €15m, on the positive trend in government bond spread volatility, despite the occasionally high point-in-time readings due to the Greek crisis. Conversely, the average exchange rate reading rose from €2.5m to €4.3m, due to the high volatility levels which affected foreign currency market (due to the Euro crisis, the Swiss franc performance, etc.), along with the increase in the long US dollar position taken out as a macro hedge against potential crisis situations in the Eurozone.

Table 1: Value at risk and expected shortfall of asset structure

Risk factors (€'000)	**12 mths to 30/6/15**				**12 mths to 30/6/14**
	30/6	**Min.**	**Max.**	**Avg.**	**Avg.**
Interest rates	20,410	9,683	27,750	15,339	14,967
- of which: specific risk	*9,133*	*2,658*	*9,981*	*5,364*	*6,684*
Share prices	7,265	7,107	15,331	10,544	17,484
Exchange rates	6,390	1,087	9,568	4,253	2,547
Inflation	3,314	835	5,724	2,809	1,640
Volatility	1,182	436	4,709	1,628	2,322
*Diversification effect **	*(8,377)*	*(4,543)*	*(20,630)*	*(11,468)*	*(10,398)*
TOTAL	30,184	16,676	35,107	23,106	28,562
Expected shortfall	**30,535**	**25,380**	**64,241**	**41,115**	**64,871**

* Due to mismatch between risk factors.

The expected shortfall declined sharply, with the average reading falling from €64.9m to €41.1m, due to less extreme historical scenarios for shares and bonds on the Italian market, as well as the reduction in equity assets referred to above.

The trading book showed a still more pronounced reduction in VaR than last year, due to the decrease in directional positions and a general mitigation during the period under review of the volatility of spreads on government and financial securities. The average reading declined from €7.8m to €3.3m, due to lower contributions from the interest rate and loan spread component (which declined from €4.2m to €2.6m) and enhanced coverage of the foreign currency risk, which reduced from €4.1m to under €1m. The equity component also declined, from €1.7m to €1.3m.

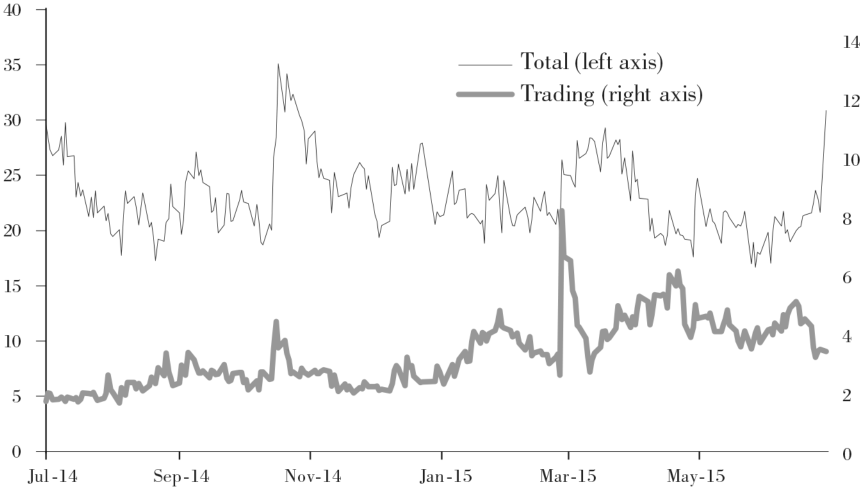
Table 2: Value at risk and expected shortfall: trading book

Risk factors (€'000)	**12 mths to 30/6/15**				**12 mths to 30/6/14**
	30/6	**Min.**	**Max.**	**Avg.**	**Avg.**
Interest rates	4,236	1,119	4,857	2,552	4,158
- of which: specific risk	*1,766*	*325*	*2,042*	*802*	*1,580*
Share prices	1,706	658	7,425	1,300	1,622
Exchange rates	451	33	1,769	739	4,123
Inflation	1,488	225	2,243	860	433
Volatility	1,695	437	7,079	2,278	2,771
*Diversification effect **	*(6,220)*	*(1,310)*	*(10,173)*	*(4,435)*	*(5,316)*
TOTAL	3,356	1,645	8,166	3,294	7,791
Expected shortfall	**3,918**	**3,160**	**17,270**	**7,448**	**13,661**

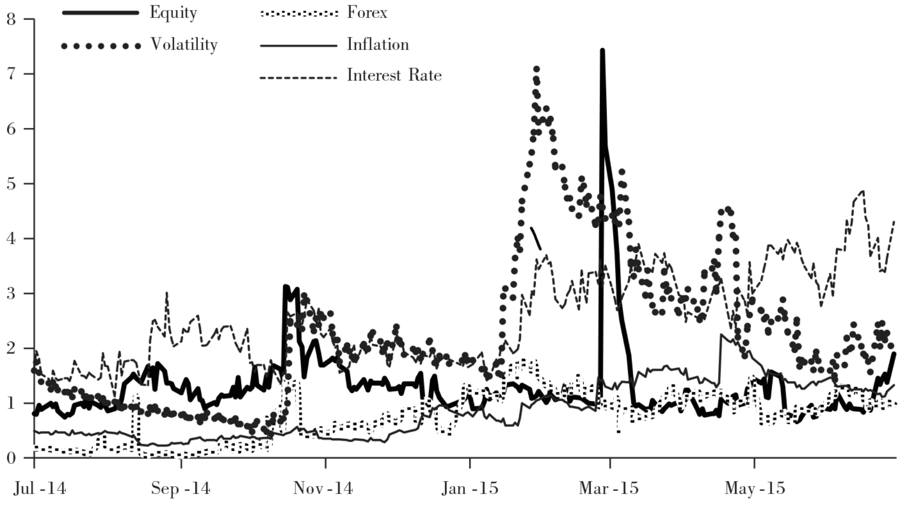
* Due to mismatch between risk factors.

The expected shortfall on the trading book declined from €13.7m to €7.4m.

VaR Evolution



Trading aggregate VaR evolution (breakdown by asset class)



The results of the daily back-testing based on calculations of theoretical profits and losses [3] show no signs of VaR being ineffective as a measurement. For the aggregate portfolio including the AFS positions, losses of higher than the VaR readings were recorded on just four days (in line with the theoretical level of 1% of the readings), in mid-October and between April and June, in conjunction with the negative newsflow arising on the Greek situation.

With reference to the sensitivity of net interest income, the trading book (Mediobanca only) as at 30 June 2015 showed a gain of €7.3m in the event of a 100 bps rise in interest rates, which reduces to approx. €0.6m in the opposite scenario (100 bps reduction).

(€m)

Data at 30/6/15		**Trading Book**
Net interest income sensitivity	+ 100 bps	7.30
	— 100 bps	(0.56)
Discounted value of cash flows sensitivity	+ 200 bps	18.74
	— 200 bps	(20.87)

[3] Based on repricing the previous days' positions using data from the following business day, in order to eliminate intraday trading items.

QUANTITATIVE INFORMATION

1. Regulatory trading book by outstanding maturity (repricing date) of cash assets and liabilities and financial derivative products

Currency of denomination: EURO

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	492	467,681	549,469	361,490	1,132,333	755,454	55,440	—
1.1 Debt securities	492	467,681	549,469	361,490	1,132,333	755,454	55,440	—
- with early redemption option	—	—	—	—	—	—	—	—
- others	492	467,681	549,469	361,490	1,132,333	755,454	55,440	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	3,783	1,797	252,139	724,664	49,201	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
- with early redemption option	—	—	—	—	—	—	—	—
- others	—	—	—	—	—	—	—	—
2.2 Other liabilities		3,783	1,797	252,139	724,664	49,201		
3. Financial derivatives	282,000	61,841,378	37,004,982	26,029,317	52,974,011	26,107,653	9,834,835	—
3.1 With underlying securities	—	885,422	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	885,422	—	—	—	—	—	—
+ long positions	—	442,711	—	—	—	—	—	—
+ short positions	—	442,711	—	—	—	—	—	—
3.2 Without underlying securities	282,000	60,955,956	37,004,982	26,029,317	52,974,011	26,107,653	9,834,835	—
- Options	—	4,053,000	4,905,998	10,782,134	5,840,000	1,380,000	2,132,000	—
+ long positions	—	2,026,500	2,452,999	5,391,067	2,920,000	690,000	1,066,000	—
+ short positions	—	2,026,500	2,452,999	5,391,067	2,920,000	690,000	1,066,000	—
- Others	282,000	56,902,956	32,098,984	15,247,183	47,134,011	24,727,653	7,702,835	—
+ long positions	182,000	29,532,730	15,572,057	7,496,016	22,751,315	12,675,136	3,839,115	—
+ short positions	100,000	27,370,226	16,526,927	7,751,167	24,382,696	12,052,517	3,863,720	—

Currency of denomination: US DOLLARS

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	263,744	69,948	63,640	99,788	3,911	48,425	—
1.1 Debt securities	—	263,744	69,948	63,640	99,788	3,911	48,425	—
- with early redemption option	—	—	—	—	—	—	—	—
- others	—	263,744	69,948	63,640	99,788	3,911	48,425	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
- with early redemption option	—	—	—	—	—	—	—	—
- others	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	315,702	8,096,542	35,833,006	487,462	7,655,406	3,894,664	287,608	—
3.1 With underlying securities	—	89,520	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	89,520	—	—	—	—	—	—
+ long positions	—	44,760	—	—	—	—	—	—
+ short positions	—	44,760	—	—	—	—	—	—
3.2 Without underlying securities	315,702	8,007,022	35,833,006	487,462	7,655,406	3,894,664	287,608	—
- Options	—	17,874	35,438,376	—	—	—	—	—
+ long positions	—	8,937	17,719,188	—	—	—	—	—
+ short positions	—	8,937	17,719,188	—	—	—	—	—
- Others	315,702	7,989,148	394,630	487,462	7,655,406	3,894,664	287,608	—
+ long positions	157,851	4,028,256	151,237	176,697	3,777,311	2,086,428	133,971	—
+ short positions	157,851	3,960,892	243,393	310,765	3,878,095	1,808,236	153,637	—

Currency of denomination: OTHER

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	122,382	368	—	3,380	—	27,296	—
1.1 Debt securities	—	122,382	368	—	3,380	—	27,296	—
- with early redemption option	—	—	—	—	—	—	—	—
- others	—	122,382	368	—	3,380	—	27,296	—
1.2 Other assets		—	—	—	—	—	—	—
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
- with early redemption option	—	—	—	—	—	—	—	—
- others	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	399,330	4,489,825	2,345,935	1,221,890	1,619,635	771,046	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	399,330	4,489,825	2,345,935	1,221,890	1,619,635	771,046	—	—
- Options	—	17,640	18,604	—	—	—	—	—
+ long positions	—	8,820	9,302	—	—	—	—	—
+ short positions	—	8,820	9,302	—	—	—	—	—
- Others	399,330	4,472,185	2,327,331	1,221,890	1,619,635	771,046	—	—
+ long positions	199,665	2,132,985	1,128,180	658,962	847,681	438,236	—	—
+ short positions	199,665	2,339,200	1,199,151	562,928	771,954	332,810	—	—

2. Regulatory trading book: cash exposures in equities and UCITS units

Type of exposure/Amounts	Book value		
	Level 1	**Level 2**	**Level 3**
A. Equities [1]			
A.1 Shares	437,639	—	—
A.2 Innovative equity instruments	—	—	—
A.3 Other equity instruments	—	24,634	—
B. UCITS units			
B.1 Italian	—	—	10,039
- harmonized open	—	—	—
- non-harmonized open	—	—	—
- closed	—	—	10,039
- reserved	—	—	—
- speculative	—	—	—
B.2 Other EU states	271,230	134,019	2,012
- harmonized	164,148		521
- non-harmonized open			1,491
- non-harmonized closed	107,082	134,019	—
B.3 Non-EU states	—	—	—
- open	—	—	—
- closed	—	—	—
Total	708,869	158,653	12,051

[1] Net mismatch between trading assets and technical shortfalls booked as trading liabilities; over 75% of the next exposure regards other European countries (of which Germany 46%).

1.2.2 INTEREST RATE RISK AND PRICE RISK – BANKING BOOK

QUALITATIVE INFORMATION

The Mediobanca Group monitors and manages interest rate risk in connection with its policy on managing interest rate risk on the banking book. The policy defines the methodologies and supervisory limits and thresholds at Group and individual levels.

Interest rate risk is made up of changes to interest rates which impact on:

– the current net value of assets and liabilities, impacting in turn on the discounted value of future cash flows (fair value risk);

– net interest income and hence also the Bank's earnings (cash flow risk).

The activity of monitoring interest rate risk on the banking book involves use of the following metrics:

– sensitivity of current value, which enables the sustainability of the Group's exposure to interest rate risk over the long term to be represented, providing an indication of the degree of mismatch between the duration of assets and liabilities;

– sensitivity of net interest income, which allows the impact on the profit and loss account to be captured; this figure is expressed in relation to the estimated net interest income for the year, to provide an indication of the degree of uncertainty entailed by the budget projections, and also to common equity in order to estimate the possible impact on the Group's capital solidity.

With reference to analysis of the discounted value of estimated cash flows on the Group's banking book, the instantanous and parallel shifts of 200 basis points generate a loss of €350m at Group level, consisting primarily of the €234m attributable to Mediobanca S.p.A. (chiefly as a result of an increase in the duration of the investments on the bond side since June 2014), and of €58m and €98m attributable to the retail and consumer divisions respectively. Conversely, an equivalent reduction in interest rates would generate a €145m gain for the Group.

With reference to the positions held as part of the banking book as at 30 June 2015, in both cases – i.e. an increase or decrease in interest rates – the change in the net interest income estimated for the 2015/16 financial year would be virtually nil, as the contributions from Mediobanca S.p.A. and the retail and consumer operations would basically cancel each other out.

The data described above are summarized in numerical form in the table below:

(€m)

Data at 30/6/15		Banking Book			Trading book
		Mediobanca SpA	CheBanca!	Compass	Mediobanca SpA
Net interest income sensitivity	+ 100 bps	6.93	(7.36)	0.54	7.30
	— 100 bps	(2.35)	(0.29)	—	(0.56)
Discounted value of cash flows sensitivity	+ 200 bps	(234.76)	(58.38)	(98.76)	18.74
	— 200 bps	206.85	(58.81)	14.22	(20.87)

At Group level, the values obtained in both scenarios continue to remain within the limits set by both the monitoring regulations and operational controls, which are respectively 7.5% (net interest income sensitivity (including trading book [4])/regulatory capital) and 15% (economic value sensitivity/regulatory capital).

Hedging

Hedges are intended to neutralize possible losses that may be incurred on a given asset or liability, due to the volatility of a certain financial risk factor (interest rate, exchange rate, credit or some other risk parameter), through the gains that may be realized on a hedge instrument which allow the changes in fair value or cash flows to be offset. For fair value hedges in particular, the Group seeks to minimize the financial risk on interest rates by bringing the entire interest-bearing exposure in line with Euribor (generally Euribor 3 months) [5].

[4] See p. 204.

[5] This target is maintained even in the presence of hedging contracts with market counterparties with netting agreements and CSAs (collateralized standard agreements) have been entered into, the valuation of which is made on the basis of Eonia interest rates.

B. Fair value hedges

Fair value hedges are used to neutralize exposure to interest rate, price or credit risk for particular asset or liability positions, via derivative contracts entered into with leading counterparties with high credit standings. All fixed-rate, zero coupon and structured bond issues are fair-value hedged. With regard to the structured bonds in particular, if they do not show risks related to the main risk, the interest-rate component (hedge) is stripped out from the other risks represented in the trading book, and usually hedged by trades of the opposite sign.

Fair value hedges are also used in corporate finance for certain bilateral, fixed-rate transactions and to mitigate price risk on equity investments held as available for sale.

C. Cash flow hedges

These are used chiefly as part of certain Group companies' operations, in particular those operating in consumer credit and leasing. In these cases the numerous, generally fixed-rate and relatively small-sized transactions are hedged by floating-rate deposits for large amounts. The hedge is made in order to transform floating-rate deposits into fixed rate positions, correlating the relevant cash flows. Normally the Group uses the derivative to fix the expected cost of deposits over the reference period, to cover floating-rate loans outstanding and future transactions linked to systematic renewals of such loans upon their expiring.

Mediobanca S.p.A. also implements cash flow hedges to cover the equity risk linked to shares held as available for sale by executing forward contracts.

Counterparty risk

Counterparty risk is measured in terms of potential future exposure of market value, using a simulation method based on market volatilty and thus doing away with the need to set arbitrary weightings for each type of instrument. As far as regards derivatives and loan collateralization products (repos and securities lending), the calculation is based on determining the maximum potential exposure (assuming a 95% confidence level) at various points on a time horizon that reaches up to 30 years. The scope of application regards all groups of counterparties which have relations with Mediobanca, taking into account the existence or otherwise of netting agreements (e.g. ISDA, GMSLA or GMRA) and collateralization agreements (e.g. CSA), plus exposures deriving from interbank market transactions. For each type of operations there are different ceilings split by counterparty and/or group. Finally, for medium- or long-term collateralized loans or stocks with reduced liquidity and/or high correlation with the counterparty, the exposure is measured via an ad hoc metric, which estimates combined default scenarios (i.e. counterparty and collateral) and particularly stressed conditions for disposing of securities.

Finally, for non-collateralized derivatives transactions, as required by IFRS 13, the fair value incorporates the effects of the counterparty's credit risk (CVA) and also of Mediobanca's credit risk (DVA) based on the future exposure profile of the aggregate of such contracts outstanding.

QUANTITATIVE INFORMATION

1. Banking book by outstanding maturity (repricing date) of cash assets and liabilities

Currency of denomination: EURO

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	8,719,839	18,264,685	4,450,888	2,443,628	12,103,381	2,569,671	333,664	6,857
1.1 Debt securities	333,802	768,992	1,034,251	754,524	4,500,117	1,126,569	20,076	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	333,802	768,992	1,034,251	754,524	4,500,117	1,126,569	20,076	—
1.2 Loans to banks	2,538,584	3,021,592	100,887	1,793	82,834	—	10	19
1.3 Loans to customers	5,847,453	14,474,101	3,315,750	1,687,311	7,520,430	1,443,102	313,578	6,838
- current accounts	676,827	—	—	—	2	—	—	—
- other loans	5,170,626	14,474,101	3,315,750	1,687,311	7,520,428	1,443,102	313,578	6,838
- with early repayment option	1,733,920	2,381,812	11,512	20,951	104,758	112,495	249,700	61
- others	3,436,706	12,092,289	3,304,238	1,666,360	7,415,670	1,330,607	63,878	6,777
2. Cash liabilities	12,548,296	18,945,051	4.430.258	4,567,447	5,195,957	2,390,853	518,558	6,766
2.1 Due to customers	8,781,855	3,148,488	1.944.394	2,414,869	140,986	621	123,435	6,766
- current accounts	4,243,373	32,377	35.528	67,947	69,516	—	—	—
- other amounts due	4,538,482	3,116,111	1.908.866	2,346,922	71,470	621	123,435	6,766
- with early repayment option	—	161,738	—	—	—	—	—	—
- others	4,538,482	2,954,373	1.908.866	2,346,922	71,470	621	123,435	6,766
2.2 Due to banks	3,490,879	9,023,482	579.370	4,916	2,063	721	314,082	—
- current accounts	1,097,617	—	—	—	—	—	—	—
- other amounts due	2,393,262	9,023,482	579.370	4,916	2,063	721	314,082	—
2.3 Debt securities	275,562	6,773,081	1.906.494	2,147,662	5,052,908	2,389,511	81,041	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	275,562	6,773,081	1.906.494	2,147,662	5,052,908	2,389,511	81,041	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	—	—	—	—	—	—	—
3. Financial derivative products	278,066	18,219,288	2,496,047	2,424,894	7,307,489	2,553,123	802,178	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	278,066	18,219,288	2,496,047	2,424,894	7,307,489	2,553,123	802,178	—
- Options	—	—	—	—	100,000	—	516,796	—
+ long positions	—	—	—	—	50,000	—	258,398	—
+ short positions	—	—	—	—	50,000	—	258,398	—
- Others	278,066	18,219,288	2,496,047	2,424,894	7,207,489	2,553,123	285,382	—
+ long positions	—	5,046,191	1,747,915	1,817,044	6,057,489	1,883,123	180,382	—
+ short positions	278,066	13,173,097	748,132	607,850	1,150,000	670,000	105,000	—
4. Other OTC trades	9,124,612	8,911,398	1,430,702	387,992	9,936,546	4,946,756	1,952,226	250
+ long positions	6,027,368	3,624,734	1,079,406	170,383	3,337,221	2,532,115	1,605,586	250
+ short positions	3,097,244	5,286,664	351,296	217,609	6,599,325	2,414,641	346,640	—

Currency of denomination: US DOLLARS

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	409,355	1,127,936	145,763	43,235	268,694	62,934	52	793
1.1 Debt securities	—	14,070	8,713	40,556	268,020	62,934	52	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	14,070	8,713	40,556	268,020	62,934	52	—
1.2 Loans to banks	119,602	77,061	—	304	609	—	—	—
1.3 Loans to customers	289,753	1,036,805	137,050	2,375	65	—	—	793
- current accounts	1	—	—	—	—	—	—	—
- other loans	289,752	1,036,805	137,050	2,375	65	—	—	793
- with early repayment option	—	—	—	—	—	—	—	—
- others	289,752	1,036,805	137,050	2,375	65	—	—	793
2. Cash liabilities	1,117,852	710,603	24,857	202,762	376,684	—	—	8
2.1 Due to customers	726,323	26,427	8,805	951	—	—	—	8
- current accounts	721,552	—	—	—	—	—	—	—
- other amounts due	4,771	26,427	8,805	951	—	—	—	8
- with early repayment option	—	—	—	—	—	—	—	—
- others	4,771	26,427	8,805	951	—	—	—	8
2.2 Due to banks	391,525	107,425	—	—	—	—	—	—
- current accounts	25,424	—	—	—	—	—	—	—
- other amounts due	366,101	107,425	—	—	—	—	—	—
2.3 Debt securities	4	576,751	16,052	201,811	376,684	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	4	576,751	16,052	201,811	376,684	—	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	624,737	—	—	254,714	206,755	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	624,737	—	—	254,714	206,755	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	624,737	—	—	254,714	206,755	—	—
+ long positions	—	81,634	—	—	254,714	206,755	—	—
+ short positions	—	543,103	—	—	—	—	—	—
4. Other OTC trades	465,533	61,931	77,493	318,197	76,519	22,816	—	—
+ long positions	361,992	44,737	77,493	5,390	8,903	17,194	—	—
+ short positions	103,541	17,194	—	312,807	67,616	5,622	—	—

Currency of denomination: OTHER

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	154,717	660,536	132,876	88,282	137,752	28,245	7,431	1,686
1.1 Debt securities	—	—	—	—	—	—	—	—
- with early repayment option								
- others	—	—	—	—	—	—	—	—
1.2 Loans to banks	69,637	23,474	—	—	—	—	—	2
1.3 Loans to customers	85,080	637,062	132,876	88,282	137,752	28,245	7,431	1,684
- current accounts	—	—	—	—	—	—	—	—
- other loans	85,080	637,062	132,876	88,282	137,752	28,245	7,431	1,684
- with early repayment option	—	—	—	—	—	—	—	—
- others	85,080	637,062	132,876	88,282	137,752	28,245	7,431	1,684
2. Cash liabilities	397,080	50,809	18,386	30,821	209,608	—	—	—
2.1 Due to customers	198,291	19,358	12,595	13,925	—	—	—	—
- current accounts	198,274	—	—	—	—	—	—	—
- other amounts due	17	19,358	12,595	13,925	—	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	17	19,358	12,595	13,925	—	—	—	—
2.2 Due to banks	198,789	2	—	23	—	—	—	—
- current accounts	509	—	—	—	—	—	—	—
- other amounts due	198,280	2	—	23	—	—	—	—
2.3 Debt securities	—	31,449	5,791	16,873	209,608	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	31,449	5,791	16,873	209,608	—	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	248,428	9,463	—	238,965	—	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	248,428	9,463	—	238,965	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	248,428	9,463	—	238,965	—	—	—
+ long positions	—	—	9,463	—	238,965	—	—	—
+ short positions	—	248,428	—	—	—	—	—	—
4. Other OTC trades	724,340	47,648	4,425	—	651,597	24,864	—	—
+ long positions	282,489	47,648	4,425	—	377,627	16,576	—	—
+ short positions	441,851	—	—	—	273,970	8,288	—	—

2. Banking book: cash exposures in equities and UCITS units

Type of exposure/Amounts	Book value		
	Level 1	Level 2	Level 3
A. Equities [1]			
A.1 Shares	842,430	—	115,416
A.2 Innovative equity instruments	—	—	—
A.3 Other equity instruments	—	—	52
B. UCITS units			
B.1 Italian	—	—	114,858
- harmonized open	—	—	—
- non-harmonized open	—	—	—
- closed	—	—	107,881
- reserved	—	—	—
- speculative	—	—	6,977
B.2 Other EU states	19,732	384	11,486
- harmonized	—	—	—
- non-harmonized open	19,732	384	9,683
- non-harmonized closed	—	—	1,803
B.3 Non-EU states	—	—	8,315
- open	—	—	—
- closed	—	—	8,315
Total	862,162	384	250,127

[1] Of which 92% Italian and 6% other EU countries.

1.2.3 EXCHANGE RATE RISK

QUALITATIVE INFORMATION

A. General aspects, operating processes and measurement techniques

B. Exchange rate risk hedging

The trend in the exchange rate component of VaR shown on p. 209 is an effective representation of changes in the risks taken on the forex market, in view of the fact that exposures to foreign exchange rates are managed globally within the Finance area of Mediobanca S.p.A.

QUANTITATIVE INFORMATION

1. Assets, liabilities and derivatives by currency

Line items	Currency					
	US dollars	Pounds sterling	Japanese yen	Canadian dollars	Swiss francs	Other
A. Financial assets	2,257,541	660,289	201,828	2,300	286,358	192,117
A.1 Debt securities	927,723	71,729	10,883	—	3,003	80,677
A.2 Equities	54,610	209,092	189,541	—	108,587	—
A.3 Loans and advances to banks	147,198	15,202	619	2,294	10,498	26,595
A.4 Loans and advances to customers	1,126,203	364,266	785	6	164,270	84,845
A.5 Other financial assets	1,807	—	—	—	—	—
B. Other assets	—	38	—	—	—	—
C. Financial liabilities	(2,054,043)	(527,497)	(901)	(32,184)	(102,448)	(60,784)
C.1 Due to banks	(25,015)	(50)	—	—	(57)	(24)
C.2 Due to customers	(869,281)	(88,636)	(901)	(32,184)	(89,915)	(32,553)
C.3 Debt securities	(1,159,747)	(438,811)	—	—	(12,476)	(28,207)
C.4 Other financial liabiilities	—	—	—	—	—	—
D. Other liabilities	—	—	—	—	—	—
E. Financial derivative products	126,747	(128,389)	(204,478)	35,995	(160,177)	(51,940)
- Options	—	—	—	—	—	—
+ Long positions	—	—	—	—	—	—
+ Short positions	—	—	—	—	—	—
- Other derivatives	126,747	(128,389)	(204,478)	35,995	(160,177)	(51,940)
+ Long positions	3,850,555	710,501	89,644	60,487	562,304	666,643
+ Short positions	(3,723,808)	(838,890)	(294,122)	(24,492)	(722,481)	(718,583)
Total assets	6,108,096	1,370,828	291,472	62,787	848,662	858,760
Total liabilities	(5,777,851)	(1,366,387)	(295,023)	(56,676)	(824,929)	(779,367)
Difference (+/-)	330,245	4,441	(3,551)	6,111	23,733	79,393

2. Internal models and other methodologies used for sensitivity analysis

During the year under review, the directional positions taken on exchange rates were limited, but nonetheless reflected considerable volatility chiefly on fears of Greece exiting the Eurozone, which would obviously have had repercussions for the Euro vis-à-vis the other main currencies. Against this backdrop Mediobanca implemented a macrohedge with an increase in the position in US dollars. The average VaR reading in the foreign currency component was €4.2m, higher than the €2.5m recorded last year, while the point-in-time reading as at 30 June 2015 was €6.4m.

1.2.4 DERIVATIVE FINANCIAL PRODUCTS

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading book: average and reporting-date notional values

Underlying assets / Type of derivatives	30/6/15		30/6/15	
	Over the counter	Clearing House	Over the counter	Clearing House
1. Debt securities and interest rate indexes	109,478,188	20,231,168	107,668,064	57,001,046
a) Options	—	19,543,795	—	54,769,947
b) Swap	96,773,438	—	91,433,064	—
c) Forward	—	—	—	—
d) Futures	—	687,373	—	2,231,099
e) Others	12,704,750	—	16,235,000	—
2. Equity instruments and stock indexes	11,555,553	12,768,242	11,175,472	15,089,394
a) Options	8,638,072	12,534,420	10,468,337	14,792,475
b) Swap	1,717,225	—	707,135	—
c) Forward	1,200,256	—	—	—
d) Futures	—	233,822	—	296,919
e) Others	—	—	—	—
3. Gold and currencies	11,047,949	—	11,866,711	—
a) Options	44,269	—	911,480	—
b) Swap	4,524,542	—	4,299,466	—
c) Forward	6,479,138	—	6,655,765	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other underlyings	—	—	—	—
Total	132,081,690	32,999,410	130,710,247	72,090,440
Average amounts	132,665,977	52,544,925	139,848,343	85,307,451

A.2. Banking book: average and reporting-date notional values

A.2.1 Hedge derivatives

Underlying assets / Type of derivatives	30/6/15		06-30-2014	
	Over the counter	Clearing House	Over the counter	Clearing House
1. Debt securities and interest rate indexes	17,829,292	—	23,654,293	—
a) Options	—	—	—	—
b) Swap	17,520,894	—	23,395,895	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	308,398	—	258,398	—
2. Equity instruments and stock indexes	24	—	27	—
a) Options	24	—	27	—
b) Swap	—	—	—	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Gold and currencies	2,782	—	2,798	—
a) Options	—	—	—	—
b) Swap	2,782	—	2,798	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other underlyings	—	—	—	—
Total	17,832,098	—	23,657,118	—
Average amounts	20,904,685	—	25,665,506	—

A.2.2 Other derivatives

Underlying assets / Type of derivatives	30/6/15		30/6/14	
	Over the counter	Clearing House	Over the counter	Clearing House
1. Debt securities and interest rate indexes	302,251	—	507,251	—
a) Options	—	—	—	—
b) Swap	302,251	—	507,251	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
2. Equity instruments and stock indexes	2,331,100	—	4,650,601	—
a) Options	2,331,100	—	4,650,601	—
b) Swap	—	—	—	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Gold and currencies	2,692	—	2,205	—
a) Options	—	—	—	—
b) Swap	2,692	—	2,205	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other underlyings	—	—	—	—
Total	2,636,043	—	5,160,057	—
Average amounts	3,740,870	—	6,114,314	—

A.3 Financial derivatives: gross positive fair value, by product

Portfolios / Types of derivatives	Positive fair value			
	06-30-2015		06-30-2014	
	Over the counter	Clearing House	Over the counter	Clearing House
A. Regulatory trading portfolio	4,732,092	621,272	4,621,321	537,400
a) Options	967,565	617,262	1,422,408	530,800
b) Interest rate swap	3,108,280	—	2,981,272	—
c) Cross currency swap	250,291	—	94,625	—
d) Equity Swap	60,960	—	14,255	—
e) Forward	344,996	—	108,761	—
f) Futures	—	4,010	—	6,600
g) Other	—	—	—	—
B. Banking book - Hedging derivatives	1,029,774	—	1,232,101	—
a) Options	—	—	—	—
b) Interest rate swap	766,279	—	1,031,455	—
c) Cross currency swap	19	—	41	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Other	263,476	—	200,605	—
C. Banking book - Other derivatives	66,126	—	105,522	—
a) Options	58,977	—	93,037	—
b) Interest rate swap	7,148	—	12,485	—
c) Cross currency swap	1	—	—	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
Total	5,827,992	621,272	5,958,944	537,400

A.4 Financial derivatives: gross negative fair value, by product

Portfolios / Types of derivatives	Negative fair value			
	30/6/15		30/6/14	
	Over the counter	Clearing House	Over the counter	Clearing House
A. Regulatory trading portfolio	(4,607,653)	(745,125)	(4,738,803)	(722,356)
a) Options	(738,000)	(742,326)	(1,187,818)	(718,230)
b) Interest rate swap	(3,227,551)	—	(3,252,296)	—
c) Cross currency swap	(393,640)	—	(103,754)	—
d) Equity Swap	(15,095)	—	(82,142)	—
e) Forward	(233,367)	—	(112,793)	—
f) Futures	—	(2,799)	—	(4,126)
g) Others	—	—	—	—
B. Banking book - Hedging derivatives	(557,604)	—	(554,938)	—
a) Options	(264,291)	—	(200,610)	—
b) Interest rate swap	(293,181)	—	(354,196)	—
c) Cross currency swap	(132)	—	(132)	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
C. Banking book - Other derivatives	(223,574)	—	(267,753)	—
a) Options	(223,284)	—	(265,747)	—
b) Interest rate swap	(290)	—	(1,981)	—
c) Cross currency swap	—	—	(25)	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
Total	(5,388,831)	(745,125)	(5,561,494)	(722,356)

A.5 OTC financial derivatives: regulatory trading book – notional values, gross positive and negative fair values by counterparty, contracts not forming part of netting arrangements

Contracts not included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
1. Debt securities and interest rate indexes							
- notional amount	—	—	630,000	1,892,532	—	6,358,459	—
- positive fair value	—	—	12,197	66,084	—	164,207	—
- negative fair value	—	—	(5,137)	(29,199)	—	(425,030)	—
- future exposure	—	—	3,150	6,530	—	59,368	—
2. Equity instruments and stock indexes							
- notional amount	—	4,450	142,000	836,209	60,321	437,744	—
- positive fair value	—	80	8	129,352	—	5,259	—
- negative fair value	—	—	—	(3,449)	—	(3,215)	—
- future exposure	—	267	120	29,684	6,032	34,631	—
3. Gold and currencies							
- notional amount	—	—	—	235,621	—	1,005,401	722
- positive fair value	—	—	—	7,639	—	5,449	6
- negative fair value	—	—	—	(25,695)	—	(147,075)	—
- future exposure	—	—	—	4,813	—	58,421	7
4. Other instruments							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—

A.6 OTC financial derivatives: regulatory trading book – notional values, gross positive and negative fair values by counterparty, contracts forming part of netting arrangements

Contracts included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
1. Debt securities and interest rate indexes							
- notional amount	—	—	67,038,484	32,036,904	758,309	763,500	—
- positive fair value (before netting)	—	—	1,988,495	950,612	94,602	95,833	—
- negative fair value (before netting)	—	—	(2,058,757)	(842,222)	(1,415)	(5,316)	—
2. Equity instruments and stock indexes							
- notional amount	—	—	8,636,870	1,299,127	94,080	44,750	—
- positive fair value (before netting)	—	—	543,276	189,308	70	1,400	—
- negative fair value (before netting)	—	—	(398,693)	(205,679)	(2,181)	—	—
3. Gold and currencies							
- notional amount	—	—	7,987,851	1,293,481	122,691	402,181	—
- positive fair value (before netting)	—	—	336,725	140,285	1,205	—	—
- negative fair value (before netting)	—	—	(366,757)	(24,022)	(2,095)	(61,715)	—
4. Other instruments							
- notional amount	—	—	—	—	—	—	—
- positive fair value (before netting)	—	—	—	—	—	—	—
- negative fair value (before netting)	—	—	—	—	—	—	—

A.7 OTC financial derivatives: banking book – notional value, gross positive and negative fair values by counterparty, contracts not forming part of netting arrangements

Contracts not included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
1. Debt securities and interest rate indexes							
- notional amount	—	—	190,049	—	—	—	—
- positive fair value	—	—	265,045	—	—	—	—
- negative fair value	—	—	(8,541)	—	—	—	—
- future exposure	—	—	638	—	—	—	—
2. Equity instruments and stock indexes							
- notional amount	—	—	—	—	—	—	24
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	(4)
- future exposure	—	—	—	—	—	—	2
3. Gold and currencies							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
4. Other instruments							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—

A.8 OTC financial derivatives: banking book – notional value, gross positive and negative fair values by counterparty, contracts forming part of netting arrangements

Contracts included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
1. Debt securities and interest rate indexes							
- notional amount	—	—	15,061,962	2,577,279	—	—	—
- positive fair value	—	—	624,859	139,852	—	—	—
- negative fair value	—	—	(479,466)	(69,461)	—	—	—
2. Equity instruments and stock indexes							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
3. Gold and currencies							
- notional amount	—	—	2,782	—	—	—	—
- positive fair value	—	—	19	—	—	—	—
- negative fair value	—	—	(132)	—	—	—	—
4. Other instruments							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

A.9 OTC financial derivatives by outstanding life: notional values

Underlying / residual	Up to 1 year	Over 1 year up to 5 year	Over 5 year	Total
A. Regulatory trading book	35,108,939	57,746,821	39,225,929	132,081,689
A.1 Financial derivative contracts on debt securities and interest rates	25,645,635	46,834,970	36,997,583	109,478,188
A.2 Financial derivative contracts on equity securities and stock indexes	5,617,813	5,331,141	606,598	11,555,552
A.3 Financial derivative contracts on exchange rates and gold	3,845,491	5,580,710	1,621,748	11,047,949
A.4 Financial derivative contracts on other values	—	—	—	—
B. Banking book	2,996,400	13,776,002	3,695,736	20,468,138
B.1 Financial derivative contracts on debt securities and interest rates	2,740,226	12,121,630	3,269,685	18,131,541
B.2 Financial derivative contracts on equity securities and stock indexes	250,700	1,654,372	426,051	2,331,123
B.3 Financial derivative contracts on exchange rates and gold	5,474	—	—	5,474
B.4 Financial derivative contracts on other values	—	—	—	—
Total 30/6/15	38,105,339	71,522,823	42,921,665	152,549,827
Total 30/6/14	47,085,406	72,645,912	39,796,104	159,527,422

B. CREDIT DERIVATIVES

B.1 Credit derivatives: average and reporting-date notional values

Type of transaction	Regulatory trading book		Banking book other contracts	
	with a single counterparty	with more than one counterparty (basket)	with a single counterparty	with more than one counterparty (basket)
1. Protection buyer's contracts				
a) Credit default products	1,135,001	7,970,108	319,414	11,500
b) Credit spread products	—	—	—	—
c) Total rate of return swaps	—	—	—	—
d) Others	—	—	—	—
Total 30/6/15	1,135,001	7,970,108	319,414	11,500
Average amounts	1,471,372	20,424,938	357,114	11,500
Total 30/6/14	1,758,973	32,870,769	413,264	18,000
2. Protection sellerr's contracts				
a) Credit default products	961,977	7,440,465	36,200	1,151,867
b) Credit spread products	—	—	—	—
c) Total rate of return swaps	—	—	—	—
d) Others	—	—	—	—
Total 30/6/15	961,977	7,440,465	36,200	1,151,867
Average amounts	1,059,929	20,155,243	44,950	1,138,976
Total 30/6/14	1,041,435	32,613,322	114,627	1,382,786

B.2 OTC credit derivatives: gross positive fair value, by product

Portfolios / Types of derivatives	Positive Fair Value	
	30/6/15	30/6/14
A. Regulatory trading portfolio	200,389	515,962
a) Credit default products	200,389	515,962
b) Credit spread products	—	—
c) Total rate of return swaps	—	—
d) Others	—	—
B. Banking book	16,721	21,181
a) Credit default products	16,721	21,181
b) Credit spread products	—	—
c) Total rate of return swaps	—	—
d) Others	—	—
Total	217,110	537,143

B.3 OTC credit derivatives: gross negative fair value, by product

Portfolios / Types of derivatives	Negative Fair Value	
	30/6/15	30/6/14
A. Regulatory trading portfolio	(162,864)	(480,281)
a) Credit default products	(162,864)	(480,281)
b) Credit spread products	—	—
c) Total rate of return swaps	—	—
d) Others	—	—
B. Banking book	(16,729)	(19,183)
a) Credit default products	(16,729)	(19,183)
b) Credit spread products	—	—
c) Total rate of return swaps	—	—
d) Others	—	—
Total	(179,593)	(499,464)

B.4 OTC credit derivatives: gross positive and negative fair values by counterparty – contracts not forming part of netting arrangements

Contracts not included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
Regulatory trading portfolio							
1. Protection purchase							
- notional amount	—	—	500,000	—	—	—	—
- positive fair value	—	—	24,111	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	25,000	—	—	—	—
2. Protection sale							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
Banking portfolio							
1. Protection purchase							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
2. Protection sale							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

B.5 OTC credit derivatives: gross positive and negative fair values by counterparty – contracts forming part of netting arrangements

Contracts included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
Regulatory trading portfolio							
1. Protection purchase							
- notional amount	—	—	8,049,725	555,384	—	—	—
- positive fair value	—	—	13,072	1,190	—	—	—
- negative fair value	—	—	(141,289)	(8,216)	—	—	—
2. Protection sale							
- notional amount	—	—	7,941,127	461,316	—	—	—
- positive fair value	—	—	145,112	16,905	—	—	—
- negative fair value	—	—	(12,367)	(991)	—	—	—
Banking portfolio *							
1. Protection purchase							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
2. Protection sale							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

* Derivatives embedded in bonds issued not included.

B.6 Credit derivatives by outstanding duration: notional values

Underlying / residual	Up to 1 year	Over 1 year up to 5 years	Over 5 years	Total
A. Regulatory trading portfolio	2,450,259	13,539,495	1,517,798	17,507,552
A.1 Credit derivatives with "qualified reference" "obligation"	429,014	385,631	1,070,931	1,885,576
A.2 Credit derivatives with "not qualified reference"	2,021,245	13,153,864	446,867	15,621,976
B. Banking portfolio	92,584	1,311,497	114,900	1,518,981
A.3 Credit derivatives with "qualified reference" "obligation"	31,726	95,081	31,700	158,507
A.4 Credit derivatives with "not qualified reference"	60,858	1,216,416	83,200	1,360,474
Total 30/6/15	2,542,843	14,850,992	1,632,698	19,026,533
Total 30/6/14	29,535,723	37,274,423	3,403,030	70,213,176

C. CREDIT AND FINANCIAL DERIVATIVES

C.1 OTC financial and credit derivatives: net fair values and future exposure by counterparty

	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
1) Netting agreements related to Financial Derivatives							
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
- net counterparty risk	—	—	—	—	—	—	—
2) Netting agreements related to Credit Derivatives							
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
- net counterparty risk	—	—	—	—	—	—	—
3) Cross product netting agreements *							
- positive fair value	—	—	459,878	375,554	92,041	55,461	—
- negative fair value	—	—	(241,667)	(87,938)	(1,856)	(25,259)	—
- future exposure	—	—	607,666	248,062	12,006	22,360	—
- net counterparty risk	—	—	624,082	442,516	56,371	71,042	—

* Representing the sum of the positive fair value and future exposure, net of cash collateral received amounting to €682,598, €447,042 of which in respect of banks, €181,100 of financial companies, of €47,676 insurances and €6,780 other non-financial companies. Conversely, to cover negative fair value readings, cash collateral of €471,618 was paid in, €385,538 of which in respect of banks, €84,700 of financial companies, and €1,380 of insurances.

1.3 BANKING GROUP: LIQUIDITY RISK

QUALITATIVE INFORMATION

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 basic principles on which the Policy is based are as follows:

– identifying the parties, responsibilities and duties for controlling liquidity risk for the Group as a whole and for the individual Group companies;
– defining and monitoring the short-term risk limits (operating liquidity), which considers events that would have an impact on the Bank's liquidity position within a timeframe of up to twelve months;
– defining and monitoring medium-/long-term liquidity (structural liquidity), which considers events that would have an impact on the Bank's liquidity position within a timeframe of over twelve months;
– defining a pricing system of internal fund transfers between the Group's various units and companies.

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.

In this connection the metric adopted is the ratio between counterbalancing capacity (defined principally as the availability post-haircut of bonds and receivables eligible for refinancing with the ECB) and the cumulative net cash outflows. Through use of the maturity ladder, i.e. projection of the net financial position over time, the underlying methodology consists of evaluating the entire Group's ability to withstand a liquidity crisis in the event of a system or specific crisis situation occuring. This ability is calculated assuming there are no changes in the Group's business structure or asset profile.

The starting point in the process is quantifying certain and uncertain/ estimated cash inflows and outflows, and the resulting mismatches or surpluses, in the various brackets of duration outstanding which make up the operational maturity ladder (time horizon up to three months). Cash flows are determined in two analysis scenarios, namely the ongoing concern and the specific and systemic stress scenarios.

Stress testing assumes extraordinary factors such as a) drawdowns on committed lines granted to customers, b) reductions in the debt security funding or unsecured funding channels, c) renewal of only part of the retail funding expiring, and d) anticipation and full realization of lending volumes in the pipeline. The liquidity risk tolerance threshold is defined as the maximum exposure to risk deemed sustainable by the managmenet in the normal course of business, as well as “stress situations”.

In addition to the above, the Group also prepares the weekly liquidity position update required by the Bank of Italy. The maturity ladder report, prepared in accordance with the authority’s guidelines, lists the principal maturities falling due in the months following the reference date, and contains a summary of the movements in both directions on the interbank market and a table showing the Group’s funding balances by individual form. This monitoring instrument forms a point of contact with the other operational metrics used and promotes dialogue with the regulatory bodies regarding the trends influencing the liquidity risk profile over time. As from March 2015, the Bank also monitors the ratio between the net balance of aggregare liquidity available at three months and the total consolidated assets (FINREP) at the observation date: the ratio value is also notified on at least a monthly basis to the ALM Committee, and at end-June was around 11%.

Monitoring structural liquidity, on the other hand, is intended to ensure that the structure has an adequate financial balance for maturities of more than twelve months. Maintaining an appropriate ratio between assets and liabilities in the medium/long term also serves the purpose of avoiding future pressures in the short term as well. The operating methods adopted involve analysing the maturity profiles for both assets and liabilities over the medium and long term checking that inflows cover 100% of outflows for maturities of more than one year, reduced to 90% of outflows for maturities of more than five years.

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

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.

Alongside the previous indicators, an event governance model has also been provided known as the Contingency Liquidity Funding Plan, to be implemented in the event of a crisis by following a procedure approved by the Board of Directors.

The objective of the Group Contingency Funding Plan is to ensure prompt implementation of effective action to tackle a liquidity crisis, through precise identification of stakeholders, powers, responsibilities, communication procedures and reporting criteria, in order to increase the likelihood of coming through the state of emergency successfully. This objective is achieved primarily by activating an extraordinary operational and liquidity governance model, supported by consistent internal and external reporting and a series of specific indicators.

Before a contingency situation develops, a system of early warning indicators (EWIs) has been prepared, to monitor situations that could lead to a deterioration in the Group's liquidity position deriving from external factors (market or sector) or from situations which are specific to the Banking Group itself.

As part of risk control and management activities, a Group-wide project has been launched to rationalize and make more effective the architecture designed to collect and use information for regulatory and operational purposes.

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 2014-15 financial year too was characterized by the attempt to redefine the Group's sources of funding.

In view of the redemptions of bond issues made during the period (in an amount of approx. €6.5bn), in part mitigated by the Group's new unsecured issues and by other forms of interbank funding (for a total of approx. €3.5bn), funding has been kept stable at significant levels through the targeted long term refinancing operation (TLTRO) replacing the LTRO which fell due between January and February 2015: at end-June the total amount was €5.5bn.

The reduction in the liquidity position was driven by, among other things, a gradual decrease in the direct retail funding raised by CheBanca!: in the face of strong competition with customer rates at all-time lows, the stock of funding reduced from €11.5bn to €9.6bn. This trend was reflected primarily in the gradual reduction of net applications (reducing the activity in reverse repos, in which the surplus liquidity was employed), and secondly in a resizing of the bond component of the banking book.

Despite the reduction in the amount of the counterbalancing capacity, the substantial initial availability of the bond portfolio, along with the quality of the underlying assets (75% of which on average consists of government securities), has allowed the balance of net outflows to remain below the supervisory limits/thresholds throughout the reference time horizon.

As at 30 June 2015, the Stock of bonds deliverable in exchange for cash to the ECB totalled approx. €9.3bn (30/6/15: €12bn), while the balance of liquidity reserves established at the European Central bank amounted to approx. €6bn (€7.4bn), approx. €0.5bn of which in the form of cash not used and hence qualifying as part of the counterbalancing capacity.

QUANTITATIVE INFORMATION

1. Financial assets and liabilities by outstanding life: Currency of denomination: EURO

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	7,072,742	563,814	965,068	1,368,927	3,957,728	3,492,790	4,302,219	22,335,235	10,118,029	128,312
A.1 Government securities	999	871	411	2,843	93,436	469,215	697,116	4,947,332	1,212,438	—
A.2 Other debt securities	5,823	51,621	113,179	67,214	247,098	399,239	435,179	1,444,876	1,634,518	—
A.3 UCITS units	67,278	—	—	—	—	—	—	—	—	—
A.4 Loans and advances	6,998,642	511,322	851,478	1,298,870	3,617,194	2,624,336	3,169,924	15,943,027	7,271,073	128,312
- to banks	2,577,956	205,000	315,856	44,905	1,623,744	174,062	36,351	710,301	1,024	116,570
- to customers	4,420,686	306,322	535,622	1,253,965	1,993,450	2,450,274	3,133,573	15,232,726	7,270,049	11,742
Cash liabilities	12,305,238	1,097,962	776,063	658,847	3,790,894	4,176,100	3,834,242	19,053,738	4,093,585	6,766
B.1 Deposits and current accounts	7,409,110	621,397	273,985	379,033	1,250,027	1,759,380	2,509,503	1,004,233	259,452	—
- to bank	1,106,227	256,801	150,075	70,083	175,752	7,447	27,081	74,285	207,739	—
- to customers	6,302,883	364,596	123,910	308,950	1,074,275	1,751,933	2,482,422	929,948	51,713	—
B.2 Debt securities	3,287	333	2,074	3,190	189,962	1,775,110	1,279,545	12,088,866	3,687,710	—
B.3 Other liabilities	4,892,841	476,232	500,004	276,624	2,350,905	641,610	45,194	5,960,639	146,423	6,766
Off-balance-sheet transactions	12,246,673	3,529,513	657,291	2,257,096	3,917,545	2,119,948	873,939	8,389,913	8,144,321	50,190
C.1 Financial derivatives with exchange of principal	—	144,050	13,748	1,869,898	675,559	505,822	72,037	344,715	185,538	—
- long positions	—	74,050	6,874	941,517	407,959	266,464	30,013	93,751	95,538	—
- short positions	—	70,000	6,874	928,381	267,600	239,358	42,024	250,964	90,000	—
C.2 Financial derivatives without principal exchange of	7,625,273	5,984	2,296	19,601	88,318	127,884	267,503	—	7,488	—
- long positions	3,861,291	4,912	651	7,550	61,044	73,203	177,920	—	—	—
- short positions	3,763,982	1,072	1,645	12,051	27,274	54,681	89,583	—	7,488	—
C.3 Deposits and loans for collection	2,181,850	978,349	308,768	365,217	2,380,907	499,000	154,275	3,288,564	3,181,232	—
- long positions	2,181,850	978,349	308,768	365,217	2,322,404	—	—	512,493	—	—
- short positions	—	—	—	—	58,503	499,000	154,275	2,776,071	3,181,232	—
C.4 Irrevocable commitments to disburse funds *	2,233,223	2,401,130	332,479	2,380	680,511	811,300	97,269	3,190,829	2,495,720	—
- long positions	96	45,514	32,214	2,380	14,820	243,579	97,269	3,190,829	2,495,720	—
- short positions	2,233,127	2,355,616	300,265	—	665,691	567,721	—	—	—	—
C.5 Financed guarantees issued	34,003	—	—	—	1,000	42	1,955	10,855	643	50,190
C.6 Financial guarantees received	—	—	—	—	—	—	—	—	—	—
C.7 Credit derivatives with exchange of principal	—	—	—	—	91,250	175,900	280,900	1,554,950	2,273,700	—
- long positions	—	—	—	—	30,000	52,800	48,700	830,800	1,226,050	—
- short positions	—	—	—	—	61,250	123,100	232,200	724,150	1,047,650	—
C.8 Credit derivatives without exchange of principal	172,324	—	—	—	—	—	—	—	—	—
- long positions	83,775	—	—	—	—	—	—	—	—	—
- short positions	88,549	—	—	—	—	—	—	—	—	—

* Includes hedge sales perfectly matched by purchases for the same amount.

Currency of denomination: US DOLLARS

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	400,905	273,242	321,887	55,721	112,407	121,442	157,189	556,996	614,814	793
A.1 Government securities	—	11,893	60,400	19,194	3,801	—	1,047	87,024	5,902	—
A.2 Other debt securities	1,193	17,196	115,678	13,416	34,296	16,785	117,783	254,403	163,418	—
A.3 UCITS units	1,807	—	—	—	—	—	—	—	—	—
A.4 Loans and advances	397,905	244,153	145,809	23,111	74,310	104,657	38,359	215,569	445,494	793
- to banks	119,602	56,210	8,258	395	140	48	438	12,710	—	—
- to customers	278,303	187,943	137,551	22,716	74,170	104,609	37,921	202,859	445,494	793
Cash liabilities	1,068,196	57,715	71,866	123,679	194,159	168,717	13,535	511,087	299,106	8
B.1 Deposits and current accounts	712,195	57,715	4,075	1,861	13,879	11,372	4,412	89,373	—	—
- to bank	35,155	81	—	291	1,735	2,567	3,461	89,373	—	—
- to customers	677,040	57,634	4,075	1,570	12,144	8,805	951	—	—	—
B.2 Debt securities	4	—	67,438	121,818	72,922	157,345	9,123	421,714	299,106	—
B.3 Other liabilities	355,997	—	353	—	107,358	—	—	—	—	8
Off-balance-sheet transactions	944,472	171,018	75,222	232,967	447,300	273,573	233,117	4,214,483	1,554,801	—
C.1 Financial derivatives with exchange of principal	158,040	170,997	74,190	232,797	429,277	130,985	176,697	3,946,741	1,404,628	—
- long positions	157,851	164,229	70,610	149,847	312,246	42,836	84,643	1,768,147	—	—
- short positions	189	6,768	3,580	82,950	117,031	88,149	92,054	2,178,594	1,404,628	—
C.2 Financial derivatives without principal exchange of	539,629	21	1,032	170	829	5,165	10,438	—	—	—
- long positions	284,824	—	606	—	32	3,245	7,713	—	—	—
- short positions	254,805	21	426	170	797	1,920	2,725	—	—	—
C.3 Deposits and loans for collection	—	—	—	—	17,194	—	—	—	17,194	—
- long positions	—	—	—	—	17,194	—	—	—	—	—
- short positions	—	—	—	—	—	—	—	—	17,194	—
C.4 Irrevocable commitments to disburse funds *	103,541	—	—	—	—	32,276	4,870	80,237	50,710	—
- long positions	—	—	—	—	—	—	4,870	80,237	50,710	—
- short positions	103,541	—	—	—	—	32,276	—	—	—	—
C.5 Financed guarantees issued	—	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	—	—	—	—	—	—	—	—	—
C.7 Credit derivatives with exchange of principal	—	—	—	—	—	105,147	41,112	187,505	82,269	—
- long positions	—	—	—	—	—	49,155	21,003	86,871	50,988	—
- short positions	—	—	—	—	—	55,992	20,109	100,634	31,281	—
C.8 Credit derivatives without exchange of principal	143,262	—	—	—	—	—	—	—	—	—
- long positions	78,643	—	—	—	—	—	—	—	—	—
- short positions	64,619	—	—	—	—	—	—	—	—	—

* Includes hedge sales perfectly matched by purchases for the same amount.

Currency of denomination: OTHERS

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	45,151	24,031	131,411	79,507	99,970	127,921	5,730	188,999	148,749	3
A.1 Government securities	—	—	—	—	1,378	3,325	—	—	25,468	—
A.2 Other debt securities	—	—	44,290	27,641	43,512	182	58	3,245	5,802	—
A.3 UCITS units	—	—	—	—	—	—	—	—	—	—
A.4 Loans and advances	45,151	24,031	87,121	51,866	55,080	124,414	5,672	185,754	117,479	3
- to banks	40,615	23,259	192	25	—	—	—	—	—	2
- to customers	4,536	772	86,929	51,841	55,080	124,414	5,672	185,754	117,479	1
Cash liabilities	393,179	8,184	3,720	4,596	8,671	20,842	42,946	311,335	—	—
B.1 Deposits and current accounts	194,915	8,184	3,590	4,596	8,671	14,751	17,809	70,284	—	—
- to bank	508	130	—	635	1,050	2,576	3,464	70,284	—	—
- to customers	194,407	8,054	3,590	3,961	7,621	12,175	14,345	—	—	—
B.2 Debt securities	—	—	128	—	—	6,091	25,137	241,051	—	—
B.3 Other liabilities	198,264	—	2	—	—	—	—	—	—	—
Off-balance-sheet transactions	701,969	247,881	216,236	79,767	225,465	1,081,405	465,790	2,022,114	270,827	—
C.1 Financial derivatives with exchange of principal	199,664	247,881	216,236	79,767	162,808	1,076,435	464,198	1,633,970	217,120	—
- long positions	171,147	226,266	134,678	78,461	40,305	583,542	240,355	645,544	—	—
- short positions	28,517	21,615	81,558	1,306	122,503	492,893	223,843	988,426	217,120	—
C.2 Financial derivatives without principal exchange of	58,253	—	—	—	807	4,970	1,592	—	—	—
- long positions	42,668	—	—	—	277	2,933	1,110	—	—	—
- short positions	15,585	—	—	—	530	2,037	482	—	—	—
C.3 Deposits and loans for collection	—	—	—	—	—	—	—	—	—	—
- long positions	—	—	—	—	—	—	—	—	—	—
- short positions	—	—	—	—	—	—	—	—	—	—
C.4 Irrevocable commitments to disburse funds *	441,851	—	—	—	—	—	—	388,144	53,707	—
- long positions	—	—	—	—	—	—	—	388,144	53,707	—
- short positions	441,851	—	—	—	—	—	—	—	—	—
C.5 Financed guarantees issued	—	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	—	—	—	—	—	—	—	—	—
C.7 Credit derivatives with exchange of principal	—	—	—	—	61,850	—	—	—	—	—
- long positions	—	—	—	—	30,925	—	—	—	—	—
- short positions	—	—	—	—	30,925	—	—	—	—	—
C.8 Credit derivatives without exchange of principal	2,201	—	—	—	—	—	—	—	—	—
- long positions	1,110	—	—	—	—	—	—	—	—	—
- short positions	1,091	—	—	—	—	—	—	—	—	—

* Includes hedge sales perfectly matched by purchases for the same amount.

2. Information on committed assets recognized in the balance sheet

Form	Committed		Uncommitted		Total 30/6/15	Total 30/6/14
	Book value	Fair Value	Book value	Fair Value		
1. Cash and cash equivalents	—	X	49,074	X	49,074	33,947
2. Debt securities *	4,532,224	4,584,197	8,425,704	8,491,412	12,957,928	14,309,255
3. Equities	1,750,977	1,750,977	1,079,609	1,079,609	2,830,586	2,535,159
4. Loans and advances *	12,054,810	X	31,121,536	X	43,176,346	41,610,597
5. Other financial assets	—	X	10,364,088	X	10,364,088	9,821,531
6. Non-financial assets	—	X	2,084,151	X	2,084,151	2,153,499
Total 30/6/15		6,335,174	53,124,162	9,571,021	71,462,173	X
Total 30/6/14		7,048,117	63,672,967	9,927,920	X	70,463,988

* Of which €771m in securities and €6,974m in loans established as collateral with the ECB.

3. Information on proprietary committed assets derecognized from the balance sheet

Form	Committed	Uncommitted	Total 30/6/15	Total 30/6/14
1. Financial assets	4,621,423	4,290,011	8,911,434	15,868,794
- Securities	4,621,423	4,290,011	8,911,434	15,868,794
- Others	—	—	—	—
2. Non-financial assets	—	—	—	—
Total 30/6/15	4,621,423	4,290,011	8,911,434	X
Total 30/6/14	6,745,610	9,123,184	X	15,868,794

1.4 BANKING GROUP – OPERATIONAL RISK

QUALITATIVE INFORMATION

Definition

Operating risk is the risk of incurring losses as a result of the inadequacy or malfunctioning of procedures, staff and IT systems, human error or external events.

Capital requirements for operational risk

Mediobanca has adopted the Basic Indicator Approach (BIA) in order to calculate the capital requirement for covering operating risk, applying a margin of 15% to the average of the last three years' readings of total income. Based on this method of calculation, the capital requirement as at the reporting date was €255.5m (30/6/14: €254.9m).

Risk mitigation

Operational risks are managed, in Mediobanca and the main Group companies, by a specific Operational risk management team within the Risk Management unit.

The processes of identifying, assessing (including through self-risk assessment techniques), collecting and analysing loss data and mitigating operational risks are defined and implemented on the basis of the Operational risk management policy adopted at Group level and applied in accordance with the principle of proportionality in Mediobanca S.p.A. and the individual Group companies.

Based on the evidence obtained, action to mitigate the most relevant operational risks has been proposed, implemented and monitored on a constant basis.

In general, the operating losses recorded have been very low, accounting for less than 1% of the Group's total revenues.

Furthermore, with reference to the possibility of losses caused by interruptions in operations or systems being unavailable, the Group, partly as a result of a centralized IT governance unit being instituted, is in the process of developing business continuity and disaster recovery plans to ensure that activity can continue and to limit operating losses in the event of serious interruptions.

Legal risk: risks deriving from litigation pending

For a description of the claims currently pending against Mediobanca S.p.A., please see pp. 54-55.

Other risks

QUALITATIVE INFORMATION

As part of the process of assessing the current and future capital required for the company to perform its business (ICAAP) required by the regulations in force, the Group has identified the following types of risk as relevant (in addition to those discussed previously, i.e. credit risk, counterparty risk, market risk, interest rate risk, liquidity risk and operational risk:

– concentration risk, i.e. risk deriving from a concentration of exposures to individual counterparties or groups of counterparties ("single name concentration risk") or to counterparties operating in the same economic sector or which operate in the same business or belong to the same geographical area (geographical/sector concentration risk);

– expected shortfall on credit portfolio risk – with reference to credit risk, the risk deriving from the failure to cover the positive difference between the total amount of the expected loss calculated with reference to credit exposures with performing counterparties, via the use of risk parameters (PD and LGD) estimated using internal models (not yet ratified for supervisory purposes) and the respective balance-sheet adjustments calculated according to the accounting standards in force;

– strategic risk, both in the sense of risk deriving from current and future changes in profits/margins compared to estimated data, due to volatility in volumes or changes in customer behaviour (business risk), and of current and future risk of reductions in profits or capital deriving from disruption to business as a result of adopting new strategic choices, wrong management decisions or inadequate execution of decisions taken (pure strategic risk);

– basis risk: in the context of market risk, basis risk is the risk of losses caused by unaligned price changes in opposite directions from each other, which are similar but not identical;

– compliance risk, i.e. the risk of incurring legal or administrative penalties, significant financial losses or damages to the Bank's reputation as a result of breaches of external laws and regulations or self-imposed regulations;

- reputational risk, i.e. the current and future risk of reductions in profits or capital deriving from a negative perception of the Bank's image by customers, counterparties, shareholders, investors or regulatory authorities;
- residual risk, i.e. the risk that the recognized techniques used by the Bank to mitigate credit risk should prove to be less effective than anticipated;
- risks deriving from securitizations – the risk that the economic substance of a securitization is not fully reflected in the valuation and risk management decisions taken;
- country risk – the risk of losses being caused by events in a country other than Italy. The concept of country risk is broader than sovereign risk, in the sense that it refers to all exposures regardless of the type of counterparty, i.e. whether or not they are individuals, companies, banks or public administrations;
- transfer risk – the risk that a bank with exposure to a party which finances itself in a currency other than that in which it receives is main income flows, should incur losses due to the borrower's difficulties in converting its currency into the currency in which the exposure is denominated.

Risks are monitored and managed via the respective internal units (risk management, planning and control, compliance and Group audit units) and by specific steering committees.

Part F - Information on Consolidated Capital

SECTION 1

Consolidated capital

B. Quantitative information

*B.1 Consolidated net equity: breakdown by type of company**

	Banking Group	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total	Of which: Minorities
1. Share capital	458,548	—	—	—	458,548	24,949
2. Share premium reserve	2,147,275	—	—	—	2,147,275	2,786
3. Reserves	4,436,499	—	—	(1,983)	4,434,516	80,110
4. Equity instruments	—	—	—	—	—	—
5. (Treasury shares)	(198,688)	—	—	—	(198,688)	—
6. Revaluation reserves	1,432,602	—	—	—	1,432,602	(2,923)
- Financial assets available for sale	430,490	3,266		(1,181)	432,575	—
- Property, plant and equipment	—	—	—	—	—	—
- Intangible assets	—	—	—	—	—	—
- Foreign investment hedges	—	—	—	—	—	—
- Cash flow hedges	(24,296)	—	—	—	(24,296)	(4,490)
- Exchange differences	14	—	—	—	14	—
- Non-current assets and disposal groups held for sale	—	—	—	—	—	—
- Actuarial gains (losses) on defined-benefit pension plan	(5,270)	—	19	188	(5,063)	(25)
- Portion of measurement reserves relating to investments carried at equity	1,016,602	(3,266)	(19)	993	1,014,310	—
- Special revaluation laws	15,062	—	—	—	15,062	1,592
7. Net profit (loss)	592,845	—	—	—	592,845	3,094
Total	8,869,081	—	—	(1,983)	8,867,098	108,016

* Includes Banca Esperia, consolidated pro rata, plus Compass RE (insurance) and R&S, equity-consolidated (Other companies).

B.2 AFS valuation reserves: composition

Assets / values	Banking group		Insurance companies		Other companies		Consalidation adjustments and eliminations		Total	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	110,179	(17,347)	3,291	(25)	—	—	(2)	1,006	113,468	(16,366)
2. Equity securities	321,214	(41)	—	—	—	—	—	—	321,214	(41)
3. Units in investment fund	16,900	(415)	—	—	—	—	(2,185)	—	14,715	(415)
4. Loans	—	—	—	—	—	—	—	—	—	—
Total at 30/6/15	448,293	(17,803)	3,291	(25)	—	—	(2,187)	1,006	449,397	(16,822)
Total at 30/6/14	500,860	(13,388)	2,923	—	—	—	(13,275)	7,669	490,508	(5,719)

B.3 AFS valuation reserves: movements during the period

	Debt securities	Equity securities	Units in investments funds	Loans	Total
1. Opening balance	134,733	329,651	20,405	—	484,789
2. Positive changes	24,215	249,089	5,480	—	278,784
2.1 Fair value increases	24,033	249,089	5,480	—	278,602
2.2 Reclassification through profit or loss of negative reserves	182	—	—	—	182
- due to impairment	—	—	—	—	—
- following disposal	182	—	—	—	182
2.3 Other changes	—	—	—	—	—
3. Negative changes	61,845	263,037	6,116	—	330,998
3.1 Fair value reductions	43,307	143,650	3,138	—	190,095
3.2 Impairment losses	—	—	2,949	—	2,949
3.3 Reclassification throught profit or loss of positive reserves: following disposal	18,538	119,387	29	—	137,954
3.4 Other changes	—	—	—	—	—
4. Closing balance	97,103	315,703	19,769	—	432,575

SECTION 2

Regulatory and supervisory capital requirements for banks

Since its inception one of the distinguishing features of the Mediobanca Group has been the solidity of its financial structure, with capital ratios that have been consistently and significantly higher than those required by the regulatory guidelines, as shown by the Internal Capital Adequacy Assessment Process (ICAAP). In general terms, with the introduction of the new prudential supervisory regulations intended to strengthen the capitalization of the banking system, the Group has decided to improve its capital situation still further by disposing of the most closely related assets (investments in banks and insurances) and mitigating concentration risk versus individual borrowers, geographies and sectors, as shown by the most information disclosed to the public as required under Pillar III of Basel II, (published on the Bank's website at www.mediobanca.com).

2.1 Scope of application of regulations

Based on the new body of supervisory and corporate governance rules for banks, which consists of a directive ("Capital Requirements Directive IV – CRD IV") and a regulation ("Capital Requirements Regulation - CRR") issued by the European Parliament in 2013 and incorporated into the Italian regulatory framework under Bank of Italy circular no. 285, the Group has received authorization to apply the phase-in regime, which involves:
– weight the investment Assicurazioni Generali at 370% (up to the book value as at end-December 2012);
– neutralizing the valuation reserves for sovereign debt issued by EU member states and held as AFS financial assets.

2.2 Bank equity

A. Qualitative information

Common Equity Tier 1 (CET1) capital consists of the share attributable to the Group and to minority shareholders of capital paid up, reserves and the profit for the period (€589.8m) adjusted for the dividend of €0.25 per share payable to entitled shareholders (pay-out ratio 36%), net of treasury shares (€198.7m), intangible assets (€47.4m), goodwill (€376.9m) and other prudential adjustments (€35.8m) in connection with the values of financial instruments (AVAs and DVAs). Deductions of €270.5m involve the investments in banking, financial and insurance companies, and have been calculated based on the phase-in and excess regimes.

No Additional Tier 1 (AT1) instruments have been issued.

Tier2 capital includes the liabilities issued (€1,779,2m), plus 30% of the positive reserves for AFS securities (€458m), which does not include the net gain of EU member states' government securities (€53.9m) subject to neutralization. Deductions of €492.1m regard the investments in Tier2 instruments, in particular subordinated loans to Italian insurance companies investments in banking, financial and insurance companies in excess of the limits not deducted from Common Equity Tier1, based on the phase-in regime applied.

There are also three Tier2 subordinated loans, all of which fall completely within the new regulatory definitions, hence there was no need for recourse to grand-fathering.

Issue	**30/6/15**		
	ISIN	**Nominal value**	**Book value***
MB Secondo Atto 5% 2020 *Lower Tier2*	IT0004645542	739,553	840,771
MB Quarto Atto a Tasso Variabile 2021 *Lower Tier2*	IT0004720436	493,205	490,863
MB CARATTERE 5,75% 2023 *Lower Tier2*	IT0004917842	499,041	535,849
Total subordinated debt securities		**1,731,799**	**1,867,483**

* Book value differs from share of equity calculated because of fair value and amortized cost components and also commitments to buy back securities.

B. Quantitative information

	30/6/15	30/6/14
A. Common equity tier 1 (CET1) prior to application of prudential filters	8,604,990	7,770,303
of which: CET1 instruments subject to phase-in regime	—	—
B. CET1 prudential filters (+/-)	41,318	58,331
C. CET1 gross of items to be deducted and effects of phase iin regime	8,646,308	7,828,634
D. Items to be deducted from CET1	(863,115)	(492,092)
E. Phase-in regime - impact on CET1 (+/-), including minority interests subject to phase-in regime	(645,698)	(829,810)
F. Total common equity tieer 1 (CET1) (C-D+/-E)	7,137,495	6,506,732
G. Additional tier 1 (AT1) gross of items to be deducted and effects of phase-in regime	—	—
of which AT1 instruments subject to temporary provisions	—	—
H. Items to be deducted from AT1	—	—
I. Phase-in regime - impact on AT1 (+/-), including instruments issued by branches and included in AT1 as a result of phase-in provisions	—	—
L. Total additional tier 1 (AT1) (G-H+/-I)	—	—
M. Tier 2 (T2) gross of items to be deducted and effects of phase-in regime	1,779,200	1,694,423
of which T2 instruments subject to temporary provisions	—	—
N. Items to be deducted from T2	(325,827)	(404,026)
O. Phase-in regime - Impact on T2 (+/-), including instruments issued by branches and included in T2 as a result of phase-in provisions	291,729	285,795
P. Total T2 (M-N+/-O)	1,745,102	1,576,192
Q. Total own funds (F+L+P)	8,882,597	8,082,924

2.3 Capital adequacy

A. Qualitative information

As at 30 June 2015, the Group's Common Equity Ratio, calculated as Tier 1 capital as a percentage of total risk-weighted assets, amounted to 11.98%, higher than last year (11.08%), helped by the fact that the positive AFS reserves were eligible for inclusion (and which accounted for 40% of the total value equal to €611m, without considering the net gain on EU government securities of €53.9m, which was neutralized) and despite the increase in risk-weighted assets from €58.7bn to €59.6bn. The total capital ratio rose from 13.76% to 14.91%, due in particular to the positive AFS reserves being eligible for inclusion (which accounted for 30% of the total value equal to €458m).

B. Quantitative information

Categories/amounts	Unweighted amounts		Weighted amounts/requirements	
	30/6/15	30/6/14	30/6/15	30/6/14
A. RISK ASSETS				
A.1 Credit and counterpart risk	58,840,983	63,699,928	50,458,895	47,952,135
1. Standard methodology	58,686,010	63,472,342	50,079,717	47,632,553
2. Internal rating methodology	—	—	—	—
2.1 Basic	—	—	—	—
2.2 Advanced	—	—	—	—
3. Securitization	154,973	227,586	379,178	319,582
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterpart risk			4,036,712	3,836,171
B.2 Credit valuation risk			66,864	65,255
B.3 Settlement risk			—	—
B.4 Market risk			540,399	543,239
1. Standard methodology			523,460	524,445
2. Internal models			—	—
3. Concentration risk			16,938	18,794
B.5 Operational risk			255,461	254,866
1. Basic Indicator Approach (BIA)			255,461	254,866
2. Standard methodology			—	—
3. Advanced methodology			—	—
B.6 Other prudential requirements			—	—
B.7 Total prudential requirements			4,899,435	4,699,531
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			59,577,085	58,744,138
C.2 Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)			11.98%	11.08%
C.3 Regulatory capital/risk-weighted assets (total capital ratio)			14.91%	13.76%

Part G - Combinations involving group companies or business units

SECTION 1

1.1 Compass / Linea

At the end of the 2008 financial year, Compass acquired 100% of Linea for a consideration of €405m. Linea, a leading operator in consumer credit, had a fully-owned subsidiary Futuro, operating in salary-backed finance business.

Completion of the purchase price allocation procedure required under IFRS 3, resulted in goodwill of €365.9m and specific intangible assets, recorded separately and not recognized in the accounts of the acquired companies, worth €50.5m. The following values in particular were established:

		(€m)
Intangible assets with defined life		44.2
of which: – commercial agreements	*19.3*	
– customer relationships	*24.9*	
Brands		6.3
Difference between other assets/liabilities		2.7
Tax effects		(12.2)
Goodwill		365.9
Consideration paid		406.9
of which: ancillary charges	*2.0*	

The intangible assets with defined lives had an average duration of 7.8 years, and were amortized over six years as to €35m; at 30 June 2015 they were valued at €4.1m. The value of the "Carta viva" brand was written off entirely in the accounts for the year ended 30 June 2014, whereas this year the Linea brand previously recognized at a value of €3.6m has been written off. The goodwill has been allocated to the cash-generating units as follows:

	(€m)
Consumer credit	280.6
Credit cards	73.4
Salary-backed finance	11.9
Goodwill	365.9

The impairment test was passed successfully for all segments, as the net present value (calculated using a dividend discount model) was higher than the carrying value, including goodwill and the share of associated brands. The calculation was based on the most up-to-date financial flows projected over a time horizon of five years, while reflecting both the basic assumptions of the Group's strategic plan and those underlying the most recent market scenarios:

	CAGR			
		Total loans		
Cash-generating units	New loans	30/6/14	Avg.	Cost of borrowing
Consumer credit	0.6%	0.1%	0.7%	2.2%
Credit cards	-1.0%	0.9%	1.8%	1.1%
Salary-backed finance	3.7%	9.0%	9.7%	2.4%

The terminal value has been calculated assuming a constant growth rate:

– the cost of capital (Ke) is equal to 7.6%, lower than the 8.6% used last year, due to the lower risk-free rate (which was down from 2.85% to 2.35%) and levered beta (down from 1.01 to 0.98), with the risk premium virtually stable at 5.4% (5.6%);

– growth rate (g): 1% (1.3%).

These values are borne out even in a stressed scenario for both cost of capital and growth rates (+/–0.5%).

SECTION 1

1.2 Spafid/IFID

Spafid acquired a business unit from Istituto Fiduciario Italiano (IFID) on 1 August 2014 for a consideration of €3.6m.

Completion of the purchase price allocation procedure required under IFRS 3, resulted in the recognition of intangible assets with defined life at a value of €700,000, referring to a list of clients, to be amortized over seven years, goodwill of €3.5m, and ancillary costs of €203,000.

The following values in particular were established:

	(€m)
Intangible assets with defined life (list of clients)	0.7
Difference between other assets/liabilities	(0.4)
Tax effects	(0.2)
Goodwill	3.5
Consideration paid	3.6
Ancillary charges	0.2

All of the goodwill has been allocated to the "Fiduciary services" cash-generating unit which represents some 40% of Spafid S.p.A.

The impairment test was carried out by comparing the carrying value against the value in use based on the dividend discount model (DDM). The calculations were based on up-to-date financial flows projected over a time horizon of three years, with a net profit of just over €2m in year 3.

The terminal value was calculated assuming a constant growth rate:

– the cost of capital (Ke) is equal to 9.87%, the risk-free rate is 2.35%, the levered beta 1.39, with the risk premium stable at 5.4%;
– growth rate (g): 1%.

These values are borne out even in a stressed scenario for both cost of capital and growth rates (+/–0.5%).

Part H - Related party disclosure

1. Related party disclosure

In January 2011 the Group adopted its own related parties procedure, in pursuance of Consob resolution no. 17221 issued on 12 March 2010. The purpose of the procedure is to ensure that transactions with related parties executed directly by Mediobanca or via subsidiaries are managed transparently and fairly.

The Board of Directors of Mediobanca, having received favourable opinions from the Bank's Related Parties and Statutory Audit Committees, has incorporated the Bank of Italy's most recent instructions on this subject to this procedure, which introduce prudential limits for risk activities versus related parties. The new version of the procedure came into force on 31 December 2012 and was updated in May 2015. The full document is published on the Bank's website at www.mediobanca.com.

For the definition of related parties adopted, please see part A (Accounting policies) of the notes to the accounts.

Accounts with related parties fall within the ordinary operations of the Group companies, are maintained on an arm's length basis, and are entered into in the interests of the individual companies concerned. Details of Directors' and strategic management's compensation are provided in a footnote to the table.

1.1 Regular financial disclosure: most significant transactions

In April 2015, the Board of Directors approved, after receiving a favourable opinion from the Related Parties Committee, a transaction qualifying as "most significant". The transaction involved a loan in an amount of up to €1bn for participation in a syndicated facility to be granted to CNRC Marco Polo Holding S.P.A, the newly-incorporated company set up in connection with the acquisition by China National Tire & Rubber Co. ("CNRC") of Pirelli S.p.A., which counts among its shareholders the Deputy Chairman of Mediobanca Marco Tronchetti Provera. The deal was classified as ordinary operations and executed on market conditions, due to both the fairness of the terms applied and the presence of other lenders in the syndicate which do not constitute related parties of the beneficiary. The risk actually taken on by Mediobanca in the deal post-syndication amounted to €400m.

1.2 Quantitative information

The exposure (representing the sum of assets plus guarantees and commitments) declined during the year under review, from €2.3bn to €1.3bn, and now represents just over 2% of total assets (30/6/14: 4%), while the percentage of net interest income reported in the profit and loss account represented by related parties reduced from 3% al 2%.

Situation at 30 June 2015

(€m)

	Directors, statutory auditors and strategic management	**Associates**	**Other related parties**	**Total**
Assets	1.8	645.3	549.3	1.196.4
of which: other activities	—	*440.9*	*278.3*	*719.2*
loans and advances	*1.8*	*204.4*	*271.0*	*477.2*
Liabilities	14.8	0.7	1.031.6	1.047.1
Guarantees and commitments	—	—	152.7	152.7
Interest income	—	31.2	15.0	46.2
Interest expense	(0.3)	—	(5.5)	(5.8)
Net fee income	—	2.4	27.8	30.2
Other income (costs)	(30.8) [1]	6.2	34.4	9.8

[1] Of which: short-term benefits amounting to €28.3m and performance shares worth €2.5m. The figure referst to the staff included in the definition of management with strategic responsibilities during the year.

Situation at 30 June 2014

(€m)

	Directors, statutory auditors and strategic management	**Associates ***	**Other related parties**	**Total**
Assets	0.9	1.168.9	736.6	1.906.4
of which: other activities	—	*635.2*	*390.3*	*1.025.5*
loans and advances	*0.9*	*533.7*	*346.3*	*880.9*
Liabilities	36.5	3.8	902.4	942.7
Guarantees and commitments	—	23.1	351.7	374.8
Interest income	—	56.3	18.9	75.2
Interest expense	(0.8)	—	(7.2)	(8.0)
Net fee income	—	11.8	14.5	26.3
Other income (costs)	(31.2) [1]	39.6	207.8	216.2

[1] Of which: short-term benefits amounting to €29m, stock options worth €0.1m and performance shares worth €1.8m. The figure includes a total of 21 managerial staff with strategic responsibilities.

* Includes accounts with Telco.

Part I - Share-based payment schemes

A. QUALITATIVE INFORMATION

1. *Information on capital increases for use in share-based payment schemes using the Bank's own equity instruments*

The increases in the Bank's share capital for use in connection with the stock option and performance share schemes approved reflect the following situation:

Extraordinary general meeting held on	No. of shares approved	Awards expire on	Deadline for exercising options	No. of options and performance shares awarded
29 March 1999	3,130,000	30 July 2006	31 December 2011	3,130,000
30 July 2001	50,000,000	30 July 2006	1 July 2015	48,401,500
28 October 2004	15,000,000	28 October 2009	1 July 2020	12,765,000
of which to directors 1	*4,000,000*	*28 October 2009*	*1 July 2020*	*3,375,000* [2]
27 October 2007	40,000,000	27 June 2012	1 July 2022	15,536,000
TOTAL STOCK OPTIONS	**108,130,000**	**X**	**X**	**79,832,500**
28 October 2010	20,000,000	X	X	7,980,504
TOTAL PERFORMANCE SHARES	**20,000,000**	**X**	**X**	**7,980,504**

[1] At a general meeting held on 27 June 2007, shareholders approved a proposal to grant stock options to Board members.

[2] 2,000,000 of which granted to one former director.

2. *Description of stock option schemes*

The stock option schemes approved pursuant to Article 2441, paragraphs 8 and 5, of the Italian Civil Code, provide for a maximum duration of eight years and a vesting period of thirty-six months.

The schemes were launched with the dual purpose of encouraging loyalty retention among key staff members, i.e. persuading employees with essential and/or critical roles within the Group to stay with Mediobanca, and making the remuneration package offered to them more diversified and flexible.

The choice of beneficiaries and decisions as to the number of options to be allotted are taken in view of the role performed by the person concerned with the company's organization and their importance in terms of creating value.

No awards were made in the year ended 30 June 2015 and the vesting period for the previous awards ended.

It should also be noted that on 31 December 2014 the stock option scheme operated by Banca Esperia for its staff from shares in the bank owned under a joint venture.

3. Description of performance share scheme

As part of its use of equity instruments for staff remuneration purposes, Mediobanca has also chosen to adopt a performance share scheme, which was approved by the Bank's shareholders at the annual general meeting held on 28 October 2010. Under the terms of the scheme, under certain conditions Mediobanca shares may be awarded to staff free of charge at the end of a vesting period. The rationale for the scheme is to:

– bring the Bank's remuneration structure into line with guidance issued by regulatory authorities requiring that significant percentages of the variable remuneration component annually assigned be paid in the form of equity instruments, making it consistent with results sustainable over time;
– encourage the involvement of key staff in a mechanism for co-investing in the share capital of Mediobanca;
– introduce a new instrument alongside the stock options, with a limited number of newly-issued shares and by using the treasury shares owned by the Bank, in order to limit the dilutive impact on the ownership structure.

In connection with this proposal, a resolution to increase the company's share capital was adopted by shareholders at the annual general meeting referred to above, with up to 20 million new Mediobanca shares being issued, and treasury shares owned by the Bank used for this purpose.

On 26 September 2014, as part of staff variable remuneration for the 2014 financial year, a total of 1,082,789 performance shares were awarded; the shares, which are conditional upon certain performance targets being met over a three-year time horizon, will be made available in tranches in November 2016 (up to 476,839), November 2017 (up to 402,507) and November 2018 (up to 203,443) taking into account the additional holding period of one year.

In the twelve months under review a total of 2,033,549 performance shares were exercised from the rights issue approved in 2010, and a further 150,510 were awarded (43,451 of which from the treasury shares owned and available immediately), while 9,621 were recovered.

Subsequently, as part of staff variable remuneration for the 2015 financial year, a total of 1,840,486 performance shares were awarded, at a notional cost of €14.1m in connection with the variable component only; the shares, which are conditional upon certain performance targets being met over a three- or four-year time horizon, will be made available in tranches in November 2017 (up to 740,792), November 2018 (up to 618,871), and November 2019 (up to 351,173), taking into account the additional holding period of one year.

B. QUANTITATIVE INFORMATION

1. Changes to stock option scheme during the period

	30/6/15			30/6/14		
	No. of performance shares	**Avg. price**	**Avg. expiry**	**No. of performance shares**	**Avg. price**	**Avg. expiry**
A. Balance at start of period	26,418,500	8.35	September 2017	38,282,000	9.85	October 2016
B. Additions						
B.1 New issues	—	—	X	—	—	X
B.2 Other additions	—	—	X	—	—	X
C. Reductions						
C.1 Performance shares cancelled	215,000	16.51	X	10,896,000	13.8	X
C.2 Performance shares made available	3,757,500	6.53	X	277,500	6.54	X
C.3 Performance shares expired	—	—	X	—	—	X
C.4 Other reductions	190,000	9.52	X	690,000	6.51	X
D. Balance at end of period	22,256,000	8.57	July 2017	26,418,500	8.35	September 2017
E. Performance shares exercisable as at reporting date	22,256,000	8.57	X	25,968,500	8.38	X

2. Changes to performance share scheme during the period

	30/6/15		30/6/14	
	No. of performance shares	**Avg. price**	**No. of performance shares**	**Avg. price**
A. Balance at start of period	8,833,822	4.11	8,313,494	4.18
B. Additions				
B.1 New issues	1,233,303	6.39	1,684,914	5.28
B.2 Other additions			—	—
C. Reductions				
C.1 Performance shares cancelled	—	—	—	—
C.2 Performance shares made available	2,077,000	5.22	1,164,586	6.31
C.3 Performance shares expired	—	—	—	—
C.4 Other reductions	9,621	6.11	—	—
D. Balance at end of period	7,980,504	4.20	8,833,822	4.11

Part L - Segmental reporting

A. PRIMARY SEGMENTAL REPORTING

A.1 Profit-and-loss figures by business segment

(€m)

Profit-and-loss data	Corporate & Private banking	Principal Investing	Retail & Consumer Banking	Corporate center	Writeoffs [1]	Group
Net interest margin	251.2	—	833.2	54.9	3.2	1,142.5
Treasury income	181.9	29.6	0.2	(0.1)	(4.5)	207.1
Net fee and commission income	342.9	—	174.6	8.8	(54.5)	471.8
Equity accounted companies	—	223.9	—	—	0.1	224.0
Total income	**776.0**	**253.5**	**1,008.0**	**63.6**	**(55.7)**	**2,045.4**
Labour costs	(230.3)	(9.0)	(157.6)	(31.9)	9.5	(419.3)
Administrative expenses	(154.8)	(2.0)	(290.6)	(25.0)	44.5	(427.9)
Operating costs	**(385.1)**	**(11.0)**	**(448.2)**	**(56.9)**	**54.0**	**(847.2)**
Gain (losses) on disposal of AFS shares	2.6	123.4	—	—	(0.4)	125.6
Loan loss provisions	(74.9)	—	(443.4)	(15.3)	0.9	(532.7)
Provisions for financial assets	0.4	(20.8)	—	—	—	(20.4)
Other profits (losses)	(2.7)	—	—	(13.5)	2.6	(13.6)
Profit before tax	**316.3**	**345.1**	**116.4**	**(22.1)**	**1.4**	**757.1**
Income tax for the period	(123.4)	(9.7)	(36.0)	1.1	3.8	(164.2)
Minority interest	—	—	—	(3.1)	—	(3.1)
Net profit	**192.9**	**335.4**	**80.4**	**(24.1)**	**5.2**	**589.8**
Cost/Income (%)	*49.6%*	*4.3%*	*44.5%*	*89.5%*	*n.s*	*41.4%*

Business segments include:

– *CIB (Corporate and Investment Banking):* comprises Wholesale Banking (WSB) which includes lending, structured finance and investment banking activity, and Private Banking (PB) which includes Compagnie Monegasque de Banque, Spafid and 50% of Banca Esperia pro rata;

– *Principal Investing:* brings together all the Bank's shareholdings in associates (IAS28) and AFS securities;

– *Retail and Consumer Banking:* comprises consumer credit and retail banking activities, and includes Compass, Futuro, Compass RE, Creditech and CheBanca!;

– *Corporate Centre:* this division houses all other companies (including leasing), plus certain centralized Group cost functions (including the Board of Directors).

[1] The column headed "Writeoffs" includes the contribution of Banca Esperia, which for operating reasons is consolidated pro rata, along with any other items recorded on consolidation (including intercompany eliminations) between the different business areas.

A.2 Balance-sheet data by business segment

(€m)

Balance-sheet data	CIB & Private banking	Principal Investing	Retail & Consumer banking	Corporate centre	Writeoffs [1]	Group
Treasury funds	5,090.4	13.9	7,248.8	138.7	(7,571.5)	4,920.3
AFS securities	6,603.7	1,071.5	700.1	—	(312.2)	8,063.1
Fixed financial assets (HTM & LR)	5,133.7	—	1,264.5	—	(4,604.3)	1,793.9
Equity investments	—	3,318.1	—	—	93.3	3,411.4
Loans and advances to customers	25,121.0	—	15,512.1	2,760.8	(10,504.3)	32,889.6
Funding	(39,033.5)	—	(23,730.9)	(2,794.3)	22,847.4	(42,711.3)

[1] The column headed "Writeoffs" includes the contribution of Banca Esperia, which for operating reasons is consolidated pro rata, along with any other items recorded on consolidation (including intercompany eliminations) between the different business areas.

B. SECONDARY SEGMENTAL REPORTING

B.1 Profit-and-loss figures by business segment

(€m)

Profit-and-loss data	Italy	Other countries [1]	Group
Net interests margin	1,080.2	62.3	1,142.5
Treasury income	199.0	8.1	207.1
Net fee and commission income	375.8	96.0	471.8
Equity-accounted companies	224.0	—	224.0
Total income	**1,879.0**	**166.4**	**2,045.4**
Labour costs	(322.5)	(96.8)	(419.3)
Administrative expenses	(382.6)	(45.3)	(427.9)
Operating costs	**(705.1)**	**(142.1)**	**(847.2)**
Gain (losses) on disposal of AFS, HTM and LR	123.4	2.2	125.6
Loan loss provisions	(532.9)	0.2	(532.7)
Provisions on other assets	(20.3)	(0.1)	(20.4)
Other profits (losses)	(13.5)	(0.1)	(13.6)
Profit before tax	**730.6**	**26.5**	**757.1**
Income tax for the period	(150.2)	(14.0)	(164.2)
Minority interest	(3.1)	—	(3.1)
Net profit	**577.3**	**12.5**	**589.8**
Cost/Income (%)	*37.5%*	*85.4%*	*41.4%*

[1] This heading includes Mediobanca International, Compagnie Monégasque de Banque, Compass RE, MB USA, MB Turkey and MB Mexico, plus the various Mediobanca international branches (Paris, Frankfurt, Madrid and London).

B.2 Balance-sheet data by business segment

(€m)

Balance-sheet data	Italy	Other countries [1]	Group
Treasury funds	3,545.5	1,374.8	4,920.3
AFS security	7,514.9	548.2	8,063.1
Fixed financial assets (HTM & LR)	1,793.9	—	1,793.9
Equity investments	3,411.4	—	3,411.4
Loans and advances to customers	29,395.0	3,494.6	32,889.6
Funding	(37,892.6)	(4,818.7)	(42,711.3)

[1] This heading includes Mediobanca International, Compagnie Monégasque de Banque, Compass RE, MB USA, MB Turkey and MB Mexico, plus the various Mediobanca international branches (Paris, Frankfurt, Madrid and London).

ANNUAL GENERAL MEETING,
28 OCTOBER 2015

AGENDA

Extraordinary business

1) Proposal to amend Articles 7, 10, 13, 14, 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 29 and 30 of the Company's Articles of Association; and to introduce a new Article 19 and delete Articles 23 and 24; with Articles 20 through to 35 to be renumbered accordingly.

2) Proposal to rescind powers assigned to Board of Directors under a resolution adopted by shareholders in annual general meeting on 27 October 2012 and renewal of authorization pursuant to Article 2443 of the Italian Civil Code to increase the Company's share capital by means of rights issues in a nominal amount of up to €40m, including via warrants, to be set aside for subscription by Italian and non-Italian professional investors with option rights excluded under and pursuant to the provisions of Article 2441, paragraph four, second sentence, of the Italian Civil Code. Amendment to Article 4 of the company's Articles of Association and related resolutions.

3) Proposal to rescind powers assigned to Board of Directors under a resolution adopted by shareholders in annual general meeting on 28 October 2011, and renewal of authorization pursuant to Articles 2443 and 2420-ter of the Italian Civil Code to increase the Company's share capital by means of rights and/or bonus issues in an amount of up to €100m, and to issue bonds convertible into ordinary shares and/or cum warrants, in an amount of up to €2bn. Amendments to Article 4 of the Company's Articles of Association and related resolutions.

4) Authorization to the Board of Directors, under Article 2443 of the Italian Civil Code, to increase the Bank's share capital free of charge by a nominal amount of up to €10m through the award, as permitted by Article 2349 of the Italian Civil Code, of an equivalent amount of profits or profit reserves as shown in the most recent financial statements approved, through the issue of no more than 20 million ordinary par value €0.50 shares to be reserved to Mediobanca Group employees in execution of the performance share schemes in force at the time. Amendment to Article 4 of the Company's Articles of Association and related resolutions.

Ordinary business

1) Financial statements as at 30 June 2015, Board of Directors' review of operations, reports by external auditors and Statutory Audit Committee; related resolutions

2) Resolutions in respect of staff remuneration policies:

    a. Cap on variable and fixed remuneration based on a ratio of 2:1

    b. Policies in the event of beneficiaries leaving office or ceasing to work for Mediobanca

    c. Staff remuneration policies

3) Performance share scheme

4) Increase in fees payable to external auditors for FY 2016-21 period.

Extraordinary business

PROPOSAL TO AMEND ARTICLES 7, 10, 13, 14, 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 29 AND 30 OF THE COMPANY'S ARTICLES OF ASSOCIATION; AND TO INTRODUCE A NEW ARTICLE 19 AND DELETE ARTICLES 23 AND 24; WITH ARTICLES 20 THROUGH TO 35 TO BE RENUMBERED ACCORDINGLY

Dear shareholders,

We have called you together in extraordinary general meeting to submit to your approval the proposed changes to Articles 7, 10, 13, 14, 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 29 and 30 of the Company's Articles of Association, the introduction of a new Article 19, the deletion of Articles 23 and 24, and the consequent renumbering of the new Articles 20 through to 35, intended primarily to incorporate the following changes (references are to the new Article numbers).

The proposed amendments to the Articles of Association serve, virtually in their entirety, to incorporate the contents of the new instructions on corporate governance ('Supervisory Instructions') issued by the Bank of Italy on 6 May 2014 and contained in the First Part, Title IV, Section 1 of its Circular no. 285 issued on 17 December 2013, revising the provisions in respect of banks' organization and corporate governance issued by the Bank of Italy in March 2008 in order, among other things, to incorporate the new regulations introduced at European level by directive 2013/36/EU ('CRD IV').

A series of new requirements have been introduced in the Supervisory Instructions, especially in the area of the Board of Directors' composition and the formation of its committees. Some of the most important of these new requirements are as follows:

– a maximum number of fifteen members must be set for the Board of Directors, save in exceptional and justified cases;
– at least one-quarter of the members of the Board of Directors must qualify as independent, according to a single definition of 'independence' to be provided for in the Articles themselves;
– the Chairman of the Board of Directors must have a non-executive role, and may therefore not be a member of the Executive Committee with voting rights;

- the Board is to set up three internal committees – the appointments, risks and remunerations committees – each of which must consist of from three to five members, all of whom shall be non-executive and the majority of whom shall qualify as independent;
- one Director appointed from the minority list shall be a member of at least one of the aforementioned committees;
- all Board members are obliged to devote an adequate amount of time to their duties, in accordance with the nature and quality of the commitment required of them, the roles performed by them within the Bank, other posts held by them in companies or entities, and the commitments or working activities performed by them, without prejudice to the limit set on the number of posts allowed to be held pursuant to CRD IV.

Mediobanca intends to revise its Articles of Association in order to incorporate the contents of the Supervisory Instructions within the existing structure. In accordance with the temporary provisions included in First Part, Title IV, Section VII of the Circular and in order to ensure the appropriate continuity of operation, Mediobanca will avail itself of the right to postpone the effects of certain of the new provisions until the first reappointment of the governing bodies subsequent to approval of these proposed changes to the Articles.

In particular, a temporary provision will be introduced to the Articles, providing that the amendments to Articles 15, 19 and 23 shall take effect only from the next set of reappointments made to the governing bodies, as follows:

(i) the reduction in the number of members of the Board of Directors from between fifteen and twenty-three to between nine and fifteen;

(ii) the reduction in the number of Directors who have been members of the Mediobanca Banking Group's senior management for at least three years from five to three;

(iii) the reduction in the number of members of the Executive Committee, if instituted, from the current maximum of nine to between three and five;

(iv) application of the new definition of independence set forth in Article 19.

This timescale for the aforementioned changes to the Articles of Association is consistent with the aim of ensuring that the transition to the new arrangement takes place without interruption to the Bank's operations, which could prove damaging, and of ensuring consistency with the activity being implemented by the governing bodies currently tasked with the Bank's management.

In view of the foregoing, with reference to the new statutory arrangements, Mediobanca confirms that a 'traditional' management and supervisory model will be adopted based on a Board of Directors (with responsibility for strategic supervision) and Statutory Audit Committee (with responsibility for control). In line with the Supervisory Instructions and in the light, inter alia, of the recommendations made to shareholders and the new Board of Directors contained in the 'Report on the qualitative-quantitative composition of the Board of Directors' dated 4 July 2014, new aspects will be introduced to this model in order to develop and refine it, thus seeking to ensure a system of efficient governance based on the principle of equilibrium between the respective powers, in which:

– the body with responsibility for strategic supervision is called to adopt resolutions on the Bank's strategic direction and to monitor their implementation on an ongoing basis, whereas
– the executive bodies are responsible for implementing the strategic guidelines and for the company's operations.

Under the new corporate governance arrangements to be implemented, the objective remains to create value which is sustainable over time from the Bank's core investment banking business. This activity, including in the area of granting credit (in particular medium-/long-term credit), requires the integration of a variety of different and highly specialized professional skills in the many different sectors in which the Bank operates: strategic assistance and advisory services to corporates, arranging and participating in investment transactions, debt and equity capital market services, and sundry other financial services. Such integration, in an increasingly globalized scenario, involves leveraging the full range of management capabilities to ensure the requisite skills are present and where necessary added, so that management decisions are taken on an informed and duly weighted basis, including with respect to the issue of possible conflicts of interest versus shareholders.

The managers' participation in the governing bodies with executive and strategic supervision duties is justified, among other things, by the need to guarantee high contribution levels in technical terms and knowledge in the principal business areas covered by the Bank. In the arrangement which it is proposed to adopt, the Bank's complex and varied set of activities should continue to benefit in qualitative terms from the internal debate and dialectic which results from the management being directly involved in the Company's governance.

In this scenario, the Articles of Association are intended to define governance arrangements which will allow for speed of decision-making on the part of the executive Directors in running the Company, while at the same time ensuring the Board itself has an effective role in terms of strategic supervision, and that information flows more smoothly between and within the governing bodies themselves.

To this end, the governance model chosen is intended to institute a clear distinctions of roles and responsibilities for the Board of Directors, Executive Committee and the Managing Director. This is the sense of the clear provision made in the Articles regarding the powers of the Board of Directors and the various appointed bodies, and the distinction between them, which ensures consistent management and unity of direction in the Bank's and the Group's operations, avoiding concentrations which could hinder robust internal debate.

In terms of how the new Articles have been drafted, preference has been given to the principle of brevity, with the text being confined to the essential provisions defining the key rules for the Company's governance. These provisions are supplemented by the general regulatory framework and the regulations in force, as well as the self-regulatory provisions that have been instituted. These are enacted, in turn, via the system of operating powers and rules.

Part of the purpose of drafting Articles which have been kept to a minimum and which for this reason often make reference to the legislation in force is to facilitate the process of revision in line with any changes that are made to the laws and regulations, including at European level, and with any developments and changes in national and international corporate governance best practices.

Overall, the changes to the Articles of Association are intended to:

(i) provide clear definition of the role of the Chairman (Article 16);

(ii) allow for consistent definition of the Board of Directors' role as body of strategic supervision (Article 18);

(iii) provide for the Board of Directors to be entitled, rather than obliged as is presently the case, to establish an Executive Committee based on the size of the Board in terms of the number of Directors, in view of the complexity of the Banking Group's operations and the variety and number of business areas covered (Article 23);

(iv) submit the definition of the Managing Director's powers and responsibilities entirely to the discretion of the Board of Directors, as is the case with the powers conferred on the Executive Committee, if any (Article 24);

(v) increase the number of Directors appointed by minority shareholders (Article 15).

The Board of Directors as body of strategic supervision. The Articles of Association confirm the Board of Directors' status as the only body with responsibility for strategic supervision. As such, in accordance with the Supervisory Instructions, the Board defines the overall governance structure and approves the Bank's organization, checking that it has been implemented correctly and promoting any corrective action that needs to be taken promptly in the event of any shortcomings or other inadequacies emerging (Article 18). The Board of Directors establishes from among its own number the committees envisaged by the regulations in force and the other internal committees, including, if no Executive Committee is appointed, the managerial committees it is deemed appropriate to institute, establishing their powers, composition and rules of functioning in accordance with the regulations in force (Article 20).

To this end, the changes to the Bank's Articles of Association ensure that the Board's composition, in qualitative and quantitative terms, is such as to ensure that the duties assigned to the Board by law, the Supervisory Instructions and the Articles of Association, are performed effectively, with the following provisions (in compliance inter alia with the requisites set down in the Supervisory Instructions; see Article 15):

– a number of Directors comprised between nine and fifteen, to ensure that the Board's composition is commensurate from time to time with the size and complexity of the Bank's operations, without proving excessive;

– an adequate number of independent Directors, higher than the limit set by the Supervisory Instructions (one-quarter) and in line with the more stringent requirements set forth in the Code of Conduct for Listed Companies issued by Borsa Italiana (application criterion 3.C.3), which provides for a minimum number of independent Directors equal to one-third of the total. The Articles of Association contains a single definition of independence, with no exceptions permitted; such definition is consistent with the role assigned to them, and includes a list of those circumstances which, when they recur, mean that a Director ceases to be independent, in line with the need raised by the Supervisory Instructions to facilitate the process of first ascertaining and then reviewing the requirement of independence among Directors;

– two Directors to be appointed from a single minority list;

– at least three members to be chosen from among the Group's senior management, to guarantee that the Board has, in view of their professionalism, the requisite qualifications for, and indepth knowledge of, the Bank's reference business, thus ensuring: (i) a high level of internal dialectic and debate, with the management representatives able to make a significant contribution to the expression of the Board's will; (ii) quality and capability, as well as in independence of judgement, of equivalent qualitative standards if an Executive Committee is instituted, as these Directors would form part of such a committee *de jure*.

In this latter regard, the decision to retain management representation on the Board, albeit in smaller numbers to reflect the overall reduction in the number of Directors, reflects their own direct personal liability (as clearly stated by Article 2392 of the Italian Civil Code), in view of the specific capabilities and information which management possess. This helps to ensure that the conduct of the Group's senior management as represented in the Board of Directors, and possibly also in the Executive Committee as well, is geared towards maximizing the Company's interests, for the service of which – including through direct dialogue with the other Board members - the executive Directors make their professionalism and skill available.

From this standpoint, the proposed changes to the Articles of Association (Article 18), which are in line with the current Articles of Association,

– while on the one hand providing that decisions in respect of the acquisition and disposal of investments equal to at least 10% of the investee company's share capital which involve an amount in excess of 5% of the Group's own consolidated regulatory capital fall within the Board of Directors' remit, in accordance with the regulations currently in force;

– at the same time delegates to a committee, consisting of the three Banking Group senior management members and two Directors qualifying as independent pursuant to Article 19 hereof, the decisions to be taken in general meetings of the investee companies referred to in para. 5 above, if the companies are listed, with reference to the appointments to be made to their governing bodies. This is to ensure that such decisions are taken on the basis of a process which is collegiate and accountable in nature.

The Chairman (Article 16). The Chairman has a role of central importance, in the sense that he has a duty of care versus the Board as a whole while at the same time forming the main point of contact with the executive Directors.

The Chairman is responsible for ensuring that that the corporate governance system runs smoothly in practice, guaranteeing due balance between the powers of the Managing Director and the other executive Directors; he is the counterparty for dialogue with the bodies with duties of control and the internal committees.

To allow the Chairman to perform his duties effectively, in accordance with the Supervisory Instructions his position is non-executive, meaning he cannot take on management duties or roles.

With regard to the Chairman's role as point of contact between the executive and non-executive Directors, he seeks to promote dialogue and to assist the latter in monitoring the decisions taken by the former, while ensuring equilibrium is maintained between both groups in their involvement in the Bank's governance. This role accounts for his participation as an invited guest in meetings of the Executive Committee which may be established by the body with strategic supervision duties based inter alia on the size of the Board in terms of the number of its members).

In accordance with the duties required of him in terms of managing the Board's proceedings and circulating information provided for by the Italian Civil Code (cf. Article 2381, para. 1), the Chairman also ensures that all Directors (especially the independent Directors), are properly involved, with the aim of improving reporting and the quality of information flows. To this end, the Chairman takes special care in ensuring that exhaustive, timely and accurate information is exchanged between and within the bodies responsible for strategic supervision, management and control, in proportion with the powers of each of them.

The Executive Committee (Article 23). As provided by the Supervisory Instructions, the presence of both an Executive Committee and a Managing Director is justified in banks of larger size or greater operating complexity, and requires a clear division in terms of powers and responsibilities.

Under the terms of the proposed Articles, the body with duties of strategic supervision are entitled to establish an Executive Committee, which is justified by the diverse nature of the Bank's activities (in terms of business and geographies) and the need to ensure its operations as a whole are covered.

It therefore appears reasonable, in terms of consistency of organizational model, to establish an Executive Committee if the shareholders decide to appoint a Board consisting of twelve or more Directors. Conversely, if the shareholders decide to appoint a Board of Directors consisting of between nine and eleven members, it would be reasonable to assign executive powers to the Managing Director only, in which case the Board would have a more integrated role, and would have to schedule more frequent activity.

Establishment of an Executive Committee – which the current Board of Directors recommends, *inter alia* in continuity with the recommendations contained in the 'Report on the qualitative-quantitative composition of the Board of Directors' approved by the previous Board on 4 July 2014 – is consistent with the objective of leveraging on Directors who are members of the Group's senior management, who would also be members of the Executive Committee de jure, and ensuring assessment and deliberation commensurate with an investment bank's objectives as well as independent evaluation on the part of the management.

To this end and to ensure consistent management, the Executive Committee, if set up, will be chaired by the Managing Director, who will act as the point of contact between the executive powers.

In terms of ensuring adequate information and reporting to the plenary Board of Directors, the Chairman will take part in Executive Committee meetings as an invited guest but without being able to exercise executive powers.

In the final version of the Articles once adopted, the Executive Committee, if appointed, would consist of between three and five members in total.

The Managing Director (Article 24). Under the Articles of Association, the body responsible for strategic supervision decides on, and is responsible for, defining the powers and duties attributable to the Managing Director, in terms both of powers of initiative with reference to management, and powers to make proposals to and instruct the Board in its activity. In particular, the Managing Director has executive powers and is responsible for implementing the resolutions adopted by the Board of Directors and the Executive Committee if appointed.

This statutory provision is consistent with

(i) the duty assigned to the Board of Directors in its capacity as the body responsible for clearly defining the Bank's corporate governance;

(ii) the need to ensure that the Board is able to amend the powers to be granted to the Managing Director depending on whether or not an Executive Committee is set up so that, if it is, a clear distinction of duties and responsibilities between them can be guaranteed.

In this connection, the proposed amendments to the Articles ensure that the respective powers of the Managing Director and the Executive Committee can be clearly defined and consistency of management direction ensured. At the same time and in any case, the Managing Director will chair the Executive Committee if it is established.

The General Manager (Article 25). Under the new Articles it is intended to adopt, the Board of Directors once again is entitled to appoint a General Manager at the Managing Director's proposal, along with a description of the respective duties and powers.

The General Manager, if appointed, will also be chosen, as again is already the case, from among the Directors who are members of the Bank's senior management. In line with the Supervisory Instructions, the General Manager is the head of the internal organization, and as such takes part in the Bank's management, performing the duties and exercising the powers assigned to him at the Managing Director's proposal by the Board of Directors, to ensure consistency of management under all circumstances.

Shareholders in general meeting (Articles 10 and 13). On 18 November 2014, the Bank of Italy issued new supervisory instructions in respect of 'Remuneration incentivization policies and practices' for banks and banking groups (the seventh update to circular no. 285 issued initially on 17 December 2013) to incorporate the new provisions introduced by Directive 2013/36/EU and the guidelines developed at international levels.

In accordance with the regulations now in force, the Articles of Association will be amended to provide that:

(i) shareholders in ordinary general meeting shall approve the criteria for determining the compensation to be agreed in the event of early termination of the employment relationship or term of office;

(ii) shareholders in general meeting shall also have powers to establish a ratio between the variable and fixed components of individual staff remuneration which is higher than 1:1 (but in any case not higher than 2:1), and also to determine the quorum for approving such proposal.

The Statutory Audit Committee (Article 29). This committee's duties are revised in line with Bank of Italy circular 263/06.

Other amendments. We have taken this opportunity to propose amendments to the following Articles as well:

– Article 7, to allow proxies to be notified via email in respect of participation in annual general meetings;
– Articles 13 and 28, to include the provision that Directors who are not members of the Group's senior management and Statutory Audit Committee members are entitled to receive refunds for the expenses incurred by them in the exercise of their duties;
– Article 17, to increase, in view of the growing quantity in terms of workload, the number of meetings for the Board of Directors to at least six meetings per year, and to reduce the number of persons whose attendance is mandatory to only the Chairman or Deputy Chairman and the Secretary to the Board of Directors;
– Article 26, to assign the power to propose the candidate to act as Head of financial reporting to the Managing Director, rather than the Executive Committee (having sought the opinion of the Statutory Audit Committee).

Various amendments for purely formal or reference purposes have also been made.

The amendments are not such as to grant shareholders the right of withdrawal and are subject to authorization from the Bank of Italy.

You are therefore invited to adopt the following resolution:

"The shareholders of Mediobanca,
having heard the Board of Directors' report,

hereby resolve:

1) to amend Articles 7, 10, 13, 14, 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 29 and 30 of the Company's Articles of Association;
2) to introduce a new Article 19, delete Articles 23 and 24, and renumber Articles 20 through to 35, as follows:

EXISTING TEXT	NEW TEXT
SECTION I	**SECTION I**
Establishment, Head Office, Duration and Purpose of the Company	**Establishment, Head Office, Duration and Purpose of the Company**
Article 1	Article 1
A Company is hereby established under the name of MEDIOBANCA - Banca di Credito Finanziario Società per Azioni, in abbreviated form MEDIOBANCA S.p.A.	A Company is hereby established under the name of MEDIOBANCA - Banca di Credito Finanziario Società per Azioni, in abbreviated form MEDIOBANCA S.p.A.
The Company's Head Office is located at Piazzetta Enrico Cuccia 1, Milan.	The Company's Head Office is located at Piazzetta Enrico Cuccia 1, Milan.
Article 2	Article 2
The duration of the Company shall be until 30 June 2050.	The duration of the Company shall be until 30 June 2050.
Article 3	Article 3
The purpose of the Company shall be to raise funds and provide credit in any of the forms permitted, especially medium- and long-term credit to corporates.	The purpose of the Company shall be 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, the Company may execute all banking, financial and intermediation-related transactions and/or	Within the limits laid down by current regulations, the Company may execute all banking, financial and intermediation-related transactions and/or

services and carry out any transaction deemed to be instrumental to or otherwise connected with achievement of the Company's purpose.

As part of its supervisory and co-ordinating activities in its capacity as parent company of the Mediobanca Banking Group within the meaning of Article 61, paragraph 4, of Legislative Decree No. 385 dated 1 September 1993, the Company shall issue directives to member companies of the Group to comply with instructions given by the Bank of Italy in the interests of maintaining the Group's stability.

SECTION II

Share Capital and Shares

Article 4

The Company's subscribed and fully paid up share capital is Euro 433,686,380.50 represented by 867,372,761 Euro 0.50 par value shares.

The share capital may also be increased as provided under legal provisions, including Article 2441, paragraph 4, point 2 of the Italian Civil Code, in compliance with the terms and procedure set forth therein.

Profits may, in the ways and forms permitted by law, be awarded to employees of the Company or Group companies via the issuance of shares, under Article 2349 of the Italian Civil Code.

The shares shall be registered.

An Extraordinary General Meeting held on 30 July 2001 amended the resolution taken at the Extraordinary General Meeting held on 28 October 2000 relating to the capital increase restricted to employees of the Mediobanca Banking Group via the creation of up to 13 million par value Euro 0.50 ordinary shares, whereby the maximum nominal amount thereof was increased to Euro 25,000,000 via the creation of up to 50,000,000 Euro 0.50 par

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value ordinary shares ranking for dividends *pari passu* with the Bank's existing shares, to be subscribed by Mediobanca Banking Group employees not later than 1 July 2015 on a restricted basis under Article 2441/8 of the Civil Code. Of these 50 million shares, a total of 37,819,250 new shares have to date been subscribed.

As a result of resolutions adopted at Extraordinary General Meetings held on 25 June 2004 and 28 October 2004, the Bank's share capital was increased by up to a further Euro 7.5m via the issue of up to 15 million par value Euro 0.50 ordinary shares, ranking for dividends *pari passu* and for subscription no later than 1 July 2020, pursuant to paragraphs 8 and 5 Article 2441 of the Italian Civil Code, to be set aside as follows:

– up to 11 million shares for employees of the Mediobanca Group;
– up to 4 million shares for Bank Directors, carrying out particular duties. Of these, a total of 2,500,000 new shares have still to be subscribed.

At an Extraordinary General Meeting held on 27 June 2007, shareholders approved a resolution to increase the company's share capital in an amount of up to Euro 20m through the issue of up to 40 million ordinary par value Euro 0.50 new shares, ranking for dividends *pari passu*, to be set aside for subscription by Mediobanca Group employees by and no later than 1 July 2022 pursuant to Article 2441, paragraph 8 of the Italian Civil Code. Of these 40 million shares, a total of 4,210,000 new shares have to date been subscribed.

The Board of Directors is authorized, under Article 2443 of the Italian Civil Code, to increase the Bank's share capital free of charge, as permitted by Article 2349 of the Italian Civil Code, in one or more tranches by and not later than 28 October 2015, in an amount of up to Euro 10m, through the issue of no more than 20 million ordinary par value Euro 0.50 shares, ranking for dividends *pari passu*, to be awarded to Mediobanca Group employees in

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execution of and in compliance with the terms of the performance share schemes approved by shareholders in general meeting. Of these 20 million shares a total of 2,033,549 new shares have been issued.

The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital by means of rights or bonus issues in one or more tranches by and no later than 28 October 2016, in a nominal amount of up to Euro 100m, including via warrants, through the issue of up to 200 million ordinary par value Euro 0.50 shares, to be offered in option or otherwise allotted to shareholders, and also to establish the issue price of such new shares from time to time, including the share premium, the date from which they shall rank for dividends, and whether or not any of the shares shall be used for exercising warrants, and is further authorized under Article 2420-ter of the Italian Civil Code to issue bonds convertible into ordinary shares and/or shares cum warrants in one or more tranches by and no later than 28 October 2016, in a nominal amount of up to Euro 2bn to be offered in option to shareholders, establishing that exercise of such authorizations shall not, without prejudice to the foregoing, lead to the issue of a total number of shares in excess of 200 million.

The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital by means of rights issues in one or more tranches by and not later than 27 October 2017, in a nominal amount of up to Euro 40m including via warrants, through the issue of up to 80 million ordinary par value Euro 0.50 shares, to be set aside for subscription by Italian and non-Italian professional investors with option rights excluded under and pursuant to the provisions of Article 2441 paragraph 4 point 2 of the Italian Civil Code and in compliance with the procedure and conditions precedent set forth therein.

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SECTION III

General Meetings

Article 5

General Meetings shall be called in Milan or elsewhere in Italy, as indicated in the notices convening such Meetings.

Article 6

Ordinary General Meetings shall be called at least once a year within 120 days of the close of the Company's financial year.

Ordinary and Extraordinary General Meetings shall pass resolutions on matters attributable to each under regulations in force or these Articles of Association.

Resolutions in respect of mergers, as provided for by Articles 2505 and 2505-bis of the Civil Code, including in the cases referred to in Article 2506-ter of the Civil Code, the institution or removal of branch offices, reductions in the Company's share capital as a result of shareholders exercising their right of withdrawal, amendments to the Company's Articles of Association to comply with regulatory requirements, and transfer of the Company's headquarters within Italian territory, are by law the sole competence of the Board of Directors.

The procedures for calling and powers to call meetings shall be those laid down by the law.

Such notice also includes an indication of the sole date scheduled for the Meeting.

Article 7

The right to attend and vote at General Meetings shall be governed by the law.

Shareholders are authorized to attend and vote at General Meetings if, by the end of the third open market day prior to the meeting, the issuer has received notification in respect of

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them from an authorized intermediary based on evidence as at the close of business on the seventh open market day prior to the date set for the general meeting in only instance.

Without prejudice to the foregoing, a shareholder is authorized to attend and to vote at a general meeting if such notification reaches the issuer after the terms indicated in the above paragraph, provided that it does so by the start of proceedings on the single date called for the general meeting.

Shareholders authorized to attend and vote at general meetings may elect to have themselves be represented in such a meeting via a proxy issued in writing or made electronically in cases where such possibility is provided for by regulations in force and in accordance therewith, subject to cases of incompatibility and the limits prescribed by law.

Proxies may be notified electronically using the relevant section of the Company's website, in accordance with the instructions provided in the notice of meeting.

Article 8

Shareholders shall be entitled to one vote for each share held.

Article 9

General Meetings shall be presided over by the Chairman of the Board of Directors or, in his stead, by the elder Deputy Chairman, the other Deputy Chairman, if appointed, or by the most senior of the other Board members, in that order.

The Chairman shall be assisted by a Secretary. In cases where Article 2375 of the Civil Code applies, and in any other case where he considers it advisable, the Chairman shall call upon a notary to compile the minutes.

The Chairman shall be responsible for establishing that a quorum has been reached, ascertaining the identity of those in attendance and assessing their entitlement to be so present, chairing and

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The Chairman shall be responsible for establishing that a quorum has been reached, ascertaining the identity of those in attendance and assessing their entitlement to be so present, chairing and

conducting the proceedings, and checking and announcing the results of any votes taken thereat.	conducting the proceedings, and checking and announcing the results of any votes taken thereat.
Article 10	Article 10
An ordinary general meeting shall be validly constituted regardless of the percentage of the share capital represented, with resolutions being adopted on an absolute majority basis.	An ordinary general meeting shall be validly constituted regardless of the percentage of the share capital represented, with resolutions being adopted on an absolute majority basis. **For resolutions adopted pursuant to Article 13, para. 3, at least two-thirds of the share capital represented is required to vote in favour if the quorum of at least half the share capital has been reached, or with at least three-quarters of the share capital represented if less than one-half of the share capital is represented at the meeting.**
An extraordinary general meeting is validly constituted if at least one-fifth of the company's share capital is represented, and resolutions are adopted with at least two-thirds of the share capital in attendance voting in favour.	An extraordinary general meeting is validly constituted if at least one-fifth of the company's share capital is represented, and resolutions are adopted with at least two-thirds of the share capital in attendance voting in favour.
Members of the Board of Directors and Statutory Audit Committee shall be appointed in accordance with the procedures set out respectively in Articles 15 and 29 hereof.	Members of the Board of Directors and Statutory Audit Committee shall be appointed in accordance with the procedures set out respectively in Articles 15 and 2~~9~~**8** hereof.
Article 11	Article 11
Transactions with related parties, including those which fall within the jurisdiction of shareholders in general meeting or otherwise required to be submitted to the approval of shareholders under Article 2364 of the Italian Civil Code, are approved in compliance with the procedures adopted by the Board of Directors as required by law.	Transactions with related parties, including those which fall within the jurisdiction of shareholders in general meeting or otherwise required to be submitted to the approval of shareholders under Article 2364 of the Italian Civil Code, are approved in compliance with the procedures adopted by the Board of Directors as required by law.
In urgent cases, transactions (including of Group companies) with related parties other than those which fall within the jurisdiction of shareholders in general meeting or otherwise required to be submitted to the approval of shareholders under Article 2364 of the Italian Civil Code may be approved in derogation of the procedures referred to in the previous paragraph, provided — without prejudice to the effectiveness of the resolutions adopted and compliance with the additional conditions set forth in the same procedure — that	In urgent cases, transactions (including of Group companies) with related parties other than those which fall within the jurisdiction of shareholders in general meeting or otherwise required to be submitted to the approval of shareholders under Article 2364 of the Italian Civil Code may be approved in derogation of the procedures referred to in the previous paragraph, provided — without prejudice to the effectiveness of the resolutions adopted and compliance with the additional conditions set forth in the same procedure — that

they are subsequently submitted to non-binding resolution by shareholders in general meeting to be adopted on the basis of a report by the Board and the Statutory Audit Committee's opinion on the reasons for the urgency.

Article 12

Resolutions shall be taken by a show of hands, or by any other clear and transparent method, including electronic, that may be proposed by the Chairman, save where legal provisions require otherwise without exception.

Resolutions passed at General Meetings in accordance with the law and these Articles of Association shall be binding on all Members, including those who dissent or are absent.

Shareholders voting against resolutions to approve:
a) an extension to the Company's duration;
b) the introduction and/or removal of restrictions on the trading of securities,
shall not have the right of withdrawal in respect of all or part of their shares.

Members are entitled to inspect all deeds deposited at the Company's Head Office in respect of General Meetings that have already been called, and to obtain copies of such deeds at their own expense.

Article 13

Shareholders in general meeting shall determine the fixed annual remuneration payable to members of the Board of Directors, upon their appointment for the entire duration of their term of office, to be shared between the individual Board members in accordance with the decisions of the Board of Directors itself.

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Article 13

Shareholders in general meeting shall determine the fixed annual remuneration payable to members of the Board of Directors, upon their appointment **and** for the entire duration of their term of office, to be shared between the individual Board members in accordance with the decisions of the Board of Directors itself.

Directors who are not members of the Group's senior management are entitled to receive refunds for the expenses incurred by them in the exercise of their duties.

Shareholders in general meeting also approve remuneration policies and compensation schemes based on financial instruments operated for Directors, Group staff and collaborators.

Shareholders in general meeting**, in accordance with the terms provided for in the regulatory provisions in force at the time,** also approve remuneration policies and compensation schemes based on financial instruments operated for Directors, Group staff and collaborators**, and the criteria for determining the compensation to be agreed in the event of early termination of the employment relationship or term of office**.

At the Board of Directors' proposal, shareholders in general meeting may, with the majorities provided for under Article 10 para. 1, cap the variable remuneration of Group staff and collaborators within the limit of 200% of their fixed salary or any other limit set by law and/or the regulations in force at the time.

SECTION IV

Management

Article 14

The Board of Directors shall be responsible for management of the company, and shall exercise such management through the Executive Committee, the Managing Director and the General Manager, if appointed, in accordance with the provisions hereof.

Sub-section I - Board of Directors

Article 15

The Board of Directors comprises between fifteen and twenty-three members. The duration of their term of office shall be three financial years, save where otherwise provided in the resolution approved for their appointment.

Members of the Board of Directors shall be in possession of the requisite qualifications for holding such office expressly stipulated under regulations in force at the time, failing which they shall become ineligible or, in the

SECTION IV

Management

Article 14

The Board of Directors shall be responsible for management of the company, and shall exercise such management through the Executive Committee **if appointed**, the Managing Director and the General Manager, if appointed, in accordance with the provisions hereof.

Sub-section I - Board of Directors

Article 15

The Board of Directors comprises between **nine and** fifteen ~~and twenty-three~~ members. The duration of their term of office shall be three financial years, save where otherwise provided in the resolution approved for their appointment.

Members of the Board of Directors shall be in possession of the requisite qualifications for holding such office expressly stipulated under regulations in force at the time **and the Articles of Association**, failing which they event of such circumstances materializing subsequently, shall be disqualified from office.

At least three of the Directors shall qualify as independent as defined by Article 148, paragraph 3, of Italian Legislative 58/98. At least one-third of the Directors (who may coincide with those qualifying as independent under the aforementioned requirements) shall qualify as independent as defined by the Code of Conduct for Listed Companies. If a Director qualifying as independent as defined above ceases to do so, this shall not result in him/her being disqualified from office provided the minimum number of Directors required to be independent under the present Articles of Association in compliance with regulations in force is still represented.

Five Directors are chosen from among employees with at least three years' experience of working for Mediobanca Banking Group companies at senior management level.

No director aged seventy-five or over may be elected.

Directors are appointed on the basis of lists in which the candidates are numbered consecutively. Lists may be submitted by the Board of Directors and/or by shareholders representing in the aggregate at least the percentage of the Company's share capital established under regulations in force at the time and specified in the notice of general meeting. Ownership of the minimum percentage of the Company's share capital required to submit a list is established on the basis of shares recorded as being in the shareholders' possession at the date on which the lists are filed with the issuer. Proof of ownership may also be produced subsequent to the list's filing, provided that it is forthcoming within the term provided for the issuer to make the lists public.

The lists undersigned by the shareholder or

shall become ineligible or, in the event of such circumstances materializing subsequently, shall be disqualified from office.

~~At~~ **A number of Directors at** least ~~three of~~ **corresponding to** the ~~Directors~~ **number stipulated in the Code of Conduct for Listed Companies** shall **also** qualify as independent as defined ~~by~~**in** Article ~~148, paragraph 3, of Italian Legislative 58/98. At least one-third of the Directors (who may coincide with those qualifying as independent under the aforementioned requirements) shall qualify as independent as defined by the Code of Conduct for Listed Companies~~**19**. If a Director qualifying as independent ~~as defined above~~ ceases to do so, this shall not result in him/her being disqualified from office provided the minimum number of Directors required to be independent under the present Articles of Association in compliance with regulations in force is still represented.

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The lists undersigned by the shareholder or shareholder submitting them (including by means of a proxy to one of them) shall contain a number of candidates not to exceed the maximum number of directors to be elected, and must be lodged at the Company's head office at least twenty-five days prior to the date scheduled for the general meeting only instance, to be stipulated in the notice of meeting.

The list submitted by the Board of Directors, if any, shall be lodged and made public using the same methods provided as the lists submitted by shareholders at least thirty days prior to the date scheduled for the general meeting to take place in only instance.

Lists containing a number of candidates equal to or above two-thirds of the Directors to be appointed shall contain five candidates numbered consecutively starting from the second in possession of the requisites stipulated under the foregoing paragraph 4.

Lists containing a number of candidates equal to or above three must ensure that the balance between male and female candidates complies with at least the minimum requirement stipulated by the regulations in force at the time.

Along with each list a *curriculum vitae* shall be filed for each candidate, along with all the other information and statements required under regulations in force at the time. Such *curriculum vitae* shall contain an indication of the candidate's professional credentials, together with statements whereby each candidate declares, under his/her own responsibility, that there are no grounds for his/her being incompatible with or ineligible for the post under consideration, and that he/she is in possession of the requisites specified under law and these Articles, and a list of the management or supervisory roles held by him/her at other companies.

Lists submitted which do not conform to the above specifications shall be treated as null and void.

Outgoing Directors who have served their

shareholder submitting them (including by means of a proxy to one of them) shall contain a number of candidates not to exceed the maximum number of directors to be elected, and must be lodged at the Company's head office at least twenty-five days prior to the date scheduled for the general meeting only instance, to be stipulated in the notice of meeting.

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Lists submitted which do not conform to the above specifications shall be treated as null and void.

Outgoing Directors who have served their terms of office may be re-elected.

One individual shareholder may not submit or vote for more than one list, including via proxies or trustee companies. Shareholders belonging to the same group– that is, the parent company, subsidiaries and companies subject to joint control – and shareholders who are parties to a shareholders' agreement in respect of the issuer's share capital as defined in Article 122 of Italian Legislative Decree 58/98 may not submit or vote for more than one list, including via proxies or trustee companies. Individual candidates may only feature in one list, failing which they shall become ineligible.

The procedure for the appointment of Directors is as follows: all Directors save one are chosen on the basis of the consecutive number in which they are ordered from the list obtaining the highest number of votes; the other Director is chosen from the list which ranks second in terms of number of votes cast and which is not submitted or voted for by shareholders who are related, as defined under regulations currently in force, to the shareholders who submitted or voted for the list ranking first in terms of number of votes cast, again on the basis of the consecutive number in which the candidates are ordered.

In the event of an equal number of votes being cast, a ballot shall be held.

In the event that following the procedure set out above does not result in a sufficient number of Directors in possession of the requisites stipulated under the foregoing paragraphs 3 and 4 hereof being elected and if the number of Directors of one or other gender proves to be fewer than the number required by the regulations in force, the procedure shall be to replace the necessary number of candidates elected from among those in the majority list in the last consecutive positions with candidates in possession of the requisite qualifications or characteristics, from the same list based on their consecutive numbering. If it proves impossible to complete the number of Directors required via this procedure, again in order to comply with

terms of office may be re-elected.

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The procedure for the appointment of Directors is as follows: all Directors save ~~one~~ **two** are chosen on the basis of the consecutive number in which they are ordered from the list obtaining the highest number of votes; the other ~~Director is~~ **Directors are** chosen from the list which ranks second in terms of number of votes cast and which is not submitted or voted for by shareholders who are related, as defined under regulations currently in force, to the shareholders who submitted or voted for the list ranking first in terms of number of votes cast, again on the basis of the consecutive number in which the candidates are ordered.

In the event of an equal number of votes being cast, a ballot shall be held.

In the event that following the procedure set out above does not result in a sufficient number of Directors in possession of the requisites stipulated under the foregoing paragraphs 3 and 4 hereof being elected and if the number of Directors of one or other gender proves to be fewer than the number required by the regulations in force, the procedure shall be to replace the necessary number of candidates elected from among those in the majority list in the last consecutive positions with candidates in possession of the requisite qualifications or characteristics, from the same list based on their consecutive numbering. If it proves impossible to complete the number of Directors required via this procedure, again in order to comply with the

the provision of the foregoing paragraphs 3 and 4 and the regulations in force in respect of equal gender representation, the remaining Directors shall be appointed by shareholders in general meeting on the basis of a simple majority, at the proposal of the shareholders in attendance.

In the event of just one list being submitted, the Board of Directors is taken from this list in its entirety, providing the quorum established by law for ordinary general meetings has been reached.

For the appointment of those Directors who for whatever reason could not be elected to comply with the provisions set forth in the foregoing paragraphs, or in the event that no lists are submitted, the Board of Directors is appointed by shareholders in general meeting on the basis of a relative majority, again without prejudice to the requirements stipulated in Article 15, paragraphs 3 and 4 hereof and the regulations in force in respect of equal gender representation.

In the event of one or more Directors leaving office before their term expires, the procedure shall be as described in Article 2386 of the Italian Civil Code, without prejudice to the obligation to comply with the provisions of Article 15, paragraphs 3 and 4 hereof and the regulations in force in respect of equal gender representation. Directors co-opted by the Board shall remain in office until the next successive annual general meeting, where shareholders will appoint a new Board member to replace the Director who has left office. Shareholders in general meetings shall adopt resolutions based on a relative majority, in compliance with the provisions in respect of the Board's composition set forth in Article 15, paragraphs 3 and 4 herein and the regulations in force in respect of equal gender representation. If the Directors being replaced had been elected from a minority list, where possible they are replaced with unelected Directors taken from the

provision of the foregoing paragraphs 3 and 4 and the regulations in force in respect of equal gender representation, the remaining Directors shall be appointed by shareholders in general meeting on the basis of ~~a simple~~ **the legal** majority, at the proposal of the shareholders in attendance.

In the event of just one list being submitted, the Board of Directors is taken from this list in its entirety, providing the quorum established by law for ordinary general meetings has been reached.

For the appointment of those Directors who for whatever reason could not be elected to comply with the provisions set forth in the foregoing paragraphs, or in the event that no lists are submitted, the Board of Directors is appointed by shareholders in general meeting on the basis of ~~a relative~~ **the legal** majority, again without prejudice to the requirements stipulated in Article 15, paragraphs 3 and 4 hereof and the regulations in force in respect of equal gender representation.

Directors who are also members of the Banking Group's senior management must leave office if and when they cease to be employed by the companies which make up the Banking Group.

In the event of one or more Directors leaving office before their term expires, the procedure shall be as described in Article 2386 of the Italian Civil Code, without prejudice to the obligation to comply with the provisions of Article 15, paragraphs 3 and 4 hereof and the regulations in force in respect of equal gender representation. Directors co-opted by the Board shall remain in office until the next successive annual general meeting, where shareholders will appoint a new Board member to replace the Director who has left office. Shareholders in general meetings shall adopt resolutions based on a relative majority, in compliance with the provisions in respect of the Board's composition set forth in Article 15, paragraphs 3 and 4 herein and the regulations in force in respect of equal gender representation. If the Directors being replaced had been elected from a minority list, where possible they are replaced with unelected Directors taken from the same list while respecting the regulations in force in respect of equal gender representation.

For the purposes hereof, control shall be defined, including with respect to entities not incorporated as companies, as in the cases listed under Article 93 of Italian Legislative Decree 58/98.

The foregoing shall be without prejudice to other and/or further provisions regarding the appointment of, and qualifications for, members of the Board of Directors required without exception under law and/or regulations in force.

In the event of more than half of the Board of Directors leaving office before its term expires, whether as a result of resignations being tendered or for any other reason, the entire Board shall be deemed to have tendered its resignation and a general meeting called to appoint new Directors. However, the Board shall remain in office until shareholders have approved its reappointment in general meeting and until at least half the new Directors have accepted the position.

Article 16

The Board of Directors shall approve from among its own number a Chairman and one or two Deputy Chairmen and the Managing Director provided for in Article 25 hereunder, who shall remain in office for the entire duration of their terms as Directors.

No person aged seventy or over may be elected as Chairman, and no person aged sixty-five or over may be elected as Managing Director.

In the event of the Chairman being absent or otherwise impeded, his duties shall be discharged by, in order, the elder of the two Deputy Chairmen, the other Deputy Chairman if appointed, and the most senior of the Directors in attendance.

Meetings of the Board are called by the Chairman who is responsible for setting the agenda, presiding over the proceedings, and ensuring that all

same list while respecting the regulations in force in respect of equal gender representation.

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The Board of Directors shall approve from among its own number a Chairman and one or two Deputy Chairmen and the Managing Director provided for in Article 2~~5~~**4** hereunder, who shall remain in office for the entire duration of their terms as Directors.

No person aged seventy or over may be elected as Chairman, and no person aged sixty-five or over may be elected as Managing Director.

In the event of the Chairman being absent or otherwise impeded, his duties shall be discharged by, in order, the elder of the two Deputy Chairmen, the other Deputy Chairman if appointed, and the most senior of the Directors in attendance.

Meetings of the Board are called by the Chairman who is responsible for setting the agenda, presiding over the proceedings, and ensuring that all

Directors are provided with adequate information regarding the business to be transacted.

The Chairman is also responsible for ensuring that the corporate governance system runs smoothly in practice, guaranteeing due balance between the powers of the Managing Director and the other executive Directors; he is the counterparty for dialogue with the internal control bodies and internal committees; and co-ordinates with the Managing Director in supervising relations with externals and institutions.

The Board also appoints a Secretary, who may be chosen from outside its number. In the event of the Secretary being absent or otherwise impeded, the Board designates the person to replace him/her.

Article 17

Meetings of the Board of Directors are called at the head office of the Company or elsewhere by the Chairman or the Acting Chairman, on his own initiative or when requisitioned by at least three Directors. As a rule the Board of Directors meets at least five times a year.

Board meetings may also be called by the Statutory Audit Committee, provided the Chairman of the Board has been notified to such effect in advance.

Board meetings are called by notice in writing to be given by electronic mail, facsimile transmission, letter or telegram dispatched at least five clear days prior to the date scheduled for the meeting. In urgent cases this may be reduced to two days. The notice in writing shall contain an indication of the place, day and time of the meeting, along with an agenda briefly setting out the business to be transacted.

Board meetings may also be held via video- or tele-conference, provided that the persons entitled to attend may be properly identified, speak in real time on items on the agenda, and

Directors are provided with adequate information regarding the business to be transacted.

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The Board also appoints a Secretary, who may be chosen from outside its number. In the event of the Secretary being absent or otherwise impeded, the Board designates the person to replace him/her.

Article 17

Meetings of the Board of Directors are called at the head office of the Company or elsewhere by the Chairman or the Acting Chairman, on his own initiative or when requisitioned by at least three Directors. As a rule the Board of Directors meets at least ~~five~~ **six** times a year.

Board meetings may also be called by the Statutory Audit Committee, provided the Chairman of the Board has been notified to such effect in advance.

Board meetings are called by notice in writing to be given by electronic mail, facsimile transmission, letter or telegram dispatched at least five clear days prior to the date scheduled for the meeting. In urgent cases this may be reduced to two days. The notice in writing shall contain an indication of the place, day and time of the meeting, along with an agenda briefly setting out the business to be transacted.

Board meetings may also be held via video- or tele-conference, provided that the persons entitled to attend may be properly identified, speak in real time on items on the agenda, and receive or receive or transmit documents, and further provided that the Chairman, Managing Director and Secretary are in attendance at the place where the meeting is being held.

The Board may also pass valid resolutions without a formal meeting being called, provided that all the Directors and standing auditors in office take part.

Article 18

The Board of Directors, as described below, delegates management of the Company's day-to-day business to the Executive Committee and Managing Director, who execute such management in accordance with the guidelines and directives formulated by the Board of Directors.

Without prejudice to legal and regulatory provisions in force from time to time, and without prejudice to those matters which are reserved to the sole jurisdiction of shareholders in general meeting, the following matters fall within the remit of the Board of Directors:

1. approval of strategic guidelines and directions, business and financial plans, budgets, and risk management and internal control policies;
2. approval of quarterly and interim accounts and of draft individual and consolidated financial statements;
3. decisions concerning the acquisition or disposal of equity investments which alter the composition of the Banking Group for amounts of over €500m or otherwise of investments worth in excess of €750m;
4. trading involving equity investments in excess of 15% of the holdings owned at the start of each financial year in Assicurazioni Generali S.p.A., RCS MediaGroup S.p.A. and Telco S.p.A.;
5. appointment and dismissal of the Executive Committee provided for in Article 22 with the powers described under Article 23 and establishment of any additional powers to be vested in it;

transmit documents, and further provided that the Chairman~~, Managing Director~~ **or acting Chairman** and Secretary are in attendance at the place where the meeting is being held.

The Board may also pass valid resolutions without a formal meeting being called, provided that all the Directors and standing auditors in office take part.

Article 18

The Board of Directors, as described below, delegates management of the Company's day-to-day business to the Executive Committee**, if appointed** and Managing Director, who execute such management in accordance with the guidelines and directives formulated by the Board of Directors.

Without prejudice to legal and regulatory provisions in force from time to time, and without prejudice to those matters which are reserved to the sole jurisdiction of shareholders in general meeting, the following matters fall within the remit of the Board of Directors:

~~1. approval of strategic guidelines and directions, business and financial plans, budgets, and risk management and internal control policies;~~
~~2. approval of quarterly and interim accounts and of draft individual and consolidated financial statements;~~
~~3. decisions concerning the acquisition or disposal of equity investments which alter the composition of the Banking Group for amounts of over €500m or otherwise of investments worth in excess of €750m;~~
~~4. trading involving equity investments in excess of 15% of the holdings owned at the start of each financial year in Assicurazioni Generali S.p.A., RCS MediaGroup S.p.A. and Telco S.p.A.;~~
~~5. appointment and dismissal of the Executive Committee provided for in Article 22 with the powers described under Article 23 and establishment of any additional powers to be vested in it;~~

6. appointment and dismissal of the Managing Director with the powers described under Article 25 and establishment of any additional powers to be vested in him as well as his remuneration;
7. appointment and dismissal of the General Manager and establishment of his powers and remuneration;
8. appointment of the Head of company financial reporting and of persons responsible for internal audit and compliance duties;
9. proposals to be submitted to shareholders in ordinary and extraordinary general meetings;
10. approval or amendment of any internal regulations;
11. ascertaining that Directors and members of the Statutory Audit Committee, upon their appointment or without prejudice to the foregoing at least on an annual basis, are in possession of the requisite professional credentials, are fit and proper persons to hold such office, and qualify as independent as required by regulations in force and by these Articles of Association.

~~6. appointment and dismissal of the Managing Director with the powers described under Article 25 and establishment of any additional powers to be vested in him as well as his remuneration;~~
~~7. appointment and dismissal of the General Manager and establishment of his powers and remuneration;~~
~~8. appointment of the Head of company financial reporting and of persons responsible for internal audit and compliance duties;~~
~~9. proposals to be submitted to shareholders in ordinary and extraordinary general meetings;~~
~~10. approval or amendment of any internal regulations;~~
~~11. ascertaining that Directors and members of the Statutory Audit Committee, upon their appointment or without prejudice to the foregoing at least on an annual basis, are in possession of the requisite professional credentials, are fit and proper persons to hold such office, and qualify as independent as required by regulations in force and by these Articles of Association.~~

1. **definition and approval of the strategic guidelines and directions, business and financial plans, budgets, and risk management and internal control policies;**
2. **appointment and dismissal of the Executive Committee, Managing Director, General Manager, Head of Company Financial Reporting, and the heads of the Group Audit, Compliance and Risk Management units;**
3. **approval of quarterly and interim accounts and of draft individual and consolidated financial statements;**
4. **the Bank's organization, ensuring clear distinction of duties and functions and avoiding conflicts of interest;**
5. **approval of acquisition and disposals of investments which are equal to at least 10% of the investee company's share capital and at the same time involve an amount in excess of 5% of the Group's own consolidated regulatory capital.**

Without prejudice to every Director's entitlement to submit proposals, the Board of Directors normally adopts resolutions based on the proposal of the Executive Committee or the Managing Director.

The Board of Directors may take resolutions on transactions falling within the remit of the Executive Committee and Managing Director with a majority of the Directors in office voting in favour.

Without prejudice to ~~every~~**each** Director's entitlement to submit proposals, the Board of Directors normally adopts resolutions based on the proposal of the Executive Committee**, if appointed,** or the Managing Director.

The Board of Directors delegates a committee consisting of the three Banking Group senior management members and two Directors who qualify as independent pursuant to Article 19 hereof, in respect of decisions to be taken in general meetings of the investee companies referred to in para. 5 above, if the companies are listed, with reference to the appointments to be made to their governing bodies. The committee adopts resolutions with a majority of its members voting in favour.

The Board of Directors may take resolutions on ~~transactions~~ **matters** falling within the remit of **powers delegated by it.** ~~the Executive Committee and Managing Director with a majority of the Directors in office voting in favour.~~

Article 19

The Board of Directors assesses the independence of its own non-executive members, bearing in mind that a Director does not qualify as independent in the following cases:

a) if they hold, directly or indirectly, including through subsidiaries, fiduciaries or other intermediaries, a shareholding of over 2% in the company or is a significant representative of the group to which the company belongs;

b) if they are, or have been in the three preceding financial years, a significant representative of the company or of one of its strategically relevant subsidiaries;

c) if they have or have had in the past three financial years, directly or indirectly, a significant commercial, financial or professional relationship with the group;

	d) if they receive or have received in the past three financial years, significant additional remuneration from the group compared to their fixed emolument as non-executive director; **e) if they have been a Director for more than nine of the last twelve years;** **f) if they are partner or director of a company or entity forming part of the network of the company retained by the issuer as its external auditor;** **g) if they are a close relative of a person in one or other of the situations listed under the points above.**
Article 19	Article ~~19~~**20**
The Board of Directors shall establishthree committees from among its own number	The Board of Directors shall establish ~~three committees from~~ among its own number **the Committees envisaged by the regulations in force and the other internal committees, including, if no Executive Committee has been appointed, the managerial committees it is deemed appropriate to institute, establishing their powers and composition in accordance with the regulations in force.**
i) an Appointments committee, made up of five members and including de jure the Chairman of the Board of Directors, the Managing Director, the General Manager, if appointed, and at least two Directors qualifying as independent under the Code of conduct for listed companies. The committee reviews and tables proposals for the submission of a list of candidates for appointments to the Board of Directors, to co-opt Board members after Directors have left office, for appointments to the Executive Committee and to the post of Managing Director, and at the proposal of the latter, for appointments to the post of General Manager; for these duties, if the General Manager forms part of the committee, two directors qualifying as independent under the Code of conduct are added to the committee.	~~i) an Appointments committee, made up of five members and including de jure the Chairman of the Board of Directors, the Managing Director, the General Manager, if appointed, and at least two Directors qualifying as independent under the Code of conduct for listed companies. The committee reviews and tables proposals for the submission of a list of candidates for appointments to the Board of Directors, to co-opt Board members after Directors have left office, for appointments to the Executive Committee and to the post of Managing Director, and at the proposal of the latter, for appointments to the post of General Manager; for these duties, if the General Manager forms part of the committee, two directors qualifying as independent under the Code of conduct are added to the committee.~~
The Board of Directors also delegates the Appointments committee to pass resolutions on proposals made by the Managing	~~The Board of Directors also delegates the Appointments committee to pass resolutions on proposals made by the Managing~~

Director, having first sought the opinion of the Chairman, regarding decisions to be taken in general meetings of the investee companies referred to in paragraph 2, point 4 of the foregoing Article 18 in respect of appointments to governing bodies. The committee adopts resolutions with a majority of its members voting in favour. In the event of an equal number of votes being cast, the decision reverts to the Board of Directors;

ii) a Remunerations committee, made up of from five to seven non-executive members, at least a majority of whom shall be independent as defined by the Code of conduct, with powers of consultation and enquiry to determine the remuneration of Directors vested with particular duties and the General Manager if appointed. The committee also gives its opinion on the guidelines for remuneration and staff retention policies operated by the Group presented by the Managing Director;

iii) an Internal control and risks committee, with from three to five independent members as defined by the Code of conduct, which has duties of consultation and enquiry in particular with respect to the Bank's system of internal control and risk management, and the structure of its IT and financial reporting organization.

Article 20

For Board resolutions to be valid, a majority of the Directors in office must be present. The Board of Directors adopts resolutions with a majority of those in attendance voting in favour. For the matters listed under the foregoing Article 18, paragraph 2, points 5, 6 and 7, the Board shall adopt resolutions based on the quorum stipulated in Article 18, paragraph 4.

In the event of an equal number of votes being cast, the Chairman of the Board of Directors shall have the deciding vote.

In the event of Directors abstaining from votes owing to an interest which such Directors may have in the transaction concerned, either themselves or

~~Director, having first sought the opinion of the Chairman, regarding decisions to be taken in general meetings of the investee companies referred to in paragraph 2, point 4 of the foregoing Article 18 in respect of appointments to governing bodies. The committee adopts resolutions with a majority of its members voting in favour. In the event of an equal number of votes being cast, the decision reverts to the Board of Directors;~~

~~ii) a Remunerations committee, made up of from five to seven non-executive members, at least a majority of whom shall be independent as defined by the Code of conduct, with powers of consultation and enquiry to determine the remuneration of Directors vested with particular duties and the General Manager if appointed. The committee also gives its opinion on the guidelines for remuneration and staff retention policies operated by the Group presented by the Managing Director;~~

~~iii) an Internal control and risks committee, with from three to five independent members as defined by the Code of conduct, which has duties of consultation and enquiry in particular with respect to the Bank's system of internal control and risk management, and the structure of its IT and financial reporting organization.~~

Article 2~~0~~**1**

For Board resolutions to be valid, a majority of the Directors in office must be present. The Board of Directors adopts resolutions with a majority of those in attendance voting in favour. ~~For the matters listed under the foregoing Article 18, paragraph 2, points 5, 6 and 7, the Board shall adopt resolutions based on the quorum stipulated in Article 18, paragraph 4.~~

In the event of an equal number of votes being cast, the Chairman of the Board of Directors shall have the deciding vote.

In the event of Directors abstaining from votes owing to an interest which such Directors may have in the transaction concerned, either themselves or through third parties, the Directors so abstaining are included for purposes of establishing the quorum required for the meeting to be validly constituted, but are not included for determining the majority required to pass the resolution.

As required under Articles 2381 of the Italian Civil Code, the appointed bodies report to the Board of Directors every three months on general operating performance and prospects, as well as on the most significant transactions in terms of size or characteristics carried out by the Company or its subsidiaries.

Article 21

Resolutions shall be recorded in the minutes of the meeting and entered in the book required to be kept by law, shall be signed by the Chairman or whoever presides over the meeting in his stead, by another Director and by the Secretary.

Excerpts from the minutes signed by the Chairman or by two Directors and countersigned by the Secretary constitute full proof.

Sub-section II - Executive Committee

Article 22

The Board of Directors appoints an Executive Committee to comprise a total of up to nine members, establishing their powers in accordance with the provisions of Article 23, paragraph 1 hereunder.

through third parties, the Directors so abstaining are included for purposes of establishing the quorum required for the meeting to be validly constituted, but are not included for determining the majority required to pass the resolution.

As required under Articles 2381 of the Italian Civil Code, the appointed bodies report to the Board of Directors every three months on general operating performance and prospects, as well as on the most significant transactions in terms of size or characteristics carried out by the Company or its subsidiaries.

Article 2~~1~~**2**

Resolutions shall be recorded in the minutes of the meeting and entered in the book required to be kept by law, shall be signed by the Chairman or whoever presides over the meeting in his stead, by another Director and by the Secretary.

Excerpts from the minutes signed by the Chairman or by two Directors and countersigned by the Secretary constitute full proof.

Sub-section II - Executive Committee

Article 2~~2~~**3**

The Board of Directors ~~appoints~~**may appoint** an Executive Committee ~~to comprise~~**ranging in number from** a ~~total~~**minimum** of ~~up to nine members~~**three to a maximum of five Directors**, establishing ~~their powers~~ **the Committee's composition and rules of functioning** in accordance with the ~~provisions of Article 23, paragraph 1 hereunder.~~ **regulations in force. If appointed, the Executive Committee is responsible for the ordinary management of the Company, with all powers – including to extend credit – not reserved by the applicable regulations or these Articles of Association to the collegiate jurisdiction of the Board of Directors, or which the latter has not otherwise delegated to the Managing Director.**

	The Executive Committee may delegate its powers to approve resolutions to committees made up of the Company's management or individual managers up to certain pre-established limits.
The Chairman of the Board of Directors and the five directors who are members of the Group's management with the requisites stipulated under the foregoing Article 15 and elected from the list which receives the highest number of votes are members of the Executive Committee *de jure*.	~~The Chairman of the Board of Directors and the five directors~~ **Save in cases of incompatibility and up to the limits set by the regulations in force, the Directors** who are members of the Group's management with the requisites stipulated under the foregoing Article 15 and elected from the list which receives the highest number of votes are members of the Executive Committee *de jure*.
Without prejudice to the provisions of the law, Executive Committee members in possession of the requisites stipulated under the foregoing Article 15 are bound to devote themselves solely to performance of activities involved in such office, and unless otherwise provided by the Board of Directors, may not perform duties of administration, management or control or of any other kind at companies or entities which are not investee companies of Mediobanca. Without prejudice to the provisions of the law, the other members of the Executive Committee, save otherwise provided by the Board of Directors, may not perform duties of administration, management, control or of any other kinds for banking groups or insurance companies.	Without prejudice to the provisions of the law, Executive Committee members in possession of the requisites stipulated under the foregoing Article 15 are bound to devote themselves solely to performance of activities involved in such office, and unless otherwise provided by the Board of Directors, may not perform duties of administration, management or control or of any other kind at companies or entities which are not investee companies of Mediobanca. Without prejudice to the provisions of the law, the other members of the Executive Committee, save otherwise provided by the Board of Directors, may not perform duties of administration, management, control or of any other kinds for banking groups or insurance companies.
Directors who are also part of the Banking Group's management, and who in such capacity are called to form part of the Executive Committee, shall cease to be Directors upon their ceasing to be employed by the company belonging to the Banking Group.	~~Directors who are also part of the Banking Group's management, and who in such capacity are called to form part of the Executive Committee, shall cease to be Directors upon their ceasing to be employed by the company belonging to the Banking Group.~~
Members of the Executive Committee shall also be disqualified from the office of Director upon the occasion of any breach on their part of the obligations provided for in the foregoing paragraph 3. Disqualification is pronounced by the Board of Directors.	~~Members of the Executive Committee shall also be disqualified from the office of Director upon the occasion of any breach on their part of the obligations provided for in the foregoing paragraph 3. Disqualification is pronounced by the Board of Directors.~~
In all cases in which it is necessary to make appointments to the Executive Committee to replace members leaving office, the Board of	~~In all cases in which it is necessary to make appointments to the Executive Committee to replace members leaving office, the Board of~~

Directors shall be responsible, in compliance with the provisions in respect of the Executive Committee's composition.

The Executive Committee is chaired by the Chairman of the Board of Directors.

The Committee shall remain in office for the entire duration of the Board of Directors which appointed it.

The Statutory Audit Committee takes part in Executive Committee meetings.

The Committee appoints a Secretary, who does not necessarily have to be one of its own number.

Article 23

Without prejudice to the provisions of the foregoing Article 18 hereof, the Board of Directors grants responsibility to the Executive Committee for the ordinary management of the Company, with all powers not reserved, by law or in conformity with the provisions of these Articles, to the collegiate jurisdiction of the Board of Directors or which the latter has delegated to the Managing Director. Without prejudice to the foregoing, the Executive Committee:

1. is responsible for the Bank's operating performance, as a rule through the proposals of the Managing Director and in co-operation with him;
2. adopts resolutions to grant loans in accordance with the guidelines and general directions adopted by the Board of Directors and on the other matters specified under the foregoing Article 18, paragraph 2, points 3 and 4, in amounts and/or for percentages not to exceed those which fall within the sole jurisdiction of the Board of Directors;
3. draws up internal regulations, to be submitted to the approval of the Board of Directors;

~~Directors shall be responsible, in compliance with the provisions in respect of the Executive Committee's composition.~~

The Executive Committee is chaired by the ~~Chairman of the Board of Directors~~**Managing Director**.

The Committee shall remain in office for the entire duration of the Board of Directors which appointed it.

The Chairman of the Board of Directors ~~The Statutory Audit Committee~~ takes part in Executive Committee meetings **as a guest, and the Statutory Audit Committee also takes part**.

The Committee appoints a Secretary, who does not necessarily have to be one of its own number.

~~Article 23~~

~~Without prejudice to the provisions of the foregoing Article 18 hereof, the Board of Directors grants responsibility to the Executive Committee for the ordinary management of the Company, with all powers not reserved, by law or in conformity with the provisions of these Articles, to the collegiate jurisdiction of the Board of Directors or which the latter has delegated to the Managing Director. Without prejudice to the foregoing, the Executive Committee:~~

1. ~~is responsible for the Bank's operating performance, as a rule through the proposals of the Managing Director and in co-operation with him;~~
2. ~~adopts resolutions to grant loans in accordance with the guidelines and general directions adopted by the Board of Directors and on the other matters specified under the foregoing Article 18, paragraph 2, points 3 and 4, in amounts and/or for percentages not to exceed those which fall within the sole jurisdiction of the Board of Directors;~~
3. ~~draws up internal regulations, to be submitted to the approval of the Board of Directors;~~

4. establishes the principles for co-ordination and management of the Group companies in execution of the strategic guidelines approved by the Board of Directors.	~~4. establishes the principles for co-ordination and management of the Group companies in execution of the strategic guidelines approved by the Board of Directors.~~
In urgent cases the Executive Committee may agree on resolutions in conjunction with the Chairman of the Board of Directors regarding any matter or transaction, reporting back to the Board at the first meeting to be held afterwards.	~~In urgent cases the Executive Committee may agree on resolutions in conjunction with the Chairman of the Board of Directors regarding any matter or transaction, reporting back to the Board at the first meeting to be held afterwards.~~
Resolutions are approved by the Executive Committee with the majority of its members in attendance and voting in favour.	~~Resolutions are approved by the Executive Committee with the majority of its members in attendance and voting in favour.~~
In the event of members abstaining from votes owing to an interest which such members may have in the transaction concerned, either themselves or through third parties, Directors so abstaining are included for purposes of establishing the quorum required for the Committee meeting to be validly constituted, but are not included for determining the majority required to pass the resolution.	~~In the event of members abstaining from votes owing to an interest which such members may have in the transaction concerned, either themselves or through third parties, Directors so abstaining are included for purposes of establishing the quorum required for the Committee meeting to be validly constituted, but are not included for determining the majority required to pass the resolution.~~
The Executive Committee may delegate its powers to approve resolutions to committees made up of the Company's management or individual managers up to certain pre-established limits.	~~The Executive Committee may delegate its powers to approve resolutions to committees made up of the Company's management or individual managers up to certain pre-established limits.~~
Article 24	~~Article 24~~
Executive Committee meetings are called on the initiative of its Chairman based on the requirements of the business, as a rule meeting once a month. Meetings of the Executive Committee may also be called by the Statutory Audit Committee or at least two of its members, provided the Chairman has been notified in advance.	~~Executive Committee meetings are called on the initiative of its Chairman based on the requirements of the business, as a rule meeting once a month. Meetings of the Executive Committee may also be called by the Statutory Audit Committee or at least two of its members, provided the Chairman has been notified in advance.~~
Executive Committee meetings are called by notice provided in writing to be given by electronic mail, facsimile transmission, letter or telegram despatched at least three clear days prior to the date scheduled for the meeting. In urgent cases this may be reduced to one day. The notice in writing shall contain an indication of the place, day and time of the	~~Executive Committee meetings are called by notice provided in writing to be given by electronic mail, facsimile transmission, letter or telegram despatched at least three clear days prior to the date scheduled for the meeting. In urgent cases this may be reduced to one day. The notice in writing shall contain an indication of the place, day and time of the~~

meeting, along with an agenda briefly setting out the business to be transacted.

Committee meetings may also be held via video- or tele-conference, provided that the persons entitled to attend may be properly identified, speak in real time on items on the agenda, and receive or transmit documents, and further provided that the Chairman of the Board of Directors, Managing Director and Secretary are in attendance at the place where the meeting is being held.

The Committee may also pass valid resolutions without a formal meeting being called, provided that all its members and all standing auditors in office take part.

Committee meetings are presided over by the Chairman of the Board of Directors, co-ordinates the proceedings, and ensuring that all participants are provided with adequate information regarding the items on the agenda if necessary. In the event of his being absent or otherwise impeded, these duties are carried out by the eldest member.

The Secretary to the Executive Committee draws up the minutes of the meeting and enters them in the Committee's records, having been signed by the Committee Chairman, the Managing Director and Secretary.

Excerpts from the minutes signed by the Chairman or by the Managing Director and countersigned by the Secretary constitute full proof.

Sub-section III - Managing Director

Article 25

The Board of Directors appoints a Managing Director to be chosen from among the Directors in possession of the requisites specified under the foregoing Article 15, paragraph 4 hereof.

~~meeting, along with an agenda briefly setting out the business to be transacted.~~

~~Committee meetings may also be held via video- or tele-conference, provided that the persons entitled to attend may be properly identified, speak in real time on items on the agenda, and receive or transmit documents, and further provided that the Chairman of the Board of Directors, Managing Director and Secretary are in attendance at the place where the meeting is being held.~~

~~The Committee may also pass valid resolutions without a formal meeting being called, provided that all its members and all standing auditors in office take part.~~

~~Committee meetings are presided over by the Chairman of the Board of Directors, co-ordinates the proceedings, and ensuring that all participants are provided with adequate information regarding the items on the agenda if necessary. In the event of his being absent or otherwise impeded, these duties are carried out by the eldest member.~~

~~The Secretary to the Executive Committee draws up the minutes of the meeting and enters them in the Committee's records, having been signed by the Committee Chairman, the Managing Director and Secretary.~~

~~Excerpts from the minutes signed by the Chairman or by the Managing Director and countersigned by the Secretary constitute full proof.~~

Sub-section III - Managing Director

Article 2~~5~~**4**

The Board of Directors appoints a Managing Director to be chosen from among the Directors in possession of the requisites specified under the foregoing Article 15, paragraph 4 hereof~~.~~**, determining his/her duties and powers. In particular the Managing Director has**

Without prejudice to the provisions of Article 18, the Board of Directors establishes the powers of the Managing Director. The Managing Director in particular:

1. has executive powers, and is responsible for implementing resolutions adopted by the Board of Directors and the Executive Committee and – in accordance with the powers attributed to him – the plans and strategic directions established by the Board of Directors and Executive Committee;
2. is empowered to make proposals to the Board of Directors and Executive Committee, with reference in particular to management direction, proposed strategic plans and budgets, draft financial statements and interim accounts;
3. is responsible for staff management, and having sought the opinions of the General Manager, if appointed, appoints managerial staff;
4. ensures that the organizational, administrative and accounting systems of the Bank are adequate for its operations and the size of the Company;
5. reports, with the General Manager, if appointed, to the Board of Directors and Executive Committee each quarter on the Bank's operating performance and prospects, and on the most significant transactions carried out by the Company and its subsidiaries.

Sub-section IV – General manager

Article 26

The Board of Directors may appoint at the Managing Director's proposal and without prejudice to the provisions of Article 19, paragraph 1, letter i) hereof, a General Manager

executive powers, and is responsible for implementing the resolutions adopted by the Board of Directors and the Executive Committee (if appointed).

~~Without prejudice to the provisions of Article 18, the Board of Directors establishes the powers of the Managing Director. The Managing Director in particular:~~

~~1. has executive powers, and is responsible for implementing resolutions adopted by the Board of Directors and the Executive Committee and – in accordance with the powers attributed to him – the plans and strategic directions established by the Board of Directors and Executive Committee;~~
~~2. is empowered to make proposals to the Board of Directors and Executive Committee, with reference in particular to management direction, proposed strategic plans and budgets, draft financial statements and interim accounts;~~
~~3. is responsible for staff management, and having sought the opinions of the General Manager, if appointed, appoints managerial staff;~~
~~4. ensures that the organizational, administrative and accounting systems of the Bank are adequate for its operations and the size of the Company;~~
~~5. reports, with the General Manager, if appointed, to the Board of Directors and Executive Committee each quarter on the Bank's operating performance and prospects, and on the most significant transactions carried out by the Company and its subsidiaries.~~

Sub-section IV – General manager

Article 2~~6~~**5**

The Board of Directors may appoint **a General Manager** at the Managing Director's proposal **along with a description of duties** and ~~without prejudice to the provisions of Article 19,~~

and establish his powers. If appointed, the General Manager will be chosen from among the Directors in possession of the requisites specified under Article 15, paragraph 4 of these Articles, and may not be more than sixty-five years old.

The Board of Directors shall authorize the General Manager to sign jointly or severally on behalf of the Company as laid down in Article 28, and thereby vest him with powers to carry out the day-to-day business of the Company and to implement resolutions passed by the Board of Directors and Executive Committee in accordance with the directions issued by, and based on the individual remit of, the Board of Directors, Executive Committee and Managing Director.

~~paragraph 1, letter i) hereof, a General Manager and establish his~~ powers. If appointed, the General Manager will be chosen from among the Directors in possession of the requisites specified under Article 15, paragraph 4 of these Articles, and may not be more than sixty-five years old.

~~The Board of Directors shall authorize the General Manager to sign jointly or severally on behalf of the Company as laid down in Article 28, and thereby vest him with powers to carry out the day-to-day business of the Company and to implement resolutions passed by the Board of Directors and Executive Committee in accordance with the directions issued by, and based on the individual remit of, the Board of Directors, Executive Committee and Managing Director.~~

Sub-section V – Head of company financial reporting

Article 27

On the proposal of the Executive Committee and having sought the opinion of the Statutory Audit Committee, the Board of Directors appoints one person to act as head of financial reporting, who shall be chosen from among the Bank's management and who has held management positions for a period of at least three years in the field of accounting administration at the Bank itself or at other leading banks. The person identified to act as head of financial reporting shall put in place adequate administrative and accounting procedures for the preparation of the individual and consolidated accounts, and all other reporting which is financial in nature. The appointed bodies and the head of financial reporting issue the statements on the Company's capital, earnings and finances required under law.

The Board of Directors exerts supervision to ensure the head of financial reporting is vested with suitable powers and means to carry out the duties entrusted to him and to ensure that

Sub-section V – Head of company financial reporting

Article 2~~7~~**6**

On the proposal of the ~~Executive Committee~~ **Managing Director** and having sought the opinion of the Statutory Audit Committee, the Board of Directors appoints one person to act as head of financial reporting, who shall be chosen from among the Bank's management and who has held management positions for a period of at least three years in the field of accounting administration at the Bank itself or at other leading banks. The person identified to act as head of financial reporting shall put in place adequate administrative and accounting procedures for the preparation of the individual and consolidated accounts, and all other reporting which is financial in nature. The appointed bodies and the head of financial reporting issue the statements on the Company's capital, earnings and finances required under law.

The Board of Directors exerts supervision to ensure the head of financial reporting is vested with suitable powers and means to carry out the duties entrusted to him and to ensure that the administrative and accounting procedures are complied with in practice.

Sub-section VI - Powers to represent the Bank

Article 28

The corporate signature shall be vested in the Chairman of the Board of Directors, the Managing Director, the General Manager if appointed, and in such other employees of the Bank to whom such right has been specifically granted.

The corporate signature shall be binding when it is jointly executed by two of the authorized persons appending their signatures under the Company's name, always provided that one of the two signatures is that of the Chairman, the Managing Director, or the General Manager or one of the employees of the Bank in whom such right has been specifically vested.

The Board of Directors may, however, empower the corporate signature to be appended to certain categories of the Company's instruments of day-to-day administration jointly by any two of the authorized persons. The Board of Directors may moreover delegate to its members or to one of the employees of the Bank expressly so authorized the power to sign severally certain specific instruments or contracts of the Company.

The Board of Directors may furthermore delegate to employees of the Bank specifically so authorized the power to sign severally certain categories of the Company's instruments of day-to-day administration.

The Board of Directors may also grant the right to sign in the name of the Company to other Banks, always provided that such right shall be exercised only in relation to services performed on the Company's behalf. In such

the administrative and accounting procedures are complied with in practice.

Sub-section VI - Powers to represent the Bank

Article 2~~8~~7

The corporate signature shall be vested in the Chairman of the Board of Directors, the Managing Director, the General Manager if appointed, and in such other employees of the Bank to whom such right has been specifically granted.

The corporate signature shall be binding when it is jointly executed by two of the authorized persons appending their signatures under the Company's name, always provided that one of the two signatures is that of the Chairman, the Managing Director, or the General Manager or one of the employees of the Bank in whom such right has been specifically vested.

The Board of Directors may, however, empower the corporate signature to be appended to certain categories of the Company's instruments of day-to-day administration jointly by any two of the authorized persons. The Board of Directors may moreover delegate to its members or to one of the employees of the Bank expressly so authorized the power to sign severally certain specific instruments or contracts of the Company.

The Board of Directors may furthermore delegate to employees of the Bank specifically so authorized the power to sign severally certain categories of the Company's instruments of day-to-day administration.

The Board of Directors may also grant the right to sign in the name of the Company to other Banks, always provided that such right shall be exercised only in relation to services performed on the Company's behalf. In such cases the Banks so authorized shall insert the words "per procura della Mediobanca - Banca di Credito Finanziario" above their own Company signature executed in accordance with the provisions of their Articles of Association.

The power to represent the Bank as a Member, whether on its own behalf or on behalf of third parties, at the time companies are established and at General Meetings of other companies may also be exercised severally by the Chairman, the Managing Director, the General Manager or by employees of the Bank specifically designated by the Board of Directors.

The power to represent the Company in judicial and administrative procedures shall be vested severally in the Chairman, the Managing Director and General Manager if appointed, and in employees of the Bank specifically designated by the Board of Directors for such purpose.

SECTION V

Statutory Audit Committee

Article 29

Shareholders in ordinary general meeting appoint three standing and three alternate auditors and establish the emoluments payable to each auditor for each financial year. Their term of office is governed by regulations in force.

Members of the Statutory Audit Committee shall be in possession of the requisite qualifications for holding such office expressly stipulated under regulations in force at the time, failing which they shall become ineligible or, in the event of such circumstances materializing subsequently, shall be disqualified from office.

cases the Banks so authorized shall insert the words "per procura della Mediobanca - Banca di Credito Finanziario" above their own Company signature executed in accordance with the provisions of their Articles of Association.

The power to represent the Bank as a Member, whether on its own behalf or on behalf of third parties, at the time companies are established and at General Meetings of other companies may also be exercised severally by the Chairman, the Managing Director, the General Manager or by employees of the Bank specifically designated by the Board of Directors.

The power to represent the Company in judicial and administrative procedures shall be vested severally in the Chairman, the Managing Director and General Manager if appointed, and in employees of the Bank specifically designated by the Board of Directors for such purpose.

SECTION V

Statutory Audit Committee

Article 2~~9~~**8**

Shareholders in ordinary general meeting appoint three standing and three alternate auditors and establish the emoluments payable to each auditor for each financial year. **Statutory Auditors are entitled to receive refunds for the expenses incurred by them in the exercise of their duties.** Their term of office is governed by regulations in force.

Members of the Statutory Audit Committee shall be in possession of the requisite qualifications for holding such office expressly stipulated under regulations in force at the time, failing which they shall become ineligible or, in the event of such circumstances materializing subsequently, shall be disqualified from office.

In particular, with reference to professional qualifications, these are understood as being strictly pertinent to those in respect of the company, those listed under Article 1 of the Italian Consolidated Banking Act, and the provision of investment services or collective portfolio management, both of which as defined in Italian Legislative Decree 58/98.

Members of the Statutory Audit Committee may not hold posts in governing bodies other than those with responsibility for control of other Group companies or in companies in which Mediobanca holds, including indirectly, an investment which is deemed to be strategic under supervisory requirements laid down by the Bank of Italy.

In addition, without prejudice to the provisions of the law, candidates who hold the post of director, manager or officer in companies or entities, or who otherwise work with the management of companies operating directly or indirectly (including through subsidiaries) in the same sectors as Mediobanca may not be elected, or if already elected are disqualified from office.

Outgoing Statutory Audit Committee members may be re-elected.

Appointments to the Statutory Audit Committee are made on the basis of lists in which each candidate is numbered consecutively. Each list consists of two sections: one for candidates to the post of Standing Auditor, the other for candidates to the post of Alternate Auditor. Lists containing a number of candidates equal to or above three must ensure that the balance between male and female candidates complies with at least the minimum requirement stipulated by the regulations in force at the time. Ownership of the minimum percentage of the Company's share capital required to submit a list, in accordance with the indications provided in Article 15 above in respect of appointments to the Board of Directors, is established on the basis of shares recorded as being in the

In particular, with reference to professional qualifications, these are understood as being strictly pertinent to those in respect of the company, those listed under Article 1 of the Italian Consolidated Banking Act, and the provision of investment services or collective portfolio management, both of which as defined in Italian Legislative Decree 58/98.

Members of the Statutory Audit Committee may not hold posts in governing bodies other than those with responsibility for control of other Group companies or in companies in which Mediobanca holds, including indirectly, an investment which is deemed to be strategic under supervisory requirements laid down by the Bank of Italy.

In addition, without prejudice to the provisions of the law, candidates who hold the post of director, manager or officer in companies or entities, or who otherwise work with the management of companies operating directly or indirectly (including through subsidiaries) in the same sectors as Mediobanca may not be elected, or if already elected are disqualified from office.

Outgoing Statutory Audit Committee members may be re-elected.

Appointments to the Statutory Audit Committee are made on the basis of lists in which each candidate is numbered consecutively. Each list consists of two sections: one for candidates to the post of Standing Auditor, the other for candidates to the post of Alternate Auditor. Lists containing a number of candidates equal to or above three must ensure that the balance between male and female candidates complies with at least the minimum requirement stipulated by the regulations in force at the time. Ownership of the minimum percentage of the Company's share capital required to submit a list, in accordance with the indications provided in Article 15 above in respect of appointments to the Board of Directors, is established on the basis of shares recorded as being in the

shareholders' possession at the date on which the lists are filed with the issuer.

One individual shareholder may not submit or vote for any more than one list, including via proxies or trustee companies. Shareholders belonging to the same group – that is, the parent company, subsidiaries and companies subject to joint control – or shareholders who are parties to a shareholders' agreement in respect of the issuer's share capital as defined under Article 122 of Italian Legislative Decree 58/98, may not submit or vote for more than one list, including via proxies or trustee companies. Individual candidates may only feature in one list, failing which they become ineligible.

Lists are deposited at the Company's head office at least twenty-five days prior to the date scheduled for the general meeting to be held in only instance called to adopt resolutions in respect of the appointment of statutory auditors, and shall include:

a) information on the identity of the shareholders submitting the lists, with an indication of the aggregate percentage shareholding; certification providing proof of ownership may also be produced subsequently, provided that it is forthcoming within the term provided for the issuer to make the lists public;

b) a statement from shareholders submitting the list other than those who own, including jointly, a controlling interest or relative majority, declaring the non-existence or existence as the case may be, of relations with the latter, as required by the provisions of Article 144-*quinquies*, paragraph 1, of Consob regulation no. 11971/99;

c) full information on the personal and professional characteristics of the candidates, a list of the management and/or supervisory posts held by them in other companies, plus a statement by the candidates themselves to the effect that

shareholders' possession at the date on which the lists are filed with the issuer.

One individual shareholder may not submit or vote for any more than one list, including via proxies or trustee companies. Shareholders belonging to the same group – that is, the parent company, subsidiaries and companies subject to joint control – or shareholders who are parties to a shareholders' agreement in respect of the issuer's share capital as defined under Article 122 of Italian Legislative Decree 58/98, may not submit or vote for more than one list, including via proxies or trustee companies. Individual candidates may only feature in one list, failing which they become ineligible.

Lists are deposited at the Company's head office at least twenty-five days prior to the date scheduled for the general meeting to be held in only instance called to adopt resolutions in respect of the appointment of statutory auditors, and shall include:

a) information on the identity of the shareholders submitting the lists, with an indication of the aggregate percentage shareholding; ~~certification providing proof~~**ownership of the shares must be stated in accordance with the terms of the regulations in force; statement** of ownership may also be produced subsequently, provided that it is forthcoming within the term provided for the issuer to make the lists public;

b) a statement from shareholders submitting the list other than those who own, including jointly, a controlling interest or relative majority, declaring the non-existence or existence as the case may be, of relations with the latter, as required by the provisions of Article 144-*quinquies*, paragraph 1, of Consob regulation no. 11971/99;

c) full information on the personal and professional characteristics of the candidates, a list of the management and/or supervisory posts held by them in other companies, plus a statement by the candidates themselves to the effect that they are in possession of the qualifications required under law and these Articles and agree to stand as candidates.

Lists submitted which do not conform to the above specifications shall be treated as null and void.

In the event that by the date on which the term for submission of lists has passed, only one list has been submitted, or only lists submitted by shareholders who are related as defined in Article 144-*quinquies*, paragraph 1 of Consob regulation no. 11971/99 based on the statements referred to under the foregoing paragraph 9, letter b) hereof, lists may be presented up to the third calendar day subsequent to such date. In this case the minimum percentage shareholding for submitting lists referred to under the foregoing paragraph 7 is reduced by half.

The proposals for appointments are disclosed to the public on the terms and according to the methods prescribed by law.

Before voting commences, the Chairman presiding over the general meeting reminds shareholders of any statements made pursuant to the foregoing paragraph 9, letter b) hereof, and invites shareholders taking part in the meeting who have not submitted or contributed to submitting lists, to declare any relations, as defined in Article 144-*quinquies*, paragraph 1 of Consob regulation no. 11971/99, with those shareholders who have submitted lists or with those who hold, including jointly, a controlling interest or relative majority.

In the event of an individual related to one or more shareholders who have submitted or voted for the list ranking first in terms of number of votes voting for a minority list, such relationship shall assume significance only if the vote was decisive in the appointment of the auditor.

The following procedure is adopted for the appointment of statutory auditors:

a) two statutory auditors and two alternate

they are in possession of the qualifications required under law and these Articles and agree to stand as candidates.

Lists submitted which do not conform to the above specifications shall be treated as null and void.

In the event that by the date on which the term for submission of lists has passed, only one list has been submitted, or only lists submitted by shareholders who are related as defined in Article 144-*quinquies*, paragraph 1 of Consob regulation no. 11971/99 based on the statements referred to under the foregoing paragraph 9, letter b) hereof, lists may be presented up to the third calendar day subsequent to such date. In this case the minimum percentage shareholding for submitting lists referred to under the foregoing paragraph 7 is reduced by half.

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In the event of an individual related to one or more shareholders who have submitted or voted for the list ranking first in terms of number of votes voting for a minority list, such relationship shall assume significance only if the vote was decisive in the appointment of the auditor.

The following procedure is adopted for the appointment of statutory auditors:

a) two statutory auditors and two alternate

auditors are chosen based on the consecutive order in which they are numbered from the list obtaining the highest number of votes;

b) one standing auditor and one alternate auditor are chosen based on the consecutive order in which they are numbered in the respective list sections, from the list ranking second in terms of number of votes in general meeting and which under regulations in force is not linked even indirectly with the shareholders who submitted or voted for the list which ranked first.

In the event of the same number of votes being cast for more than one list, a new vote is held in the form of a ballot between the lists, with the candidates from the list which obtains a simple majority in this case being elected.

The candidate ranking first in the section for election of standing auditors in the list ranking second in terms of the number of votes cast is appointed Chairman of the Statutory Audit Committee.

In the event of only one list being submitted, shareholders in general meeting express their opinion on it; if the list obtains the majority required by law for the ordinary general meeting, the three candidates numbered consecutively in the relevant section are appointed standing auditors, and the three candidates numbered consecutively in the relevant section are appointed alternate auditors; the candidate listed first in the section for candidates to the post of standing auditor in the list submitted is appointed as Chairman of the Statutory Audit Committee.

If the Committee's composition fails to respect the regulations in force on the subject equal gender representation, the necessary replacements will be made in the order in which the candidates are presented.

In the event of no lists being submitted, or if the voting mechanism by lists provides a lower number of candidates appointed than

auditors are chosen based on the consecutive order in which they are numbered from the list obtaining the highest number of votes;

b) one standing auditor and one alternate auditor are chosen based on the consecutive order in which they are numbered in the respective list sections, from the list ranking second in terms of number of votes in general meeting and which under regulations in force is not linked even indirectly with the shareholders who submitted or voted for the list which ranked first.

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If the Committee's composition fails to respect the regulations in force on the subject equal gender representation, the necessary replacements will be made in the order in which the candidates are presented.

In the event of no lists being submitted, or if the voting mechanism by lists provides a lower number of candidates appointed than

the number established in these Articles, the Statutory Audit Committee is appointed or completed by shareholders in general meeting with the majorities provided by law while respecting the regulations in force on the subject of equal gender representation.

If more than one list is submitted, and in the event of a standing auditor leaving office, an alternate auditor from the same list shall take his place based on the consecutive numbering in the list and in compliance with the principle of equal gender representation.

The procedure for shareholders in general meeting to replace the number of standing and/or alternate auditors to complete the Statutory Audit Committee is as follows (again in compliance with the principle of equal gender representation): if auditors elected from the majority list or sole list have to be appointed, or auditors elected directly by shareholders in general meeting, appointments are made by means of a vote passed by a relative majority without restrictions in terms of lists; if, however, auditors elected from the minority list are to be replaced, shareholders gathered in general meeting replace them by means of a vote passed by a relative majority, but choosing from among the candidates indicated in the list which included the auditor to be replaced, or failing this, from among the candidates contained in any further minority lists.

In the event of there being no candidates on the minority list or lists, the appointment is made by means of a vote based on one or more lists, comprising a number of candidates not to exceed the number of auditors to be elected and such as to ensure compliance with the principle of equal gender representation, to be submitted prior to the general meeting in accordance with the provisions hereof for appointments to the Statutory Audit Committee, provided that lists may not be submitted (and if submitted are treated as null and void) by shareholders who, based on the statements made as required by regulations in force, hold a

the number established in these Articles, the Statutory Audit Committee is appointed or completed by shareholders in general meeting with the majorities provided by law while respecting the regulations in force on the subject of equal gender representation.

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relative majority, including indirectly, of the voting rights that may be exercised in general meeting, or by shareholders related to them as defined in regulations in force. The candidates featured in the list which obtains the highest number of votes are appointed.

In the event that no lists are submitted that comply with the foregoing provisions, appointments shall be made on the basis of a vote passed by a relative majority without restrictions in terms of lists in compliance with the principle of equal gender representation.

In all circumstances which require the Chairman of the Committee to be replaced, the auditor taking his place also takes on the role of Chairman to the Statutory Audit Committee.

Article 30

The Statutory Audit Committee is responsible for monitoring:

a) compliance with legal, regulatory and statutory requirements, and observance of the principles of correct management;
b) the adequacy of the organizational and administrative/accounting structure of the company and its financial reporting process;
c) the effectiveness and adequacy of the risk control and management system, the internal audit process and the functioning of the internal control system as a whole;
d) the legal auditing process for the annual and consolidated accounts;
e) the independence of the legal external auditors, in particular insofar as regards the provision of non-audit services.

The Statutory Audit Committee is vested with the powers provided for under regulatory provisions in force, and reports to

relative majority, including indirectly, of the voting rights that may be exercised in general meeting, or by shareholders related to them as defined in regulations in force. The candidates featured in the list which obtains the highest number of votes are appointed.

In the event that no lists are submitted that comply with the foregoing provisions, appointments shall be made on the basis of a vote passed by a relative majority without restrictions in terms of lists in compliance with the principle of equal gender representation.

In all circumstances which require the Chairman of the Committee to be replaced, the auditor taking his place also takes on the role of Chairman to the Statutory Audit Committee.

Article ~~30~~**29**

The Statutory Audit Committee **performs the duties and functions provided for under the regulations in force. In particular it** is responsible for monitoring:

a) compliance with legal, regulatory and statutory requirements, and observance of the principles of correct management;
b) the adequacy of the organizational and administrative/accounting structure of the company and its financial reporting process;
c) the ~~effectiveness and~~ **thoroughness,** adequacy**, functioning and reliability** of the ~~risk control and management system, the~~ internal ~~audit process and the functioning of the internal control system as a whole~~**controls system and the risk appetite framework**;
d) the legal auditing process for the annual and consolidated accounts;
e) the independence of the legal external auditors, in particular insofar as regards the provision of non-audit services~~.~~**;**
f) the thoroughness, adequacy, functioning and reliability of the business continuity plan.

The Statutory Audit Committee is vested with the powers provided for under regulatory provisions in force, and reports to the Bank of Italy on operating irregularities or breaches of regulations detected in the course of its duties.

The Statutory Audit Committee is usually informed of the activities carried out and the most significant transactions in earnings, financial and capital terms, executed by the Company or its subsidiaries, and in particular transactions in which the Directors have an interest either in their own right or by means of third parties, including via the appointed bodies pursuant to Article 2381 of the Italian Civil Code, directly upon the occasion of meetings of the Board of Directors and Executive Committee, which are held with the frequency established under the foregoing Article 20; note of this is duly made in the minutes of the respective meetings. Information is also furnished to the Statutory Audit Committee outside of meetings of the Board of Directors and Executive Committee in writing, addressed to the Chairman of the Statutory Audit Committee.

Statutory Audit Committee meetings may also be held via video- or tele-conference, provided that the persons entitled to attend may be properly identified, follow the discussions appropriately and speak in real time on items on the agenda; if such conditions are met, the Statutory Audit Committee is held to have met at the place where the Chairman is present.

the Bank of Italy on operating irregularities or breaches of regulations detected in the course of its duties.

The Statutory Audit Committee is usually informed of the activities carried out and the most significant transactions in earnings, financial and capital terms, executed by the Company or its subsidiaries, and in particular transactions in which the Directors have an interest either in their own right or by means of third parties, including via the appointed bodies pursuant to Article 2381 of the Italian Civil Code, directly upon the occasion of meetings of the Board of Directors and Executive Committee~~,~~ **(if appointed),** which are held with the frequency established under the foregoing Article ~~20~~**21**; note of this is duly made in the minutes of the respective meetings. Information is also furnished to the Statutory Audit Committee outside of meetings of the Board of Directors and Executive Committee **(if appointed)** in writing, addressed to the Chairman of the Statutory Audit Committee.

Statutory Audit Committee meetings may also be held via video- or tele-conference, provided that the persons entitled to attend may be properly identified, follow the discussions appropriately and speak in real time on items on the agenda; if such conditions are met, the Statutory Audit Committee is held to have met at the place where the Chairman is present.

SECTION VI

Auditing

Article 31

Legal auditing shall be carried out by a duly registered external legal auditor, whose terms of appointment, duties and responsibilities shall be governed by law and regulations.

SECTION VII

Financial Year and Balance Sheet

Article 32

The Company's financial year shall begin on 1 July of each year and shall end on 30 June of the following year.

Article 33

The Board of Directors shall draw up the balance sheet for the year and shall submit it to shareholders in general meeting for approval.

In its Report to shareholders in general meeting, the Board shall refer to all matters which may assist in providing the most comprehensive account possible of the Company's operations and the state of its affairs.

Article 34

At least 10% of the net profit for each financial year shall be deducted therefrom and taken in the first instance to the Legal Reserve pursuant to Article 2430 of the Civil Code with any balance being allocated to the Statutory Reserve. Should the Board of Directors so propose, the General Meeting may then also resolve that any further sums be deducted which it is deemed prudent either to allocate to the Statutory Reserve for

SECTION VI

Auditing

Article 3~~1~~**0**

Legal auditing shall be carried out by a duly registered external legal auditor, whose terms of appointment, duties and responsibilities shall be governed by law and regulations.

SECTION VII

Financial Year and Balance Sheet

Article 3~~2~~**1**

The Company's financial year shall begin on 1 July of each year and shall end on 30 June of the following year.

Article 3~~3~~**2**

The Board of Directors shall draw up the balance sheet for the year and shall submit it to shareholders in general meeting for approval.

In its Report to shareholders in general meeting, the Board shall refer to all matters which may assist in providing the most comprehensive account possible of the Company's operations and the state of its affairs.

Article 3~~4~~**3**

At least 10% of the net profit for each financial year shall be deducted therefrom and taken in the first instance to the Legal Reserve pursuant to Article 2430 of the Civil Code with any balance being allocated to the Statutory Reserve. Should the Board of Directors so propose, the General Meeting may then also resolve that any further sums be deducted which it is deemed prudent either to allocate to the Statutory Reserve for

the purpose of increasing its resources, or to set aside in order to establish other reserves of an extraordinary or special nature.	the purpose of increasing its resources, or to set aside in order to establish other reserves of an extraordinary or special nature.
The remainder shall be shared among the shareholders, with the exception of any amounts carried forward.	The remainder shall be shared among the shareholders, with the exception of any amounts carried forward.
SECTION VIII	**SECTION VIII**
Winding-up	**Winding-up**
Article 35	Article 3~~5~~**4**
The liquidation of the Company shall be governed by the provisions of the law.	The liquidation of the Company shall be governed by the provisions of the law.
	Temporary provision
	The amendments to Article 15 paras. 1, 3, 4, 9, 15 and Article 23 (the latter with reference only to the number of members) and the whole of Article 19 shall take effect starting from the first reappointments made to the governing bodies following the approval of the new version of the Articles of Association by the shareholders in general meeting.

3) to vest the Chairman, Managing Director and General Manager, jointly and severally, with the widest powers to incorporate into this resolution any amendment, change or addendum that may be required or otherwise requested by the competent authorities;

4) to authorize the Chairman, Managing Director and General Manager, jointly and severally, to perform every formality necessary to ensure that the resolutions hereby adopted are duly registered in the Milan Companies' Register."

Milan, 22 September 2015

THE BOARD OF DIRECTORS

PROPOSAL TO RESCIND POWERS ASSIGNED TO BOARD OF DIRECTORS UNDER A RESOLUTION ADOPTED BY SHAREHOLDERS IN ANNUAL GENERAL MEETING ON 27 OCTOBER 2012 AND RENEWAL OF AUTHORIZATION PURSUANT TO ARTICLE 2443 OF THE ITALIAN CIVIL CODE TO INCREASE THE COMPANY'S SHARE CAPITAL BY MEANS OF RIGHTS ISSUES IN A NOMINAL AMOUNT OF UP TO €40M, INCLUDING VIA WARRANTS, TO BE SET ASIDE FOR SUBSCRIPTION BY ITALIAN AND NON-ITALIAN PROFESSIONAL INVESTORS WITH OPTION RIGHTS EXCLUDED UNDER AND PURSUANT TO THE PROVISIONS OF ARTICLE 2441, PARAGRAPH FOUR, SECOND SENTENCE, OF THE ITALIAN CIVIL CODE. AMENDMENT TO ARTICLE 4 OF THE COMPANY'S ARTICLES OF ASSOCIATION AND RELATED RESOLUTIONS.

Dear shareholders,

At an Extraordinary General Meeting held on 27 October 2012, shareholders approved a resolution authorizing the Board of Directors, under Article 2443 of the Italian Civil Code, to increase the company's share capital, on or prior to the fifth anniversary of the date of the said resolution in a nominal amount of up to €40m, including via warrants, through the issue of up to 80 million par value €0.50 ordinary shares, to be set aside for subscription by Italian and non-Italian professional investors with option rights excluded, under and pursuant to the provisions of Article 2441, paragraph four, second sentence of the Italian Civil Code, in accordance with the procedure and conditions set forth therein, with the right to establish the issue price of the shares from time to time (again in accordance with the provisions of Article 2441, paragraph four, second sentence of the Italian Civil Code).

Given that the above powers will expire in October 2017 and have not yet been executed even in part, and in order to align all powers conferred on the Board of Directors to increase the Bank's share capital with a single expiry date, we propose renewing the authorization concerned in respect of the same amount, rescinding the existing powers and revising the expiry date to 28 October 2020.

Shareholders are reminded that the said powers allow the execution times for capital increases to be reduced, and the size of such increases to be established on the basis of specific opportunities. In this way the Bank may proceed with rights issues reserved exclusively to Italian and non-Italian professional investors, taking advantage promptly of opportunities on the market, further expanding the shareholder base of the company, and swiftly and efficiently selecting the investors to subscribe to the new shares.

You are therefore invited to adopt the following resolution:

"The shareholders of Mediobanca, gathered in extraordinary general meeting:

– having heard the Board of Directors' report;

hereby resolve:

1. to rescind all the powers conferred on the Board of Directors under the resolution adopted by shareholders in the general meeting held on 27 October 2012 to increase the Company's share capital by means of rights issues in a nominal amount of up to €40m, pursuant to Article 2443 of the Italian Civil Code;

2. to authorize the Board of Directors, under Article 2443 of the Italian Civil Code, to increase the company's share capital by means of rights issues, in one or more tranches, on or prior to the fifth anniversary of the date of this resolution in a nominal amount of up to €40m, including via warrants, through the issue of up to 80 million par value €0.50 ordinary shares, to be set aside for subscription by Italian and non-Italian professional investors with option rights excluded, under and pursuant to the provisions of 2441, paragraph four, second sentence of the Italian Civil Code, in accordance with the procedure and conditions set forth therein, with the right to establish the issue price of the shares from time to time (again in accordance with the provisions of Article 2441, paragraph four, second sentence of the Italian Civil Code);

3. to amend Article 4 of the company's Articles of Association, deleting paragraph 10 and adding a new paragraph as set forth below:

EXISTING TEXT	**NEW TEXT**
Article 4	Article 4
omissis	*omissis*
The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital by means of rights issues	~~The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital by means of rights issues~~

in one or more tranches by and not later than 27 October 2017, in a nominal amount of up to Euro 40m including via warrants, through the issue of up to 80 million ordinary par value Euro 0.50 shares, to be set aside for subscription by Italian and non-Italian professional investors with option rights excluded under and pursuant to the provisions of Article 2441 paragraph 4 point 2 of the Italian Civil Code and in compliance with the procedure and conditions precedent set forth therein.

~~in one or more tranches by and not later than 27 October 2017, in a nominal amount of up to Euro 40m including via warrants, through the issue of up to 80 million ordinary par value Euro 0.50 shares, to be set aside for subscription by Italian and non-Italian professional investors with option rights excluded under and pursuant to the provisions of Article 2441 paragraph 4 point 2 of the Italian Civil Code and in compliance with the procedure and conditions precedent set forth therein.~~

The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital by means of rights issues in one or more tranches by and not later than 28 October 2020, in a nominal amount of up to Euro 40m including via warrants, through the issue of up to 80 million ordinary par value Euro 0.50 shares, to be set aside for subscription by Italian and non-Italian professional investors with option rights excluded under and pursuant to the provisions of Article 2441 paragraph 4 point 2 of the Italian Civil Code and in compliance with the procedure and conditions precedent set forth therein.

4. to authorize the Chairman, Managing Director and General Manager in office at the time, jointly and severally and to every legal effect, to adjust the figures contained in Article 4 of the Articles of Association regarding the Company's share capital to reflect the issuance of new shares, and to perform every formality necessary to ensure that the resolutions hereby adopted are duly registered in the Milan Companies' Register."

Milan, 22 September 2015

THE BOARD OF DIRECTORS

PROPOSAL TO RESCIND POWERS ASSIGNED TO BOARD OF DIRECTORS UNDER A RESOLUTION ADOPTED BY SHAREHOLDERS IN ANNUAL GENERAL MEETING ON 28 OCTOBER 2011, AND RENEWAL OF AUTHORIZATION PURSUANT TO ARTICLES 2443 AND 2420-TER OF THE ITALIAN CIVIL CODE TO INCREASE THE COMPANY'S SHARE CAPITAL BY MEANS OF RIGHTS AND/OR BONUS ISSUES IN AN AMOUNT OF UP TO €100M, AND TO ISSUE BONDS CONVERTIBLE INTO ORDINARY SHARES AND/OR CUM WARRANTS, IN AN AMOUNT OF UP TO €2BN. AMENDMENTS TO ARTICLE 4 OF THE COMPANY'S ARTICLES OF ASSOCIATION AND RELATED RESOLUTIONS.

Dear Shareholders,

At an extraordinary annual general meeting held on 28 October 2011, the shareholders of Mediobanca authorized the Board of Directors, under Article 2443 of the Italian Civil Code, to increase the Company's share capital within a term of five years in an amount of up to €100m, including via warrants, and also, under Article 2420-ter of the Italian Civil Code, to issue bonds convertible into ordinary shares and/or shares cum warrants, in a nominal amount of up to €2bn, provided that the exercise of said mandates did not lead to the issue of a total number of shares in excess of 200 million.

Given that the above powers will expire in October 2016 and have not yet been executed even in part, and in order to align all powers conferred on the Board of Directors to increase the Bank's share capital with a single expiry date, we propose renewing the authorization concerned in respect of the same amount, rescinding the existing powers and revising the expiry date to 28 October 2020.

Shareholders are reminded that the said powers allow the execution times for capital increases to be reduced, the size of such increases to be established on the basis of specific opportunities, and the risk of changes in share prices from the time of the announcement to the time when the deal is executed to be minimized.

In terms of the merit of the proposal, strengthening the Group's share capital could prove useful in terms of ensuring it has the resources and instruments required to support its growth and development.

You are therefore invited to adopt the following resolution:

"The shareholders of Mediobanca, gathered in extraordinary general meeting:
- having heard the Board of Directors' proposal;

hereby resolve:

1. to rescind all the powers conferred on the Board of Directors under the resolution adopted by shareholders in the general meeting held on 28 October 2011 to increase the Company's share capital by means of rights or bonus issues in an amount of up to €100m, and to issue bonds convertible into ordinary shares and/or shares cum warrants in an amount of up to €2bn, pursuant to Articles 2443 and 2420-ter of the Italian Civil Code;
2. to authorize the Board of Directors:
   - under Article 2443 of the Italian Civil Code, to increase the Company's share capital, by means of rights issues and/or bonus issues in one or more tranches on or prior to the fifth anniversary of the date of this resolution in an amount of up to €100m, including via warrants, through the issue of up to 200 million ordinary par value €0.50 shares to be offered as an option or assigned to shareholders, and accordingly, to establish from time to time the issue price of the new shares, including the share premium, if any, the date from which they shall rank for dividends, and whether or not any of the shares shall be used for exercising the warrants attached to the shares to be issued;
   - under Article 2420-ter of the Italian Civil Code, to issue bonds convertible into ordinary shares and/or shares cum warrants, in one or more tranches on or prior to the fifth anniversary of the date of this resolution, in a nominal amount of up to €2bn, to be offered as an option to shareholders, and accordingly, to establish from time to time the conversion ratio of the bonds to be issued and any other feature thereof, and to authorize the corresponding increase in the Bank's share capital for use in the conversion of the bonds;
3. to establish that exercise of the mandates set forth under point 2 above shall not, without prejudice to the foregoing, lead to the issue of a total number of shares in excess of 200 million;
4. to amend Article 4 of the Company's Articles of Association by deleting paragraph 9 thereof and adding a new paragraph as follows:

EXISTING TEXT

Article 4

omissis

The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital by means of rights or bonus issues in one or more tranches by and no later than 28 October 2016, in a nominal amount of up to Euro 100m, including via warrants, through the issue of up to 200 million ordinary par value Euro 0.50 shares, to be offered in option or otherwise allotted to shareholders, and also to establish the issue price of such new shares from time to time, including the share premium, the date from which they shall rank for dividends, and whether or not any of the shares shall be used for exercising warrants, and is further authorized under Article 2420-ter of the Italian Civil Code to issue bonds convertible into ordinary shares and/or shares cum warrants in one or more tranches by and no later than 28 October 2016, in a nominal amount of up to Euro 2bn to be offered in option to shareholders, establishing that exercise of such authorizations shall not, without prejudice to the foregoing, lead to the issue of a total number of shares in excess of 200 million.

omissis

NEW TEXT

Article 4

omissis

~~The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital by means of rights or bonus issues in one or more tranches by and no later than 28 October 2016, in a nominal amount of up to Euro 100m, including via warrants, through the issue of up to 200 million ordinary par value Euro 0.50 shares, to be offered in option or otherwise allotted to shareholders, and also to establish the issue price of such new shares from time to time, including the share premium, the date from which they shall rank for dividends, and whether or not any of the shares shall be used for exercising warrants, and is further authorized under Article 2420-ter of the Italian Civil Code to issue bonds convertible into ordinary shares and/or shares cum warrants in one or more tranches by and no later than 28 October 2016, in a nominal amount of up to Euro 2bn to be offered in option to shareholders, establishing that exercise of such authorizations shall not, without prejudice to the foregoing, lead to the issue of a total number of shares in excess of 200 million.~~

omissis

The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital by means of rights or bonus issues in one or more tranches by and no later than 28 October 2020, in a nominal amount of up to Euro 100m, including via warrants, through the issue of up to 200 million ordinary par value Euro 0.50 shares, to be offered in option or otherwise allotted to shareholders, and also to establish the issue price of such new shares from time to time, including the share premium, the date from

which they shall rank for dividends, and whether or not any of the shares shall be used for exercising warrants, and is further authorized under Article 2420-ter of the Italian Civil Code to issue bonds convertible into ordinary shares and/or shares cum warrants in one or more tranches by and no later than 28 October 2020, in a nominal amount of up to Euro 2bn to be offered in option to shareholders, establishing that exercise of such authorizations shall not, without prejudice to the foregoing, lead to the issue of a total number of shares in excess of 200 million.

5. to authorize the Chairman, Managing Director and General Manager in office at the time, jointly and severally and to every legal effect, to adjust the figures contained in Article 4 of the Articles of Association regarding the Company's share capital to reflect the issuance of new shares, and to perform every formality necessary to ensure that the resolutions hereby adopted are duly registered in the Milan Companies' Register."

Milan, 22 September 2015

THE BOARD OF DIRECTORS

AUTHORIZATION TO THE BOARD OF DIRECTORS, UNDER ARTICLE 2443 OF THE ITALIAN CIVIL CODE, TO INCREASE THE BANK'S SHARE CAPITAL FREE OF CHARGE BY A NOMINAL AMOUNT OF UP TO €10M THROUGH THE AWARD, AS PERMITTED BY ARTICLE 2349 OF THE ITALIAN CIVIL CODE, OF AN EQUIVALENT AMOUNT OF PROFITS OR PROFIT RESERVES AS SHOWN IN THE MOST RECENT FINANCIAL STATEMENTS APPROVED, THROUGH THE ISSUE OF NO MORE THAN 20 MILLION ORDINARY PAR VALUE €0.50 SHARES TO BE RESERVED TO MEDIOBANCA GROUP EMPLOYEES IN EXECUTION OF THE PERFORMANCE SHARES SCHEMES IN FORCE AT THE TIME. AMENDMENT TO ARTICLE 4 OF THE COMPANY'S ARTICLES OF ASSOCIATION AND RELATED RESOLUTIONS.

Dear Shareholders,

At an annual general meeting held on 28 October 2010, the shareholders of Mediobanca approved the adoption of a performance share scheme, and authorized the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the Company's share capital free of charge in order to implement the above scheme via the issue of 20 million new shares until 28 October 2015. Pursuant to the foregoing authorization and in execution of the said scheme, the Board of Directors has increased the Company's share capital by an amount of €1,016,774.5 via the issue of 2,033,549 new shares.

As illustrated in the Board's report illustrated in ordinary general meeting, the Directors of Mediobanca have decided, subject to a favourable opinion being received from the Remunerations Committee, to submit a new performance share scheme to your approval (item no. 3 on the agenda at the ordinary general meeting to be held on 28 October 2015).

The rationale for the scheme is to:

– bring the Bank's remuneration structure into line with the guidance issued by regulatory authorities requiring that significant shares of the variable remuneration component be assigned in the form of equity instruments, over a long-term time horizon and subject also to performance conditions, thereby correlating such payments to the sustainability of results over time;
– encourage the involvement of key staff in a mechanism for co-investing in the share capital of Mediobanca;

– align the interests of Mediobanca's management with those of shareholders by creating value over the medium and long term;

– use an instrument which involves the issue of only a limited number of new shares, as well as the treasury shares owned by the Bank, in order to limit the dilutive impact on the ownership structure.

In view of the fact that the existing powers to increase the Company's share capital are due to expire shortly (on 28 October 2015), and in order to implement the performance share schemes (both the scheme approved by shareholders in annual general meeting on 28 October 2010 which is still in progress, and also the new scheme being submitted to your approval), you are invited to adopt the following proposal to authorize the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the Company's share capital free of charge, in one or more tranches and for a period of up to five years from the date hereof, and therefore until 28 October 2020, in accordance with the provisions of Article 2349 of the Italian Civil Code, in an amount of up to €10m, via the issue of up to 20 million par value €0.50 ordinary shares, to be assigned to Mediobanca Group staff members in execution of the performance share schemes approved by shareholders in general meeting from time to time. Such capital increase is to be made via the use of profits or profit reserves as per the most recent financial statements approved from time to time. Shareholders are reminded that provision has already been made in the Articles of Association in respect of the right, pursuant to Article 2349 of the Italian Civil Code, to awarded profits to employees of the Company or Group companies.

You are therefore invited to adopt the following resolution:

"The shareholders of Mediobanca, gathered in extraordinary general meeting:
- having heard the Board of Directors' proposal;

hereby resolve:

1. to authorize the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the Company's share capital free of charge, in one or more tranches and for a period of up to five years from the date hereof, and therefore until 28 October 2020, in an amount of up to €10m through the award, under the terms of Article 2349 of the Italian Civil Code, of the equivalent amount of profits or profit reserves as per the most recent financial statements approved from time to time, via the issue of up to 20 million par value €0.50 ordinary

shares, to be reserved to Mediobanca Group staff members in execution of the performance share schemes in force from time to time

2. to amend Article 4 of the Company's Articles of Association by deleting paragraph 8 thereof and adding a new paragraph as follows:

EXISTING TEXT	NEW TEXT
Article 4	Article 4
omissis	*omissis*
The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital free of charge as permitted by Article 2349 of the Italian Civil Code, in one or more tranches by and not later than 28 October 2015, in a nominal amount of up to €10m through the issue of no more than 20 million ordinary par value €0.50 shares, ranking for dividends *pari passu*, to be awarded to Mediobanca Group employees in execution of and in compliance with the terms of the performance share schemes approved by shareholders in general meeting. Of these 20 million shares a total of 2,033,549 new shares have to date been issued.	~~The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital free of charge as permitted by Article 2349 of the Italian Civil Code, in one or more tranches by and not later than 28 October 2015, in a nominal amount of up to €10m through the issue of no more than 20 million ordinary par value €0.50 shares, ranking for dividends *pari passu*, to be awarded to Mediobanca Group employees in execution of and in compliance with the terms of the performance share schemes approved by shareholders in general meeting. Of these 20 million shares a total of 2,033,549 new shares have to date been issued.~~
omissis	*omissis*
	The Board of Directors is also authorized under Article 2443 of the Italian Civil Code, to increase the Bank's share capital free of charge as permitted by Article 2349 of the Italian Civil Code, in one or more tranches by and not later than 28 October 2020, in a nominal amount of up to €10m through the issue of no more than 20 million ordinary par value €0.50 shares, ranking for dividends *pari passu*, to be awarded to Mediobanca Group employees in execution of and in compliance with the terms of the performance share schemes approved by shareholders in general meeting.

3. to authorize the Chairman, Managing Director and General Manager in office at the time, jointly and severally and to every legal effect, to adjust the figures contained in Article 4 of the Articles of Association regarding the Company's share capital to reflect the issuance of new shares, and to perform every formality necessary to ensure that the resolutions hereby adopted are duly registered in the Milan Companies' Register.

Milan, 22 September 2015

THE BOARD OF DIRECTORS

ACCOUNTS OF THE BANK

REVIEW OF OPERATIONS

Ordinary business

REVIEW OF OPERATIONS

Overview

In the twelve months under review, Mediobanca earned a net profit of €333m, more than double the €165.9m reported last year, with revenues up 36.1%, from €552.9m to €752.6m, and loan loss provisions decreasing, from €229.4m to €74.2m.

The main income items performing as follows:

– net interest income fell by 10.4%, from €208.4m to €186.8m, despite the reduction in the cost of funding, as corporate lending volumes resumed growth only as from the second half-year (up from €10.1bn to €11.1bn);

– net treasury income rose sharply, from €30.8m to €186.4m, with revenues from fixed-income trading of €105.5m and from equities trading of €80.9m. The result was also helped by upward adjustments to forex positions (€57.2m) and higher gains on banking book trading (€74.1m);

– net fee and commission income climbed 15.8%, from €220.8m to €255.7m, on a healthy contribution from capital market activity;

– dividends from equity investments rose from €92.9m to €123.7m, and were due entirely to Assicurazioni Generali.

The 13.8% increase in operating costs, from €283.5m to €322.7m, reflects the higher labour costs due to the increase in the variable remuneration component and to growth in administrative expenses in connection with IT projects and strengthening of the control units.

Loan loss provisions declined from €229.4m to €74.2m, due to an improvement in the risk profile and writebacks in respect of positions repaid early at face value (€22m); the coverage ratio was increased on prudential grounds, from 48.7% to 53.7%.

Disposals of equity investments worth €339.7m generated gains of €123.4m (30/6/14: €240.2m), chiefly in respect of Telco (€84.5m).

Provisions for other financial assets and investments totalled €23.4m (€78.8m) and refer to listed investments as to €11.6m (RCS MediaGroup and Prelios), unlisted investments as to €7.3m, and real estate funds as to €2m. Additional writedowns were also charged to investments totalling €3m.

Turning now to the balance-sheet aggregates, total assets declined from €45.5bn to €40.8bn, and reflect the increased focus on customer lending (up 11.6%, from €20.2bn to €22.5bn), with treasury assets down from €9.6bn to €3.2bn and AFS securities from €7.3bn to €6.4bn. Funds raised from debt securities also decreased, from €23.6bn to €19.7bn, as did funds raised via the CheBanca! retail channel (from €8.7bn to €6.7bn). Recourse to ECB funding was largely unchanged at €5bn.

Mediobanca's capital ratios as at 30 June 2015, based on the phase-in regime and including the proposed €0.25 per share dividend, remained at high levels, above the regulatory limits: the common equity ratio stood at 11.92% (30/6/14: 11.26%), and the total capital ratio at 15.11% (14.29%). The fully-phased ratios (i.e. with full application of CRR/CRDIV – in particular the right to include the whole AFS reserve in the CET1 calculation – and the Assicurazioni Generali investment weighted at 370%) rose during the year from 12.30% to 12.48% for the CET1 ratio and from 15.07% to 15.49% for the total capital ratio).

Financial highlights

The profit and loss account and balance sheet have been restated to provide the most accurate reflection of the Bank's operations. The results are also presented in the format recommended by the Bank of Italy in the annex, along with further details on how the various items have been restated.

RESTATED PROFIT AND LOSS ACCOUNT

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg. (%) 06/14 - 06/15
Net interest income	208.4	186.8	-10.4
Net trading income	30.8	186.4	n.m.
Net fee and commission income	220.8	255.7	15.8
Dividends on investments	92.9	123.7	33.2
Total income	**552.9**	**752.6**	**36.1**
Labour costs	(168.0)	(195.0)	16.1
Administrative expenses	(115.5)	(127.7)	10.6
Operating costs	**(283.5)**	**(322.7)**	**13.8**
Gain (loss) on AFS, HTM and L&R	240.2	123.4	-48.6
Loan loss provisions	(229.4)	(74.2)	-67.7
Provisions for other financial assets	(9.8)	(20.4)	n.m.
Impairment on investments	(69.0)	(3.0)	n.m.
Other gains (losses)	—	(12.7)	n.m.
Profit before tax	**201.4**	**443.0**	**n.m.**
Income tax for the period	(35.5)	(110.0)	n.m.
Net profit	**165.9**	**333.0**	**n.m.**

RESTATED BALANCE SHEET

(€m)

	30/6/14	30/6/15
Assets		
Net treasury assets	9,599.5	3,183.3
AFS securities	7,301.5	6,407.1
Fixed financial assets	5,000.8	4,946.3
Loans and advances to customers	20,181.6	22,522.9
Equity investments	2,667.9	3,159.7
Tangible and intangible assets	133.4	132.2
Other assets	567.2	470.3
Total assets	45,451.9	40,821.8
Liabilities and net equity		
Funding	39,432.2	34,656.2
Other liabilities	864.6	826.6
Provisions	161.7	149.3
Net equity	4,827.5	4,856.7
Profit/(Loss) for the period	165.9	333.0
Total liabilities and net equity	45,451.9	40,821.8
Key indices and ratios for the period are as follows:		
Regulatory capital (€ mln)	4,342.8	4,620.0
Solvency margin (€ mln)	5,511.6	5,858.3
RWA (€ mln)	38,577.1	38,770.6
Regulatory capital/RWA	11.26%	11.92%
Solvency margin/RWA	14.29%	15.11%
No. of shares outstanding (mln)	861.4	867.2
Market capitalization (€ mln)	6,271.0	7,629.0

Review of key items

Funding – this item fell 12.1%, from €39.4bn to €34.7bn, due to reductions in debt securities (from €23.6bn to €19.7bn) and in CheBanca! retail funding (from €8.7bn to €6.7bn). The decrease in interbank funding was offset by the other channels, while recourse to ECB loans was virtually unchanged. During the twelve months under review there were new issues worth €2.1bn, against redemptions totalling €6.3bn which include buybacks on the market.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Debt securities	23,606.1	60%	19,729.1	57%	-16.4%
Interbank funding	9,817.8	25%	8,066.4	23%	-17.8%
– of which: CheBanca!, intercompany	*8,692.7*	*22%*	*6,742.9*	*19%*	*-22.4%*
ECB (T-LTRO / LTRO)	5,500.0	14%	5,478.0	16%	-0.4%
Other funding	508.3	1%	1,382.7	4%	n.m.
Total funding	39,432.2	100%	34,656.2	100%	-12.1%

Loans and advances to customers – this item returned to growth during the year under review, up 11.6%, from €20.2bn to €22.5bn, driven by an increase in new loans (which rose from €2.7bn to €4.1bn) and a reduction in early repayments (which decreased from €2.7bn to €1.2bn). The geographical diversification of the loan book continues, with a reduction in the share represented by the Italian domestic market (from 67% to 60%) and an increase in the percentage accounted for by those countries where Mediobanca has its own branch office (up from 24% to 28.1%).

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Corporate customers	10,118.2	50.1%	11,117.8	49.4%	9.9%
Group companies	10,063.4	49.9%	11,405.1	50.6%	13.3%
Total loans and advances to customers	20,181.6	100.0%	22,522.9	100.0%	11.6%
– of which: impaired assets	*385.9*	—	*419.1*	—	*8.6%*

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Italy	6,826.6	67%	6,764.5	60%	-0.9%
France	1,185.8	12%	1,777.3	16%	49.9%
Spain	518.4	5%	870.9	8%	68.0%
Germany	518.3	5%	400.1	4%	-22.8%
UK	201.3	2%	74.8	1%	-62.8%
Other non-resident	867.8	9%	1,230.2	11%	41.8%
Total loans and advances to customers	10,118.2	100%	11,117.8	100%	9.9%

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Compass	3,463.5	35%	4,006.1	36%	15.7%
CheBanca!	3,067.8	30%	3,069.1	27%	—
Leasing	1,589.8	16%	1,759.0	15%	10.6%
Mediobanca International	947.9	9%	1,385.8	12%	46.2%
Consumer	985.8	10%	1,162.2	10%	17.9%
Others	8.6	0%	22.9	0%	n.m.
Total intercompany accounts	10,063.4	100%	11,405.1	100%	13.3%

Non-performing loans totalled €419.1m (€385.9m), and consist of seven exposures, one fewer than last year; together they represent 3.8% (3.9%) of the corporate loan book, plus exposures in the form of endorsements totalling €8.2m (€25m); the coverage ratio is 51%.

Equity investments – these increased from €2,667.9m to €3,159.7m, due exclusively to the increase in associates from €1,494.6m to €1,986.4m in connection with the addition of Sinto MB S.r.l. (€487.3m), the company resulting from the demerger of Sintonia S.p.A. (previously already accounted for among the AFS shares). Other movements include subscription to the capital increase by Spafid (€3.6m) and the incorporation of MB Advisory Mexico (€1.1m).

	Percentage shareholding	30/6/14	30/6/15
Associates			
Assicurazioni Generali	13.24	1,114.6	1,114.6
Banca Esperia	50.—	54.3	54.3
Burgo Group	22.13	—	—
Athena Private Equity	24.27	3.8	3.8
Fidia	25.0	0.6	0.6
Total associates		**1,173.3**	**1,173.3**
Total subsidiaries		1,494.6	1,986.4
Total equity investments		**2,667.9**	**3,159.7**

The Assicurazioni Generali investment, equal to 13.24% of this company's ordinary share capital, reflected a surplus of market over book value at the reporting date of €2,215.9m.

The criteria adopted for the valuations and impairment tests are explained in section 10, part B of the notes to the accounts.

Fixed financial assets – the slight decrease in this item, from €5,000.8m to €4,946.3m, reflects the net balance of redemptions totalling €534.2m concentrated in the HTM portfolio and acquisitions of €457.4m (including €200m in subscription to the Futuro securitization). As at the reporting date, this portfolio showed an unrealized gain of €103.9m (€134.1m).

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Securities held to maturity	1,645.9	33%	1,302.9	26%	-20.8%
Unlisted debt securities (stated at cost)	3,354.9	67%	3,643.4	74%	8.6%
Total fixed financial assets	5,000.8	100%	4,946.3	100%	-1.1%

	30/6/14		30/6/15		Chg.
	Book Value	%	Book Value	%	
Italian government securities	348.3	7%	350.2	7%	0.5%
Bonds issued by financial institutions	3,990.7	80%	3,858.3	78%	-3.3%
- of which: Italian	*3,411.1*	*68%*	*3,496.2*	*71%*	*2.5%*
Corporate bonds	661.8	13%	737.8	15%	11.5%
Total debt securities	5,000.8	100%	4,946.3	100%	-1.1%

AFS securities – this item declined from €7,301.5m to €6,407.1m, due to disposals for the period amounting to €3.4bn, involving both the fixed-income and equity segments.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Debt securities	6,058.9	83%	5,831.3	91%	-3.8%
Equities	1,242.6	17%	575.8	9%	-53.7%
Total AFS securities	7,301.5	100%	6,407.1	100%	-12.2%

On the fixed-income side, the holdings in Italian government securities fell from €4.1bn to €3.8bn, as did those in bonds with financial issuers (from €1.3bn to €0.9bn), with the reduction in part offset by the increase in non-Italian sovereign debt securities.

	30/6/14			30/6/15			Chg.
	Book Value	%	AFS reserve	Book Value	%	AFS reserve	Book Value
Italian government securities	4,118.5	68%	79.9	3,811.1	65%	67.7	-7.5%
Other government securities	121.3	2%	2.1	564.5	10%	-2.1	n.m.
Financial bonds	1,254.0	21%	47.1	937.0	16%	31.9	-25.3%
- of which: Italian	*838.8*	*14%*	*23.3*	*635.5*	*11%*	*18.3*	*-24.2%*
Corporate bonds	565.1	9%	39.5	518.7	9%	24.5	-8.2%
Total debt securities	6,058.9	100%	168.6	5,831.3	100%	122.0	-3.8%

On the equity side, meanwhile, the disposals continued, totalling €339.6m, chiefly the disposal of the investments in Telco/Telecom Italia (€194.1m) and Santé (€38.4m), along with the sale of part of the holding in Pirelli and other listed equities in an amount of €106.3m, plus the exit from the Sintonia S.p.A. investment following the demerger (€449.2m). Overall the sales generated gains of €123.4m, which offset the writedowns charged to the investments in RCS Media Group and Prelios (€11.6m, both of which were marked to market in the interim accounts), Edipower (€2.2m), Bisazza (€5.1m) and certain real estate funds (€2m). Recognizing these investments at fair value in the year-end accounts entails an increase of €108.8m in their book value.

	30/6/14			30/6/15		
	Book value	% ord.	AFS reserve	Book value	% ord.	AFS reserve
Pirelli & C.	256.9	4.61	61.9	217.4	3.02	89.7
Italmobiliare	59.2	9.5	24.7	54.1	9.5	19.6
RCS MediaGroup	39.9	6.2	—	36.9	6.2	6.5
Other listed equities	43.8	—	6.9	38.3	—	11.1
Sintonia S.p.A.	449.2	5.94	146.2	—	—	—
Telco - Shareholders loan	135.3	7.34	91.7	—	—	—
Edipower	57.3	5.13	—	55.1	5.13	—
Santè S.A.	39	9.92	9.0	—		—
Other unlisted equities	162	—	25.2	174	—	32.3
Total equities	1.242.6		365.6	575.8		159.2

The valuation reserve fell from €534.2m to €281.2m due to the disposals and transfers for the period. The reduction involved listed equities as to €126.9m, unlisted equities as to €32.3m, Italian government securities as to €67.7m, and other bonds as to €54.3m.

Treasury assets – the reduction in this item, from €9,599.5m to €3,183.3m, is chiefly due to money market assets, which decreased from €7,220.5m to

€811.9m following the increase in customer lendings. The reduction in equities is due to short-term transactions with customers hedged by derivatives. The compulsory reserve held with the ECB as at end-June 2015 amounted to €111.4m (€110.2m).

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Debt securities	1,973.7	21%	2,051.4	64%	3.9%
Equities	1,133.0	12%	742.1	23%	-34.5%
Derivative contract valuations	(727.7)	-8%	(422.1)	-13%	-42.0%
Others (cash, repos, time deposits)	7,220.5	75%	811.9	26%	-88.8%
Total net treasury assets	9,599.5	100%	3,183.3	100%	-66.8%

	30/6/14		30/6/15	
	Book Value	%	Book Value	%
Italian government securities	443.8	22.5%	207.4	10.1%
Other government securities	457.5	23.2%	654.3	31.9%
Financial bonds	900.7	45.6%	874.8	42.6%
- of which: Italian	*600.8*	*30.4%*	*633.9*	*30.9%*
Corporate bonds	171.7	8.7%	314.9	15.4%
Total debt securities	1.973.7	100.0%	2.051.4	100.0%

Tangible and intangible assets – the slight decrease in this item, from €133.4m to €132.2m, reflects the depreciation and amortization charges for the period (€9.4m) which were slightly higher than investments (€8.2m), the latter in new IT applications in particular.

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Land and properties	116.7	88%	115.5	88%	-1.0%
- of which: core	*90.5*	*68%*	*89.6*	*68%*	*-1.0%*
Other tangible assets	7.2	5%	5.9	4%	-18.1%
Other intangible assets	9.5	7%	10.8	8%	13.7%
Total tangible and intangible assets	133.4	100%	132.2	100%	-0.9%

Provisions – the reduction in this item, from €161.7m to €149.3m, was due to net withdrawals for the period from the provisions for risks (€11.3m) and the staff severance indemnity provision (€1.1m).

	30/6/14		30/6/15		Chg.
	(€m)	%	(€m)	%	
Provisions for risk and charges	151.7	94%	140.4	94%	-7.4%
Staff severance provision	10.0	6%	8.9	6%	-11.0%
of which: staff severance provision discount	*0.2*	*0%*	—	*0%*	*n.m.*
Total provisions	161.7	100%	149.3	100%	-7.7%

Net equity – the €196.3m, or 3.9%, increase in this item reflects the profit for the period (€333m), retained earnings from last year (€39.1m), and a €50m reduction in the valuation reserves (those for AFS equities in particular due to changes in stock market prices and disposals). The Bank's share capital rose from €430.7m to €433.6m following the exercise of 3,757,500 stock options and the award of 2,033,549 performance shares worth a total amount of €25.6m, including the share premium reserve.

(€m)

	30/6/14	30/6/15	Chg.
Share capital	430.7	433.6	0.7%
Other reserves	3,944.6	4,020.9	1.9%
Valuation reserve	452.2	402.2	-11.0%
- of which: AFS reserve	*457.5*	*401.3*	*-12.3%*
cash flow hedge	*-10.9*	*-5.0*	*-54.0%*
Risultato dell'esercizio	165.9	333.0	n.m.
Total net equity	4,993.4	5,189.7	3.9%

The AFS reserve involves listed equities as to €126.8m, unlisted equities as to €216.8m (including €184.4m in respect of Sinto MB S.r.l.), Italian government securities as to €67.7m, and other bonds as to €58.6m, net of the €68.6m tax effect.

(€m)

	30/6/14	30/6/15	Chg.
Equities	365.6	343.6	-6%
Bonds	174.9	126.3	-28%
of which: Italian government bonds	*79.9*	*67.7*	*-15%*
Tax effect	-83.0	-68.6	-17%
Total AFS reserve	457.5	401.3	-12%

Net interest income - net interest income declined by 10.4%, from €208.4m to €186.8m. The improved cost of funding and the increase in volumes only in part offset the weak first-half performance and the reduced contribution from securities and derivatives.

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Interest income	1,511.7	1,206.5	-20.2%
Interest expense	-1,381.3	-1,047.4	-24.2%
Other [1]	78.0	27.7	-64.5%
Interest margin	208.4	186.8	-10.4%

[1] Includes margins on interest rate derivates (heading 80) as well as the effect of hedging (heading 90).

Net trading income – net trading income totalled €186.4m (30/6/14: €30.8m). The positive result reflects a recovery in trading activity in both the fixed-income (€105.5m) and equity segments (€80.9m). Upward value adjustments to forex positions added €57.2m (compared with downward adjustments of €0.4m last year), along with higher gains on the banking book (up from €45.6m to €74.1m). Treasury share buybacks generated losses of €11.5m (€16.9m).

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
AFS Dividends	29.7	16.6	-44.1%
Fixed-income trading profit	-48.3	105.5	n.m.
Equity trading profit	49.4	64.3	30.2%
Net trading income	30.8	186.4	n.m.

Net fee and commission income – this item rose by 15.8% (from €220.8m to €255.7m), driven by virtually all business lines with a substantial contribution from capital market activities in particular (€106.6m). The heading "Other income" includes renting fees of €4.5m (€4.2m).

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Lending	68.6	68.5	-0.1%
Advisory M&A	34.7	41.8	20.5%
Capital Market	92.1	106.6	15.7%
Sales and Markets	11.4	19.8	73.7%
Other income	14.0	19.0	35.7%
Net fee and commission income	220.8	255.7	15.8%

Operating costs – the 13.8% increase in this item reflects higher labour costs (which were up from €168m to €195m) due to the increase in the variable remuneration component as a result of the increase in profit, as well as rising overheads (which were up from €115.5m to €127.7m).

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Labour costs	168.0	195.0	16.1%
of which: directors	*3.5*	*3.2*	*-8.6%*
stock options and performance shares schemes	*12.2*	*14.4*	*18.0%*
Sundry operating costs and expenses	115.5	127.7	10.6%
of which: depreciations and amortizations	*9.9*	*9.4*	*-5.1%*
administrative expenses	*105.6*	*118.3*	*12.0%*
Operating costs	283.5	322.7	13.8%

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Legal, tax and professional services	18.7	21.7	16.0%
Marketing and communication	1.9	2.7	42.1%
Rent and property maintenance	8.1	9.2	13.6%
EDP	30.2	34.8	15.2%
Financial information subscription	16.6	17.3	4.2%
Bank services, collection and payment commissions	1.0	1.1	10.0%
Operating expenses	4.3	4.8	11.6%
Other labour costs	8.0	11.1	38.8%
Other costs	11.7	11.6	-0.9%
Direct and indirect taxes	5.1	4.0	-21.6%
Total administrative expenses	105.6	118.3	12.0%

The 12% increase in administrative expenses is due mainly to higher IT costs (EDP and financial information providers) and to enhancement of the internal controls systems.

Gains (losses) on disposals of AFS equities – this item mainly involves the winding up of Telco with the sale of the entire stake in Telecom Italia (€84.5m), the partial disposal of the Pirelli investment (€23.6m), and exit from Santé (€7.6m) and other investments in listed equities (€7.7m).

Loan loss provisions – these reduced substantially, from €229.4m to €74.2m, due to the improvement in the risk profile and to the €22m writebacks mentioned previously; the cost of risk fell from 106 bps to 35 bps.

Provisions for other financial assets and impairment charges to investments – these involve listed shares as to €11.6m (RCS MediaGroup and Prelios). unlisted shares as to €7.3m (Bisazza and Edipower). real estate funds as to €2m and Group companies as to €3m (chiefly Prominvestment). Provisions for fixed assets increased slightly (by €0.6m).

(€m)

	12 mths ended 30/6/14	12 mths ended 30/6/15	Chg.
Equity investments	69.0	3.0	n.m.
Equities	6.5	20.9	n.m.
Bonds	3.3	-0.5	n.m.
Total	78.8	23.4	-70.3%

Income tax for the year – despite increasing from €35.5m to €110m (on gross profit for the twelve months rising from €201m to €443m), the effective tax rate of 24.83% was still below the notional rate (33.07%), due to the reduced taxation on dividends and gains on disposal of fixed assets.

Mediobanca (as consolidating entity) has adopted tax consolidation, which includes Compass, SelmaBipiemme Leasing, Palladio Leasing, CheBanca!, Creditech and Futuro. Relations between the consolidating and consolidated entities are governed by bilateral agreements regulating cash flows, exchanges of information and the individual companies' responsibilities versus the revenue authorities.

* * *

Significant events that have taken place during the twelve months under review include:

– completion of the ECB's Comprehensive Assessment exercise, which confirmed the adequacy of the Group's capital even in stressed scenarios. The Group's capital position was strengthened further by retained earnings, which have enabled it to reach a capitalization ratio above the level requested by the ECB in SREP 2014 set at 9% for CET 1 ratio and 11% for the total capital ratio (phase-in regulations in both cases);

– completion by the Board of Directors of the self-assessment process for governing bodies required under the instructions issued by the Bank of Italy on 11 January 2012, and the requirement of certain directors to qualify as independent as defined by Article 148, para. 3 of Italian legislative decree 58/98 and by the Code of Conduct in respect of listed companies;

- gradual disposal of equity stakes in accordance with the Bank's 2014/16 business plan, with net sales worth €291m yielding gains totalling €125.6m. In particular the demerger of Telco was completed during the twelve months, with the disposal of the entire holding in Telecom Italia shares (equal to 1.64% of that company's ordinary share capital). Meanwhile, the demerger of Sintonia meant that the 2.71% stake in the ordinary share capital of Atlantia is now held directly by Mediobanca at a book value of €487.3m;
- further strengthening of the Bank's CIB operations outside of Italy, with the appointments of: Borja Prado to Chairman of Global Coverage; Francisco Bachiller, formerly Vice President of Morgan Stanley for the Latin America area, to the position of head of Mediobanca Iberia and Latin America; and Philippe Deneux (formerly senior managing director di Barclays) formerly senior managing director at Barclays, to head of France and Benelux, assisted by Emmanuel Moulin (deputy head); and Felipe de Grado as managing director for international equity capital market activities;
- Mediobanca being awarded a BBB+ rating by Fitch on 16 April 2015, with stable outlook; Standard and Poor's meanwhile, following the revision to the rating for the Republic of Italy, on 19 December 2014 changed their long-term rating for Mediobanca to BBB- (outlook stable).

Related party disclosure

Financial accounts outstanding as at 30 June 2015 between companies forming part of the Mediobanca Group and related parties, and transactions undertaken between such parties during the financial year, are illustrated in Part H of the notes to the accounts, along with all the information required in respect of transparency pursuant to Consob resolution 17221 issued on 12 March 2010.

All such accounts fall within the Group company's ordinary operations, are maintained on an arm's length basis, and are entered into in the interests of the Group itself. No atypical or unusual transactions have been entered into with these counterparties.

Other information

With regard to securities trading, a total of 29.1 million Mediobanca shares were traded on behalf of customers, worth a total of €223.6m.

The Bank's organizational model instituted pursuant to Italian Legislative Decree 231/01 was updated during the year.

Information regarding the Bank's ownership structure as required under Article 123-*bis* of Italian Legislative Decree 58/98 is contained in the annual report on corporate governance attached hereto and available on the Bank's website under Investor Relations.

Assets which have been revalued and recorded in the balance sheet are listed in table A.

The other information (litigation pending, tax litigation and research) is shown on p. 54 and 55 of the consolidated Review of Operations.

Outlook

Estimates for the current financial year continue to depend heavily on the interest rate scenario, which remains at historically low levels, and on expectations of recovery on the European market, which is more dynamic that in Italy at the moment. The trends witnessed last year should therefore continue: moderate growth in net interest income, and good fee flows on a decreasing cost of risk. The cost/income ratio should reflect further strengthening in of the IT and risk management processes, while the profit for the twelve months should include the proceeds of the planned sale of a 3% stake in Assicurazioni Generali.

Twelve months ended 30 June 2015: proposed adoption of financial statements and profit allocation for the year

Dear shareholders,
Mediobanca earned a net profit of €333,045,255.12 in the twelve months under review, to be allocated as follows:

€ 570,000.00	to the Legal reserve, which would thus amount to € 86.7m, equal to 20% of the Bank's share capital;
€ 119,582,555.62	to the Statutory reserve; which would thus amount to € 1,234.9m;
€ 212,892.699.50	profit outstanding

We therefore propose to pay a dividend of €0.25 per share in respect of each of the 851,570,798 shares, taking into account the amounts due in respect of treasury shares, for a total dividend of €212,892,699.50.

Accordingly, you are invited to adopt the financial statements for the year ended 30 June 2015, consisting of the balance sheet, profit and loss account and accompanying schedules, and the following proposed profit allocation:

Net profit for the year	€ 333,045,255.12
To the Legal reserve	€ 570,000.00
To the Statutory reserve	€ 119,582,555.62
Profit outstanding	€ 212,892,699.50
Dividend of €0,25 per share in respect of 851,570,798 shares in issue	€ 212,892,699.50

The shares will go ex-rights on 23 November 2015, and the €0.25 per share dividend will be paid on 25 November 2015.

Milan, 22 September 2015

THE BOARD OF DIRECTORS

DECLARATION IN RESPECT OF INDIVIDUAL FINANCIAL STATEMENTS

DECLARATION IN RESPECT OF INDIVIDUAL FINANCIAL STATEMENTS

as required by Article 81-*ter* of Consob resolution no. 11971 issued on 14 May 1999 as amended

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1. The undersigned Alberto Nagel and Massimo Bertolini, in their respective capacities as Chief Executive Officer and Head of Company Financial Reporting of Mediobanca, hereby declare and in view inter alia of the provisions contained in Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58/98, that the administrative and accounting procedures used in the preparation of the individual financial statements:
   - were adequate in view of the company's characteristics; and
   - were effectively applied during the year ended 30 June 2015.
2. Assessment of the adequacy of said administrative and accounting procedures for the preparation of the individual financial statements as at 30 June 2015 was based on a model defined by Mediobanca in accordance with benchmark standards for internal control systems which are widely accepted at an international level (i.e. the CoSO and CobiT frameworks).
3. It is further hereby declared that

   3.1 the individual financial statements:
   - have been drawn up in accordance with the International Financial Reporting Standards adopted by the European Union pursuant to CE regulation no. 1606/02 issued by the European Parliament and Council on 19 July 2002;
   - correspond to the data recorded in the company's books and accounts ledgers;
   - are adequate for the purpose of providing a truthful and accurate representation of the capital, earnings and financial situation of the issuer and the group of companies included within its area of consolidation.

   3.2 the review of operations contains reliable analysis of the Mediobanca's operating performance and results, and of its situation, along with a description of the main risks and uncertainties to which the bank is exposed.

Milan, 22 September 2015

Chief Executive Officer	Head of Financial Reporting
Alberto Nagel	*Massimo Bertolini*

AUDITORS' REPORT

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Mediobanca SpA

1 We have audited the separate financial statements of Mediobanca SpA as of 30 June 2015 which comprise the balance sheet, the profit and loss account, the comprehensive profit and loss account, the statement of changes to net equity, the cash flow statement and the related notes to the accounts. The directors of Mediobanca SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 1 October 2014.

3 In our opinion, the separate financial statements of Mediobanca SpA as of 30 June 2015 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Mediobanca SpA for the period then ended.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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4 The directors of Mediobanca SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of Mediobanca SpA as of 30 June 2015.

Milan, 2 October 2015

PricewaterhouseCoopers SpA

Signed by

Marco Palumbo
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

STATUTORY AUDITORS' REPORT

STATUTORY AUDIT COMMITTEE'S REPORT
as required under Article 153 of Italian Legislative Decree 58/98

Dear Shareholders,

This report, which has been prepared as required under Article 153 of Italian Legislative Decree 58/98 (the "Italian Consolidated Finance Act"), refers to the activities carried out by the Statutory Audit Committee (the "Statutory Audit Committee") of Mediobanca S.p.A. ("Mediobanca", the "Bank" or the "Company") during the financial year ended 30 June 2015. During the course of the year, the Statutory Audit Committee met on a total of 32 occasions, 14 of which with the Control and Risks Committee; it also took part in 12 Board meetings, 11 Executive Committee meetings, and 8 Remunerations Committee meetings.

1. Supervision of compliance with law and Articles of Association

The Statutory Audit Committee has received regular information from the directors, inter alia through participating in Board and Executive Committee meetings, on the activities carried out and the most significant transactions in earnings, financial and capital terms approved and executed by the Bank and the other Group companies, including in compliance with Article 150, paragraph 1 of the Italian Consolidated Finance Act. Based on the information available, the Statutory Audit Committee can provide reasonable assurance that these transactions have been carried out in compliance with the provisions of the law and the company's Articles of Association, and are not manifestly imprudent or risky, in conflict with the resolutions adopted by shareholders in general meeting, or such as may compromise the integrity of the Company's assets. Furthermore, all transactions giving rise to potential conflicts of interest have been approved in compliance with the provisions of the law, the regulations in force and the company's Articles of Association;

Significant events during the twelve months under review which the Statutory Audit Committee considers appropriate to recall here in view of their relevance to assessment of the Bank's solidity and the consistency of the management decisions made with the strategic guidelines established in the 2014-16 business plan include:

- completion of the ECB Comprehensive Assessment exercise, which confirmed the adequacy of the Group's capital even in stress scenarios;
- gradual disposal of equity stakes in accordance with the guidelines of the Bank's 2014/16 business plan, involving sales worth €291.0m and yielding gains of €125.6m, including the sale of all the Telecom Italia shares held (equal to 1.64% of the company's ordinary share capital) following the demerger of Telco;
- the demerger of Sintonia, as a result of which Mediobanca came to own the shareholding in Atlantia directly (repreenting 2.71% of that company's share capital), carried at a book value of €495.7m.

On 4 August 2015, an agreement was entered into to acquire Cairn Capital Group Ltd, a London-based asset management and advisory firm specializing in credit products. This acquisition launches the Group's plans to develop an alternative asset management business (MAAM) as provided in the 2014-16 business plan.

2. Monitoring compliance with principles of proper management and adequacy of the Bank's organizational structure

The Statutory Audit Committee has been informed regarding, and has monitored the adequacy of, the Bank's organizational structure, its compliance with the principles of proper management, and the adequacy of the instructions given by the company to its subsidiaries, as required by Article 114, paragraph 2 of Italian Legislative Decree 58/98, by information received from the heads of the relevant company divisions and meetings with the External Auditors involving the mutual exchange of relevant data and information.

Work on adapting the Bank's organizational structure to comply with the new regulations issued by the supervisory authorities continued during the year. New policies in particular were approved by the Board of Directors *inter alia* on IT services (strategic plan, IT risk governance policy, which includes definition of the risk assessment metrics, regulations and organizational chart), the process for developing and ratifying internal risk definition systems (currently not used for regulatory purposes), the HR management policy, policies on succession planning and management of inside and confidential information, and updates on the policy in respect of investments in non-financial companies and the Contingency Funding Plan.

Our review of the annual reports on the financial statements of Group companies by the Statutory Audit Committee revealed no critical issues. Equally, no such issues emerged from our meetings with the members of the same Committees, which in each of the Group companies also act as the supervisory bodies instituted pursuant to Italian Legislative Decree 231/01.

The Statutory Audit Committee also noted that no atypical or unusual transactions had been entered into with Group companies, third parties or related parties.

3. Supervision of the internal control and risk management systems

The Statutory Audit Committee has monitored the adequacy of the internal control and risk management system, by:

- holding meetings with the Bank's senior management to examine the internal control and risk management system;
- holding regular meetings with the Group Audit, Compliance/AML and Risk Management units (the "Control Units") to evaluate the methods used for planning activities based on an identification and assessment of the principal risks involved in the various processes and organizational units;
- review of the Control Units' reports and regular information on the outcome of monitoring activity and the status of corrective action highlighted;
- receiving information from the heads of the various divisions of the company;
- meetings with the heads of the supervisory bodies of the Group companies, in accordance with the provisions of Article 151, paragraphs 1 and 2 of the Italian Consolidated Finance Act, in the course of which the Statutory Audit Committee received information on developments involving the Group companies and the internal controls system considered to be significant;
- discussion of the results of the work performed by the External Auditors;
- taking part in meetings of the Control and Risks Committee, and dealing with issues in conjunction with it where necessary.

During the twelve months under review, the content of the Risk Appetite Framework (RAF) approved by the Board of Directors on 24 June 2015 was refined to include a wider range of metrics for assessing the risks to which the Bank is subject. No comments have yet been made to the Committee by the ECB on the RAF approved by the Board of Directors.

In the performance of its control activities, the Statutory Audit Committee has maintained an ongoing dialogue with the Control Units.

The Group Audit Unit's operations are based on a three-year strategic audit plan and a one-year plan. Particular attention is devoted to the activities of the international branches. For the London branch in particular, which is assuming an increasingly important role in the business model, in accordance with the guidelines of the Group's strategic plan, the Group Audit Unit has stepped up its existing measures in terms of frequency of visits and staff dedicated.

The Compliance unit has concentrated on the most relevant issues defined in its annual plan: MiFID, transparency versus clients, market abuse and anti-money-laundering. For these last two issues, benchmark analysis has been carried out by an external consultant on the procedures used and the level of staff education, revealing a situation which is entirely adequate, like all the other areas covered by the unit.

The Risk Management unit is an integral part of the controls system, and the Statutory Audit Committee has reviewed its opeations. The Risk Management unit also has a role of direction and co-ordination for the project to develop advanced credit risk measurement models at Group level and their adoption for capital requirement calculation purposes. The Committee's dealings with the Risk Management unit have not shown any critical issues worthy of notice.

The Statutory Audit Committee notes that the annual reports by the Control Units express a favourable opinion regarding the overally internal controls system in terms of its thoroughness, adequacy, functioning and reliability.

On the subjects of business continuity, adequacy of the computer systems and IT costs, ad hoc reports have been prepared in accordance with the supervisory instructions in force. The business continuity tests performed during the year have all been passed successfully and without major critical issues. From the results of the IT analysis, it emerged that the management of the computer systems and related costs were adequate to support the business requirements, ensure compliance with the regulatory restrictions and govern changes to the Group. Areas for improvement have emerged, for which corrective action has been identified, and a plan of remediation action to be implemented in the year under review has been prepared.

The Statutory Audit Committee, having been vested with the powers attributable to the supervisory body instituted pursuant to Article 6, para. 4-bis of the Italian Legislative Decree 231/01 regarding corporate administrative liability, viewed and obtained information regarding the organizational and procedural activity implemented in compliance with the aforementioned legislative decree. The supervisory body reported on the activities performed by it during the year ended 30 June 2015, without highlighting any critical issues worthy of note, revealing a situation which on the whole was satisfactory and in line with the provisions set forth in the Organizational, management and control model.

Based on the activities performed, the information obtained, the corrective measures outstanding, and the contents of the Control Units' reports, the Statutory Audit Committee believes there are no critical issues that could jeopardize the Group's internal controls and risk management system.

4. Supervision of the administrative and accounting system and the financial reporting process

The Statutory Audit Committee has met regularly with the Head of Company Financial Reporting (the "Head of Company Financial Reporting") to exchange information on the administrative and accounting system, its reliability for the purposes of correctly representing operations, and has reviewed the Head of Company Financial Reporting's report containing the results of the tests of the controls performed and the main problems noted in the application of Italian law 262/05. The Statutory Audit Committee also reviewed the statements made by the Chief Executive Officer and the Head of Company Financial Reporting as required by the instructions contained in Article 154- *bis* of the Italian Finance Act. The Statutory Audit Committee has found no evidence of shortcomings that could affect the opinion that the administrative and accounting procedures are adequate.

The representatives of the External Auditors, in their regularm meetings with the Statutory Audit Committee, have not reported any critical issues which could affect the internal controls system with reference to the administrative and accounting procedures.

The Statutory Audit Committee has ascertained that the flows provided by the non-EU Group companies of significant relevance are adequate to allow the activity of auditing the annual and interim accounts to be performed as required by Article 36 of the Regulations for Markets.

The Statutory Audit Committee, in view of the information obtained and the meetings it has taken part in, believes that the Bank's administrative and accounting system and financial reporting process are adequate.

5. Supervision of transactions with related parties

The Statutory Audit Committee has reviewed the Procedure in respect of related parties, its compliance with the regulations in force, and its application in practice. The Statutory Audit Committee has taken part in meetings of the Related Parties Committee, instituted under the procedure referred to, and has received regular information on the transactions that have been executed. As far as the Statutory Audit Committee is aware, no intra-group transactions or deals with related parties have been carried out in conflict with the interests of Mediobanca.

During the year under review only one most significant transaction as defined in the Procedure in respect of related parties has been carried out, as described in the notes to the accounts. The transaction involved a loan in an amount of up to €1bn for participation in a syndicated facility to be granted to a newly-incorporated company set up in connection with the acquisition of Pirelli S.p.A. The deal was classified as ordinary operations and executed on market conditions, due to both the fairness of the terms applied and the presence of other lenders in the syndicate which do not constitute related parties of the beneficiary. The risk actually taken on by Mediobanca in the deal post-syndication amounted to €400m.

The Statutory Audit Committee checked that adequate information had been provided on transactions with related parties by the Board of Directors in its Review of Operations and the notes to the accounts, in view of the requirements set in the regulations in force.

The Procedure in respect of related parties, which includes the internal controls policies on risk assets and conflicts of interest versus connected parties as an annex, has been revised in the three years since it was first approved, as required by the regulations in force. The changes made most recently to the document by the Board of Directors at a meeting held on 7 May 2015 incorporated certain changes recommended by the Bank of Italy in the course of its most recent inspection, and were introduced primarily in order to make certain phases of the process more explicit. The Statutory Audit Committee expressed a favourable opinion on the changes.

The Statutory Audit Committee, in view *inter alia* of the results of the activities of the various units involved in the related parties procedure, considers that transactions with related parties are managed adequately.

6. Methods for implementing corporate governance rules in practice

The Statutory Audit Committee has assessed the ways in which the Code of conduct in respect of listed companies operated by Borsa Italiana and adopted by Mediobanca on the terms illustrated in the "Annual statement on corporate governance and ownership structure" is implemented.

The Statutory Audit Committee has also ascertained that the criteria and procedures adopted by the Board of Directors to assess the independence of its members have been applied correctly.

7. Supervision of External Auditors' activity

In accordance with the provisions of Article 19 of Italian Legislative Decree 39/10, the Statutory Audit Committee, identified therein as the "Committee for internal control and auditing", duly carried out the required activity in terms of monitoring the External Auditor's operations.

The Statutory Audit Committee met on several occasions with External Auditor PriceWaterhouseCoopers S.p.A. as appointed *inter alia* pursuant to Article 150 of the Italian Consolidated Finance Act in order to exchange information regarding the latter's activity. In such meetings the External Auditor has at no stage shown evidence of facts considered to be censurable or other irregularities such as would warrant reporting as required by Article 155, comma 2 of the Italian Consolidated Finance Act.

On 2 October 2015 the External Auditors, charged with the duties of legal audit for the company's individual and consolidated financial statements pursuant to a resolution adopted by shareholders at an ordinary general meeting held on 27 October 2012, issued the reports required by Article 14 of the Italian Legislative Decree 39/10, stating that the individual and consolidated financial statements for the financial year ended 30 June 2015 have been drawn up transparently and constitute a truthful and proper reflection of the company's and Group's capital and financial situation, their earnings results, changes to their net equity and cash flows during the year under review. In the view of the External Auditors, the Reviews of Operations attached to the individual and consolidated financial statements for the twelve months ended 30 June 2015 and the information required under para. 1, letters c), d), f), l), m) and para. 2, letter b) of Article 123-bis of the Italian consolidated finance act presented in the "Report on Corporate Governance and Ownership Structure" is consistent with the individual and consolidated financial statements as at 30 June 2015.

With respect to the preparation of the Bank's individual and consolidated financial statements, the Statutory Audit Committee:

- hereby gives notice that at a Board meeting held on 7 May 2015, the Directors of Mediobanca approved the impairment criteria established by the combined Bank of Italy/Consob/ISVAP document dated 3 March 2010;
- with respect to legal and tax risks, draws shareholders' attention to the description contained in the Review of Operations regarding the litigation pending involving Mediobanca and the tax disputes still outstanding regarding Group companies Compass and SelmaBipiemme.

On 2 October 2015, the External Auditors also submitted their report prepared in accordance with Article 19 of Italian Legislative Decree 39/10 to the Statutory Audit Committee, which revealed no significant shortcomings in the internal control system in relation to the financial reporting process worthy of being brought to the attention of those responsible for governance activities.

The External Auditor submitted its report on the independence of the auditor to the Statutory Audit Committee as required by Article 17 of Italian Legislative Decree 39/10, from which no situations emerged that could compromise its independence or constitute grounds for incompatibility under the terms of the aforementioned decree.

In addition to the duties prescribed by regulations for listed companies, the External Auditors and the other companies forming part of its network have received other mandates, the fees paid in respect of which have been recognized in the consolidated profit and loss as follows:

Type of service	**PricewaterhouseCoopers €'000**	**PricewaterhouseCoopers network €'000**
Statements	106	40
Other services	—	18
Total	106	58

Given the mandates conferred on PricewaterhouseCoopers S.p.A. and its network by Mediobanca and the other Group companies, the Statutory Audit Committee does not consider that there are any critical issues arising with respect to the external auditor's independence.

The Statutory Audit Committee met with the External Auditor during the year under review during the preparation of the company's interim financial statements for the period ended 31 December 2014. On this occasion, the External Auditor submitted a document summarizing its activities, with reference in particular to the most significant valuation items. On 9 February 2015 the External Auditor issued a report on the auditing of the accounts limited to only the consolidated interim financial statements, without noting any exceptions.

The External Auditors have also confirmed to the Statutory Audit Committee that no external opinions have been expressed by them as required by law in the course of the financial year under review, in the absence of any grounds for such opinions.

8. Omissions, censurable facts, opinions given and initiatives undertaken

During the year a complaint was received pursuant to Article 2408 of the Italian Civil Code from shareholder Tommaso Marino. The shareholder's complaint was basically the fact that his comments made at the annual general meeting held on 28 October 2014 had been wrongly entered in the minutes and the answers to some of the questions tabled prior to the meeting had been omitted (in particular with reference to the issue of uncovered positions pursuant to Italian law 68/99 in respect of categories of legally protected persons).

The Committee reviewed the complaint, carried out the requisite enquiries and analysis, and obtained the relevant information from the Bank's various units. Based on this initial activity the Committee felt that there were no grounds for following up on the complaint received.

The Statutory Audit Committee is not aware of any facts or complaints, other than those referred to above, to be reported on to shareholders in general meeting.

During the year, the Statutory Audit Committee issued opinions or made observations as required by the regulations in force, in particular the following:

- Opinion on the changes to the Procedure in respect of transactions with related parties referred to under section 5 above;
- considerations on the annual report on outsourcing important corporate functions.

In the course of the Committee's activities and based on the information obtained, no omissions, censurable facts, irregularities or other significant circumstances such as would require the supervisory authorities to be notified or as would warrant inclusion in this report have come to its attention.

9. Remunerations policy

The Statutory Audit Committee has reviewed the corporate processes which have led to the definition of the company's remunerations policies, with reference in particular to the criteria used in determining the remuneration and incentivization for the heads of the Control Units and the Head of Company Financial Reporting.

During the year under review the Bank of Italy carried out an inspection of the Bank with respect to its staff remuneration and incentivization policies and practices. The report from the inspection sent on 25 March 2015 reflected certain areas of improvement in operational terms.

The Bank has duly incorporated the recommendations made by the supervisory authorities. In particular, a Compensation Manual has been drawn up, to formalize the criteria, processes, roles, responsibilities and supporting instruments to ensure that the choices made are better documented. The Bank has also expanded the contents of its documents on the "New remunerations policies" included in the Report on remuneration submitted to the approval of shareholders in annual general meeting.

10. Revision of External Auditors' fees

PricewaterhouseCoopers S.p.A., in view of the provisions of the contract currently in force, notified Mediobanca in a letter sent on 4 September 2015, that as a result of the events that had taken place in the financial year ended 30 June 2015 it would be necessary to redesign the audit process to include additional activities which will require more man hours and hence higher fees. Such events involve the increase in the London branch office's operations, the new supervisory regulations linked to European regulations and the introduction of new international accounting standards. The Statutory Audit Committee met with the External Auditors to obtain further details on the activities to be performed and the reasons for the request for the revision, and also met with the company units involved which gave their opinions on the request made by the auditors and assessment of whether or not the contents of the proposal were reasonable. The Committee unanimously approved a proposal to submit the revised changes to the External Auditors' fees to shareholders in general meeting, having drawn up a specific reasoned proposal to this end to which reference is made.

11. Other information

On 10 July 2015, the judge in the preliminary enquiries Roberto Arnaldi, having read magistrate Luigi Orsi's petition and held the accusations against Alberto Nagel to be unfounded, ordered the proceedings notified on 25 July 2012, in respect of the alleged crime of obstructing the regulatory authorities (Consob) in the exercise of their duties in connection with the rescue operation for the Premafin and Fondiaria-SAI groups, to be dismissed.

12. Conclusions

The agenda for the ordinary and extraordinary Annual General Meeting of Mediobanca shareholders to take place on 28 October 2015 includes the following items in addition to approval of the financial statements for the year ended 30 June 2015:

Ordinary business:

– Resolutions in respect of staff remuneration policies:
  a. Cap on variable and fixed remuneration based on a ratio of 2:1

b. Policies in the event of beneficiaries leaving office or ceasing to work for Mediobanca
c. Staff remuneration policies

– Performance share scheme

– Increase in fees payable to External Auditors for FY 2016-21 period.

Extraordinary business:

– Proposal to amend Articles 7, 10, 13, 14, 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 29 and 30 of the Company's Articles of Association; and to introduce a new Article 19 and delete Articles 23 and 24; with Articles 20 through to 35 to be renumbered accordingly.

– Proposal to rescind powers assigned to Board of Directors under a resolution adopted by shareholders in annual general meeting on 27 October 2012 and renewal of authorization pursuant to Article 2443 of the Italian Civil Code to increase the Company's share capital by means of rights issues in a nominal amount of up to €40m, including via warrants, to be set aside for subscription by Italian and non-Italian professional investors with option rights excluded under and pursuant to the provisions of Article 2441, paragraph four, second sentence, of the Italian Civil Code. Amendment to Article 4 of the company's Articles of Association and related resolutions.

– Proposal to rescind powers assigned to Board of Directors under a resolution adopted by shareholders in annual general meeting on 28 October 2011, and renewal of authorization pursuant to Articles 2443 and 2420-ter of the Italian Civil Code to increase the Company's share capital by means of rights and/or bonus issues in an amount of up to €100m, and to issue bonds convertible into ordinary shares and/or *cum* warrants, in an amount of up to €2bn. Amendments to Article 4 of the Company's Articles of Association and related resolutions.

– Authorization to the Board of Directors, under Article 2443 of the Italian Civil Code, to increase the Bank's share capital free of charge by a nominal amount of up to €10m through the award, as permitted by Article 2349 of the Italian Civil Code, of an equivalent amount of profits or profit reserves as shown in the most recent financial statements approved, through the issue of no more than 20 million ordinary par value €0.50 shares to be reserved to Mediobanca Group employees in execution of the performance share schemes in force at the time. Amendment to Article 4 of the Company's Articles of Association and related resolutions.

In view of the specific duties assigned to the External Auditors in terms of auditing the Group's accounts and appraising the reliability of its financial statements, the Statutory Audit Committee has no observations to make to shareholders in general meeting, pursuant to Article 153 of the Italian Consolidated Finance Act, regarding approval of the financial statements for the year ended 30 June 2015 and the Review of Operations as presented by the Board of Directors, and the proposed profit allocation and dividend distribution formulated by the Board itself.

Milan, 2 October 2015

The Statutory Audit Committee

INDIVIDUAL FINANCIAL STATEMENTS *

* Figures in Euros.

Mediobanca S.p.A. Balance Sheet

Assets				30/6/15		30/6/14
10.	Cash and cash equivalents			4,788,058		508,271
20.	Financial assets held for trading			10,841,096,162		11,639,869,066
30.	Financial assets at fair value through profit or loss			—		—
40.	Financial assets available for sale			6,407,061,495		7,301,515,165
50.	Financial assets held to maturity			1,302,837,095		1,645,928,476
60.	Due from banks			10,784,548,102		9,541,356,391
70.	Due from customers			24,859,774,055		26,300,688,496
80.	Hedging derivatives			817,728,572		1,065,100,659
100.	Equity investments			3,159,688,247		2,667,949,522
110.	Property, plant and equipment			121,419,865		123,866,280
120.	Intangible assets			10,761,490		9,507,223
130.	Tax assets:			294,690,763		390,729,971
	a) current	*152,405,739*			*248,639,687*	
	b) advance	*142,285,024*			*142,090,284*	
	of which under L. 214/2011	*56,020,388*			*51,888,282*	
140.	Loanss classified as held for sale			—		—
150.	Other assets			60,999,769		73,472,840
	TOTAL ASSETS			**58,665,393,673**		**60,760,492,360**

Liabilities and net equity		30/6/15		30/6/14
10. Due to banks		19,449,008,699		18,845,545,064
20. Due to customers		4,015,148,088		1,970,706,135
30. Debt securities in issue		19,990,870,690		24,148,442,721
40. Trading liabilities		8,469,730,032		9,251,145,047
50. Financial liabilities designed at Fair Value FV		—		—
60. Hedging derivatives		584,684,675		570,732,294
70. Adjustment of hedging financial assets		—		—
80. Tax liabilities:		491,570,578		484,911,751
a) current	*201,558,192*		*185,947,408*	
b) deferred	*290,012,386*		*298,964,343*	
100. Other liabilities		325,381,168		333,939,329
110. Staff severance indemnity provision		8,891,191		9,967,593
120. Provisions:		140,369,158		151,708,260
a) post-employment and similar benefits	—		—	
b) other provisions	—		—	
Insurance reserve		—		—
130. Revaluation reserves		402,203,647		452,154,478
140. Share capital repayable on demand		—		—
150. Share capital repayable on demand		—		—
160. Reserves		2,074,656,421		2,021,603,868
170. Share premium reserve		2,144,489,313		2,121,818,661
180. Share capital		433,598,881		430,703,356
190. Treasury shares		(198,254,123)		(198,799,267)
200. Profit for the period		333,045,255		165,913,070
TOTAL LIABILITIES AND NET EQUITY		**58,665,393,673**		**60,760,492,360**

Mediobanca S.p.A. Profit and Loss Account

	Item		30/6/15		30/6/14
10.	Interest and similar income		1,206,446,047		1,511,712,920
20.	Interest expense and similar charges		(1,047,426,029)		(1,381,360,469)
30.	**Net interest income**		**159,020,018**		**130,352,451**
40.	Fee and commission income		251,598,169		221,743,483
50.	Fee and commission expense		(13,331,299)		(16,156,651)
60.	**Net fee and commission income**		**238,266,870**		**205,586,832**
70.	Dividends and similar income		158,310,351		177,718,732
80.	Net trading income		118,166,883		(1,115,310)
90.	Net hedging income (expense)		(990,835)		(1,827,182)
100.	Gain (loss) on disposal/repurchase of:		185,982,169		268,984,967
	a) loans and advances	*14,547,109*		*(163,026)*	
	b) AFS securities	*163,048,318*		*287,522,171*	
	c) financial assets held to maturity	*19,891,350*		*(1,517,952)*	
	d) financial liabilities	*(11,504,608)*		*(16,856,226)*	
110.	Net result from assets/liabilities recognized at fair value		—		—
120.	**Total income**		**858,755,456**		**779,700,490**
130.	Adjustments for impairment to:		(94,544,517)		(239,155,105)
	a) loans and advances	*(63,467,428)*		*(233,047,708)*	
	b) AFS securities	*(20,894,881)*		*(6,528,473)*	
	c) financial assets held to maturity	*596,810*		*(3,268,725)*	
	d) financial liabilities	*(10,779,018)*		*3,689,801*	
140.	**Net income from financial operations**		**764,210,939**		**540,545,385**
150.	Administrative expenses:		(328,075,593)		(274,912,630)
	a) personnel costs	*(194,960,893)*		*(167,981,143)*	
	b) other administrative expenses	*(133,114,700)*		*(106,931,487)*	
160.	Net transfers to provisions		—		(400,000)
170.	Net adjustments to tangible assets		(3,558,966)		(3,676,430)
180.	Net adjustments to intangible assets		(5,800,517)		(6,217,043)
190.	Other operating income (expense)		19,324,308		15,111,297
200.	**Operating costs**		**(318,110,768)**		**(270,094,806)**
210.	Gain (loss) on equity investments		(3,034,243)		(69,013,546)
230.	Writedowns on intangible assets - godwill		—		—
240.	Gain (loss) on disposal of investments in:		(20,673)		(23,963)
	a) property	—		—	
	b) other assets	*(20,673)*		*(23,963)*	
250.	**Profit (loss) on ordinary activities before tax**		**443,045,255**		**201,413,070**
260.	Income tax for the year on ordinary activities		(110,000,000)		(35,500,000)
270.	**Profit (loss) on ordinary activities after tax**		**333,045,255**		**165,913,070**
290.	**Net profit (loss) for the period**		**333,045,255**		**165,913,070**

Mediobanca Comprehensive Profit and Loss Account

	Items	30/6/15	30/6/14
10.	Gain (loss) for the period	333,045,255	165,913,070
	Other income items net of tax, without passing through profit and loss	**339,179**	**(670,244)**
20.	Property, plant and equipment	—	—
30.	Intangible assets	—	—
40.	Defined benefit scheme	339,179	(670,244)
50.	Non current assets held for sale	—	—
60.	Share of valuation reserve referred to equity-accounted companies	—	—
	Other income items net of tax, passing through profit and loss	**(50,290,010)**	**321,927,595**
70.	Foreign investments hedging	—	—
80.	Exchange rate differences	—	—
90.	Cash flows hedging	5,906,989	1,728,477
100.	AFS securities	(56,196,999)	320,199,118
110.	Non current assets held for sale	—	—
120.	Share of valuation reserve referred to equity-accounted companies	—	—
130.	**Total other income net of tax**	**(49,950,831)**	**321,257,351**
140.	**Total comprehensive profit (headings 10 + 130)**	**283,094,424**	**487,170,421**

Statement of Changes to Mediobanca Net Equity

	Previously reported balance at 30/6/14	Allocation of profit for previous period		Changes during the reference period							Other comprehensive income statement for the 12 mths ended 30/6/2015	Total net equity at 30/6/15
		Reserves	Dividends and other fund applications	Changes to reserves	Transactions involving net equity							
					New shares issued	Treasury shares acquired	Extra-ordinary dividend payouts	Changes to equity instruments	Treasury shares derivates	Stock options [1]		
Share capital:	430,703,356	—	—	—	2,895,525	—	—	—	—	—	—	433,598,881
a) ordinary shares	430,703,356	—	—	—	2,895,525	—	—	—	—	—	—	433,598,881
b) other shares	—	—	—	—	—	—	—	—	—	—	—	—
Share premium reserve	2,121,818,661	—	—	—	22,670,652	—	—	—	—	—	—	2,144,489,313
Reserves:	2,021,603,868	165,913,070	(126,848,820)	—	(1,016,774)	(545,144)	—	—	—	15,550,221	—	2,074,656,421
a) retained earnings	1,936,146,114	165,913,070	(126,848,820)	—	(1,016,774) [2]		—	—	—	—	—	1,974,193,590
b) others	85,457,754	—	—	—	—	(545,144)	—	—	—	15,550,221	—	100,462,831
Valuation reserves	452,154,478	—	—	—	—	—	—	—	—	—	(49,950,831)	402,203,647
Equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Treasury shares	(198,799,267)	—	—	—	—	545,144	—	—	—	—	—	(198,254,123)
Profit (loss) for the period	165,913,070	(165,913,070)	—	—	—	—	—	—	—	—	333,045,255	333,045,255
Total net equity	4,993,394,166		(126,848,820)	—	24,549,403	—	—	—	—	15,550,221	283,094,424	5,189,739,394

[1] Represents the effect on the stock options and performance shares related to the performance shares schemes.

[2] Free equity granting in respect of performance shares scheme

Statement of Changes to Mediobanca Net Equity

	Previously reported balance at 30/6/13	Allocation of profit for previous period		Changes during the reference period							Other comprehensive income statement for the 12 mths ended 30/6/14	Total net equity at 30/6/14
		Reserves	Dividends and other fund applications	Changes to reserves	Transactions involving net equity							
					New shares issued	Treasury shares acquired	Extra-ordinary dividend payouts	Changes to equity instruments	Treasury shares derivates	Stock options [1]		
Share capital:	430,564,606	—	—	—	138,750	—	—	—	—	—	—	430,703,356
a) ordinary shares	430,564,606	—	—	—	138,750	—	—	—	—	—	—	430,703,356
b) other shares	—	—	—	—	—	—	—	—	—	—	—	—
Share premium reserve	2,120,143,393	—	—	—	1,675,268	—	—	—	—	—	—	2,121,818,661
Reserves:	2,257,836,978	(233,784,075)	—	—	—	(14,611,094)	—	—	—	12,162,059	—	2,021,603,868
a) retained earnings	2,169,930,189	(233,784,075)	—	—	—	—	—	—	—	—	—	1,936,146,114
b) others	87,906,789	—	—	—	—	(14,611,094)	—	—	—	12,162,059	—	85,457,754
Valuation reserves	130,897,127	—	—	—	—	—	—	—	—	—	321,257,351	452,154,478
Equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Treasury shares	(213,410,361)	—	—	—	—	14,611,094	—	—	—	—	—	(198,799,267)
Profit (loss) for the period	(233,784,075)	233,784,075	—	—	—	—	—	—	—	—	165,913,070	165,913,070
Total net equity	4,492,247,668	—	—	—	1,814,018	—	—	—	—	12,162,059	487,170,421	4,993,394,166

[1] Represents the effect on the stock options and performance shares related to the performance shares schemes.

Mediobanca Cash Flow Statement Direct method

	Amounts	
	30/6/15	30/6/14
A. Cash flow from operating activities		
1. Operating activities	**171,079,842**	**586,416,085**
- interest received	3,385,620,669	3,684,464,906
- interest paid	(2,979,314,127)	(3,072,913,378)
- dividends and similar income	69,707,454	84,828,285
- net fees and commission income	100,563,895	101,055,009
- cash payments to employees	(91,231,722)	(93,030,305)
- net premium income	—	—
- other premium from insurance activities	—	—
- other expenses paid	(808,923,548)	(743,166,153)
- other income received	431,311,679	745,426,237
- income taxes paid	63,345,542	(120,248,516)
- net expense/income from groups of assets being sold	—	—
2. Cash generated/absorbed by financial assets	**2,767,703,372**	**6,063,251,647**
- financial assets held for trading	1,120,767,706	2,117,469,683
- financial assets recognized at fair value	—	—
- AFS securities	446,079,000	3,679,183,000
- due from customers	2,350,459,869	(253,223,068)
- due from banks: on demand	276,889,671	(56,672,454)
- due from banks: other	(1,140,385,577)	689,754,859
- other assets	(286,107,297)	(113,260,373)
3. Cash generated/absorbed by financial liabilities	**(3,297,634,007)**	**(6,493,423,234)**
- due to banks: on demand	(1,984,234,202)	(1,387,272,874)
- due to banks: other	2,173,669,157	(1,113,186,822)
- due to customers	1,238,656,972	330,991,574
- debt securities	(4,135,700,000)	(3,375,944,544)
- trading liabilities	(687,017,652)	(961,114,975)
- financial liabilities assets recognized at fair value	—	—
- other liabilities	96,991,648	13,104,407
Net cash flow (outflow) from operating activities	**(358,850,863)**	**156,244,498**
B. Investment activities		
1. Cash generated from	**580,308,068**	**199,998,642**
- vendite partecipazioni	2,000	15,970,195
- dividendi incassati su partecipazioni	123,657,068	92,890,447
- vendite/rimborsi di attività finanziarie detenute sino alla scadenza	456,586,000	91,086,000
- vendite di attività materiali	63,000	52,000
- vendite di attività immateriali	—	—
- vendite di società controllate e di rami d'azienda	—	—
2. Liquidità assorbita da:	**(114,878,000)**	**(357,651,741)**
- disposals of shareholdings	(5,311,000)	(35,319,741)
- dividends received in respect of equity investments	(101,336,000)	(310,953,000)
- disposals/redemptions of financial assets held to maturity	(1,176,000)	(2,729,000)
- disposals of tangible assets	(7,055,000)	(8,650,000)
- disposals of intangible assets	—	—
- disposals of subsidiaries or business units	**465,430,068**	**(157,653,099)**
C. Cash absorbed by		
- issuance/acquisition of treasury shares	24,549,403	1,814,018
- issuance/acquisitions of equity instruments	—	—
- dividends payout and other applications of funds	(126,848,820)	—
Net cash flow (outflow) from funding activities	**(102,299,417)**	**1,814,018**
Net cash flow (outflow) during period	**4,279,788**	**405,417**

Reconciliation of Movements in Cash Flow During the Period

	Amounts	
	30/6/15	30/6/14
Cash and cash equivalents: balance at start of period	508,271	102,854
Total cash flow (ouflow) during period	4,279,788	405,417
Cash and cash equivalents: exchange rate effect	—	—
Cash and cash equivalents: balance at end of period	4,788,059	508,271

NOTES TO THE ACCOUNTS

NOTES TO INDIVIDUAL ACCOUNTS

Part A - Accounting policies

A.1 - General

SECTION 1

Statement of conformity with IAS/IFRS

Mediobanca's individual financial statements for the period ended 30 June 2015 have, as required by Italian Legislative Decree 38/05, been drawn up in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and le relative interpretazioni dell'International Financial Reporting Interpretations Committee (IFRIC), which were adopted by the European Commission in accordance with the procedure laid down in Article 6 of regulation CE 1606/02 issued by the European Parliament and Council on 19 July 2002. The individual financial statements for the period ended 30 June 2015 have also been prepared on the basis of the "Instructions on preparing statutory and consolidated financial statements for banks and financial companies which control banking groups" issued by the Bank of Italy in its circular no. 262 on 22 December 2005 (third amendment issued on 22 December 2014), which establish the structure of the financial statements and the methods for completing them, along with the contents of the notes to the accounts.

The financial statements have been drawn up on a going concern basis, in accordance with the principles of competence, relevance and significance with respect to the accounting information provided, and giving priority to economic substance over juridical form.

SECTION 2

General principles

These financial statements comprise:

– balance sheet;

– profit and loss account;

– comprehensive profit and loss account;
– statement of changes in net equity;
– cash flow statement (direct method);
– notes to the accounts.

All the statements have been drawn up in conformity with the general principles provided for under IAS and the accounting policies illustrated in part A.2, and show data for the period under review compared with that for the previous financial year in the case of balance-sheet figures or the corresponding period of the previous financial year for profit-and-loss data.

Some new provisions in the area of consolidation were introduced under EU regulation no. 1254/2012, which ratified certain accounting standards (namely IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interests in other entities"), and introduced amendments to existing principles (IAS 27 "Separate financial statements" and IAS 28 "Investments in associates and joint ventures").

IFRS 10 provides a precise definition of the instance of an investor having control over a company. Control is said to occur if, and only if, the following three conditions apply:

(a) when the investor has power over the investee, defined as having substantive rights over the investee's relevant activities;
(b) when the investor has exposure, or rights, to variable returns from its involvement with the investee;
(c) when the investor has the ability to exert power over the investee to affect the amount of the variable returns.

IFRS 11 governs the representation in the accounts of entities which are parties in arrangements which establish "joint control" in the form of joint ventures or joint operations.

IFRS 12 governs the disclosure of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. These changes do not impact significantly on the consolidated financial statements.

The following list details the recently issued-regulations which have supplemented the accounting standards in force and have been incorporated into the Group's accounting policies:

REGULATION	ACCOUNTING STANDARD
Regulation 1174/2013	IFRS 10 – IFRS 12
Regulation 313/2013	IFRS 10
Regulation 1374/2013	IAS 36
Regulation 1375/2013	IAS 39
Regulation 1256/2012	IFRS 7
Regulation 634/2014	IFRIC 12

The introduction of these regulations has not impacted significantly on the individual financial statements.

On 24 July 2014 the EBA published a document entitled "Final draft implementing technical standards on supervisory reporting on forbearance and non-performing exposures" (EBA/ITS /2013/03/rev1 24/7/2014), providing a new, unified definition of forbearance and non-performing exposures. The new definitions are in the process of being incorporated by the Bank of Italy in the draft version of the fourth update to circular no. 262/05. The new segmentation is as follows: bad loans, unlikely to pay, and/or more than 90 days' past due, for non-performing and performing assets; all these categories include the sub-category of "forborne" exposures.

SECTION 3

Events subsequent to the reporting date

Since the reporting date, no events have taken place that would cause the results presented in the consolidated report for the twelve months ended 30 June to require adjustment 2015.

On 3 August 2015, an agreement was entered into to acquire Cairn Capital Group Ltd, a London-based asset management and advisory firm specializing in credit products. At closing, which is expected to take place by year-end 2015, the Group will acquire 51% of the company's share capital, with put and call options (as from year 3) over the other 49%. This acquisition launches the Group's plans to develop an alternative asset management business (MAAM) as provided in the 2014-16 business plan.

For a description of the most significant events since the reporting date, please refer to the relevant section in the Review of Operations.

A.2 - Significant accounting policies

Financial assets held for trading

This category comprises debt securities, equities, loans held for trading purposes, and the positive value of derivatives held for trading including those embedded in complex instruments such as structured bonds (recorded separately).

At the settlement date for securities and subscription date for derivatives, such assets are recognized at fair value [1] not including any transaction expenses or income directly attributable to the asset concerned, which are taken through the profit and loss account.

After initial recognition they continue to be measured at fair value. Equities and linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at cost (these too qualify as Level3 assets). If the assets suffer impairment, they are written down to their current value.

Gains and losses upon disposal and/or redemption and the positive and negative effects of changes in fair value over time are reflected in the profit and loss account under the heading *Net trading income*.

[1] See Part A4 - Information on fair value, pp. 398-405 for further details.

AFS securities

This category includes all financial assets apart from derivatives not booked under the headings *Financial assets held for trading, Financial assets held to maturity or Loans and receivables*.

AFS assets are initially recognized at fair value, which includes transaction costs and income directly attributable to them. Thereafter they continue to be measured at fair value. Changes in fair value are recognized in a separate net equity reserve, which is then eliminated against the corresponding item in the profit and loss account as and when an asset is disposed of or impairment is recognized. Fair value is measured on the same principles as described for trading instruments. Equities for which it is not possible to reliably determine fair value are stated at cost. For debt securities included in this category the value of amortized cost is also recognized against the corresponding item in the profit and loss account.

Assets are subjected to impairment tests at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. For shares, in particular, the criteria used to determine impairment are a reduction in fair value of over 30% or for longer than twenty-four months, compared to the initial recognition value. If the reasons for which the loss was recorded subsequently cease to apply, the impairment is written back to the profit and loss account for debt securities to and net equity for shares.

Financial assets held to maturity

These comprise debt securities with fixed or otherwise determinable payments and fixed maturities which the Group's management has the positive intention and ability to hold to maturity.

Such assets are initially recognized at fair value, which is calculated as at the settlement date and includes any transaction costs or income directly attributable to them. Following their initial recognition they are measured at amortized cost using the effective interest method. Differences between the initial recognition value and the amount receivable at maturity are booked to the profit and loss account pro-rata.

Assets are tested for impairment at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. If the reasons which brought about the loss of value subsequently cease to apply, the impairment is written back to the profit and loss account up to the value of amortized cost.

Loans and receivables

These comprise loans to customers and banks which provide for fixed or otherwise determinable payments that are not quoted in an active market and which cannot therefore be classified as available for sale. Repos and receivables due in respect of finance leasing transactions are also included, as are illiquid and/or unlisted fixed securities.

Loans and receivables are booked on disbursement at a value equal to the amount drawn plus (less) any income (expenses) directly attributable to individual transactions and determinable from the outset despite being payable at a later date. The item does not, however, include costs subject to separate repayment by the borrower, or which may otherwise be accounted for as ordinary internal administrative costs. Repos and reverse repos are booked as funding or lending transactions for the spot amount received or paid. Non-performing loans acquired are booked at amortized cost on the basis of an internal rate of return calculated using estimates of expected recoverable amounts.

Loans and receivables are stated at amortized cost, i.e. initial values adjusted upwards or downwards to reflect: repayments of principal, amounts written down/back, and the difference between amounts drawn at disbursement and repayable at maturity amortized on the basis of the effective interest rate. The latter is defined as the rate of interest which renders the discounted value of future cash flows deriving from the loan or receivable by way of principal and interest equal to the initial recognition value of the loan or receivable.

Individual items are tested at annual and interim reporting dates to show whether or not there is evidence of impairment. Items reflecting such evidence are then subjected to analytical testing, and, if appropriate, adjusted to reflect the difference between their carrying amount at the time of the impairment test (amortized cost), and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Future cash flows are estimated to take account of anticipated collection times, the presumed value of receivables upon disposal of any collateral, and costs likely to be incurred in order to recover the exposure. Cash flows from loans expected to be recovered in the short term are not discounted.

The original effective interest rate for each loan remains unchanged in subsequent years, even if new terms are negotiated leading to a reduction to below market rates, including non-interest-bearing loans. The relevant value adjustment is taken through the profit and loss account.

If the reasons which brought about the loss of value cease to apply, the original value of the loan is recovered in the profit and loss account in subsequent accounting periods up to the value of amortized cost.

Accounts for which there is no objective evidence of impairment, including those involving counterparties in countries deemed to be at risk, are subject to collective tests. Loans are grouped on the basis of similar credit risk characteristics, and the related loss percentages are estimated at the impairment date on the basis of historical series of internal and external data. Collective value adjustments are credited or charged to the profit and loss account, as appropriate. At each annual and interim reporting date, any writedowns or writebacks are remeasured on a differentiated basis with respect to the entire portfolio of loans deemed to be performing at that date.

Leasing

IAS 17 stipulates that for finance leases, interest income should be recorded based on methods which reflect a constant, regular return on the lessor's net investment.

In accordance with this principle, in the event of changes to contracts one these have become effective, any difference arising from comparison between the outstanding principal amount prior to renegotiation and the value of the new future flows discounted at the original interest rate have been taken through the profit and loss account for the period [2].

Hedges

There are two types of hedge:

- fair value hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in their fair value;
- cash flow hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in future cash flows attributable to specific risks relating to the items concerned.

For the process to be effective, the item must be hedged with a counterparty from outside the Group.

Hedge derivatives are recognized at fair value as follows:

- changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset, where a difference between the two emerges as a result of the partial ineffectiveness of the hedge;
- designated and qualify as cash flow hedges are recognized in net equity, while the gain or loss deriving from the ineffective portion is recognized through the profit and loss account only as and when, with reference to the hedged item, the change in cash flow to be offset crystallizes.

Hedge accounting is permitted for derivatives where the hedging relationship is formally designated and documented and provided that the hedge is effective at its inception and is expected to be so for its entire life.

[2] As required by the amortized cost rules under IAS 39.

A hedge is considered to be effective when the changes in fair value or cash flow of the hedging instrument offset those of the hedged item within a range of 80-125%. The effectiveness of a hedge is assessed both *prospectively* and *retrospectively* at annual and interim reporting dates, the former to show expectations regarding effectiveness, the latter to show the degree of effectiveness actually achieved by the hedge during the period concerned. If an instrument proves to be ineffective, hedge accounting is discontinued and the derivative concerned is accounted for under trading securities, with the effects taken through the profit and loss account.

The hedge relationship may also be discontinued either voluntarily or when the hedged instrument is derecognized or the hedging instrument wound up early.

Equity investments

This heading consists of investments in:

– associates, which are equity-accounted. Associates are defined as companies in which at least 20% of the voting rights are held, and those in which the size of the investment is sufficient to ensure an influence in the governance of the investee company;

– jointly-controlled companies, which are also equity-accounted;

– other investments of negligible value, which are recognized at cost.

Where there is objective evidence that the value of an investment may be impaired, estimates are made of its current value using market prices if possible, and of the present value of estimated cash flows generated by the investment, including its terminal value. Where the value thus calculated is lower than the asset's carrying amount, the difference is taken through the profit and loss account. Where the reasons for the loss of value cease to apply, due to an event which takes place subsequent to the date on which the value reduction is recorded, writebacks are credited up to the amount of the impairment charges previously recorded.

Property, plant and equipment

This heading comprises land, core and investment properties, plant, furniture, fittings, equipment and assets used under the terms of finance leases, despite the fact that such assets remain the legal property of the lessor rather than the lessee.

Assets held for investment purposes refer to investments in real estate, if any (whether owned or acquired under leases), which are not core to the Group's main activities and/or are chiefly leased out to third parties.

These are stated at historical cost, which in addition to the purchase price, includes any ancillary charges directly resulting from their acquisition and/ or usage. Extraordinary maintenance charges are reflected by increasing the asset's value, while ordinary maintenance charges are recorded in the profit and loss account.

Fixed assets are depreciated over the length of their useful life on a straight-line basis, with the exception of land, which is not depreciated on the grounds that it has unlimited useful life. Properties built on land owned by the Group are recorded separately, on the basis of valuations prepared by independent experts.

At annual and interim reporting dates, where there is objective evidence that the value of an asset may be impaired, its carrying amount is compared to its current value, which is defined as the higher of its fair value net of any sales costs and its related value of use, and adjustments, if any, are recognized through the profit and loss account. If the reasons which gave rise to the loss in value cease to apply, the adjustment is written back to earnings with the proviso that the amount credited may not exceed the value which the asset would have had net of depreciation, which is calculated assuming no impairment took place.

Intangible assets

These chiefly comprise goodwill and long-term computer software applications.

Goodwill may be recognized where this is representative of the investee company's ability to generate future income. At annual and interim reporting dates assets are tested for impairment, which is calculated as the difference between the initial recognition value of the goodwill and its realizable value, the latter being equal to the higher of the fair value of the cash-generating unit concerned net of any sales costs and its assumed value of use. Any adjustments are taken through the profit and loss account.

Other intangible assets are recognized at cost, adjusted to reflect ancillary charges only where it is likely that future earnings will derive from the asset and the cost of the asset itself may be reliably determined. Otherwise the cost of the asset is booked to the profit and loss account in the year in which the expense was incurred.

The cost of intangible assets is amortized on the straight-line basis over the useful life of the asset concerned. If useful life is not determinable the cost of the asset is not amortized, but the value at which it is initially recognized is tested for impairment on a regular basis.

At annual and interim reporting dates, where there is evidence of impairment the realizable value of the asset is estimated, and the impairment is recognized in the profit and loss account as the difference between the carrying amount and the recoverable value of the asset concerned.

Derecognition of assets

Financial assets are derecognized as and when the Group is no longer entitled to receive cash flows deriving from them, or when they are sold and the related risks and benefits are transferred accordingly. Tangible and intangible assets are derecognized upon disposal, or when an asset is permanently retired from use and no further earnings are expected to derive from it.

Assets or groups of assets which are sold continue to be recognized if the risks and benefits associated with them (in the relevant technical form) continue to be attributable to the Group. A corresponding amount is then entered as a liability to offset any amounts received (as *Other amounts receivable or Repos*).

The main forms of activity currently carried out by the Group which do not require underlying assets to be derecognized are the securitization of receivables, repo trading and securities lending.

Conversely, items received as part of deposit bank activity, the return on which is collected in the form of a commission, are not recorded, as the related risks and benefits continue to accrue entirely to the end-investor.

Payables, debt securities in issue and subordinated liabilities

These include the items *Due to banks*, *Due to customers* and *Debt securities in issue* less any shares bought back. Amounts payable by the lessee under the terms of finance leasing transactions are also included.

Initial recognition takes place when funds raised are collected or debt securities are issued, and occurs at fair value, which is equal to the amount collected net of transaction costs incurred directly or indirectly in connection with the liability concerned. Thereafter liabilities are stated at amortized cost on the basis of the original effective interest rate, with the exception of short-term liabilities which continue to be stated at the original amount collected.

Derivatives embedded in structured bonds are stripped out from the underlying contract and recognized at fair value. Subsequent changes in fair value are recognized through the profit and loss account.

Financial liabilities are derecognized upon expiry or repayment, even if buybacks of previously issued bonds are involved. The difference between the liabilities' carrying value and the amount paid to repurchase them is recorded through the profit and loss account.

The sale of treasury shares over the market following a buyback (even in the form of repos and securities lending transactions) is treated as a new issue. The new sale price is recorded as a liability without passing through the profit and loss account.

Trading liabilities

This item includes the negative value of trading derivatives and any derivatives embedded in complex instruments. Liabilities in respect of technical shortfalls deriving from securities trading activity are also included. All trading liabilities are recognized at fair value.

Staff severance indemnity provision

This is stated to reflect the actuarial value of the provision as calculated in line with regulations used for defined benefit schemes. Future obligations are estimated on the basis of historical statistical analysis (e.g. staff turnover, retirements, etc.) and demographic trends. These are then discounted to obtain their present value on the basis of market interest rates. The values thus obtain are booked under labour costs as the net amount of contributions paid, prior years' contributions not yet capitalized and net interest.

Since 1 July 2013, conversely, actuarial gains and/or losses are recorded in a net equity valuation reserve, i.e. in the other comprehensive income statement (OCI) and no longer in the profit and loss account as required by the new IAS 19 revised (Employee Benefits), which was approved by the IASB on 16 June 2011 and incorporated into EU law under regulation EE 475/12 [3].

Units accruing as from 1 January 2007 paid into complementary pension schemes or the Italian national insurance system are recorded on the basis of contributions accrued during the period.

Provisions for liabilities and charges

These regard risks linked with the Group's operations but not necessarily associated with failure to repay loans, and which could lead to expenses in the future. If the time effect is material, provisions are discounted using current market rates. Provisions are recognized in the profit and loss account.

Provisions are reviewed on a regular basis, and where the charges that gave rise to them are deemed unlikely to crystallize, the amounts involved are written back to the profit and loss account in part or in full.

Withdrawals are only made from provisions to cover the expenses for which the provision was originally made.

[3] These items may therefore no longer be accounted for under labour costs as was the Group's previous practice.

Foreign currency transactions

Transactions in foreign currencies are recorded by applying the exchange rates as at the date of the transaction to the amount in the foreign currency concerned.

Assets and liabilities denominated in currencies other than the Euro are translated into Euros using exchange rates ruling at the dates of the transactions. Differences on cash items due to translation are recorded through the profit and loss account, whereas those on non-cash items are recorded according to the valuation criteria used in respect of the category they belong to (i.e. at cost, through the profit and loss account or on an equity basis).

Tax assets and liabilities

Income taxes are recorded in the profit and loss account, with the exception of tax payable on items debited or credited directly to net equity. Provisions for income tax are calculated on the basis of current, advance and deferred obligations. Advance and deferred tax is calculated on the basis of temporary differences – without time limits – between the carrying amount of an asset or liability and its tax base, according to statutory criteria and the corresponding values used for tax purposes.

Advance tax assets are recognized in the balance sheet based on the likelihood of their being recovered.

Deferred tax liabilities are recognized in the balance sheet with the exception of tax-suspended reserves, if the size of the reserves available already subjected to taxation is such that it may be reasonably assumed that no transactions will be carried out on the Group's own initiative that might lead to their being taxed.

Deferred tax arising upon business combinations is recognized when this is likely to result in a charge for one of the companies concerned.

Tax assets and liabilities are adjusted as and when changes occur in the regulatory framework or in applicable tax rates, *inter alia* to cover charges that might arise in connection with inspections by or disputes with the tax revenue authorities.

Stock options and performance shares

The stock option and performance shares schemes operated on behalf of Group staff members and collaborators are treated as a component of labour costs. The fair value of the instruments is measured and recognized in net equity at the grant date using a share/option pricing method adjusted to reflect historical series for previous financial years. The value thus determined is taken to the profit and loss account pro-rata to the vesting period for the individual awards.

Treasury shares

These are deducted from net equity, and any gains/losses realized on disposal are recognized in net equity.

Dividends and commissions

These are recognized as and when they are realized, provided there is reasonable likelihood that future benefits will accrue.

Fees included in amortized cost for purposes of calculating the effective interest rate are not included, but are recorded under *Net interest income*.

Related parties

In accordance with IAS 24, related parties are defined as:

a) individuals or entities which directly or indirectly, are subject to joint control by Mediobanca, parties to the Mediobanca shareholders' agreement with syndicated interests of over 2% of the company's share capital, and the entities controlled by or controlling them;

b) associate companies, joint ventures and entities controlled by them;

c) management with strategic responsibilities, that is, individuals with powers and responsibilities, directly or indirectly, for the planning, direction and control of the parent company's activities, including the members of the Board of Directors and Statutory Audit Committee;

d) entities controlled or jointly controlled by one or more of the individuals listed under the foregoing letter c);

e) close family members of the individuals referred to in letter c) above, that is, individuals who may be expected to influence them or be influenced by them in their relations with Mediobanca (this category includes partners, children, partners' children, dependents and partners' dependents) as well as any entities controlled, jointly controlled or otherwise associated with such individuals;

f) pension funds for employees of the parent company or any other entity related to it;

g) transactions involving vehicle companies, even if these are not directly attributable to related parties but the benefits from them still accrue to related parties.

A.3 - Information on transfers between financial asset portfolios

A.3.1 Reclassified financial assets: book value, fair value and effects on comprehensive income

(€'000)

Type of instrument	Transferred from	Transferred to	Book value at 30/6/15	Fair value at 30/6/14	Additions to P&L if assets not transferred (pre-tax)		Additions to P&L made during the year (pre-tax)	
					Valuation	Other	Valuation	Other
Debt securities [1] (ABS)	Financial assets held for trading AFS securities	Due from customers	94,074	98,284	(1,458)	2,591	—	2,591
Titoli di debito [1] (ABS)	AFS securities	Due from customers	11,466	11,828	(945)	646	—	646
Debt securities [2]	AFS securities	Financial assets held to maturity	328,199	352,559	(8,159)	16,977	—	16,977
Total			433,739	462,671	(10,562)	20,214	—	20,214

[1] Made during FY 08/09.

[2] Made during FY 10/11.

No transfers were made during the twelve months under review.

A.4 - Information on fair value

QUALITATIVE INFORMATION

This section provides the disclosure on fair value stipulated by IFRS 13 paragraph 91, which defines fair value as the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market.

For financial instruments listed on active markets, fair value is determined on the basis of the official prices prevailing on the principal market, or alternatively the most advantageous market to which the Group has access; such instruments are thus said to be marked to market. A market is defined as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

For instruments not listed on an active market or in cases where the market is not functioning properly, that is, it does not have a sufficient and continuous number of transactions, or sufficiently low bid-ask spreads and volatility, valuation models using market inputs are used instead, such as:

- valuations of instruments with similar characteristics;
- discounted cash flow calculations;
- option price calculation models, values recorded in recent comparable transactions, prudentially adjusted to reflect the illiquid nature of some market data and other risks associated with specific transactions (reputational risk, replacement risk, etc.).

If no market inputs are available, valuation models based on data estimated internally are used.

Equities and equity-linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at costs. For investment funds, including mutual funds, private equity funds, hedge funds (including funds of funds) and real estate funds, fair value is taken to be the net asset value (NAV) per stock unit published by the funds themselves.

As a further guarantee that the valuations deriving from the measurement models the Group uses remain objective, independent price verification processes (IPVs) are also carried out, in which a unit unrelated to the one assuming the risk checks the prices of the individual financial instruments on a daily basis, using data provided by information providers as its reference.

Fair value is reported according to rankings based on the quality of the input parameters used to determine it [4].

In accordance with the provisions of IFRS 13 as enacted in Bank of Italy circular no. 262, the fair value hierarchy assigns decreasing priority to measurements based on different market parameters. The highest priority (Level1) is assigned to measurements based on prices quoted (un-adjusted) on an active market for identical assets or liabilities; while the lowest of priority (Level3) is assigned to valuations deriving predominantly from unobservable inputs.

[4] Cf. IFRS 13, paragraph 73: "the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement"; and paragraph 74: "The fair value hierarch ranks fair value measurements based on the type of inputs; it does not depend on the type of valuation techniques used". For further details see IFRS 13, paragraphs 72-90.

The fair value ranking level assigned to an asset or liability is defined as the lowest-level input that is significant to the entire measurement. Three levels are identified.

– Level1: quoted prices (single and unadjusted) in active markets for the individual financial instrument being measured.

– Level2: inputs other than the quoted prices referred to above, that are observable on the market either directly (prices) or indirectly (price derivatives). In this case fair value is measured via a comparable approach, or by using a pricing model which leaves little scope for subjective interpretation and is commonly used by other financial operators.

– Level3: significant inputs which are either unobservable on the market and/or reflect complex pricing models. In this case the fair value is set based on assumptions of future cash flows, which could lead to different estimates by different observers of the value of the same financial instrument.

As a rule Mediobanca uses market prices (Level1) or models based on observable inputs (Level2). In cases where Level3 instruments are used, additional price verification procedures are set in place, including: revision of relevant historical data, analysis of profits and losses, individual measurement of each single component in a structured component, and benchmarking. This approach involves the use of subjective assessments and judgements based on experience, and adjustments may therefore be required to valuations to take account of the bid-ask spread, liquidity or counterparty risk, and the type of measurement model adopted. All models in any case, including those developed internally, are verified independently and validated by different Bank units, thus ensuring an independent control structure.

Fair value adjustment

Fair value adjustment is defined as the quantity that has to be added to the price observed on the market or the theoretical price generated by the model, to ensure that the fair value reflects the price that can be realized in a market transaction which is effectively possible. The following adjustments in particular should be noted:

– credit/debt valuation adjustment;

– other adjustments.

Credit/debit valuation adjustment (CVA/DVA)

Credit and debt value adjustments (CVA and DVA respectively) are incorporated into the valuation of derivatives to reflect the impact respectively of the counterparty's credit risk and the Bank's own credit quality on the fair value, as follows:

– CVA is a negative quantity which takes into account the scenarios in which the counterparty might fail before the Bank does while amounts are still receivable (positive MTM) by the Bank from the counterparty;

– DVA is a positive quantity which takes into account the scenarios in which the Bank itself might fail before the party does while amounts are still payable (negative MTM) to the counterparty.

CVA and DVA are calculated taking into consideration any counterparty risk mitigation agreements that have been entered into, in particular collateral and netting agreements for each individual counterparty.

The CVA/DVA methodology used by Mediobanca is based on the following inputs:

– expected positive exposure (EPE) and expected negative exposure (ENE) of the valuation of the derivatives, deriving from simulation techniques;

– probability of default (PD), derived from historical PD readings or those implied in market prices obtained via credit default swap;

– loss given default (LGD) based on the estimated value of recovery in the event of the counterparty going bankrupt, as defined in specific analysis conducted by the Bank itself or the default rates conventionally utilized for credit default swap prices.

Other adjustments

Other adjustments of fair value not included in the categories described above, may be taken into consideration in order to align the valuation with the exit price inter alia on the basis of market liquidity levels or valuation parameters.

A.4.1 Fair value Levels2 and 3: measurement techniques and inputs used

Assets and liabilities measured at fair value on a recurring basis

This section provides disclosure on the measurement techniques and inputs used for assets and liabilities measured at fair value on a recurring basis.

– bonds: instruments not traded on active markets are marked to model using the implied credit spread curves obtained from Level1 instruments, to which a further spread is added to reflect their illiquidity. The model makes maximum use of observable inputs and minimum use of non-observable inputs. In this way, depending on how representative the credit spread curve applied is, bonds are categorized as either Level2 or Level3 (the latter in cases where non-observable credit spreads are used). In fair value measurement, fair value adjustments can be used in cases where there is reduced liquidity and model risk, to compensate for the lack of observable market inputs for Level2 and Level3 positions.

– asset-backed securities, CLOs and loans: the measurement process relies on information providers which effectively collect market prices. All the ABS owned by Mediobanca are categorized as Level3, with the exception of those for which the trader is able to provide, on a continuous basis, a breakdown of bid/ask contributions with the respective quantities, in which case they are categorized as Level1.

– derivatives: the fair value of derivatives not traded on an active market derives from application of mark-to-model measurement techniques. In cases where there is an active market to provide inputs for the various components of the derivative to the valuation model, the fair value is measured on the basis of the market prices. Measurement techniques based on observable inputs are categorized as Level2, whereas those based on non-observable inputs are categorized as Level3.

– Equities: equities are categorized as Level1 when quoted prices are available on an active market considered to be liquid, and Level3 when there are no quoted prices or when quoted prices have been suspended indefinitely.

– Investment funds: Mediobanca owns holdings in investment funds which publish the net asset value (NAV) per stock unit. Such funds include mutual funds, private equity funds, hedge funds (including funds of funds) and real estate funds. Investments in funds are usually classified as Level1 in cases where quoted prices are available on an active market; otherwise they are categorized as Level3.

Assets and liabilities measured at fair value on a non-recurring basis

Financial instruments measured at fair value on a non-recurring basis (including amounts payable to and receivable from customers and banks) are not accounted for on the basis of fair value.

In such cases the fair value is calculated solely for the purpose of meeting the Bank's responsibilities in terms of providing market disclosure, and the calculation does not impact in any way on the book value of the investment and has no effect on the profit and loss account. Such instruments are not normally traded, and their fair value is thus measured on the basis of inputs compiled internally rather than directly observable on the market.

For loans to corporates, fair value is measured via the discounted cash flow method, using rates and/or flows adjusted to reflect credit risk in each case. Loans to counterparties with official ratings are categorized as Level2, and in all other cases as Level3. The same applies to retail loans (i.e. mortgage loans and consumer credit).

Bonds issued by Mediobanca are categorized as fair value Level1 if quoted on an active market (using the market price as the input); if not, i.e. in cases where there are no quoted prices, the fair value is categorized as Level2 and is calculated via the expected discounted cash flow using a market interest rate adjusted for the Bank's issuer risk (with a distinction being made between senior and subordinated risks).

A.4.2 Measurement processes and sensibilities

As required by IFRS 13, quantitative information on the significant non-observable inputs used in measuring the fair value of Level3 instruments is provided below.

Uncertainties inherent in inputs and impact on mark-to-market for equity products

Non-observable inputs	Quantification of uncertainty inherent input	+/- delta vs MtM (€'000), 30/6/15	+/- delta vs MtM (€'000), 30/6/14
Implicit volatility	On average equal to 50 bps for volatility surface points falling outside the contribution of Totem application (maturity > 3Y for single stocks and maturity > 5Y for indexes)	181	154
Correlazione *equity-equity*	Equal to 1% between two indexes and 2% between two single stocks	50	152

Measurement techniques used for equity, credit and interest rate products

Product	Measurement technique	Non-observable inputs	Fair value* Assets 30/6/15 (€m)	Fair value* Liabilities 30/6/15 (€m)	Fair value* Assets 30/6/14 (€m)	Fair value* Liabilities 30/6/14 (€m)
OTC equity plain vanilla options, OTC equity digital options, variance swap	Black-Scholes/ Black model	Implicit volatility [2]	11.5	(25.2)	4.7	(54.7)
OTC equity basket options, best of/ worst of	Black-Scholes method	Implicit volatility Equity-equity correlation [3]	16.9	—	37.5	(3.2)
CDO sintetici	Gaussian copula model using factor with base correlation	Base correlation with bootstrap starting from quoted data on liquid index tranches [4]	0.3	(0.8)	1.2	(2.–)
Structured CCSs	Discount cash flow	Level3 categorization attributable to importance of the fair value adjustment versus overall MtM, due mostly to contractual clauses plus the fact that the spread is determined by proxy because the counterparty is unrated	18.2	—	33.8	—

* Values are shown net of reserves booked.

2 Volatility in a financial context is a measurement of how much the price of an instrument underlying a derivative may vary over time. The higher the volatility of the underlying instrument, the greater the risk associated with it. In general terms long positions in options benefit from increases in volatility, whereas short positions in options lose out from them.
For equity derivatives, the implicit volatility surface may be obtained from the price of the call and put options, as there are regulated markets for these. The uncertainty inherent in this input is attributable to one of the following scenarios: illiquidity of quoted prices (wide bid/ask spreads, typically present on long maturities or moneyness far from the at-the-money spot), concentration effects and non-observable market data (here too present when maturities are considered too long or moneyness too far from the at-the-money spot).

3 Equity-equity correlation is a measurement of the correlation between two equity financial instruments underlying a derivative. Variations in the correlation levels may impact favourably or unfavourably, depending on the correlation type, on an instrument's fair value.
Equity-equity correlations are less observable than volatilities, because correlation products are not quoted on any regulated markets. For this reason correlations are more prone to input uncertainty.

4 The base correlation is the level of relation between the default events for the underlying instruments belonging to the principal credit indexes. The correlation is obtained from the quoted market prices of synthetic CDOs on the indexes, in particular from instruments hedging the various parts of the equity structure of these indexes.

A.4.3 Fair value ranking

Transfers between levels of fair value ranking

The main factors contributing to transfers between the different fair value levels include changes in market conditions and refinements in the measurement models and/or the non-observable inputs.

An instrument is transferred from fair value Level1 to Level2 or vice versa mainly as a result of changes in the significance of a price expressed by the reference active market for the instrument concerned.

Conversely, transfers from Level2 to Level3 (or vice versa) are decided on the basis of the significance of the input data, in particular the weight which non-observable data have in the inputs compared to observable data

A.4.4 Other information

The Mediobanca Group has availed itself of the exception provided under IFRS 13, paragraph 48 from measuring fair value on a net basis for financial assets and liabilities with positions compensating for the counterparty's market or credit risks.

A.4.5 Fair value ranking

A.4.5.1 Assets and liabilities recognized at fair value on a recurring basis by fair value ranking

(€'000)

Financial assets/Liabilities measured at fair value	**30/6/15**			**30/6/14**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
1. Financial assets held for trading	5,075,095	5,357,207	408,794	5,481,200	5,097,497	1,061,172
2. Financial assets recognized at fair value	—	—	—	—	—	—
3. AFS securities	5,844,452	321,819	240,790	5,974,561	470,185	856,769
4. Hedge derivatives	—	817,729	—	—	1,065,101	—
5. Tangible assets	—	—	—	—	—	—
6. Intangible assets	—	—	—	—	—	—
Total	10,919,547	6,496,755	649,584	11,455,761	6,632,783	1,917,941
1. Financial liabilities held for trading	(3,074,413)	(5,040,212)	(355,106)	(3,199,477)	(5,057,397)	(994,271)
2. Financial liabilities recognized at fair value	—	—	—	—	—	—
3. Hedge derivatives	—	(584,685)	—	—	(570,732)	—
Total	(3,074,413)	(5,624,897)	(355,106)	(3,199,477)	(5,628,129)	(994,271)

The Level3 instruments chiefly consist of €329.1m in options traded, i.e. contracts with the same underlying instrument but executed with different counterparties (30/6/14: €934.4m); these include €5.3m in options linked to bonds issued (€268.4m). Level3 AFS assets consist of investments in unlisted companies (valued on the basis of internal models) and private equity funds. During the year under review the Level3 assets declined from €1,917.9m to €649.6m. as a result of the Sintonia holding being re-categorized (€449.2m) and the options themselves being less profitable: maturities for the period (€701.4m) were only part offset by new additions (€50m).

A.4.5.2 Annual changes in financial assets recognized at fair value on a recurring basis (level 3 assets)

(€'000)

	FINANCIAL ASSETS			
	Held for trading [1]	**Recognized at fair value**	**AFS** [2]	**Hedges**
1. Balance at start of period	126,804	—	856,770	—
2. Additions	73,856	—	190,933	—
2.1 Purchases	21,474	—	83,700	—
2.2 Profits recognized in:	45,727	—	107,233	—
2.2.1 profit and loss	45,727	—	53,360	—
- of which, gains	12,857	—	—	—
2.2.2 net equity	X	X	53,873	—
2.3 Transfers from other levels	6,655	—	—	—
2.4 Other additions	—	—	—	—
3. Reductions	120,958	—	806,913	—
3.1 Disposals	23,463	—	293,024	—
3.2 Redemptions	68,788	—	7,326	—
3.3 Losses recognized in:	27,362	—	19,495	—
3.3.1 profit and loss	27,362	—	15,449	—
- of which, losses	27,362	—	13,669	—
3.3.2 net equity	X	X	4,046	—
3.4 Transfers to other levels	601	—	—	—
3.5 Other reductions	744	—	487,068	—
4. Balance at end of period	79,702	—	240,790	—

1 Includes market value of options covering those attached to bond issues by Mediobanca and Mediobanca International (€5.3m as at 30/6/15 and €268.4m as at 30/6/14) as well as options traded (€323.8m and €666m respectively), the values of which are recorded as both assets and liabilities for the same amount.

2 Includes investments in unlisted companies valued on the basis of internal models.

A.4.5.3 Annual changes in liabilities recognized at fair value on a recurring basis (level 3 liabilities)

(€'000)

	FINANCIAL LIABILITIES		
	Held for trading [1]	**Recognized at fair value**	**Hedges**
1. Balance at start of period	59,902	—	—
2. Additions	38,448	—	—
2.1 Issues	2,998	—	—
2.2 Losses recognized in:	33,445	—	—
2.2.1 profit and loss	33,445	—	—
- of which, losses	33,445	—	—
2.2.2 net equity	X	X	—
2.3 Transfers from other levels	2,005	—	—
2.4 Other additions	—	—	—
3. Reductions	72,334	—	—
3.1 Redemptions	37,558	—	—
3.2 Buybacks	—	—	—
3.3 Profits recognized in:	6,527	—	—
3.3.1 profit and loss	6,527	—	—
- of which, gains	6,527	—	—
3.3.2 net equity	X	X	—
3.4 Transfers to other levels	28,249	—	—
3.5 Other reductions	—	—	—
4. Balance at end of period	26,016	—	—

1 Includes market value of options covering those attached to bond issues by Mediobanca and Mediobanca International (€5.3m as at 30/6/15 and €268.4m as at 30/6/14) as well as options traded (€323.8m and €666m respectively), the values of which are recorded as both assets and liabilities for the same amount.

A.4.5.4 Assets and liabilities not recognized at fair value or recognized at fair value on a non-recurring basis, by fair value ranking

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	**30/6/15**				**30/6/14**			
	Book value	**Fair value**			**Book value**	**Fair value**		
		Level 1	**Level 2**	**Level 3**		**Level 1**	**Level 2**	**Level 3**
1. Financial assets held to maturity	1,302,837	1,327,890	43,100	21,002	1,659,818	1,582,399	163,035	38,411
2. Due from banks	10,784,548	—	10,592,135	192,479	5,287,754	—	5,029,880	246,127
3. Due from customers	24,859,774	—	13,369,752	11,459,716	36,623,531	—	12,053,692	25,684,668
4. Tangible assets held for investment purposes	25,835	—	—	92,030	67,593	—	—	118,816
5. Non-current assets and groups of assets being sold	—	—	—	—	—	—	—	—
Total	36,972,994	1,327,890	24,004,987	11,765,227	43,638,696	1,582,399	17,246,607	26,088,022
1. Due to banks	19,449,009	—	19,449,009	—	11,459,800	—	11,460,317	—
2. Due to customers	4,015,148	—	4,015,148	—	16,475,388	—	16,475,335	—
3. Debt securities in issue	19,990,871	1,990,109	18,808,960	20,848	23,330,028	1,627,628	22,047,816	11,109
4. Liabilities in respect of non-current assets being sold	—	—	—	—	—	—	—	—
Total	43,455,028	1,990,109	42,273,117	20,848	51,265,216	1,627,628	49,983,468	11,109

A.5 - Information on day one profit/loss

For Level3 transactions, the fair value derived from the model may differ from the price of the transaction itself. If the difference is positive (day one profit), it is amortized over the outstanding life of the financial instrument; if it is negative (day one loss), it is taken directly to the profit and loss account, on prudential grounds. Any subsequent changes in fair value will therefore be linked to the trends in the various risk factors to which the instrument is exposed (interest rate/exchange rate risk, etc.) and recorded directly in the profit and loss account.

At the reporting date the Group's consolidated financial statements do not contain any amounts reflecting suspended day one profits/losses in the profit and loss account to be released over time.

Part B - Notes to Individual Balance Sheet *

Assets

SECTION 1

Heading 10: Cash and cash equivalents

1.1 Cash and cash equivalents

	30/6/15	30/6/14
a) Cash	438	486
b) Demand deposits with Central banks	4,350	22
Total	4,788	508

* Figures in €'000, save in footnotes, where figures are provided in full.

SECTION 2

Heading 20: Financial assets held for trading

2.1 Financial assets held for trading: composition

Item/value	30/6/15			30/6/14		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Balance-sheet assets						
1. Debt securities	2.449.283	611.465	22.259	3.756.173	625.476	34.502
1.1 Structured securities	49,616	121,952	—	46,609	77,862	—
1.2 Other	2,399,667	489,513	22,259	3,709,564	547,614	34,502
2. Equity instruments [1]	1,724,922	24,634	—	1,035,953	27,087	162
3. Units in investment funds [1]	279,199	—	10,561	150,746	—	14,969
4. Loans	—	—	—	—	9,683	—
4.1 Repos	—	—	—	—	—	—
4.2 Other	—	—	—	—	9,683	—
Total A	4,453,404	636,099	32,820	4,942,872	662,246	49,633
B. Derivative instruments						
1. Financial derivatives:	621,691	4,507,469	375,974	538,328	3,904,376	1,011,539
1.1 Trading	621,691	4,101,492	370,479 [2]	538,328	3,699,060	742,564 [2]
1.2 Related to fair value option assets	—	—	—	—	—	—
1.3 Other	—	405,977	5,495 [3]	—	205,316	268,975 [3]
2. Credit derivatives:	—	213,639	—	—	530,875	—
2.1 Trading	—	213,639	—	—	530,875	—
2.2 Related to fair value option assets / liabilities	—	—	—	—	—	—
2.3 Other	—	—	—	—	—	—
Total B	621,691	4,721,108	375,974	538,328	4,435,251	1,011,539
Total (A+B)	5,075,095	5,357,207	408,794	5,481,200	5,097,497	1,061,172

[1] Equities as at 30/6/15 include shares committed in securities lending transactions totalling €1,598,144,000 (30/6/14: €556,639,000), plus UCITS units totalling€143,427,000.

[2] Respectively €323,795,000 and €665,980,000 by way of options traded, with the equivalent amount being recorded as trading liabilities.

[3] Includes the market value of options (€5.3m) covering those linked with bonds issued by Mediobanca S.p.A. and Mediobanca International, with the equivalent amount being recorded as trading liabilities.

2.2 Financial assets held for trading: by borrower/issuer

Items/Values	30/6/15	30/6/14
A. Financial assets (non-derivatives)		
1. Debt securities	3,083,007	4,416,151
a) Governments and central banks	1,807,748	2,955,978
b) Other public-sector entities	64,042	208,887
c) Banks	311,772	251,503
d) Other issuers	899,445	999,783
2. Equity instruments	1,749,556	1,063,202
a) Banks	65,479	71,750
b) Other issuers:	1,684,077	991,452
- Insurance companies	31,102	42,115
- Financial companies	176,345	52,313
- Non-financial companies	1,476,630	897,024
- Other	—	—
3. Units in investment funds	289,760	165,715
4. Loans	—	9,683
a) Governments and Central Banks	—	—
b) Other public-sector entities	—	—
c) Banks	—	—
d) Other issuers	—	9,683
Total A	5,122,323	5,654,751
B. Derivative instruments		
a) Banks	3,514,436	3,571,702
- Fair value	3,514,436	3,571,702
b) Customers	2,204,337	2,413,416
- Fair value	2,204,337	2,413,416
Total B	5,718,773	5,985,118
Total (A+B)	10,841,096	11,639,869

2.3 Financial assets held for trading: movements during the period

	Debt securities	Equity instruments	Units in investments funds	Loans	Total
A. Gross opening balance	4,416,151	1,063,202	165,715	9,683	5,654,751
B. Increases	20,220,585	11,305,495	661,694	49	32,187,823
B.1 Purchases	20,047,062	11,004,304	632,789	—	31,684,155
B.2 Positive changes in fair value	20,091	70,033	5,278	—	95,402
B.3 Other changes	153,432	231,158	23,627	49	408,266
C. Decreases	21,553,729	10,619,141	537,649	9,732	32,720,251
C.1 Sales	19,673,458	10,387,808	524,059	9,728	30,595,053
C.2 Redemptions	299,869	—	—	—	299,869
C.3 Negative changes in fair value	49,053	149,137	11,363	—	209,553
C.4 Tranfers to other portfolios	—	—	—	—	—
C.5 Other changes	1,531,349	82,196	2,227	4	1,615,776
D. Closing balances	3,083,007	1,749,556	289,760	—	5,122,323

SECTION 4

Heading 40: Available for sale (AFS) securities

4.1 AFS securities: composition

Items/Values	30/6/15			30/6/14		
	Level 1	Level 2	Level 3 *	Level 1	Level 2	Level 3 *
1. Debt securities	5,497,743	321,819	11,686	5,573,841	470,185	14,917
1.1 Structured securities	—	—	—	—	—	—
1.2 Other	5,497,743	321,819	11,686	5,573,841	470,185	14,917
2. Equty instruments	346,709	—	105,933	400,720	—	728,777
2.1 Designated at fair value	346,709	—	105,933	400,720	—	728,777
2.2 Recognised at cost	—	—	—	—	—	—
3. Units in investment funds	—	—	123,171	—	—	113,075
4. Loans	—	—	—	—	—	—
Total	5,844,452	321,819	240,790	5,974,561	470,185	856,769

* Includes shares in non-listed companies based on internal rating models.

4.2 AFS securities: by borrower/issuer

Items/Values	30/6/15	30/6/14
1. Debt securities	5,831,248	6,058,943
a) Governments and central banks	4,365,306	4,229,325
b) Other public-sector entities	—	—
c) Banks	614,802	837,897
d) Other issuers	851,140	991,721
2. Equity instruments	452,642	1,129,497
a) Banks	—	—
b) Other issuers:	452,642	1,129,497
- insurance companies	—	—
- financial companies	31,751	57,931
- non-financial companies	420,891	1,071,566
- other	—	—
3. Units in investment funds (including Private Equity funds)	123,171	113,075
4. Loans	—	—
a) Governments and Central Banks	—	—
b) Other public-sector entities	—	—
c) Banks	—	—
d) Other entities	—	—
Total	6,407,061	7,301,515

4.3 AFS securities: assets subject to specific hedging

Items/Values	30/6/15	30/6/14
1. Financial instruments subject to fair value micro hedging	314.292	793.555
a) Interest rate risk	314.292	793.555
b) currency risk	—	—
c) credit risk	—	—
d) multiple risks	—	—
2. Financial instruments subject to cash flow micro hedging	—	—
a) interest rate risk	—	—
b) currency risk	—	—
c) other	—	—
Total	314.292	793.555

4.4 AFS securities: movements during the period

	Debt securities	Equity instruments	Units in investment funds	Loans	Total
A. Opening balance	6,058,943	1,129,497	113,075	—	7,301,515
B. Increases	2,933,979	178,627	20,551	—	3,133,157
B.1 Purchases	2,900,092	66,021	13,590	—	2,979,703
B.2 Variazioni positive di fair value	33,887	112,606	6,956	—	153,449
B.3 Write-backs	—	—	—	—	—
- related to P&L	—	x	—	—	—
- related to Equity	—	—	—	—	—
B.4 Transfers from other portfolios	—	—	—	—	—
B.5 Other changes	—	—	5	—	5
C. Decreases	3,161,674	855,482	10,455	—	4,027,611
C.1 Sales	1,013,728	339,554	—	—	1,353,282
C.2 Redemptions	2,072,500	—	—	—	2,072,500
C.3 Negative changes in fair value	52,953	6,750	4,046	—	63,749
C.4 Impairment writedowns	—	18,893	6,409	—	25,302
- through profit or loss	—	18,893	2,002	—	20,895
- in equity	—	—	4,407	—	4,407
C.5 Transfers to other portfolios	—	—	—	—	—
C.6 Other changes	22,493	490,285 [1]	—	—	512,778
D. Closing balance	5,831,248	452,642	123,171	—	6,407,061

[1] Of which €487,342,000 transferred to the IAS 27/28 portfolio following the Sintonia demerger.

SECTION 5

Heading 50: Financial assets held to maturity

5.1 Financial assets held to maturity: composition

	30/6/15				30/6/14			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	1,302,837	1,327,890	43,100	21,002	1,645,928	1,570,500	150,608	38,411
- structured	—	—	—	—	—	—	—	—
- other	1,302,837	1,327,890	43,100	21,002	1,645,928	1,570,500	150,608	38,411
2. Loans	—	—	—	—	—	—	—	—
Total	1,302,837	1,327,890	43,100	21,002	1,645,928	1,570,500	150,608	38,411

5.2 Assets held to maturity: by borrower/issuer

Type of transaction / Values	30/6/15	30/6/14
1. Debt securities	1,302,837	1,645,928
a) Governments and central banks	350,165	348,299
b) Other public-sector entities	—	—
c) Banks	330,898	502,378
d) Other issuers	621,774	795,251
2. Loans	—	—
a) Governments and central banks	—	—
b) Other public-sector entities	—	—
c) Banks	—	—
d) Other entities	—	—
Total	1,302,837	1,645,928
Total Fair value	1,391,992	1,759,519

5.4 Assets held to maturity: movements during the period

	Debt securities	Loans	Total
A. Gross opening balance	1,645,928	—	1,645,928
B. Increases	113,495	—	113,495
B.1 Purchases	101,336	—	101,336
- of which: business combinations	—	—	—
B.2 Write-backs	597	—	597
B.3 Transfers from other portfolios	—	—	—
B.4 Other changes	11,562	—	11,562
C. Decreases	456,586	—	456,586
C.1 Sales	—	—	—
- of which: business combinations	—	—	—
C.2 Redemptions	456,586	—	456,586
C.3 Write-downs	—	—	—
C.4 Transfers from other portfolios	—	—	—
C.5 Other changes	—	—	—
D. Closing balances	1,302,837	—	1,302,837

SECTION 6

Heading 60 - Due from banks

6.1 Due from banks: composition

Type of transaction / Values	30/6/15				30/6/14			
	Book Value	Fair value			Book Value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Loans to Central Banks	111,398	—	111,398	—	110,150	—	110,150	—
1. Time deposits	—	X	X	X	—	X	X	X
2. Compulsory reserves	111,398	X	X	X	110,150	X	X	X
3. Repos	—	X	X	X	—	X	X	X
4. Other	—	X	X	X	—	X	X	X
B. Loans to banks	10,673,150	—	10,480,737	192,479	9,431,206	—	9,212,227	207,288
1. Loans	10,673,150	—	10,480,737	192,479	9,431,206	—	9,212,227	207,288
1.1 Current accounts and demand deposits	493,748	X	X	X	572,097	X	X	X
1.2 Time deposits	30,055	X	X	X	130,327	X	X	X
1.3 Other loans:	10,149,347	X	X	X	8,728,782	X	X	X
- Repos	4,429,255	X	X	X	3,950,037	X	X	X
- Finance leases	—	X	X	X	—	X	X	X
- Other	5,720,092	X	X	X	4,778,745	X	X	X
2. Debt securities	—	—	—	—	—	—	—	—
2.1 Structured	—	X	X	X	—	X	X	X
2.2 Other	—	X	X	X	—	X	X	X
Total	10,784,548	—	10,592,135	192,479	9,541,356	—	9,322,377	207,288

SECTION 7

Heading 70: Due from customers

7.1 Due from customers: composition

Type of transactions/amounts	30/6/15						30/6/14					
	Book Value			Fair value			Book Value			Fair value		
	Performing	Impaired		Level 1	Level 2	Level 3	Performing	Impaired		Level 1	Level 2	Level 3
		Purchased	Other					Purchased	Other			
Loans	20,797,246	—	419,094	—	13,120,993	8,050,295	22,559,903	—	385,948	—	14,548,198	8,217,903
1. Current accounts	88,918	—	—	X	X	X	95,577	—	—	X	X	X
2. Repos	3,689,916	—	—	X	X	X	5,142,415	—	—	X	X	X
3. Mortgages	15,147,952	—	419,094	X	X	X	15,042,821	—	385,948	X	X	X
4. Credit cards and personal loans, incl. wage assignement loans	—	—	—	X	X	X	—	—	—	X	X	X
5. Financial leasing	—	—	—	X	X	X	—	—	—	X	X	X
6. Factoring	—	—	—	X	X	X	—	—	—	X	X	X
7. Other loans	1,870,460	—	—	X	X	X	2,279,090	—	—	X	X	X
Debt securities	3,643,434	—	—	—	248,759	3,409,421	3,354,837	—	—	—	88,512	3,287,521
8. Structured	—	—	—	X	X	X	—	—	—	X	X	X
9. Other	3,643,434	—	—	X	X	X	3,354,837	—	—	X	X	X
Total	24,440,680	—	419,094	—	13,369,752	11,459,716	25,914,740	—	385,948	—	14,636,710	11,505,424

[1] Of which 3,161,215,000 in respect of group securitizations (Compass and Futuro).

7.2 Due from customers: by borrower/issuer

Type of transaction/values	30/6/15			30/6/14		
	Bonis	Impaired		Bonis	Impaired	
		Purchased	Other		Purchased	Other
1. Debt securities issued by	3,643,434	—	—	3,354,837	—	—
a) Governments	—	—	—	—	—	—
b) Other public-sector Entities	—	—	—	—	—	—
c) Other issuers	3,643,434	—	—	3,354,837	—	—
- non-financial companies	17,949	—	—	14,708	—	—
- financial companies	3,625,485	—	—	3,340,129	—	—
- insurance companies	—	—	—	—	—	—
- other	—	—	—	—	—	—
2. Loans to:	20,797,246	—	419,094	22,559,903	—	385,948
a) Governments	—	—	—	—	—	—
b) Other public-sector Entities	53,489	—	—	67,963	—	—
c) Other entities	20,743,757	—	419,094	22,491,940	—	385,948
- non-financial companies	7,968,018	—	401,611	6,712,706	—	368,464
- financial companies	11,838,567	—	17,483	14,920,737	—	17,484
- insurance companies	935,697	—	—	857,001	—	—
- other	1,475	—	—	1,496	—	—
Total	24,440,680	—	419,094	25,914,740	—	385,948

7.3 Due from customers: assets subject to specific hedging

	30/6/15	30/6/14
1. Loans and receivables subject to micro-hedging of fair value:	326,465	239,587
a) Interest rate risk	326,465	239,587
b) Currency risk	—	—
c) Credit risk	—	—
d) Multiple risks	—	—
2. Loans and receivables subject to micro-hedging of cash flows	—	—
a) Interest rate risk	—	—
b) Currency risk	—	—
c) other	—	—
Total	326,465	239,587

SECTION 8

Heading 80: Hedging derivatives

8.1 Hedging derivatives: by hedge type and level

	30/6/15				30/6/14			
	Fair value			Notional Value	Fair value			Notional Value
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A) Financial derivatives	—	817,729	—	11,715,335	—	1,065,101	—	15,825,659
1) Fair value	—	817,729	—	11,715,335	—	1,065,101	—	15,825,659
2) Cash flows	—	—	—	—	—	—	—	—
3) Net investments in foreign subsidiaries	—	—	—	—	—	—	—	—
B) Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flows	—	—	—	—	—	—	—	—
Total	—	817,729	—	11,715,335	—	1,065,101	—	15,825,659

8.2 Hedging derivatives: by portfolio hedged and hedge type

Transaction / Type of hedging	Fair value hedges						Cash-flow hedges		Net Investments in foreign subsidiaries
	Micro					Macro	Micro	Macro	
	Interest rate risk	Currency risk	Credit risk	Price risk	Multiple risk				
1. Available-for-sale financial instruments	282	—	—	—	—	X	—	X	X
2. Loans and receivables	17,145	—	—	X	—	X	—	X	X
3. Held-to-maturity investments	X	—	—	X	—	X	—	X	X
4. Portfolio	X	X	X	X	X	—	X	—	X
5. Others	—	—	—	—	—	X	—	X	—
Total assets	17,427	—	—	—	—	—	—	—	—
1. Financial liabilities	800,302	—	—	X	—	X	—	X	X
2. Portfolio	X	X	X	X	X	—	X	—	X
Total liabilities	800,302	—	—	—	—	—	—	—	—
1. Highly probable transactions	X	X	X	X	X	X	—	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	—	X	—	—

SECTION 10

Heading 100: Equity investments

As at 30 June 2015, the stakes held as part of the Equity investment portfolio reflected a book value of €3,159.7m.

10.1 Equity investments: disclosure on relationship

Company name	Legal office	Operating office	Shareholding %	Voting right %
A. Directly-held investments				
Consortium Share capital € 100,000	Milan	Milan	100.0	100.0
Prominvestment S.p.A. (in liquidation)				
Share capital € 743,000, in par value € 0.52 shares	Rome	Rome	100.0	100.0
SelmaBipiemme Leasing S.p.A.				
Share capital € 41.3m, in par value € 0.50 shares	Milan	Milan	60.0	60.0
Spafid S.p.A.				
Share capital € 100,000, in par value € 10 shares	Milan	Milan	100.0	100.0
Compass S.p.A.				
Share capital € 587.5m, in par value € 5 shares	Milan	Milan	100.0	100.0
Mediobanca Innovation Services - MIS S.c.p.A.				
Share capital € 35m, in par value € 5 shares	Milan	Milan	99,99	99,99
Ricerche e Studi S.p.A.				
Share capital € 100,000, in par value € 5 shares	Milan	Milan	100.0	100.0
CheBanca! S.p.A.				
Share capital € 220m, in par value € 0.50 shares	Milan	Milan	100.0	100.0
Compagnie Monegasque de Banque - CMB S.A.M.				
Share capital € 111.1m, in par value € 200 shares	Montecarlo	Montecarlo	100.0	100.0
MB Securities USA LLC				
Share capital $ 2.25m	New York	New York	100.0	100.0
Mediobanca International (Luxembourg) S.A.				
Share capital € 10m, in par value € 10 shares	Luxembourg	Luxembourg	99.0	99.0
MB ADVISORY KURUMSAL DANISMANLIK HIZMETLERY ANONIM SIRKETI				
Share capital TRY 4.5m	Istanbul	Istanbul	100.0	100.0
MB Messico S.A. C.V.				
Share capital MXN 16.3m	Mexico City	Mexico City	100.0	100.0
Telco MB S.r.l.				
Share capital € 10,000	Milan	Milan	100.0	100.0
Sinto MB S.r.l.				
Share capital € 10,000	Milan	Milan	100.0	100.0
B. Jointly-controlled companies				
Banca Esperia S.p.A.				
Share capital € 63m, in par value € 0.52 shares	Milan	Milan	50.0	50.0
C. Companies subject to significant influence				
Assicurazioni Generali S.p.A.				
Share capital € 1,556.9m, in par value € 1 shares	Trieste	Trieste	13.24	13.24
Burgo Group S.p.A.				
Share capital € 205.4m, in par value € 0.52 shares	Altavilla Vicentina (VI)	Milan	22.13	22.13
Athena Private Equity S.A. (in liquidation)				
Share capital € 19.6m, in par value € 0.26 shares	Luxembourg	Luxembourg	24.27	24.27
Fidia S.p.A. (in liquidation)				
Share capital € 4.9m, in par value € 520 shares	Milan	Milan	25.0	25.0

10.2 Significant equity investments: book value, fair value and dividends received

Company name	Book value	Fair Value	Dividends received
A. Directly-held companies			
Consortium S.r.l	123	n.a.	—
Prominvestment S.p.A. (in liquidation)	—	n.a.	—
SelmaBipiemme Leasing S.p.A.	32,909	n.a.	—
Spafid S.p.A.	3,888	n.a.	—
Compass S.p.A.	764,236	n.a.	—
Mediobanca Innovation Services - MIS S.c.p.A.	35,020	n.a.	—
Ricerche e Studi S.p.A.	103	n.a.	—
Chebanca! S.p.A.	283,167	n.a.	—
Compagnie Monégasque de Banque - CMB S.A.M.	371,557	n.a.	—
MB Securities USA LLC	211	n.a.	—
Mediobanca International (Luxembourg) S.A.	5,942	n.a.	—
Mb Advisory Kurumsal Danismanlik Hizmetleri Anonim Sirketi	865	n.a.	—
MB Messico S.A. C.V.	1,063	n.a.	—
Telco MB S.r.l.	12	n.a.	—
Sinto MB S.r.l.	487,341	n.a.	—
B. Jointly-controlled companies			
Banca Esperia S.p.A.	54,290	n.a.	—
C. Companies under significant influence			
Assicurazioni Generali S.p.A.	1,114,559	2,215,938	123,657
Burgo Group S.p.A.	—	n.a.	—
Athena Private Equity S.A. (under liquidation)	3,863	n.a.	—
Fidia S.p.A. (under liquidation)	539	n.a.	—
Total	3,159,688		

An illustration of the reasons why an investee company is subject to joint control or significant influence is contained in Section 3, Part A, “Accounting policies”, to which reference is made.

10.3 Significant equity investments: financial information

Company name	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenues (+)	Interest margin	Adjustments and reversals on tangible and intangible assets	Profit/(Loss) from ordinary activities before tax	Profit/(Loss) from ordinary activities after tax	Profit/(Loss) from held-for-sale assets after tax	Profit/(Loss) for the period (1)	Other profit/loss items after tax (2)	Total profit/loss (3) = (1) +(2)
A. Directly-controlled companies														
Consortium S.r.l.	—	10	153	—	6	—	—	—	(24)	(24)	—	(24)	—	(24)
Prominvestment S.p.A. (in liquidation)	—	4,455	433	2,308	5,811	52	(18)	—	(780)	(780)	—	(780)	—	(780)
SelmaBipiemme Leasing S.p.A.	5	1,533,764	141,820	1,593,021	20,488	23,537	23,836	(2,601)	(1,710)	(2,345)	—	(2,344)	970	(1,374)
Spafid S.p.A.	4	44,242	8,725	1,746	9,493	7,502	596	(92)	1,670	1,871	—	1,871	100	1,971
Compass S.p.A.	1,097	9,495,267	945,220	9,032,585	163,426	608,721	629,348	(10,847)	72,868	53,675	—	53,675	19,571	73,246
Mediobanca Innvation Services - MIS S.c.p.A.	3	31	73,437	18,815	16,991	(93)	(93)	(7,564)	98	1	—	1	42	43
Ricerche e Studi S.p.A.	3	445	600	—	973	—	—	—	35	17	—	17	—	17
Chebanca! S.p.A.	40,355	13,604,568	207,705	13,430,628	195,799	166,145	139,247	(3,573)	(13,316)	(12,843)	—	(12,843)	(3,834)	(16,677)
Compagnie Monégasque de Banque - CMB S.A.M.	2,766	3,127,081	37,753	2,449,058	22,907	81,428	27,842	(5,881)	35,237	35,233	—	35,233	(381)	34,852
MB Securities USA LLC	—	5,290	690	1,806	864	3,031	(47)	(2)	792	754	—	754	—	754
Mediobanca International (Luxembourg) S.A.	1	4,990,418	15,943	4,697,958	19,679	34,953	27,632	(8)	29,773	23,913	—	23,913	—	23,913
Mb Advisory Kurumsal Danismanlik Hizmetleri Anonim Sirketi	—	800	156	53	76	67	21	(24)	(1,461)	(1,461)	—	(1,461)	—	(1,461)
MB Messico S.A. C.V.	—	761	43	6	7	—	—	—	(141)	(141)	—	(141)	—	(141)
Telco MB S.r.l.	—	12,966	—	—	—	12,954	—	—	12,954	12,954	—	12,954	—	12,954
Sinto MB S.r.l.	—	496,690	—	—	3,659	—	—	—	—	—	—	—	—	—
B. Jointly-controlled companies														
Banca Esperia S.p.A.	151	1,699,505	98,911	1,553,283	63,855	96,790	12,480	(1,718)	9,718	1,842	—	1,842	1,987	3,829
C. Companies subject to significant influence														
Assicurazioni Generali S.p.A.	X	439,248,000	44,574,000	58,173,000	418,960,000	88,262,000	X	X	2,953,000	1,921,000	(69,000)	1,852,000	3,499,000	5,351,000
Burgo Group S.p.A.	X	639,376	1,180,104	1,513,209	306,271	2,259,829	X	X	(72,918)	(73,793)	(3,980)	(77,772)	(131,367)	(209,139)
Athena Private Equity S.A. (in liquidation)	X	17,698	7,985	—	1,603	5,160	X	X	(528)	(528)	—	(528)		(528)
Fidia S.p.A. (in liquidation)	X	2,852	13	—	440	n.m.	X	X	(73)	(73)	—	(73)		(73)

* Interim results: total income as per the financial statements.

On 30 July 2015, agreements were entered into with the lender banks regarding methods to strengthen the capital of Burgo Group, under the regulatory framework provided by Article 67 of the Italian bankruptcy law. Under the terms of the agreements, the medium-/long-term loans will be converted into equity instruments worth €200m and a convertible loan worth a nominal €100m convertible loan. Thus following the conversion, Mediobanca came to own equity instruments worth €130.4m and held a €65.2m share in the convertible loan. The rights associated with the instruments are basically to protect the credit position; the book value of the equity instruments has been written off on prudential grounds, in line with the original investment which was written off in December 2013.

The book value of the investment has been written off entirely on prudential grounds since December 2013.

The liquidation of Athena Private Equity continued during the year, while the final liquidation accounts for Fidia were approved in July 2015, and the assets distributed among shareholders (resulting in €0.5m being allocated to Mediobanca).

The other investments (Assicurazioni Generali and Banca Esperia) continue to be stated at cost.

The book value of the investment in CheBanca! was tested for impairment but no evidence of impairment emerged.

10.5 Equity investments: movements during the period

	30/6/15	30/6/14
A. Opening balance	2,667,950	2,717,613
B. Increases	492,653	35,320
B.1 Purchases	5,311	35,320
B.2 Writebacks	—	—
B.3 Revaluations	—	—
B.4 Other changes [1]	487,342	—
C. Decreases	915	84,983
C.1 Sales	2	15,970
C.2 Adjustments	913	68,999
C.3 Other changes	—	14
D. Closing balance	3,159,688	2,667,950
E. Total revaluations	—	—
F. Total adjustments	818,331	817,418

[1] Transferred from AFS portfolio following the demerger of Sintonia S.p.A.

SECTION 11

Heading 110: Property, plant and equipment

11.1 Tangible assets stated at cost

Assets/value	30/6/15	30/6/14
1.1 Owned assets	95,585	97,634
a) lands	67,897	67,897
b) buildings	21,738	22,595
c) office furniture and fitting	1,096	1,210
d) electronic system	1,837	1,741
e) other	3,017	4,191
1.2 Leased assets	—	—
a) lands	—	—
b) buildings	—	—
c) office furniture and fitting	—	—
d) electronic system	—	—
e) other	—	—
Total	95,585	97,634

11.2 Assets held for investment purposes stated at cost: composition

Assets/value	30/6/15				30/6/14			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Owned assets	25,835	—	—	92,030	26,232	—	—	77,455
a) land	20,350	—	—	72,491	20,350	—	—	60,087
b) buildings	5,485	—	—	19,539	5,882	—	—	17,368
2. Leased assets	—	—	—	—	—	—	—	—
a) land	—	—	—	—	—	—	—	—
b) buildings	—	—	—	—	—	—	—	—
Total	25,835	—	—	92,030	26,232	—	—	77,455

11.5 Core properties: movements during the period

Activities/Values	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	67,897	40,013	4,681	6,877	19,440	138,908
A.1 Total net reduction value	—	(17,418)	(3,471)	(5,136)	(15,249)	(41,274)
A.2 Net opening balance	67,897	22,595	1,210	1,741	4,191	97,634
B. Increase	—	349	172	423	232	1,176
B.1 Purchases	—	349	172	423	232	1,176
B.2 Capitalised expenditure on improvements	—	—	—	—	—	—
B.3 Write-backs	—	—	—	—	—	—
B.4 Posit. changes in fair value allocated to:	—	—	—	—	—	—
- a) net equity	—	—	—	—	—	—
- b) profit & loss	—	—	—	—	—	—
B.5 exchange difference (+)	—	—	—	—	—	—
B.6 Transfer from investment properties	—	—	—	—	—	—
B.7 Other adjustments	—	—	—	—	—	—
C. Decreases	—	1,206	286	327	1,406	3,225
C.1 Sales	—	—	—	37	26	63
C.2 Amortization	—	1,206	286	290	1,380	3,162
C.3 Impairment losses allocated to:	—	—	—	—	—	—
- a) net equity	—	—	—	—	—	—
- b) profit & loss	—	—	—	—	—	—
C.4 Net.changes in fair value allocated to:	—	—	—	—	—	—
- a) net equity	—	—	—	—	—	—
- b) profit & loss	—	—	—	—	—	—
C.5 exchange difference (-)	—	—	—	—	—	—
C.6 Trasfers to:	—	—	—	—	—	—
- a) held-for-sales investments	—	—	—	—	—	—
- b) assets classified as held-for-sales	—	—	—	—	—	—
C.7 Other adjustments	—	—	—	—	—	—
D. Net closing balance	67,897	21,738	1,096	1,837	3,017	95,585
D.1 Total net write-down	—	(18,622)	(3,755)	(5,419)	(16,380)	(44,176)
D.2 Final gross balance	67,897	40,360	4,851	7,256	19,397	139,761
E. Carried at cost	—	—	—	—	—	—

11.6 Properties held for investment purposes: movements during the period

	Total	
	Land	**Building**
A. Gross opening balance	20,350	5,882
A.1 Total net reduction value		
A.2 Net opening balance	20,350	5,882
B. Increases	—	—
B.1 Purchases	—	—
B.2 Capitalised expenditure on improvements	—	—
B.3 Increases in fair value	—	—
B.4 Write backs	—	—
B.5 Positive exchange differences	—	—
B.6 Transfer from properties used in the business	—	—
B.7 Other changes	—	—
C. Reductions	—	397
C.1 Disposals	—	—
C.2 Depreciation	—	397
C.3 Negative changes in fair value	—	—
C.4 Impariment losses	—	—
C.5 Negative exchange difference	—	—
C.6 Transfers to	—	—
a) properties used in the business	—	—
b) non current assets classified ad held for sale	—	—
C.7 Other changes	—	—
D. Net closing balance	20,350	5,485
D.1 Total net write-down		
D.2 Final gross balance	20,350	5,485
E. Measured at fair value	72,491	19,539

SECTION 12

Heading 120: Intangible assets

12.1 Intangible assets

Activities/Values	**30/6/15**		**30/6/14**	
	Finite life	**Indefinite life**	**Finite life**	**Indefinite life**
A.1 Goodwill	X	—	X	—
A.2 Other intangible assets	10,761	—	9,507	—
A.2.1 Assets valued at cost:	10,761	—	9,507	—
a) Intangible assets generated internally	—	—	—	—
b) Other assets	10,761	—	9,507	—
A.2.2 Assets valued at fair value:	—	—	—	—
a) Intangible assets generated internally	—	—	—	—
b) Other assets	—	—	—	—
Total	10,761	—	9,507	—

12.2 Intangible assets: movements during the period

	Goodwill	Other intangible assets: generated internally		Other intangible assets		Total
		Finite	Indefinite	Finite	Indefinite	
A. Gross opening balance	—	—	—	58,379	—	58,379
A.1 Total net reduction in value	—	—	—	(48,872)	—	(48,872)
A.2 Net opening balance	—	—	—	9,507	—	9,507
B. Increases	—	—	—	7,055	—	7,055
B.1 Puchases	—	—	—	7,055	—	7,055
B.2 Increases in intagible assets generated internally	X	—	—	—	—	—
B.3 Write-backs	X	—	—	—	—	—
B.4 Increases in fair value:	—	—	—	—	—	—
- net equity	X	—	—	—	—	—
- profit and loss	X	—	—	—	—	—
B.5 Positive exchange differences	—	—	—	—	—	—
B.6 Other changes	—	—	—	—	—	—
C. Reductions	—	—	—	5,801	—	5,801
C.1 Disposals	—	—	—	—	—	—
C.2 Write-downs	—	—	—	5,801	—	5,801
- Amortization	X	—	—	5,801	—	5,801
- Write-downs	—	—	—	—	—	—
+ in equity	X	—	—	—	—	—
+ profit and loss	—	—	—	—	—	—
C.3 Reduction in fair value	—	—	—	—	—	—
- in equity	X	—	—	—	—	—
- through profit and loss	X	—	—	—	—	—
C.4 Transfers to non-current assets held for sale	—	—	—	—	—	—
C.5 Negative exchange differences	—	—	—	—	—	—
C.6 Other changes	—	—	—	—	—	—
D. Net closing balance	—	—	—	10,761	—	10,761
D.1 Total net reduction in value	—	—	—	(54,673)	—	(54,673)
E. Closing balance	—	—	—	65,434	—	65,434
F. Carried at cost	—	—	—	—	—	—

SECTION 13

Asset heading 130 and Liability heading 80: Tax assets and liabilities

13.1 Advance tax assets: composition

	30/6/15	30/6/14
- Balancing to the P&L	131,717	134,733
- Balancing to the Net equity	10,568	7,357
Total	142,285	142,090

13.2 Deferred tax liabilities: composition

	30/6/15	30/6/14
- Balancing to the profit and loss	213,207	213,798
- Balancing to the net equity	76,805	85,166
Total	290,012	298,964

13.3 Changes in advance tax during the period

	30/6/15	30/6/14
1. Opening balance	134,733	123,169
2. Increases	25,932	55,575
2.1 Deferred tax assets of the year	24,141	55,575
a) relating to previous years	—	—
b) due to change in accounting policies	—	—
c) write-backs	—	—
d) other (creation of temporary differences, use of TLCF)	24,141	55,575
2.2 New taxes or increases in tax rates	1,791	—
2.3 Other increases	—	—
3. Decreases	28,948	44,011
3.1 Deferred tax assets derecognised in the year	28,948	42,273
a) reversals of temporary differences	28,948	42,273
b) write-downs of non-recoverable items	—	—
c) change in accounting policies	—	—
d) other	—	—
3.2 Reduction in tax rates	—	1,738
3.3 Other decreases	—	—
a) conversion into tax credit under L. 214/2011	—	—
b) others	—	—
4. Final amount	131,717	134,733

13.3.1 Changes in advance tax during the period (pursuant to Italian Law 214/2011)

	30/6/15	30/6/14
1. Opening balance	51,888	—
2. Increases	20,548	51,888
3. Decreases	16,416	—
3.1 Reversals of temporary differences	16,416	—
3.2 Convertions to tax credits	—	—
a) from year losses	—	—
b) from tax losses	—	—
3.3 Other decreases	—	—
4. Final amount	56,020	51,888

13.4 Changes in advance tax during the period

	30/6/15	30/6/14
1. Opening balance	213,798	234,158
2. Increases	—	—
2.1 Deferred tax liabilities of the year	—	—
a) relating to previous years	—	—
b) due to change in accounting policies	—	—
c) other	—	—
2.2 New taxes or increases in tax rates	—	—
2.3 Other increases	—	—
3. Decreases	591	20,360
3.1 Deferred tax liabilities derecognised in the year	591	20,360
a) reversals of temporary differences	591	20,360
b) due to change in accounting policies	—	—
c) other	—	—
3.2 Reductions in tax rates	—	—
3.3 Other decreases	—	—
4. Final amount	213,207	213,798

13.5 Changes in advance tax during the period [1]

	30/6/15	30/6/14
1. Opening balance	7,357	22,010
2. Increases	10,568	7,357
2.1 Deferred tax assets of the year	10,568	7,357
a) relating to previous years	—	—
b) due to change in accounting principles	—	—
c) other (creation of temporary differences)	10,568	7,357
2.2 New taxes or increase in tax rates	—	—
2.3 Other increases	—	—
3. Decreases	7,357	22,010
3.1 Deferred tax assets derecognised in the year	7,357	22,010
a) reversals of temporary differences	7,357	22,010
b) writedowns of non-recoverable items	—	—
c) due to change in accounting principles	—	—
d) other	—	—
3.2 Reduction in tax rates	—	—
3.3 Other decreases	—	—
4. Final amount	10,568	7,357

[1] Taxes on cash flow hedges and AFS securities valuations.

13.6 Changes in deferred tax during the period [1]

	30/6/15	30/6/14
1. Opening balance	85,166	55,769
2. Increases	76,726	85,087
2.1 Deferred tax liabilities of the year	76,726	85,087
a) relating to previous years	—	—
b) due to change in accounting principles	—	—
c) Other (creation of temporary differences)	76,726	85,087
2.2 New taxes or increase in tax rates	—	—
2.3 Other increases	—	—
3. Decreases	85,087	55,690
3.1 Deferred tax liabilities derecognised in the year	85,087	55,690
a) reversal of temporary differences	85,087	55,690
b) due to change in accounting principles	—	—
c) other	—	—
3.2 Reduction in tax rates	—	—
3.3 Other decreases	—	—
4. Final amount	76,805	85,166

[1] Taxes on cash flow hedges and AFS securities valuations.

SECTION 15

Heading 150: Other assets

15.1 Other assets: composition

	30/6/15	30/6/14
1. Gold, silver and precious metals	—	—
2. Accrued income other than capitalized income from financial assets	4,314	3,838
3. Trade receivables or invoices to be issued	49,459	60,456
4. Amounts due from tax revenue authorities (not recorded under Heading 140)	6,865	8,228
5. Other items	362	951
- futures and other securities transactions	254	899
- advance payments on deposit commissions	3	7
- amounts due to staff	105	45
Total	61,000	73,473

Liabilities

SECTION 1

Heading 10: Due to banks

1.1 Due to banks: compositiona

Type of transaction/Values	30/6/15	30/6/14
1. Deposits from central banks	5,479,348	5,581,084
2. Deposits from banks	13,969,661	13,264,461
2.1 Other current accounts and demand deposits	8,045,173	10,826,084
2.2 Time deposits	601,869	53,449
2.3 Loans	5,264,195	2,361,585
2.3.1 Repos	4,376,735	1,497,524
2.3.2 Other	887,460	864,061
2.4 Liabilities in respect of commitments to repurchase treasury shares	—	—
2.5 Other debt	58,424	23,343
Total	19,449,009	18,845,545
Fair value - level 1	—	—
Fair value - level 2	19,449,009	18,845,545
Fair value - level 3	—	—
Total	19,449,009	18,845,545

SECTION 2

Heading 20: Due to customers

2.1 Due to customers: composition

Type of transaction/Values	30/6/15	30/6/14
1. Current accounts and demand deposits	945,843	540,884
2. Time deposits including saving deposits with maturity	1,343,633	—
3. Loans	1,725,611	1,429,812
3.1 Repos	1,478,593	1,112,816
3.2 Other	247,018	316,996
4. Liabilities in respect of commitments to repurchase treasury shares	—	—
5. Others	61	10
Total	4,015,148	1,970,706
Fair value - level 1	—	—
Fair value - level 2	4,015,148	1,970,706
Fair value - level 3	—	—
Total	4,015,148	1,970,706

SECTION 3

Heading 30: Debt securities in issue

3.1 Debt securities in issue: composition

Type of securities/ Values	30/6/15				30/6/14			
	Balance Sheet Value	Fair Value *			Balance Sheet Value	Fair Value *		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Debts certificates including bonds								
1. Bonds	19,970,023	1,990,109	18,808,960	—	24,137,334	817,927	23,730,263	—
1.1 structured	6,517,020	—	7,136,342	—	9,011,816	27,011	9,138,501	—
1.2 other	13,453,003	1,990,109	11,672,618	—	15,125,518	790,916	14,591,762	—
2. Other structured	20,848	—	—	20,848	11,109	—	—	11,109
2.1 structured	—	—	—	—	—	—	—	—
2.2 other	20,848	—	—	20,848	11,109	—	—	11,109
Total	19,990,871	1,990,109	18,808,960	20,848	24,148,443	817,927	23,730,263	11,109

* The fair values are shown net of Mediobanca issuer risk; if this item is included, the fair value at 30 June 2015 would show a gain of €305m (€149m).

Bonds fell from €24,137,334,000 to €19,970,023,000, following new issuance totalling €2.1bn, redemptions amounting to €5.8bn, buybacks on the market worth €0.5bn (generating losses totalling €11.5m), and other downward adjustments (to reflect exchange rates, amortized cost and hedging effects) of €247.1m.

3.2 Breakdown of heading 30 "Debt securities in issue": subordinated liabilities

Debt securities in issue include the following four subordinated, lower tier 2 issues in an aggregate amount of €1,898,932,000:

Issue	30/6/15		
	ISIN	Nominal Value	Book Value
MB GBP *Lower Tier II Fixed/Floating Rate Note 2018* (Not included in calculation of regulatory capital)	XS0270002669	22,379	31,449
MB Secondo Atto 5% 2020 *Lower Tier 2*	IT0004645542	739,553	840,771
MB Quarto Atto a Tasso Variabile 2021 *Lower Tier 2*	IT0004720436	493,205	490,863
MB CARATTERE 5,75% 2023 *Lower Tier 2*	IT0004917842	499,041	535,849
Total subordinated debt securities		**1,754,178**	**1,898,932**

3.3 Breakdown of heading 30 "Debt securities in issue": items

	30/6/15	30/6/14
1. Securities subject to micro-hedging of fair value	13,396,630	16,599,462
a) Interest rate risk	13,396,630	16,599,462
b) Currency risk	—	—
c) Multiple risks	—	—
2. Securities subject to micro-hedging of cash flows	246,003	227,476
a) Interest rate risk	246,003	227,476
b) Currency risk	—	—
c) Other	—	—
Total	13,642,633	16,826,938

SECTION 4

Heading 40: Trading liabilities

4.1 Trading liabilities: composition

Type of transaction/ Values	30/6/15					30/6/14				
	Nominal value	Fair Value			Fair Value*	Nominal value	Fair Value			Fair Value*
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Financial liabilities										
1. Deposits from banks	1,238,054	1,743,333	—	—	1,743,333	1,593,649	1,645,468	41,121	—	1,686,589
2. Deposits from customers	415,802	585,502	—	—	585,502	804,828	830,998	20,767	—	851,765
3. Debt securities	—	—	—	—	—	—	—	—	—	—
3.1 Bonds	—	—	—	—	—	—	—	—	—	—
3.1.1 Structured	—	—	—	—	X	—	—	—	—	X
3.1.2 Other bond	—	—	—	—	X	—	—	—	—	X
3.2 Other securities	—	—	—	—	—	—	—	—	—	—
3.2.1 Structured	—	—	—	—	X	—	—	—	—	X
3.2.2 Other	—	—	—	—	X	—	—	—	—	X
Total A	1,653,856	2,328,835	—	—	2,328,835	2,398,477	2,476,466	61,888	—	2,538,354
B. Derivative instruments										
1. Financial derivatives	—	745,578	4,540,317	354,320	—	—	723,011	4,130,931	992,270	—
1.1 Trading	X	745,578	4,110,016	349,025 [1]	X	X	723,011	3,925,274	697,684 ([1])	X
1.2 Related with fair value option	X	—	—	—	X	X	—	—	—	X
1.3 Other	X	—	430,301	5,295 [2]	X	X	—	205,657	294,586 (2)	X
2. Credits derivatives	—	—	499,895	786	—	—	—	864,578	2,001	—
2.1 Trading	X	—	499,895	786	X	X	—	864,578	2,001	X
2.2 Related with fair value option	X	—	—	—	X	X	—	—	—	X
2.3 Other	X	—	—	—	X	X	—	—	—	X
Total B	X	745,578	5,040,212	355,106	X	X	723,011	4,995,509	994,271	X
Total (A+B)	X	3,074,413	5,040,212	355,106	X	X	3,199,477	5,057,397	994,271	X

* Fair value calculated excluding variations in value due to changes in the issuer's credit standing.

[1] Respectively €323,795,000 and €665,980,000 for options traded, matching the amount recorded among assets held for trading.

[2] Includes the market value (€5.3m) of options covering options matched with bonds issued by Mediobanca and Mediobanca International, against the same amount recorded among assets held for trading (30/6/14: €268.4m).

SECTION 6

Heading 60: Hedging derivatives

6.1 Hedging derivatives: by type of product/underlying asset

	30/6/15				30/6/14			
	Fair Value			VN	Fair Value			VN
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	—	584,685	—	7,533,326	—	570,732	—	8,147,365
1) Fair value	—	576,472	—	7,333,326	—	555,348	—	7,947,365
2) Cash flows	—	8,213	—	200,000	—	15,384	—	200,000
3) Net investment in foreign subsidiaries	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flows	—	—	—	—	—	—	—	—
Total	—	584,685	—	7,533,326	—	570,732	—	8,147,365

6.2 Hedging derivatives: by portfolio hedged/hedge type

	Fair Value						Cash flow		Net investments on foreign subsidiaries
	Micro-hedge					Macro-hedge	Micro-hedge	Macro-hedge	
	Interest rate risk	Currency risk	Credit risk	Price risk	Multiple risks				
1. Available for sale financial assets	14,417	—	—	—	—	X	—	X	X
2. Loans and receivables	23,478	—	—	X	—	X	—	X	X
3. Held to maturity investments	X	—	—	X	—	X	—	X	X
4. Portfolio	X	X	X	X	X	—	X	—	X
5. Others	—	—	—	—	—	X	—	X	—
Total assets	37,895	—	—	—	—	—	—	—	—
1. Financial liabilities	538,577	—	—	X	—	X	8,213	X	X
2. Portfolio	X	X	X	X	X	—	X	—	X
Total liabilities	538,577	—	—	—	—	—	8,213	—	—
1. Higly probable transactions	X	X	X	X	X	X	—	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	—	—	—	—

SECTION 8

Heading 80 - Deferred liabilities

Please see asset section 13.

SECTION 10

Heading 100: Other liabilities

10.1 Other liabilities: composition

	30/6/15	30/6/14
1. Payments agreements (IFRS2)	—	—
2. Impaired endorsements	70,143	64,504
3. Working capital payables and invoices pending receipts	35,909	28,510
4. Prepaid expenses other than capitalized expenses or related financial assets	331	625
5. Amounts due to revenue authorities	9,199	6,874
6. Amounts due to staff	103,194	84,924
7. Other items	106,604	148,501
- coupons and dividends pending collection	2,233	2,217
- available sum payable to third parties	104,371	146,284
Total	325,380	333,938

SECTION 11

Heading 110: Staff severance indemnity provision

11.1 Staff severance indemnity provision: changes during the period

	30/6/15	30/6/14
A. Opening balance	9,968	9,455
B. Increases	3,642	4,382
B.1 Provision of the year	3,642	3,452
B.2 Other increases	—	930
C. Reductions	4,719	3,869
C.1 Severance payments	950	399
C.2 Other decreases [1]	3,769	3,470
D. Closing balance	8,891	9,968

[1] Includes €3,426,000 in transfers to external, defined contribution pension schemes (30/6/14: €3,432,000).

11.2 Other information

The staff severance indemnity provision, calculated in accordance with the provisions of the Italian Civil Code, amounts to €8,914,000 (30/6/14: €9,745,000), with no new service costs accruing for the year.

In order to calculate the actuarial value, the provision has been adjusted in line with a rate of 1.5% for the current year, and discounted using the IBOXX Eurozone Corporate AA index (for a panel of comparable companies) as at 30 June 2015, with an effect (interest cost) of 176.

SECTION 12

Heading 120: Provisions

12.1 Heading 120: Provisions

Items	30/6/15	30/6/14
1. Provision to retirement payments and similar	—	—
2. Other provisions	140,369	151,708
2.1 Legal disputes	—	—
2.2 Staff expenses	1,479	2,332
2.3 Other	138,890	149,376
Total	140,369	151,708

The provisions include suitable cover for any expenses that might be incurred as a result of the litigation pending against Mediobanca, as shown on p. 54 and 55 of the Review of Operations.

12.2 Provisions: movements during the period

	Charges relating to staff [1]	Other provisions	Total
A. Opening balance	2,332	149,376	151,708
B. Increases	7,000	334	7,334
B.1 Provision for the year	7,000	334	7,334
B.2 Changes due to the passage of time	—	—	—
B.3 Difference due to discount-rate changes	—	—	—
B.4 Other increases	—	—	—
C. Decreases	7,853	10,820	18,673
C.1 Use during the year	7,853	10,820	18,673
C.2 Difference due to discount-rate changes	—	—	—
C.3 Other decreases	—	—	—
D. Closing balance	1,479	138,890	140,369

[1] Includes sums set aside in respect of staff exit incentivizations.

SECTION 14

Headings 130, 150, 160, 170, 180, 190 and 200: net equity

14.1 "Capital" and "treasury shares": composition

For the composition of the Group's capital, please see part F of the notes to the accounts.

14.2 Share capital: changes in no. of shares in issue during the period

Item/type	Ordinary
A. Shares in issue at start of period	847,842,347
– entirely unrestricted	861,406,712
– with restrictions	—
A.1 Treasury shares (-)	(15,845,414)
A.2 Shares in issue: balance at start of period	845,561,298
B. Additions	5,834,500
B.1 New share issuance as a result of:	5,791,049
– rights issues	—
- business combinations	—
- bond conversions	—
- exercise of warrants	—
- others	—
– bonus issues	—
- to staff members	5,791,049
- to Board members	5,791,049
- others	—
B.2 Treasury share disposals	43,451
B.3 Other additions	—
C. Reductions	—
C.1 Cancellations	—
C.2 Treasury share buybacks	—
C.3 Disposals of businesses	—
C.4 Other reductions	—
D. Shares in issue: balance at end of period	851,395,798
D.1 Add: treasury shares	(15,801,963) [1]
D.2 Shares in issue at end of period	867,197,761
– entirely unrestricted	867,197,761
– with restrictions	—

[1] Including 65,177 shares reserved in connection with the award of performance shares.

14.3 Net equity: available and distributable reserves (Article 2427 of the Italian Civil Code, para. 7-bis)

	Amount	Possible uses	Portion available	Summary of uses over three previous years	
				To cover losses	Other
Share capital	433,599	—	—	—	—
Share premium reserve	2,144,489	A – B – C	2,144,489	—	—
Reserves:					
- Legal reserve	86,150	B	86,150	—	—
- Statutory reserve	1,115,292	A – B – C	1,115,292	—	16,127
- Treasury share reserve	198,254	A – B – C	198,254	—	—
- Other reserves	674,960	A – B – C	674,960	200,151	42,206
Valuation reserves:					
- AFS securities	401,269	—	—	—	—
- Cash flow hedges	(5,024)	—	—	—	—
- Special laws	9,632	A – B – C	9,632	—	—
- Treasury shares	(3,673)	—	—	—	—
- Own shares	(198,254)	—	—	—	—
Total	4,856,694	—	4,228,777	200,151	58,333
Portion unavailable	—	—	284,404	—	—
Remainder distributable	—	—	3,944,373	—	—

Legend:
A: due to rights issues
B: to cover losses
C: distribution to shareholders.

Other information

1. Guarantees and commitments

Operations	**30/6/15**	**30/6/14**
1) Financial guarantees given to	4,048,740	3,447,590
a) Banks	1,710,901	1,418,268
b) Customers	2,337,839	2,029,322
2) Commercial guarantees given to	18,241	15,177
a) Banks	10,605	7,542
b) Customers	7,636	7,635
3) Irrevocable commitments to disburse funds	20,097,861	25,388,954
a) Banks	11,223,455	10,748,557
i) usage certain	3,523,533	2,743,918
ii) usage uncertain	7,699,922	8,004,639
b) Customers	8,874,406	14,640,397
i) usage certain	8,339,451	13,135,783
ii) usage uncertain	534,955	1,504,614
4) Commitments underlying credit derivatives: protection sales [1]	9,543,598	35,160,777
6) Assets formed as collateral for third-party obligations	—	—
7) Other commitments	2,973,739	3,274,316
Total	36,682,179	67,286,814

[1] Includes transactions fully matched by hedge buys (€6,768,125,000 and €31,890,887,000 respectively).

*2. Assets pledged as collateral for own liabilities and commitments **

Portfolios	**30/6/15**	**30/6/14**
1. Financial instruments held for trading	2,769,378	1,481,001
2. Financial instruments designated at fair value	—	—
3. Financial instruments available for sale	2,069,099	1,308,763
4. Financial instruments held to maturity	758,201	684,783
5. Loans and receivables with banks	380,656	455,000
6. Loans and receivables with customers	6,212,892	4,742,614
7. Property, plant and equipment	—	—

* Cf. table of committed assets recognized in accounts shown on p. 517.

4. Assets managed and traded on behalf of customers

Type of service	30/6/15	30/6/14
1. Orders execution on behalf of customers	71,653,206	33,758,096
a) purchases	35,279,022	17,049,571
1. settled	35,182,128	16,991,150
2. unsettled	96,894	58,421
b) sales	36,374,184	16,708,525
1. settled	36,277,290	16,650,104
2. unsettled	96,894	58,421
2. Portfolio management	—	—
1. Individual	—	—
2. Collective	—	—
3. Custody and administration of securities	28,509,947	33,370,546
a) Third party securities on deposits: relating to depositary bank activities (excluding segregated accounts)	5,134,333	4,214,700
1. securities issued by bank drawing up financial statements	540,331	673,652
2. other securities	4,594,002	3,541,048
b) Third party securities held in deposits (excluding segregated accounts): other	—	—
1. securities issued by bank drawing up financial statements	—	—
2. other securities	—	—
c) securities of third deposited to third	5,116,789	4,402,922
d) property securities deposited to third	18,258,825	24,752,924
4. Other operations	—	—

5. Financial assets subject to netting or master agreements or similar arrangements

Instrument type	Gross amounts of financial assets (a)	Financial liabilities offset in Balance Sheet (b)	Net Balance Sheet values of financial asset (c=a-b)	Related amounts not recognised in Balance Sheet		Net amounts 30/6/15 (f=c-d-e)
				Financial instruments (d)	Cash collateral received (e)	
1) Derivatives	5,622,297	229,117	5,393,180	4,365,987	631,877	395,316
2) Repos	8,119,171	—	8,119,171	8,119,171	—	—
3) Securities lending	—	—	—	—	—	—
4) Others	—	—	—	—	—	—
Total 6/30/2015	13,741,468	229,117	13,512,351	12,485,158	631,877	395,316
Total 6/30/2014	15,190,680	118,091	15,072,589	14,142,528	440,338	489,723

6. Financial liabilities subject to netting or master agreements or similar arrangements

Instrument type	Gross amounts of financial liabilities (a)	Financial assets offset in Balance Sheet (b)	Net Balance Sheet values of fiinancial liabilities (c=a-b)	Related amounts not recognised in Balance Sheet		Net amounts 30/6/15 (f=c-d-e)
				Financial instruments (d)	Cash collateral pledged (e)	
1) Derivatives	4,814,014	—	4,814,014	4,355,238	330,049	128,727
2) Repos	5,855,328	—	5,855,328	5,855,328	—	—
3) Securities lending	—	—	—	—	—	—
4) Others	—	—	—	—	—	—
Total 6/30/2015	10,669,342	—	10,669,342	10,210,566	330,049	128,727
Total 6/30/2014	9,422,580	—	9,422,580	8,992,666	199,822	230,092

Part C - Notes to individual profit and loss account

SECTION 1

Headings 10 and 20: Net interest income

1.1 Interest and similar income: composition

Voices/Technical forms	Debt securities	Loans	Other transactions	12 mths ended 30/6/15	12 mths ended 30/6/14
1. Financial assets held for trading - Cash Instruments	60,777	5	—	60,782	82,080
2. Available-for-sale financial assets	117,111	—	—	117,111	198,406
3. Held-to-maturity investments	62,980	—	—	62,980	62,735
4. Loans and receivables with banks	—	132,003	—	132,003	139,646
5. Loans and receivables with customers	76,042	429,945	—	505,987	586,226
6. Hedging derivatives	—	—	—	—	—
7. Hedging derivatives	X	X	327,583	327,583	442,620
8. Other assets	X	X	—	—	—
Total	316,910	561,953	327,583	1,206,446	1,511,713

1.2 Interest and similar income: differences arising on hedging transactions

Items	12 mths ended 30/6/15	12 mths ended 30/6/15
A. Positive differentials related to hedging operations	622,342	790,521
B. Negative differentials related to hedging operations	(294,759)	(347,901)
C. Net differentials (A-B)	327,583	442,620

1.3 Interest and similar income: other information

Items	12 mths ended 30/6/15	12 mths ended 30/6/14
Interest income from currency assets	72,873	51,037
Interest income from leasing	—	—
Interest income on receivables involving customers' funds held on a non-discretionary basis	—	—
Total	72,873	51,037

1.4 Interest expense and similar charges: composition

Items/Technical forms	Accounts payable	Securities	Other transactions	12 mths ended 30/6/15	12 mths ended 30/6/14
1. Deposits from central banks	(4,230)	X	—	(4,230)	(25,168)
2. Deposits from banks	(227,862)	X	—	(227,862)	(351,598)
3. Deposits from customers	(2,904)	X	—	(2,904)	(3,138)
4. Debt securities in issue	X	(812,430)	—	(812,430)	(1,001,456)
5. Financial liabilities held for trading	—	—	—	—	—
6. Financial liabilities at fair value through profit or loss	—	—	—	—	—
7. Other liabilities and found	X	X	—	—	—
8. Hedging derivatives	X	X	—	—	—
Total	(234,996)	(812,430)	—	(1,047,426)	(1,381,360)

1.6 Interest expense and similar charges: other information

Items	12 mths ended 30/6/15	12 mths ended 30/6/14
Interest expense on liabilities held in foreign currency	(22,047)	(13,890)
Interest expense on finance lease transactions	—	—
Interest payable on customers' funds held on a non-discretionary basis	—	—
Total	(22,047)	(13,890)

SECTION 2

Headings 40 and 50: Net fee and commission income

2.1 Fee and commission income: composition

Type of service/sectors	12 mths ended 30/6/15	12 mths ended 30/6/14
a) guarantees given	6,191	5,660
b) credit derivatives	—	—
c) management, brokerage and consultancy services:	129,808	92,250
1. securities trading	9,961	10,053
2. currency trading	—	—
3. portfolio management	—	—
3.1 individual	—	—
3.2 collective	—	—
4. custody and administration of securities	—	—
5. custodian bank	7,458	7,458
6. placement of securities	109,179	74,462
7. reception and transmission of orders	3,210	277
8. advisory services	—	—
8.1 related to investments	—	—
8.2 related to financial structure	—	—
9. distribution of third party services	—	—
9.1 portfolio management	—	—
9.1.1 individual	—	—
9.1.2 collective	—	—
9.2 insurance products	—	—
9.3 other products	—	—
d) collection and payment services	—	—
e) securitization servicing	—	—
f) factoring services	—	—
g) tax collection services	—	—
h) management of multilateral trading facilities	—	—
i) management of current accounts	—	—
j) other services	115,599	123,833
Total	251,598	221,743

2.2 Fee and commission income: by product/service distribution channel

Canals/Values	12 mths ended 30/6/15	12 mths ended 30/6/14
a) through Group bank branches	109,179	74,462
1. portfolio management	—	—
2. placement of securities	109,179	74,462
3. others' products and services	—	—
b) off-site		
1. portfolio management	—	—
2. placement of securities	—	—
3. others' products and services	—	—
c) other distribution channels		
1. portfolio management	—	—
2. placement of securities	—	—
3. others' products and services	—	—
Total	109,179	74,462

2.3 Fee and commission expense: composition

Services/Amounts	12 mths ended 30/6/15	12 mths ended 30/6/14
a) guarantees received	—	—
b) credit derivatives	(306)	(233)
c) management, brokerage and consultancy services:	(5,260)	(6,025)
1.trading in financial instruments	(3,019)	(2,570)
2. currency trading	—	—
3. portfolio management:	—	—
3.1 own portfolio	—	—
3.2 third party portfolio	—	—
4. custody and administration securities	(1,225)	(1,397)
5. financial instruments placement	(1,016)	(2,058)
6. off-site distribution of financial instruments. products and services	—	—
d) collection and payment services	(3,056)	(2,776)
e) other services	(4,709)	(7,123)
Total	(13,331)	(16,157)

SECTION 3

Heading 70: Dividends and similar income

3.1 Dividends and similar income: composition

Items/Income	12 mths ended 30/6/15		12 mths ended 30/6/14	
	Dividends	Income from units in investment funds	Dividends	Income from units in investment funds
A. Financial assets held for trading	18,025	—	55,098	—
B. Available for sale financial assets	6,872	9,756	15,632	14,098
C. Financial assets at fair value thought profit or loss- others	—	—	—	—
D. Investments	123,657	X	92,891	X
Total	148,554	9,756	163,621	14,098

SECTION 4

Heading 80: Net trading income

4.1 Net trading income: composition

Transactions / Income	Unrealized profits (A)	Realized profits (B)	Unrealized losses (C)	Realized losses (D)	Net Profit (A+B)-(C+D)
1. Financial assets held for trading	104,086	312,103	(218,419)	(218,482)	(20,712)
1.1 Debt securities	20,312	78,539	(49,275)	(135,709)	(86,133)
1.2 Equity	78,496	223,075	(157,599)	(80,284)	63,688
1.3 Units in investment funds	5,278	10,258	(11,363)	(2,489)	1,684
1.4 Loans	—	231	(182)	—	49
1.5 Other	—	—	—	—	—
2. Financial liabilities held for trading	—	—	—	—	—
2.1 Debt securities	—	—	—	—	—
2.2 Deposits	—	—	—	—	—
2.3 Other	—	—	—	—	—
3. Financial assets and liabilities in foreign currency: exchange differences	X	X	X	X	173,605
4. Derivatives	4,170,583	2,863,364	(3,868,734)	(3,081,152)	(34,726)
4.1 Financial derivatives:	3,762,323	2,307,734	(3,464,046)	(2,523,647)	(36,423)
- on debt securities and interest rates [1]	1,129,401	329,043	(1,093,640)	(293,019)	71,785
- on equity securities and shares indexes	2,631,404	1,960,071	(2,369,064)	(2,227,542)	(5,131)
- on currencies and gold	X	X	X	X	(118,787)
- other [2]	1,518	18,620	(1,342)	(3,086)	15,710
4.2 Credit derivatives	408,260	555,630	(404,688)	(557,505)	1,697
Total	4,274,669	3,175,467	(4,087,153)	(3,299,634)	118,167

[1] Of which €27,845,000 in positive margins on interest rate derivatives (30/6/14: €79,989,000).

[2] Equity swap contracts have been classified as equity derivatives.

SECTION 5

Heading 90: Net hedging income (expense)

5.1 Net hedging income (expense): composition

Income elements/amounts	12 mths ended 30/6/15	12 mths ended 30/6/14
A. Incomes from:		
A.1 Fair value hedging instruments	320,944	517,731
A.2 Hedged asset items (in fair value hedge relationships)	1,100	25,223
A.3 Hedged liability items (in fair value hedge relationship)	145,868	187,862
A.4 Cash-flow hedging derivatives (including ineffectivness of net investment hedge)	—	—
A.5 Assets and liabilities denominated in currency (not derivative hedging instruments)	—	—
Total gains on hedging activities (A)	467,912	730,816
B. Losses on:		
B.1 Fair value hedging instruments	(381,326)	(419,590)
B.2 Hedged asset items (in fair value hedge relationship)	(4,627)	(51,361)
B.3 Hedged liabilities items (in fair value hedge relationships)	(82,950)	(261,692)
B.4 Cash-flow hedging derivatives (including ineffectivness of net investment hedge)	—	—
B.5 Assets and liabilities denominated in currency (not derivative hedging instruments)	—	—
Total losses on hedging activities (B)	(468,903)	(732,643)
C. Net profit from hedging activities (A – B)	(991)	(1,827)

SECTION 6

Heading 100: Gains (losses) on disposals/repurchases

6.1 Gains (losses) on disposals/repurchases: composition

Items / Income	12 mths ended 30/6/15			12 mths ended 30/6/14		
	Gain	Losses	Net profit	Gain	Losses	Net profit
Financial assets						
1. Loans and receivables with banks	5,317	—	5,317	—	—	—
2. Loans and receivables with customers	9,230	—	9,230	674	(837)	(163)
3. Financial assets available for sale	163,507	(459)	163,048	303,314	(15,792)	287,522
3.1 Debt securities	40,133	(459)	39,674	58,587	(11,313)	47,274
3.2 Equity Instruments	123,326	—	123,326	244,726	(4,479)	240,247
3.3 Units in investment funds	48	—	48	1	—	1
3.4 Loans	—	—	—	—	—	—
4. Financial assets held to the deadline	20,039	(148)	19,891	426	(1,944)	(1,518)
Total assets	198,093	(607)	197,486	304,414	(18,573)	285,841
Financial liabilities						
1. Deposits with banks	—	—	—	—	—	—
2. Deposits with customers	—	—	—	—	—	—
3. Debt securities in issue	—	(11,505)	(11,505)	—	(16,856)	(16,856)
Total liabilities	—	(11,505)	(11,505)	—	(16,856)	(16,856)

SECTION 8

Heading 130: Adjustments for impairment

8.1 Adjustments for impairment: composition

Transactions/Income	Write - downs			Write - backs				12 mths ended 30/6/15	12 mths ended 30/6/14
	Specific		Portfolio	Specific		Portfolio			
	Write - offs	Others		A	B	A	B		
A. Loans and receivables with banks									
- Loans	—	—	(530)	—	7	—	—	(523)	(37,480)
- Debt securities	—	—	—	—	—	—	—	—	—
B. Loans and receivables with customers									
Deteriorated purchased									
- Loans	—	—	x	—	—	x	x	—	—
- Debt securities	—	—	x	—	—	x	x	—	—
Other receivables									
- Loans	—	(99,048)	—	—	1,861	—	34,282	(62,905)	(194,882)
- Debt securities	—	—	(39)	—	—	—	—	(39)	(686)
C. Total	—	(99,048)	(569)	—	1,868	—	34,282	(63,467)	(233,048)

Legend

A = interest

B = other amounts recovered.

8.2 Net value adjustments for impairment to AFS securities: composition

Transactions/Income	Adjustments		Reversals of impairment losses		12 mths ended 30/6/15	12 mths ended 30/6/14
	Specific		Specific			
	Write-off	Others	A	B		
A. Debt securities	—	—	—	—	—	—
B. Equity instruments	—	(18,893)	—	—	(18,893)	(6,186)
C. Units in investments funds	—	(2,002)	—	—	(2,002)	(342)
D. Loans to banks	—	—	x	—	—	—
E. Loans to customers	—	—	—	—	—	—
Total	—	(20,895)	—	—	(20,895)	(6,528)

Legend

A = interest

B = other amounts recovered.

8.3 Adjustments for impairment to financial assets held to maturity: composition

Transactions/Income	Adjustments			Reversals of impairment losses				12 mths ended 30/6/15	12 mths ended 30/6/14
	Specific		Portfolio	Specific		Portfolio			
	Write - offs	Other		A	B	A	B		
A. Debt securities	—	—	—	—	—	—	597	597	(3,269)
B. Loans to banks	—	—	—	—	—	—	—	—	—
C. Loans to customers	—	—	—	—	—	—	—	—	—
D. Total	—	—	—	—	—	—	597	597	(3,269)

Legend

A = interest

B = other amounts recovered.

8.4 Adjustments for impairment to other financial transactions: composition

Transactions/Income	Adjustments			Reversals of impairment losses				12 mths ended 30/6/15	12 mths ended 30/6/14
	Specific		Portfolio	Specific		Portfolio			
	Write - offs	Other		A	B	A	B		
A. Guarantees given	—	(10,195)	(1,587)	—	—	—	—	(11,782)	9,052
B. Credit derivatives	—	—	—	—	—	—	—	—	—
C. Commitments to disburse funds	—	—	(10)	—	1,013	—	—	1,003	(5,362)
D. Other transactions	—	—	—	—	—	—	—	—	—
E.Total	—	(10,195)	(1,597)	—	1,013	—	—	(10,779)	3,690

Legend

A = interest

B = other amounts recovered.

SECTION 9

Heading 150: Administrative expenses

9.1 Personnel costs: composition

Type of expense/Amounts	12 mths ended 30/6/15	12 mths ended 30/6/14
1) Employees	(188,200)	(160,024)
a) wages and salaries	(129,212)	(107,693)
b) social security contributions	(27,085)	(23,141)
c) severance pay (only for Italian legal entities)	—	—
d) social security costs	—	—
e) allocation to employee severance pay provision	(3,715)	(3,598)
f) provision for retirements and similar provisions:	—	—
- defined contribution	—	—
- defined benefit	—	—
g) payments to external pension funds:	(5,989)	(5,252)
- defined contribution_old	(5,989)	(5,252)
- defined benefit	—	—
h) expenses resulting from share based payments	(14,379)	(12,156)
i) other employee benefits	(7,820)	(8,184)
2) Other staff	(4,644)	(5,193)
3) Directors and Statutory Auditors	(3,235)	(3,549)
4) Early retirement costs	—	—
5) Recovery of expenses for employees seconded to other companies	1,118	785
6) Reimbursement of cost of third-party employees seconded to the Bank	—	—
Total	(194,961)	(167,981)

9.2 Average number of staff by category

	12 mths ended 30/6/15	12 mths ended 30/6/14
1) Employees		
a) Senior managers	161	146
b) Managers	410	422
c) Remaining employees staff	128	124
2) Other staff	85	77
Total	784	769

9.5 *Other administrative expenses: composition*

	12 mths ended 30/6/15	12 mths ended 30/6/14
OTHER ADMINISTRATIVE EXPENSES		
- legal, tax and professional services	(24,022)	(19,386)
- loan recovery activity	—	—
- marketing and communications	(2,691)	(1,930)
- property	(9,208)	(8,084)
- EDP	(34,761)	(30,151)
- info-provider	(17,280)	(16,572)
- bank charges, collection and payment fees	(1,078)	(952)
- operating expenses	(4,772)	(4,348)
- other staff expenses	(11,056)	(7,964)
- other costs [1]	(23,527)	(10,934)
- indirect and other taxes	(4,720)	(6,611)
Total other administrative expenses	(133,115)	(106,932)

[1] Includes €12,715,000 transfer to Single Resolution Fund (SFR).

SECTION 10

Heading 160: Net transfers to provisions

10.1 *Net transfers to provisions: composition*

	12 mths ended 30/6/15	12 mths ended 30/6/14
Transfers made in order to cover:		
- legal expenses	—	—
- promotional costs	—	—
- certain or probable risks and commitments	—	400
Total transfers to provision for risks and expenses	—	400

SECTION 11

Heading 170: Net adjustments to tangible assets

11.1 Net adjustments to tangible assets: composition

Asset/Income	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b + c)
A. Property, equipment and investment property				
A.1 Owned	(3,559)	—	—	(3,559)
- For operational use	(3,162)	—	—	(3,162)
- For investment	(397)	—	—	(397)
A.2 Acquired through finance lease	—	—	—	—
- For operational use	—	—	—	—
- For investment	—	—	—	—
Total	(3,559)	—	—	(3,559)

SECTION 12

Heading 180: Net adjustments to intangible assets

12.1 Net adjustments to intangible assets: composition

Asset/Income	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a+b+c)
A. Intangible assets				
A.1 Owned	(5,801)	—	—	(5,801)
- Generated internally by the company	—	—	—	—
- Other	(5,801)	—	—	(5,801)
A.2 Held by Finance leases	—	—	—	—
Total	(5,801)	—	—	(5,801)

SECTION 13

Heading 190: Other operating income (expense)

13.1 Other operating expense: composition

Income-based components/values	Scenario/Period	Scenario/Period
a) Leasing activity	—	—
b) Sundry costs and expenses	(938)	(832)
Total	(938)	(832)

13.2 Other operating income: composition

Income-based components/values	Scenario/Period	Scenario/Period
a) Amounts recovered from customers	1,295	1,550
c) Other income	18,969	14,393
Total	20,264	15,943

SECTION 14

Heading 210: Gains (losses) on equity investments

14.1 Gains (losses) on equity investments: composition

Income/Value	12 mths ended 30/6/15	12 mths ended 30/6/14
A. Income	1	—
1. Revaluations	—	—
2. Gains on disposal	1	—
3. Writebacks	—	—
4. Other gains	—	—
B. Expenses	(3,035)	(69,014)
1. Writedowns	—	—
2. Impairment losses	(3,035)	(69,000)
3. Losses on disposal	—	(14)
4. Other expenses	—	—
Net profit	(3,034)	(69,014)

SECTION 17

Heading 240: Net gain (loss) upon disposal of investments

17.1 Net gain (loss) upon disposal of investments: composition

Income/Value	12 mths ended 30/6/15	12 mths ended 30/6/14
A. Assets	—	—
- Gains on disposal	—	—
- Losses on disposal	—	—
B. Other assets	(21)	(24)
- Gains from disposals	7	3
- Losses from disposals	(28)	(27)
Net result	(21)	(24)

SECTION 18

Heading 260: Income tax on ordinary activities

18.1 Income tax on ordinary activities: composition

Income components/Sectors	12 mths ended 30/6/15	12 mths ended 30/6/14
1. Current tax expense (-)	(107,575)	(67,423)
2. Changes of current tax expense of previous years (+/-)	—	—
3. Reduction in current tax expense for the period (+)	—	—
3. bis Reductions in current tax expense for the period due tax credit related to L. 214/2011 (+)	—	—
4. Changes to deferred tax assets (+/-)	(3,016)	11,564
5. Changes to deferred tax liabilities (+/-)	591	20,359
6. Tax expense for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(110,000)	(35,500)

18.2 Reconciliation between theoretical and effective tax burden

Income/Value	**12 mths ended 30/6/15**	
	Amounts %	**Absolute values**
Total profit or loss before tax from current operations	100.–	443,045
Theoretical tax rate	27.50	X
Theoretical computed taxes on income	27.50	121,837
Dividends (–)	(7.81)	(34,623)
Gains on disposals of equity investments (PEX) (–)	(7.31)	(32,375)
Gains on equity-accounted investments (–)	—	—
Changes in deferred tax for previous years (–)	—	—
Other taxes (non-Italian companies) (–)	—	—
Non-taxable income 10 % IRAP (–)	—	—
Interest on exempt securities (–)	(0.10)	(439)
Tax losses (–)	—	—
Tax sparing credit	(0.66)	(2,927)
Non-deductible interest expense 3 % (+)	2.60	11,522
Benefit from tax consolidation (–)	(0.51)	(2,257)
Impairment (+/–)	1.36	6,030
Extraordinary items (rate adjustments, …)	—	—
Other differences	1.86	8,231
TOTAL IRES	16.93	75,000
IRAP	7.90	35,000
TOTAL FOR HEADING [1]	24.83	110,000

[1] Compared with a tax rate of 17.63% in the previous financial year.

SECTION 21

Earnings per share

21.1 Average number of ordinary shares on a diluted basis

	12 mths ended 30/6/15	**12 mths ended 30/6/14**
Net profit	333,045	165,913
Avg. no. of shares in issue	847,414,629	845,404,033
Avg. no. if potentially diluited share	31,940,173	35,409,287
Avg. no. of diluted shares	879,354,802	880,813,320
Earnings per share	0.39	0.20
Earnings per share, diluted	0.38	0.19

Part D - Comprehensive Profit and Loss Account
Breakdown of Comprehensive Profit and Loss Constituents

	Items	Before tax effect	Tax effect	After tax effect
10.	Net profit (loss)	X	X	333.045
	Other comprehensive income			—
20.	Property, plant and equipment	—	—	—
30.	Intangible assets	—	—	—
40.	Defined benefits plans	503	(164)	339
50.	Non-current assets classified as held for sale	—	—	—
60.	Valuation reserves from equity-accounted investments:	—	—	—
70.	Hedges of non-Italian investments:	—	—	—
	a) changes in fair value:	—	—	—
	b) reclassifications through profit or loss account	—	—	—
	c) other variations	—	—	—
80.	Exchange differences:	—	—	—
	a) changes in fair value:	—	—	—
	b) reclassifications through profit or loss account	—	—	—
	c) other variations	—	—	—
90.	Cash flow hedges:	8,716	(2,809)	5,907
	a) changes in fair value:	8,716	(2,809)	5,907
	b) reclassifications through profit or loss account	—	—	—
	c) other variations	—	—	—
100.	AFS securities:	(70,578)	14,381	(56,197)
	a) changes in fair value:	87,159	(2,778)	84,381
	b) reclassifications through profit or loss account	(157,737)	17,159	(140,578)
	- due to impairment	(4,407)	1,457	(2,950)
	- gain/losses on disposals	(153,330)	15,702	(137,628)
	c) other variations	—	—	—
110.	Non-current assets classified as held for sale:	—	—	—
	a) changes in fair value:	—	—	—
	b) reclassifications through profit or loss account	—	—	—
	c) other variations	—	—	—
120.	Valuation reserves from equity-accounted investments:	—	—	—
	a) changes in fair value:	—	—	—
	b) reclassifications through profit or loss account	—	—	—
	- due to impairment	—	—	—
	- gain/losses on disposals	—	—	—
	c) other variations	—	—	—
130.	Consolidated comprehensive income attributable to minorities	(61,359)	11,408	(49,951)
140.	Comprehensive income after tax (10 + 130)	X	X	283,094

Part E - Information on risks and related hedging policies

SECTION 1

Credit risk

QUALITATIVE INFORMATION

Description of risk governance organization

Mediobanca has equipped itself with a risk governance and control system which is structured across a variety of organizational units involved in the process, with a view to ensuring that all relevant risks to which the Bank is or might be exposed are managed effectively, and at the same time guaranteeing that all forms of operations are consistent with their own propensity to risk.

The Board of Directors, in view in particular of its role of strategic supervision, is responsible for approving strategic guidelines and directions of the risk appetite framework (RAF), business and financial plans, budgets, and risk management and internal control policies.

The Executive Committee is responsible for the ordinary management of the Bank and for co-ordination and management of the Group companies, without prejudice to the matters for which the Board of Directors has sole jurisdiction.

The Control and risks committee assists the Board of Directors in performing duties of monitoring and instruction in respect of the internal controls, risk management, and accounting and IT systems.

The Statutory Audit Committee supervises the risk management and control system as defined by the RAF and the internal controls system generally, assessing the effectiveness of the structures and units involved in the process and co-ordinating them, and monitoring the RAF and ICAAP processes.

Within the framework of the risk governance system implemented by Mediobanca S.p.A., the following committees have specific responsibilities in the processes of taking, managing, measuring and controlling risks: the

Risks committee and Delegated risks committee for credit, issuer, market and conduct risks; the ALM committee, for monitoring the Group's ALM risk-taking and management policy (treasury and funding operations) and approving the methodologies for measuring exposure to liquidity and interest rate risk; the Investments committee for equity investments owned and banking book equities; the New Operations committee, for prior analysis of new operations and the possibility of entering new sectors, new products and the related pricing models; and the Operational risks committee, for management of operational risks in terms of monitoring risk profiles and defining mitigation actions.

Although risk management is the responsibility of each individual business unit, the Risk Management unit presides over the functioning of the Bank's risk system, defining the appropriate global methodologies for measuring risks, current and future, in conformity with the regulatory requirements in force as well as the Bank's own operating choices identified in the RAF, monitoring risks and ascertaining that the various limits established for the various business lines are complied with. The risk management process, which is supervised by the Chief Risk Officer, reporting directly to the Chief Executive Officer, is implemented by the following units: Enterprise Risk Management, which helps to develop risk management policies at Group level, and is responsible for integrated Group risks monitoring, ICAAP reporting and internal risk measurement model validation; ii) Credit Risk Management, responsible for credit risk analysis and assigning internal ratings to counterparties; Market and Liquidity Risk Management, which monitors market, counterparty, liquidity and interest rate risk on the banking book; iv) Quantitative Risk Methodologies, responsible for developing quantitative analysis and credit and market risk management methodologies; v) and Operational Risk Management, responsible for developing and maintaining the systems for measuring and managing operational risks.

As a result of the new regulations on internal controls systems being introduced (cf. Bank of Italy circular no. 263 issued on 27 December 2006 "New supervisory provisions for banks"– fifteenth update issued on 2 July 2013), Mediobanca has adapted its internal controls system in line with the new regulatory requirements.

Establishment of risk propensity and process for managing relevant risks

In the process of defining its Risk Appetite Framework ("RAF"), Mediobanca has established the level of risk (overall and by individual type) which it intends to assume in order to pursue its own strategic objectives, and identified the metrics to be monitored and the relevant tolerance thresholds and risk limits.

Based on its operations and the markets in which it operates, the Mediobanca Group has identified the relevant risks to be submitted to specific assessment in the course of the reporting for the ICAAP (Internal Capital Adequacy Assessment Process) in accordance with the Bank of Italy instructions contained in circular no. 285 issued on 17 December 2013, "Supervisory instructions for banks" as updated ("Circular 285") and circular no. 263 issued on 27 December 2006 "New prudential supervisory instructions for banks", as updated ("Circular 263"), appraising its own capital adequacy from both a present and future perspective which takes into account the strategies and development of the reference scenario.

1.2 Credit risk

While adopting the standardized methodology defined by the supervisory provisions in force for calculating regulatory capital, Mediobanca has also internal rating models for the following customer segments: Banks, Insurances, Large corporates and Holding companies.

Corporate lending (Mediobanca)

Mediobanca's internal system for managing, evaluating and controlling credit risk reflects its traditional policy based on a prudent and highly selective approach. Lending decisions are based on individual analysis, which builds on adequate and often extensive knowledge of the borrower's business, assets and management, as well as the macro-economic framework in which it operates. At the analysis stage, all relevant documentation is obtained to be order to appraise the borrower's credit standing and define the appropriate remuneration for the risk being assumed. The analysis also includes an assessment of the duration and amount of the loans being applied for, the provision of appropriate guarantees, and the use of covenants in order to prevent deteriorations in the counterparty's credit rating.

With reference to the correct application of credit risk mitigation techniques, specific activities are implemented to define and meet all the requirements to ensure that the real and personal guarantees have the maximum mitigating effects on the exposures, inter alia to obtain a positive impact on the Bank's capital ratios.

For the assumption of credit risk, all counterparties must be analysed and where possible assigned an internal rating, which takes into account the specific quantitative and qualitative characteristics of the counterparty concerned.

Loans originated by the business divisions are assessed by the Risk Management unit and regulated in accordance with the powers deliberated and the policy for managing most significant transactions, through the different operating levels. If successful, the applications are submitted for approval to the relevant bodies, i.e. the Board of Directors, Executive Committee, Risks Committee and Delegated Risks Committee, depending on the nature of the counterparty, its credit standing based on internal ratings, and on the amount of finance required.

The Credit Risk Management unit carries out a review of the ratings assigned to the counterparties at least once a year. Approved loans must also be confirmed by the approving body at least the same intervals, in accordance with the limits established by the Executive Committee's resolution in respect of operating powers.

Any deterioration in the risk profile of either the loan or the borrower's rating are brought swiftly to the management's attention.

In terms of monitoring the performance of individual credit exposures, Mediobanca adopts an early warning methodology to identify a list of counterparties (known as the "watchlist") requiring indepth analysis on account of their potential or manifest weaknesses. The exposures identified are then classified by level of alert (green, amber or red for performing accounts, black for non-performing items) and are reviewed in the course of meetings held regularly to identify the most appropriate mitigation actions to be taken. The watchlist also includes all forborne positions, which are therefore subject to specific monitoring.

QUANTITATIVE INFORMATION

A. Credit quality

A.1 Impaired and performing accounts: amounts, value adjustments, trends, segmentation by performance and geography

A.1.1 Financial assets by portfolio/credit quality (book value)

Portfolios/quantity	Bad loans	Doubtful assets	Restructured exposures	Impaired past due exposures	Not impaired past due exposures	Other assets	Total
1. Financial assets held for trading	—	9,939	2,366	—	—	8,789,475	8,801,780
2. Available-for-sale financial assets	—	—	—	—	—	5,831,248	5,831,248
3. Held-to-maturity financial instruments	—	—	—	—	—	1,302,837	1,302,837
4. Loans and receivables with banks	—	—	—	—	—	10,784,548	10,784,548
5. Loans and receivables with customers	—	329,722	89,372	—	—	24,440,680	24,859,774
6. Financial assets at fair value through profit or loss	—	—	—	—	—	—	—
7. Financial instruments classified as held for sale	—	—	—	—	—	—	—
8. Hedging instruments	—	—	—	—	—	817,729	817,729
Total 30/6/15	—	339,661	91,738	—	—	51,966,517	52,397,916
Total 30/6/14	—	389,304	1,597	—	—	54,632,067	55,022,968

*A.1.2 Financial assets by portfolio/credit quality (gross/net values) **

Portfolio / Quality (Figures must be filled in absolute values)	Non-performing loans			Performing			Total (net exposure)
	Gross exposures	Specific writedowns	Net exposure	Gross exposures	Portfolio adjustments	Net exposure	
1. Financial assets held for trading	12,305	—	12,305	X	—	8,789,475	8,801,780
2. Available-for-sale financial assets	—	—	—	5,831,248	—	5,831,248	5,831,248
3. Held-to-maturity financial instruments	—	—	—	1,312,947	(10,110)	1,302,837	1,302,837
4. Loans and receivables with banks	—	—	—	10,785,685	(1,137)	10,784,548	10,784,548
5. Loans and receivables with customers	864,916	(445,822)	419,094	24,492,230	(51,550)	24,440,680	24,859,774
6. Financial assets at fair value through profit or loss	—	—	—	X	—	—	—
7. Financial instruments classified as held for sale	—	—	—	—	—	—	—
8. Hedging instruments	—	—	—	X	—	817,729	817,729
Total 30/6/15	877,221	(445,822)	431,399	42,422,110	(62,797)	51,966,517	(52,397,916)
Total 30/6/14	739,671	(348,770)	390,901	43,258,274	(97,307)	54,632,067	(55,022,968)

* No performing exposures which are past due or subject to renegotiation under collective agreements.

INFORMATION ON SOVEREIGN DEBT EXPOSURES

*A.1.2.a Exposures to sovereign debt securities by state, counterparty and portfolio**

Asset portfolio/quality	Impaired assets				*Performing assets*			Total (net exposure) [1]
	Gross exposure	Specific adjustments	Collective adjustments	Net exposure	Gross exposure	Collective adjustments	Net exposure	
1. Financial assets held for trading	—	—	—	—	—	—	861,756	861,756
Germany	—	—	—	—	—	—	554,189	554,189
Italy							207,414	207,414
Other	—	—	—	—	—	—	100,153	100,153
2. AFS	—	—	—	—	4,375,099	—	4,375,099	4,375,099
Italy	—	—	—	—	3,810,994	—	3,810,994	3,810,994
France	—	—	—	—	344,348	—	344,348	344,348
Germany	—	—	—	—	209,508	—	209,508	209,508
Others	—	—	—	—	10,249	—	10,249	10,249
2. HTM	—	—	—	—	350,164	—	350,164	350,164
Italy	—	—	—	—	350,164	—	350,164	350,164
Total at 30/6/15	—	—	—	—	4,725,263	—	5,587,019	5,587,019

* Does not include financial and credit derivatives.

[1] The net exposure includes positions in securities (long and short) recognized at fair value (including the outstanding accrual) except for assets held to maturity which are stated at amortized cost, the implied fair value of which is €38.7m.

A.1.2.b Exposures to sovereign debt securities by portfolio

Asset portfolio/quality	Trading book [1]			Banking book [2]			
	Nominal value	Book value	Duration	Nominal value	Book value	Fair value	Duration
Italy	167,493	207,414	1,88	3,996,393	4,161,158	4,185,891	2,50
Germany	519,230	554,189	7,53	205,500	209,508	209,508	5,27
France	—	—	—	350,000	344,348	344,348	4,91
Denmark	25,468	27,574	10,39	—	—	—	—
Others	68,210	72,579	—	10,000	10,249	10,249	—
Total at 30/6/15	780,401	861,756	—	4,561,893	4,725,263	4,749,996	—

[1] Does not include buys of €40m on *Bund/Bobl/Schatz* futures (Germany), with a fair value of €1.4m; or sales of €31m on the Treasury future (United States), with a fair value of €0.07m, and buys on the *BPT* future (Italy) with a fair value of €0.4m, with a fair value of €0.01m. Net hedge buys of €10m (€7m of which on Italy country risk and €3m on Hungary country risk) have also not been included.

[2] Item does not include Greek GDP-linkers securities in a notional amount of €127m recorded at a fair value of €0.5m.

A.1.3 Cash and off-balance-sheet exposures: gross/net values

Type of exposure/amounts	Gross exposure	Specific writedowns	Portfolio adjustments	Net exposure
A. BALANCE SHEET EXPOSURE				
a) Bad loans	—	—	X	—
b) Doubtful loans	—	—	X	—
c) Restructured exposures	—	—	X	—
d) Impaired past due exposures	—	—	X	—
e) Other assets	12,044,081	X	(2,060)	12,042,021
TOTAL A	12,044,081	—	(2,060)	12,042,021
B. OFF-BALANCE SHEET EXPOSURE				
a) NPL	—	—	X	—
b) Other [1]	42,940,372	X	—	42,940,372
TOTAL B	42,940,372	—	—	42,940,372
TOTAL A+B	54,984,453	—	(2,060)	54,982,393

[1] The balance as at 30/6/15 includes €6,768,125 in deals matched 100% by hedge buys.

A.1.6 Cash and off-balance-sheet exposures to customers: gross/net values

Type of exposure/amounts	Gross exposure	Specific writedowns	Portfolio adjustments	Net exposure
A. BALANCE SHEET EXPOSURE				
a) Bad loans	3,428	(3,428)	X	—
b) Doubtful loans	707,409	(377,687)	X	329,722
c) Restructured exposures	154,079	(64,707)	X	89,372
d) Impaired past due exposures	—	—	X	—
e) Other assets	33,461,035	X	(60,737)	33,400,298
TOTAL A	34,325,951	(445,822)	(60,737)	33,819,392
B. OFF-BALANCE SHEET EXPOSURE				
a) NPL	54,409	(46,241)	X	8,168
b) Other	21,389,901	X	(23,902)	21,365,999
TOTAL B	21,444,310	(46,241)	(23,902)	21,374,167
TOTAL A+B	55,770,261	(492,063)	(84,639)	55,193,559

A.1.7 Cash exposures to customers: trends in gross impaired positions

Description/Category	Bad loans	Doubtful loans	Restructured exposures	Past due exposures
A. Opening balance (gross amount)	4,558	721,837	8,323	—
- Sold but not derecognised	—	—	—	—
B. Increases	—	158,593	149,973	—
B.1 transfers from performing loans exposures	—	136,660	—	—
B.2 transfers from other impaired exposures	—	3,200	149,545	—
B.3 other increases	—	18,733	428	—
C. Decreases	1,130	173,021	4,217	—
C.1 transfers to perfomorming loans exposures	—	—	—	—
C.2 write-offs	—	—	365	—
C.3 recoveries	1,130	23,476	652	—
C.4 sales proceeds	—	—	—	—
C.4 bis losses on disposals	—	—	—	—
C.5 transfers to other impaired exposures	—	149,545	3,200	—
C.6 other decreases	—	—	—	—
D. Closing balance (gross amounts)	3,428	707,409	154,079	—
- Sold but not derecognised	—	—	—	—

A.1.8 Cash exposures to customers: trends in collective value adjustments

Description/Category	Bad loans	Doubtful loans	Restructured exposures	Past due exposures
A. Opening balance total writedowns	(4,558)	(337,486)	(6,726)	—
- Sold but not derecognised	—	—	—	—
B. Increases	—	(70,600)	(61,118)	—
B.1 write-downs	—	(67,922)	(31,128)	—
B.1 bis losses on disposal	—	—	—	—
B.2 transfers from other impaired exposure	—	(2,603)	(29,990)	—
B.3 other increase variations	—	(75)	—	—
C. Decreases	1,130	30,399	3,137	—
C.1 write-backs from assessments	—	—	—	—
C.2 write-backs from recoveries	1,130	409	169	—
C.2 bis gains on disposal	—	—	—	—
C.3 write-offs	—	—	365	—
C.4 transfers to other impaired exposures	—	29,990	2,603	—
C.5 other reductions	—	—	—	—
D. Closing balance - writedowns	(3,428)	(377,687)	(64,707)	—
- Sold but not derecognised	—	—	—	—

New definitions of non performing loans have been adopted in accordance with the provisions of Bank of Italy circular 272/08, seventh update (three different sub-categories: bad loans, 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.

Forborne exposures are defined more precisely as debt contracts in respect of which concessions have been made to a borrower finding themselves or soon to find themselves in a situation where they find or will find it difficult to meet their own financial commitments (“financial difficulties”).

For an exposure to be classified as forborne, Mediobanca seeks to identify whether, following contractual amendments which are favourable to the customer (typically rescheduling maturities, suspending payments, refinancing, waivers of covenants, etc.) a situation of financial difficulty would exist as a result of the actual or potential accumulation (if the concessions are not granted) of more than 30 days’ arrears. Assessment of financial difficulty is based chiefly on individual analysis in the areas of corporate lending and leasing, and the recurrence of preset conditions in consumer credit (e.g. number of arrears accumulated) and mortgage lending (e.g. loss of employment, serious illnesses and/or divorce or separation).

The introduction of these new categories has made no substantial change to the extent of the non-performing exposures, which have a gross value of €864.9m and a net value of €419m, the previous categories of "sub-standard" and "restructured" exposures largely coinciding with the new category of "likely default".

As at 30 June 2015, non-performing loans net of forborne exposures thus amounted to €419m, with a coverage ratio of 51%, and representing 1.69% of the total loan book.

Performing loans qualifying as forborne amounted to €38.4m, with a coverage ratio of 31%, and representing 0.15% of the total loan book.

A.2 Exposures by internal and external ratings

A.2.1 Cash and off-balance-sheet exposures by external rating category

Exposures	External rating classes						Without rating	Total
	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	Lower than B-		
A. On-balance-sheet credit exposures	1,551,074	1,740,746	25,352,398	2,297,956	1,833,909	420,646	12,664,684	45,861,413
B. Derivative contracts	196,543	25,130,128	4,974,159	772,654	2,436,906	—	6,756,760	40,267,150
B.1 Financial derivative contracts	196,543	17,646,942	3,407,098	772,654	2,436,906	—	6,263,410	30,723,553
B.2 Credit derivatives [1]	—	7,483,186	1,567,061	—	—	—	493,350	9,543,597
C. Guarantees given	—	—	2,366,088	403,372	31,915	8,168	1,257,903	4,067,446
D. Other commitments to disburse funds	33,026	372,527	15,019,283	1,362,449	80,043	—	3,112,615	19,979,943
E. Others	—	—	—	—	—	—	—	—
Total 30/6/15	1,780,643	27,243,401	47,711,928	4,836,431	4,382,773	428,814	23,791,962	110,175,952
Total 30/6/14	1,249,602	45,176,641	64,316,060	4,057,140	3,101,864	609	23,453,357	141,355,273

[1] Total at 30/6/15 includes €6,768,125 of completely hedged purchases.

A.3 Secured exposures by type of security

A.3.1 Secured cash exposures to banks and customers

	Net exposures	Collaterals (1)				Guarantees (2)										Total (1)+(2)
		Property, Mortgages	Financial leasing property	Securities	Other assets	Credit derivatives					Signature loans				
						CLN	Other derivatives				Governments and Central Banks	Other public entities	Banks	Other entities	
							Other public entities	Banks	Other entities	Altri soggetti					
1. Secured balance sheet credit exposures	4,870,585	—	—	5,284,996	—	—	—	—	—	—	8,389	63,078	—	141	5,356,604
1.1 totally secured	3,375,826	—	—	3,894,753	—	—	—	—	—	—	4,133	63,078	—	141	3,962,105
- of which	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1.2 partially secured	1,494,759	—	—	1,390,243	—	—	—	—	—	—	4,256	—	—	—	1,394,499
- of which	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Secured off-balance sheet credit exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2.1 totally secured	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- of which	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2.2 partially secured	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- of which	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

A.3.2 Secured cash exposures to customers

	Net exposures	Collaterals (1)				Guarantees (2)									Total (1)+(2)
						Credit derivatives					Signature loans				
		Property Mortgages	Financial leasing property	Securities	Other assets	CLN	Other derivatives				Governments and Central Banks	Other public entities	Banks	Other entities	
							Governments and Central Banks	Other public entities	Banks	Other entities					
1. Secured Balance Sheet credit exposures:	6,833,956	1,899,662	—	5,769,202	34,168	—	—	—	—	—	99,353	120,005	70,104	767,087	8,759,581
1.1 totally secured	4,259,651	1,835,249	—	3,590,166	28,460	—	—	—	—	—	99,353	120,005	57,930	757,705	6,488,868
- of which impaired	102,842	421,620	—	2,338	—	—	—	—	—	—	—	—	—	37,114	461,072
1.2 partially secured	2,574,305	64,413	—	2,179,036	5,708	—	—	—	—	—	—	—	12,174	9,382	2,270,713
- of which impaired	43,659	—	—	1,541	3,424	—	—	—	—	—	—	—	—	—	4,965
2. Secured off- Balance Sheet credit exposures:	335,332	83,177	—	—	70,861	—	—	—	—	—	—	—	—	268,737	422,775
2.1 totally secured	256,338	83,177	—	—	—	—	—	—	—	—	—	—	—	267,596	350,773
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2.2 partially secured	78,994	—	—	—	70,861	—	—	—	—	—	—	—	—	1,141	72,002
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

B. Loan distribution and concentration

B.1 Cash and off-balance-sheet exposure to customers by sector (book value)

Exposures/Counterparts	Goverments			Other public entities			Financial companies			Insurance companies			Non-financial companies			Other entities		
	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments
A. Balance sheet exposures																		
A.1 Bad loans	—	—	X	—	—	X	—	(3,428)	X	—	—	X	—	—	X	—	—	X
A.2 Doubtful loans	—	—	X	—	—	X	17,484	(2,518)	X	—	—	X	312,238	(375,169)	X	—	—	X
A.3 Restructured exposures	—	—	X	—	—	X	—	—	X	—	—	X	89,372	(64,707)	X	—	—	X
A.4 Impaired past due exposures	—	—	X	—	—	X	—	—	X	—	—	X	—	—	X	—	—	X
A.5 Other exposures	6,523,218	X	(375)	117,531	X	—	16,315,666	X	(11,495)	1,365,551	X	(2,171)	8,958,241	X	(46,696)	120,091	X	—
TOTAL A	6,523,218	—	(375)	117,531	—	—	16,333,150	(5,946)	(11,495)	1,365,551	—	(2,171)	9,359,851	(439,876)	(46,696)	120,091	—	—
B. Off-balance sheet exposures																		
B.1 Bad loans	—	—	X	—	—	X	—	—	X	—	—	X	—	—	X	—	—	X
B.2 Doubtful loans	—	—	X	—	—	X	—	—	X	—	—	X	—	—	X	—	—	X
B.3 Other impaired assets	—	—	X	—	—	X	—	—	X	—	—	X	8,168	(46,241)	X	—	—	X
B.4 Other exposures	551,348	X	—	5,186	X	—	11,391,726	X	(5,154)	335,724	X	(55)	9,081,916	X	(18,693)	99	X	—
TOTAL B	551,348	—	—	5,186	—	—	11,391,726	—	(5,154)	335,724	—	(55)	9,090,084	(46,241)	(18,693)	99	—	—
Total (A+B) 30/6/15	7,074,566	—	(375)	122,717	—	—	27,724,876	(5,946)	(16,649)	1,701,275	—	(2,226)	18,449,935	(486,117)	(65,389)	120,190	—	—
Total (A+B) 30/6/14	12,535,122	—	(373)	289,263	—	(7)	27,695,461	(11,208)	(22,754)	1,446,538	—	(2,252)	19,316,763	(378,758)	(93,210)	113,798	—	—

B.2 Cash and off-balance-sheet exposures to customers by geography (book value)

Exposures / Geographical	Italy		Other european countries		America		Asia		Rest of the world	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. Balance sheet exposures										
A.1 Bad loans	—	—	—	(3,428)	—	—	—	—	—	—
A.2 Doubtful loans	329,595	(374,499)	53	(2,457)	74	(731)	—	—	—	—
A.3 Restructured exposures	89,372	(64,707)	—	—	—	—	—	—	—	—
A.4 Impaired past due exposures	—	—	—	—	—	—	—	—	—	—
A.5 Other exposures	25,995,024	(43,569)	6,922,177	(16,750)	464,477	(418)	492	—	18,128	—
Total A	26,413,991	(482,775)	6,922,230	(22,635)	464,551	(1,149)	492	—	18,128	—
B. Off-balance sheet exposures										
B.1 Bad loans	—	—	—	—	—	—	—	—	—	—
B.2 Doubtful loans	—	—	—	—	—	—	—	—	—	—
B.3 Other impaired assets	—	—	8,168	(46,241)	—	—	—	—	—	—
B.4 Other exposures	9,229,956	(8,750)	11,587,637	(12,909)	548,406	(2,243)	—	—	—	—
Total B	9,229,956	(8,750)	11,595,805	(59,150)	548,406	(2,243)	—	—	—	—
Total A+B 30/6/15	35,643,947	(491,525)	18,518,035	(81,785)	1,012,957	(3,392)	492	—	18,128	—
Total A+B 30/6/14	43,560,288	(429,260)	16,848,522	(76,942)	925,620	(2,360)	52,950	—	9,565	—

B.3 Cash and off-balance-sheet exposures to banks by geography (book value)

Exposures / Geographical	Italy		Other european countries		America		Asia		Rest of the world	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. Balance sheet exposures										
A.1 Bad loans	—	—	—	—	—	—	—	—	—	—
A.2 Doubtful loans	—	—	—	—	—	—	—	—	—	—
A.3 Restructured exposures	—	—	—	—	—	—	—	—	—	—
A.4 Impaired past due exposures	—	—	—	—	—	—	—	—	—	—
A.5 Other exposures	6,665,122	(1,210)	5,343,139	(602)	17,589	(14)	16,170	(234)	1	—
TOTAL A	6,665,122	(1,210)	5,343,139	(602)	17,589	(14)	16,170	(234)	1	—
B. Off-balance sheet exposures	—	—	—	—	—	—	—	—	—	—
B.1 Bad loans	—	—	—	—	—	—	—	—	—	—
B.2 Doubtful loans	—	—	—	—	—	—	—	—	—	—
B.3 Other impaired assets	—	—	—	—	—	—	—	—	—	—
B.4 Other exposures [1]	3,009,124	—	39,155,753	—	765,217	—	10,278	—	—	—
TOTAL B	3,009,124	—	39,155,753	—	765,217	—	10,278	—	—	—
Total A+B 30/6/15	9,674,246	(1,210)	44,498,892	(602)	782,806	(14)	26,448	(234)	1	—
Total A+B 30/6/14	8,968,985	(991)	70,323,030	(541)	658,082	(14)	8,230	(473)	1	—

[1] It includes €6,7768,125 (€31,890,887 at 30/6/14) of hedging sales perfectly matched by purchases.

B.4 Large risks

	30/6/15	30/6/14
Book value	16,875,873	15,056,236
Weighted value	11,438,337	10,690,247
No. of exposures	15	16

C. Securitizations and asset disposals

C.1 Securitizations

QUALITATIVE INFORMATION

The portfolio chiefly consists of two securities, with receivables of two Group companies operating in retail finance, Compass and Futuro, as the underlying instruments. The two deals in question are the Quarzo (Compass) and the Quarzo CQS (Futuro) securitizations, the former booked at nearly €3bn and the latter recently subscribed for in an amount of €200m.

The Group's portfolio of securities deriving from securitizations by other issuers totalled €3,390m (30/6/14: €3,277m), the reduction attributable to repayments totalling €157.4m being only partly offset by the €257m in new market acquisitions. Three-quarters of the portfolio is concentrated in the banking book (AFS and HTM), while the remainder involves the trading book, on which trading amounting to €106.5m was recorded.

The fair value of the portfolio is calculated based on prices supplied by financial information providers, with the exception of the ELM synthetic security. The portfolio showing an unrealized gain on the fixed assets of €2.8m.

Over 90% consists of senior-ranking securities, with seven mezzanine and one junior-ranking security. All the securities have external ratings, and around two-thirds are eligible for refinancing transactions with the European Central Bank.

Asset-backed securities (ABS), in particular those of the peripheral EU member states, significantly outperformed the other credit products due to the European Central Bank's decision to launch the Asset-Backed Purchase Programme (ABSPP), which at 30 June 2015 had a reached a total of €6.6bn, and allowed certain ABS to be included in the liquidity indicator (LCR).

The Bank's portfolio remains concentrated on senior tranches of domestic stocks backed by mortgages and state-owned properties. Most of the other exposures involve CLOs with European corporate loans as the underlying instrument.

QUANTITATIVE INFORMATION

C.1 Exposures deriving from securitizations by underlying asset

Quality of underlying assets/ Exposures	On Balance-sheet [1]					
	Senior		Mezzanine		Junior	
	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
A. With own underlying assets	—	—	—	—	—	—
a) Impaired	—	—	—	—	—	—
b) Other	—	—	—	—	—	—
B. With third-party underlying assets	3,381,247	3,373,641	15,640	15,640	909	909
a) Impaired	—	—	—	—	—	—
b) Other	3,381,247	3,373,641	15,640	15,640	909	909

[1] No off balance-sheet exposure.

C.3 Exposures deriving from main customer securitizations by asset type/exposure

Type of securitized asset/exposure*		Cash exposures1					
		Senior		Mezzanine		Junior	
		Book value	Writedowns/ writebacks	Book value	Writedowns/ writebacks	Book value	Writedowns/ writebacks
A. Mortgage loans on properties							
A.1 FIP1A2 MTG 10/23	IT0003872774	83,126	—	—	—	—	—
A.2 CLAAB 2011-1 A	IT0004790918	23,494	(77)	—	—	—	—
A.3 VELA4A2 MTG	IT0004102007	22,413	—	—	—	—	—
A.4 RMAC2005-NS4XM2A MTG	XS0235778106	—	—	5,589	303	—	—
A.5 BERAB 3 A	IT0005027930	4,195	34	—	—	—	—
A.6 Others		5,934	52	4,033	132	909	10
TOTAL A MORTGAGE LOANS ON PROPERTIES		139,162	9	9,622	435	909	10
B. Other receivables							
B.1 QUARZO A 15/02/2028	IT0004932056	2,968,321	—	—	—	—	—
B.2 QUARC 1 A	IT0005092470	192,894	—	—	—	—	—
B.3 ELM BB.V. FL	XS0247902587	22,785	—	—	—	—	—
B.4 GERMAN16(GE18) 3.375	XS0222473877	25,822	(752)	—	—	—	—
B.5 Others		11,117	(7)	—	—	—	—
TOTAL B OTHER RECEIVABLES		3,220,939	(759)	—	—	—	—
C. Collateralized Loan Obligation							
C.1 CELF 2006-1X A1	XS0269527437	6,073	(31)	—	—	—	—
C.2 BESME 1 A1X	IT0004941149	4,373	(7)	—	—	—	—
C.3 CLAV 2007-1X III	XS0334000550	—	—	3,009	(11)	—	—
C.4 GSHAM 2006-3X D	XS0277785936	—	—	3,009	(4)	—	—
C.5 Others		3,094	(1)	—	—	—	—
TOTAL C COLLATERALIZED LOAN OBLIGATION		13,540	(39)	6,018	(15)	—	—
Total at 30/6/15		**3,373,641**	**(789)**	**15,640**	**420**	**909**	**10**
Total at 30/6/14		**3,218,786**	**7**	**28,665**	**1,633**	**2,656**	**405**

[1] No off-balance-sheet exposure.

* Mediobanca does not have on its books any credit exposures backed by US subprime or Alt-A mortgages.

C.4 Exposures to securitizations by asset/portfolio type

Exposure / portfolio	Trading	Carried at fair value	Available-for-sale	Held-to-maturity	Loans	30/6/15	30/6/14
1. Balance sheet exposure	62,972	—	37,679	22,785	3,266,754	3,390,190	3,276,661
- Senior	46,423	—	37,679	22,785	3,266,754	3,373,641	3,245,342
- Mezzanine	15,640	—	—	—	—	15,640	28,665
- Junior	909	—	—	—	—	909	2,656
2. Off-balance sheet exposure	—	—	—	—	—	—	—
- Senior	—	—	—	—	—	—	—
- Mezzanine	—	—	—	—	—	—	—
- Junior	—	—	—	—	—	—	—

D. Disclosure on structured entities other than securitization spvs

QUALITATIVE INFORMATION

No disclosure is given here, having already been provided in the Notes to the consolidated financial statements.

QUANTITATIVE INFORMATION

No disclosure is given here, having already been provided in the Notes to the consolidated financial statements.

E. Assets disposal

A. Financial assets sold but not derecognized

QUANTITATIVE INFORMATION

E.1 Financial assets sold but not derecognized: book value and full value

Type / Portfolio	Fiancial assets held for trading	Financial assets carried at fair value	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables with banks	Loans and receivables with customers	Total	
							30/6/15	30/6/14
A. Balance-sheet assets	2,220,567	—	770,102	275,946	—	239,879	3,506,494	2,981,530
1. Debt securities	—	—	—	—	—	—	—	—
a) Financial assets sold but recorded in full (book value)	478,996	—	770,102	275,946	—	—	1,525,044	2,174,123
2. Equity securities	1,598,144	—	—	X	X	X	1,598,144	556,639
3. UCIS	143,427	—	—	X	X	X	143,427	—
4. Loans	—	—	—	—	—	—	—	—
a) Financial assets sold but recorded in full (book value)	—	—	—	—	—	239,879	239,879	250,768
B. Derivatives	—	X	X	X	X	X	—	—
Total 30/6/15	2,220,567	—	770,102	275,946	—	239,879	3,506,494	—
of which impaired	—	—	—	—	—	—	—	—
Total 30/6/14	1,576,717	—	995,361	158,684	—	250,768	X	2,981,530
of which impaired	—	—	—	—	—	—	*X*	—

E.2 Financial liabilities in respect of financial assets sold but not derecognized: book value

Liabilities/portfolio assets	Financial assets held for trading	Financial assets carried at fair value	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables with banks	Loans and receivables with customers	Total
1. Deposits from customers	84,145	—	425,652	114,072	—	—	623,869
a) related to fully recognised assets	84,145	—	425,652	114,072	—	—	623,869
b) relating to partially recognised assets	—	—	—	—	—	—	—
2. Deposits from banks	2,055,221	—	253,056	135,209	—	180,914	2,624,400
a) related to fully recognised assets	2,055,221	—	253,056	135,209	—	180,914	2,624,400
b) relating to partially recognised assets	—	—	—	—	—	—	—
3. Debt securities in issue	—	—	—	—	—	—	—
a) related to fully recognised assets	—	—	—	—	—	—	—
b) relating to partially recognised assets	—	—	—	—	—	—	—
Total 30/6/15	2,139,366	—	678,708	249,281	—	180,914	3,248,269
Total 30/6/14	1,540,380	—	896,309	119,650	—	250,768	2,807,107

E.3 Assets disposals with financial liabilities related only to disposed assets: fair value

Type / Portfolio	Financial assets held for trading	*Financial assets carried at fair value*	Available-for-sale financial assets	Held-to-maturity investments (fair value)	Loans and receivables with banks (fair value)	Loans and receivables with customers (fair value)	Total	
							30/6/15	30/6/14
A. Balance-sheet assets	2,221,310	—	770,102	293,181	—	245,328	3,529,921	2,994,180
1. Debt securities	478,996	—	770,102	293,181	—	—	1,542,279	2,437,541
2. Equity securities	1,742,314	—	—	X	X	X	1,742,314	556,639
3. UCIS	—	—	—	X	X	X	—	—
4. Loans	—	X	X	—	—	245,328	245,328	—
B. Derivative instruments	—	X	X	X	X	X	—	—
Assets Total	2,221,310	—	770,102	293,181	—	245,328	3,529,921	2,994,180
C. Liabilities associated	2,139,366	—	678,708	249,281	—	180,914	3,248,269	2,807,107
1. Due with customers	84,145	—	425,652	114,072	—	180,914	804,783	915,360
2. Due with banks	2,055,221	—	253,056	135,209	—	—	2,443,486	1,891,747
3. Debt securities in issue	—	—	—	—	—	—	—	—
Liabilities Total	2,139,366	—	678,708	249,281	—	180,914	3,248,269	2,807,107
Net value 30/6/15	81,944	—	91,394	43,900	—	64,414	281,652	X
Net value 30/6/14	36,337	—	99,052	48,201	—	3,483	X	187,073

SECTION 2

Market risks

2.1 INTEREST RATE RISK AND PRICE RISK – TRADING BOOK

QUALITATIVE INFORMATION

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, dividends and correlations);

– value-at-risk [1], 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 analysis regards not just the trading book but the Bank's entire asset structure, including the banking book but net of the equity investments. For exposures to bonds and credit derivatives, the daily VaR reading is able to capture and distinguish accurately between the risks deriving from changes in market interest rates and loan spreads.

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

In order to check that the various business units' operations have been carried out within the risk limits which the Bank considers appropriate, limits have been introduced for each trading desk based on the above indicators. In the case of VaR, the indicator used to check the limit is calculated by using the Monte Carlo method. Historical simulations of VaR are also used for comparison purposes [2]. This measurement is also used to calculate the expected shortfall at the 99th percentile (or Conditional VaR at the 99th percentile), which measures

[1] VaR: maximum potential loss over to specified time horizon and to given confidence level.
[2] Determines portfolio values based on random and historical variations in risk factors respectively.

average loss in 1% of the most unfavourable scenarios not included in the calculation of VaR.

The 2014-15 financial year saw the positive trend continue on various markets during the first quarter (September 2014), with good performances on the equity side and a moderate reduction in the BTP-Bund spread. This scenario changed, however, towards the second half of October, when the Greek crisis flared up again, hitting stock markets and spreads on peripheral EU member states' sovereign debt securities. The BTP-Bund spread rose to over 160 basis points, before entering a very volatile phase. The trend in VaR was impacted by the fluctuating negotiations between Greece and the rest of the Eurozone, with strong mitigation being provided by the ECB's quantitative easing programme announced at the end of January which became operative from early March 2015. The days immediately prior to the end of the financial year also saw a sharp increase in volatility due to the Greek crisis flaring up once again and the fears that the country would exit the Eurozone.

The value at risk declined from a high of approx. €35m (midway through October) to a low of €17m at end-May, before rising again to reach €31m at the reporting date. The average VaR figure for the year was therefore €23.1m, lower than the €28.6m recorded the previous year.

The main driver in the reduction in the average VaR reading was the equity component, for which the average reading declined from €17m to €10.5m, on the back of the asset sale process launched the previous year. The average interest rate reading remained stable at €15m, on the positive trend in government bond spread volatility, despite the occasionally high point-in-time readings due to the Greek crisis. Conversely, the average exchange rate reading rose from €2.5m to €4.5m, due to the high volatility levels which affected foreign currency market (due to the Euro crisis, the Swiss franc performance, etc.), along with the increase in the long US dollar position taken out as a macro hedge against potential crisis situations in the Eurozone.

Table 1: Value at risk and expected shortfall of asset structure

Risk factors (€'000)	12 mths to 30/6/15				12 mths to 30/6/14
	30/6	Min.	Max.	Avg.	Avg.
Interest rates	20,410	9,683	27,750	15,339	14,967
- of which: specific risk	*9,133*	*2,658*	*9,981*	*5,364*	*6,684*
Share prices	7,265	7,107	15,331	10,544	17,484
Exchange rates	6,390	1,087	9,568	4,253	2,547
Inflation	3,314	835	5,724	2,809	1,640
Volatility	1,182	436	4,709	1,628	2,322
Diversification effect *	*(8,377)*	*(4,543)*	*(20,630)*	*(11,468)*	*(10,398)*
Total	30,184	16,676	35,107	23,106	28,562
Expected shortfall	*30,535*	*25,380*	*64,241*	*41,115*	*64,871*

* Due to mismatch between risk factors.

The expected shortfall declined sharply, with the average reading falling from €64.9m to €41.1m, due to less extreme historical scenarios for shares and bonds on the Italian market, as well as the reduction in equity assets referred to above.

The trading book showed a still more pronounced reduction in VaR than last year, due to the decrease in directional positions and a general mitigation during the period under review of the volatility of spreads on government and financial securities. The average reading declined from €7.8m to €3.3m, due to lower contributions from the interest rate and loan spread component (which declined from €4.2m to €2.6m) and enhanced coverage of the foreign currency risk, which reduced from €4.1m to under €1m. The equity component also declined, from €1.7m to €1.3m.

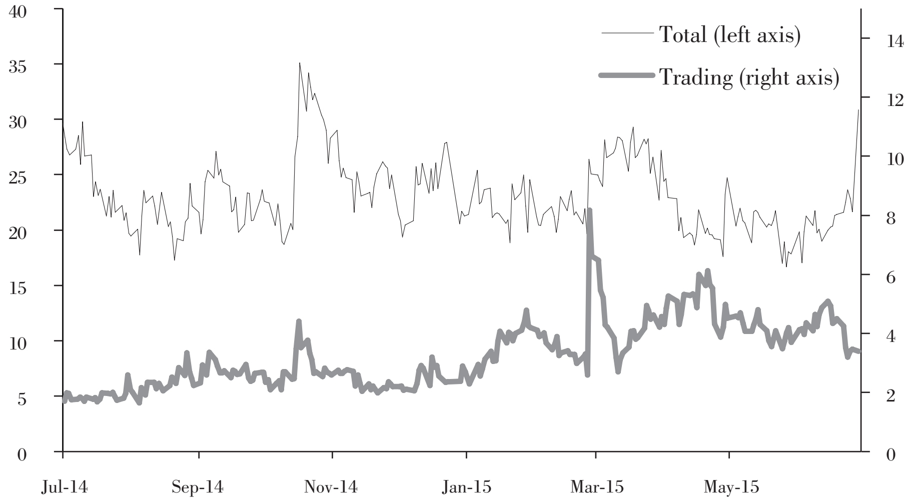
Tab. 2: Value at Risk ed Expected Shortfall del portafoglio di trading

Risk factors (€'000)	12 mths to 30/6/15				12 mths to 30/6/14
	30/6	Min.	Max.	Avg.	Avg.
Interest rates	4,236	1,119	4,857	2,552	4,158
- of which: specific risk	*1,766*	*325*	*2,042*	*802*	*1,580*
Share prices	1,706	658	7,425	1,300	1,622
Exchange rates	451	33	1,769	739	4,123
Inflation	1,488	225	2,243	860	433
Volatility	1,695	437	7,079	2,278	2,771
Diversification effect *	*(6,220)*	*(1,310)*	*(10,173)*	*(4,435)*	*(5,316)*
Total	3,356	1,645	8,166	3,294	7,791
Expected shortfall	*3,918*	3,160	*17,270*	*7,448*	*13,661*

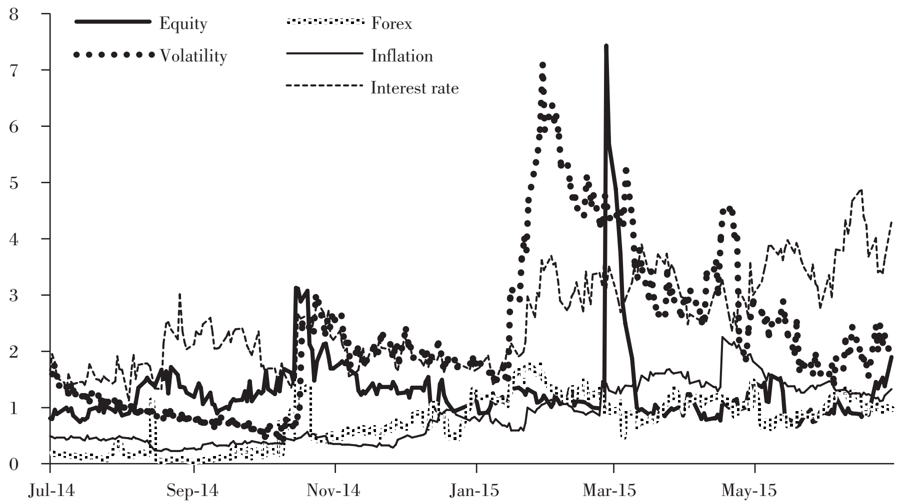
* Due to mismatch between risk factors.

Table 2: Value at risk and expected shortfall: trading book

Trends in VaR



Trends in VaR constituents



The results of the daily back-testing based on calculations of theoretical profits and losses [3] show no signs of VaR being ineffective as a measurement. For the aggregate portfolio including the AFS positions, losses of higher than the VaR readings were recorded on just four days (in line with the theoretical level of 1% of the readings), in mid-October and between April and June, in conjunction with the negative newsflow arising on the Greek situation.

With reference to the sensitivity of net interest income, the trading book (Mediobanca only) as at 30 June 2015 showed a gain of €7.3m in the event of a 100 bps rise in interest rates, which reduces to approx. €0.6m in the opposite scenario (100 bps reduction).

(€m)

Data at 30/6/15		**Trading Book**
Net interest income sensitivity	+ 100 bps	7.30
	– 100 bps	(0.56)
Discounted value of cash flows sensitivity	+ 200 bps	18.74
	– 200 bps	(20.87)

[3] Based on repricing the previous days' positions using data from the following business day, in order to eliminate intraday trading items.

QUANTITATIVE INFORMATION

1. Regulatory trading book by outstanding maturity (repricing date) of cash assets and liabilities and financial derivative products
Currency of denomination: EURO

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	484	94,789	394,535	352,381	1,099,887	755,344	55,440	—
1.1 Debt securities	484	94,789	394,535	352,381	1,099,887	755,344	55,440	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	484	94,789	394,535	352,381	1,099,887	755,344	55,440	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	3,783	1,797	252,139	724,664	49,201	—	—
2.1 Repos	—	—	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
2.2 Other liabilities		3,783	1,797	252,139	724,664	49,201		
3. Financial derivatives	282,000	62,969,873	37,130,282	26,179,317	54,100,111	26,115,553	9,873,335	—
3.1 With underlying securities	—	885,422	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	885,422	—	—	—	—	—	—
+ long positions	—	442,711	—	—	—	—	—	—
+ short positions	—	442,711	—	—	—	—	—	—
3.2 Without underlying securities	282,000	62,084,451	37,130,282	26,179,317	54,100,111	26,115,553	9,873,335	—
- Options	—	4,053,000	4,905,998	10,782,134	5,840,000	1,380,000	2,132,000	—
+ long positions	—	2,026,500	2,452,999	5,391,067	2,920,000	690,000	1,066,000	—
+ short positions	—	2,026,500	2,452,999	5,391,067	2,920,000	690,000	1,066,000	—
- Others	282,000	58,031,451	32,224,284	15,397,183	48,260,111	24,735,553	7,741,335	—
+ long positions	182,000	29,681,219	15,676,157	7,641,016	23,606,115	12,681,836	3,867,615	—
+ short positions	100,000	28,350,232	16,548,127	7,756,167	24,653,996	12,053,717	3,873,720	—

Currency of denomination: US DOLLARS

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	7,513	67,713	63,640	99,788	3,911	48,425	—
1.1 Debt securities	—	7,513	67,713	63,640	99,788	3,911	48,425	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	7,513	67,713	63,640	99,788	3,911	48,425	—
1.2 Other assets								
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Repos	—	—	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
2.2 Other liabilities								
3. Financial derivatives	342,514	8,514,986	35,906,918	490,154	7,683,559	3,894,664	287,608	—
3.1 With underlying securities	—	89,520	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	89,520	—	—	—	—	—	—
+ long positions	—	44,760	—	—	—	—	—	—
+ short positions	—	44,760	—	—	—	—	—	—
3.2 Without underlying securities	342,514	8,425,466	35,906,918	490,154	7,683,559	3,894,664	287,608	—
- Options	—	17,874	35,438,376	—	—	—	—	—
+ long positions	—	8,937	17,719,188	—	—	—	—	—
+ short positions	—	8,937	17,719,188	—	—	—	—	—
- Others	342,514	8,407,592	468,542	490,154	7,683,559	3,894,664	287,608	—
+ long positions	184,663	4,277,009	151,237	176,697	3,777,311	2,086,428	133,971	—
+ short positions	157,851	4,130,583	317,305	313,457	3,906,248	1,808,236	153,637	—

Currency of denomination: OTHER

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	5,595	2,885	—	3,380	—	27,296	—
1.1 Debt securities	—	5,595	2,885	—	3,380	—	27,296	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	5,595	2,885	—	3,380	—	27,296	—
1.2 Other assets								
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Repos	—	—	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	399,330	4,814,331	2,350,175	1,221,890	1,619,635	771,046	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	399,330	4,814,331	2,350,175	1,221,890	1,619,635	771,046	—	—
- Options	—	17,640	18,604	—	—	—	—	—
+ long positions	—	8,820	9,302	—	—	—	—	—
+ short positions	—	8,820	9,302	—	—	—	—	—
- Others	399,330	4,796,691	2,331,571	1,221,890	1,619,635	771,046	—	—
+ long positions	199,665	2,297,358	1,128,180	658,962	847,681	438,236	—	—
+ short positions	199,665	2,499,333	1,203,391	562,928	771,954	332,810	—	—

2. Regulatory trading book: cash exposures in equities and UCITS units

Type of exposure/Amounts	**Book value**		
	Level 1	**Level 2**	**Level 3**
A. Equities ([1])			
A.1 Shares	435,641	—	—
A.2 Innovative equity instruments	—	—	—
A.3 Other equity instruments	—	24,634	—
B. UCITS units			
B.1 Italian	—	—	10,039
- harmonized open	—	—	—
- non-harmonized open	—	—	—
- closed	—	—	10,039
- reserved	—	—	—
- speculative	—	—	—
B.2 Other EU states	271,231	—	521
- harmonized	164,149	—	521
- non-harmonized open	—	—	—
- non-harmonized closed	107,082	—	—
B.3 Non-EU states	—	—	—
- open	—	—	—
- closed	—	—	—
Total	706,872	24,634	10,560

[1] Net mismatch between trading assets and technical shortfalls booked as trading liabilities; over 70% of the next exposure regards other European countries (of which Germany 55%).

2.2 INTEREST RATE RISK AND PRICE RISK – BANKING BOOK

QUALITATIVE INFORMATION

The Mediobanca Group monitors and manages interest rate risk in connection with its policy on managing interest rate risk on the banking book. The policy defines the methodologies and supervisory limits and thresholds at Group and individual level.

Interest rate risk is made up of changes to interest rates which impact on:

– the current net value of assets and liabilities, impacting in turn on the discounted value of future cash flows (fair value risk);

– net interest income and hence also the Bank's earnings (cash flow risk).

The activity of monitoring interest rate risk on the banking book involves use of the following metrics:

– sensitivity of current value, which enables the sustainability of the Group's exposure to interest rate risk over the long term to be represented, providing an indication of the degree of mismatch between the duration of assets and liabilities;

– sensitivity of net interest income, which allows the impact on the profit and loss account to be captured; this figure is expressed in relation to the estimated net interest income for the year, to provide an indication of the degree of uncertainty entailed by the budget projections, and also to common equity in order to estimate the possible impact on the Group's capital solidity.

With reference to analysis of the discounted value of estimated cash flows on the Group's banking book, the instantanous and parallel shifts of 200 basis points generate a loss of €350m at Group level, consisting primarily of the €234m attributable to Mediobanca S.p.A. (chiefly as a result of an increase in the duration of the investments on the bond side since June 2014), and of €58m and €98m attributable to the retail and consumer divisions respectively. Conversely, an equivalent reduction in interest rates would generate a €145m gain for the Group.

With reference to the positions held as part of the banking book as at 30 June 2015, in both cases – i.e. an increase or decrease in interest rates – the change in the net interest income estimated for the 2015/16 financial year would be virtually nil, as the contributions from Mediobanca S.p.A. and the retail and consumer operations would basically cancel each other out.

The data described above are summarized in numerical form in the table below:

(€m)

Data at 30/6/15		Banking Book
Net interest income sensitivity	+ 100 bps	6.93
	– 100 bps	(2.35)
Discounted value of cash flows sensitivity	+ 200 bps	(234.76)
	– 200 bps	206.85

At Group level, the values obtained in both scenarios continue to remain within the limits set by both the monitoring regulations and operational controls, which are respectively 7.5% (net interest income sensitivity (including trading book [4])/ regulatory capital) and 15% (economic value sensitivity/regulatory capital).

Hedging

Hedges are intended to neutralize possible losses that may be incurred on a given asset or liability, due to the volatility of a certain financial risk factor (interest rate, exchange rate, credit or some other risk parameter), through the gains that may be realized on a hedge instrument which allow the changes in fair value or cash flows to be offset. For fair value hedges in particular, the Group seeks to minimize the financial risk on interest rates by bringing the entire interest-bearing exposure in line with Euribor (generally Euribor 3 months) [5].

B. Fair value hedges

Fair value hedges are used to neutralize exposure to interest rate, price or credit risk for particular asset or liability positions, via derivative contracts entered into with leading counterparties with high credit standings. All fixed-rate, zero coupon and structured bond issues are fair-value hedged. With regard to the structured bonds in particular, if they do not show risks related to the main

[4] See p. 483.

[5] This target is maintained even in the presence of hedging contracts with market counterparties with netting agreements and CSAs (collateralized standard agreements) have been entered into, the valuation of which is made on the basis of Eonia interest rates.

risk, the interest-rate component (hedge) is stripped out from the other risks represented in the trading book, and usually hedged by trades of the opposite sign.

Fair value hedges are also used in corporate finance for certain bilateral, fixed-rate transactions and to mitigate price risk on equity investments held as available for sale

B. Cash flow hedges

These are used chiefly as part of certain Group companies' operations, in particular those operating in consumer credit and leasing. In these cases the numerous, generally fixed-rate and relatively small-sized transactions are hedged by floating-rate deposits for large amounts. The hedge is made in order to transform floating-rate deposits into fixed rate positions, correlating the relevant cash flows. Normally the Group uses the derivative to fix the expected cost of deposits over the reference period, to cover floating-rate loans outstanding and future transactions linked to systematic renewals of such loans upon their expiring.

Mediobanca S.p.A. also implements cash flow hedges to cover the equity risk linked to shares held as available for sale by executing forward contracts.

Counterparty risk

Counterparty risk is measured in terms of potential future exposure of market value, using a simulation method based on market volatilty and thus doing away with the need to set arbitrary weightings for each type of instrument. As far as regards derivatives and loan collateralization products (repos and securities lending), the calculation is based on determining the maximum potential exposure (assuming a 95% confidence level) at various points on a time horizon that reaches up to 30 years. The scope of application regards all groups of counterparties which have relations with Mediobanca, taking into account the existence or otherwise of netting agreements (e.g. ISDA, GMSLA or GMRA) and collateralization agreements (e.g. CSA), plus exposures deriving from interbank market transactions. For each type of operations there are different ceilings split by counterparty and/or group. Finally, for medium- or long-term collateralized loans or stocks with reduced liquidity and/or high correlation with the counterparty, the exposure is measured via an ad hoc metric, which estimates combined default scenarios (i.e. counterparty and collateral) and particularly stressed conditions for disposing of securities.

Finally, for non-collateralized derivatives transactions, as required by IFRS 13, the fair value incorporates the effects of the counterparty's credit risk (CVA) and also of Mediobanca's credit risk (DVA) based on the future exposure profile of the aggregate of such contracts outstanding.

QUANTITATIVE INFORMATION

1. Banking book by outstanding maturity (repricing date) of cash assets and liabilities - Currency of denomination: EURO

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	5,505,026	17,513,349	3,615,900	1,160,930	8,141,919	2,105,097	3,015,460	6,796
1.1 Debt securities	82,816	718,293	809,937	750,582	4,257,994	1,090,098	2,971,344	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	82,816	718,293	809,937	750,582	4,257,994	1,090,098	2,971,344	—
1.2 Loans to banks	2,501,587	6,732,414	113,581	44,053	80,376	90,000	—	19
1.3 Loans to customers	2,920,623	10,062,642	2,692,382	366,295	3,803,549	924,999	44,116	6,777
- current accounts	2	—	—	—	88,916	—	—	—
- other loans	2,920,621	10,062,642	2,692,382	366,295	3,714,633	924,999	44,116	6,777
- with early repayment option	—	—	—	—	—	—	—	—
- others	2,920,621	10,062,642	2,692,382	366,295	3,714,633	924,999	44,116	6,777
2. Cash liabilities	13,816,409	14,851,903	2,738,890	2,484,458	4,671,970	2,265,654	81,041	6,766
2.1 Due to customers	3,220,327	500,310	218,632	64,839	—	—	—	6,766
- current accounts	942,026	—	—	—	—	—	—	—
- other amounts due	2,278,301	500,310	218,632	64,839	—	—	—	6,766
- with early repayment option	—	—	—	—	—	—	—	—
- others	2,278,301	500,310	218,632	64,839	—	—	—	6,766
2.2 Due to banks	10,320,520	7,278,201	599,418	6,612	—	—	—	—
- current accounts	7,957,658	—	—	—	—	—	—	—
- other amounts due	2,362,862	7,278,201	599,418	6,612	—	—	—	—
2.3 Debt securities	275,562	7,073,392	1,920,840	2,413,007	4,671,970	2,265,654	81,041	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	275,562	7,073,392	1,920,840	2,413,007	4,671,970	2,265,654	81,041	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	—	—	—	—	—	—	—
3. Financial derivative products	278,066	19,809,771	2,530,646	2,863,443	8,164,489	2,547,273	1,247,558	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	278,066	19,809,771	2,530,646	2,863,443	8,164,489	2,547,273	1,247,558	—
- Options	—	—	—	—	100,000	—	516,794	—
+ long positions	—	—	—	—	50,000	—	258,397	—
+ short positions	—	—	—	—	50,000	—	258,397	—
- Others	278,066	19,809,771	2,530,646	2,863,443	8,064,489	2,547,273	730,764	—
+ long positions	—	5,311,825	1,782,514	2,117,743	6,842,489	1,877,273	480,382	—
+ short positions	278,066	14,497,946	748,132	745,700	1,222,000	670,000	250,382	—
4. Other OTC trades	8,929,079	8,612,307	1,397,380	371,884	10,062,015	4,942,425	1,950,224	—
+ long positions	6,728,057	3,317,733	1,041,873	154,275	2,846,144	2,440,991	1,603,584	—
+ short positions	2,201,022	5,294,574	355,507	217,609	7,215,871	2,501,434	346,640	—

Currency of denomination: US DOLLARS

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	384,466	689,554	53,688	15,615	61,795	62,680	—	793
1.1 Debt securities	—	1,207	416	13,505	18,646	62,680	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	1,207	416	13,505	18,646	62,680	—	—
1.2 Loans to banks	108,196	557,498	44,797	304	43,084	—	—	—
1.3 Loans to customers	276,270	130,849	8,475	1,806	65	—	—	793
- current accounts		—	—	—	—	—	—	—
- other loans	276,270	130,849	8,475	1,806	65	—	—	793
- with early repayment option	—	—	—	—	—	—	—	—
- others	276,270	130,849	8,475	1,806	65	—	—	793
2. Cash liabilities	370,558	529,994	19,870	199,079	339,400	—	—	8
2.1 Due to customers	3,974	287	—	—	—	—	—	8
- current accounts	3,812	—	—	—	—	—	—	—
- other amounts due	162	287	—	—	—	—	—	8
- with early repayment option	—	—	—	—	—	—	—	—
- others	162	287	—	—	—	—	—	8
2.2 Due to banks	366,580	300,470	4,455	—	—	—	—	—
- current accounts	849	—	—	—	—	—	—	—
- other amounts due	365,731	300,470	4,455	—	—	—	—	—
2.3 Debt securities	4	229,237	15,415	199,079	339,400	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	4	229,237	15,415	199,079	339,400	—	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	644,399	13,406	—	260,970	206,755	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	644,399	13,406	—	260,970	206,755	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	644,399	13,406	—	260,970	206,755	—	—
+ long positions	—	101,296		—	254,714	206,755	—	—
+ short positions	—	543,103	13,406	—	6,256	—	—	—
4. Other OTC trades	412,552	17,194	32,276	315,242	113,696	33,083	—	—
+ long positions	412,552	—	32,276	—	—	17,194	—	—
+ short positions	—	17,194	—	315,242	113,696	15,889	—	—

Currency of denomination: OTHER

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	39,606	367,901	70,315	—	5,155	—	—	3
1.1 Debt securities	—	—	—	—	—	—	—	—
- with early repayment option								
- others	—	—	—	—	—	—	—	—
1.2 Loans to banks	35,647	359,118	70,315	—	5,155	—	—	2
1.3 Loans to customers	3,959	8,783	—	—	—	—	—	1
- current accounts	—	—	—	—	—	—	—	—
- other loans	3,959	8,783	—	—	—	—	—	1
- with early repayment option	—	—	—	—	—	—	—	—
- others	3,959	8,783	—	—	—	—	—	1
2. Cash liabilities	285,108	60,263	—	28,141	209,608	—	—	—
2.1 Due to customers	2	—	—	—	—	—	—	—
- current accounts	2	—	—	—	—	—	—	—
- other amounts due	—	—	—	—	—	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	—	—	—	—	—	—	—
2.2 Due to banks	285,106	28,814	—	11,268	—	—	—	—
- current accounts	86,848	—	—	—	—	—	—	—
- other amounts due	198,258	28,814	—	11,268	—	—	—	—
2.3 Debt securities	—	31,449	—	16,873	209,608	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	31,449	—	16,873	209,608	—	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
- with early repayment option	—	—	—	—	—	—	—	—
- others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	257,860	18,895	—	238,965	—	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	257,860	18,895	—	238,965	—	—	—
- Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
- Others	—	257,860	18,895	—	238,965	—	—	—
+ long positions	—	9,432	9,463	—	238,965	—	—	—
+ short positions	—	248,428	9,432	—	—	—	—	—
4. Other OTC trades	344,168	—	—	—	300,738	43,430	—	—
+ long positions	344,168	—	—	—	—	—	—	—
+ short positions	—	—	—	—	300,738	43,430	—	—

2. Banking book: cash exposures in equities and UCITS units

Type of exposure/Amounts	Book value		
	Level 1	Level 2	Level 3
A. Equities [1]			
A.1 Shares	842,430	—	105,933
A.2 Innovative equity instruments	—	—	—
A.3 Other equity instruments	—	—	—
B. UCITS units			
B.1 Italian	—	—	114,858
- harmonized open	—	—	—
- non-harmonized open	—	—	—
- closed	—	—	107,881
- reserved	—	—	—
- speculative	—	—	6,977
B.2 Other EU states	—	—	—
- harmonized	—	—	—
- non-harmonized open	—	—	—
- non-harmonized closed	—	—	—
B.3 Non-EU states	—	—	8,315
- open	—	—	—
- closed	—	—	8,315
Total	842,430	—	229,106

[1] Of which 96% Italian and 4% other EU countries.

2.3 EXCHANGE RATE RISK

QUALITATIVE INFORMATION

A. General aspects, operating processes and measurement techniques

B. Exchange rate risk hedging

The trend in the exchange rate component of VaR shown on p. 479 is an effective representation of changes in the risks taken on the forex market, in view of the fact that exposures to foreign exchange rates are managed globally within the Finance area of Mediobanca S.p.A.

QUANTITATIVE INFORMATION

1. Assets, liabilities and derivatives by currency

Line items	Currency					
	US dollars	Pounds sterling	Japanese yen	Canadian dollars	Swiss francs	Other
A. Financial assets	1,210,887	658,091	200,643	307	117,930	51,831
A.1 Debt securities	371,365	6,577	10,883	—	3,003	31,558
A.2 Equities	53,282	208,869	189,541	—	108,424	—
A.3 Loans and advances to banks	703,500	433,880	219	307	6,379	20,086
A.4 Loans and advances to customers	82,740	8,765	—	—	124	187
A.5 Other financial assets	—	—	—	—	—	—
B. Other assets	—	—	—	—	—	—
C. Financial liabilities	(1,076,731)	(535,098)	—	(77)	(41,286)	(17,861)
C.1 Due to banks	(197,570)	(96,267)	—	(77)	(28,810)	(1,349)
C.2 Due to customers	(111,037)	(20)	—	—	—	—
C.3 Debt securities	(768,124)	(438,811)	—	—	(12,476)	(16,512)
C.4 Other financial liabiilities	—	—	—	—	—	—
D. Other liabilities	—	—	—	—	—	—
E. Financial derivative products	191,277	(125,599)	(204,478)	5,611	(46,678)	43,314
- Options	—	—	—	—	—	—
+ Long positions	—	—	—	—	—	—
+ Short positions	—	—	—	—	—	—
- Other derivatives	191,277	(125,599)	(204,478)	5,611	(46,678)	43,314
+ Long positions	3,909,292	709,381	87,786	29,843	634,329	743,160
+ Short positions	(3,718,015)	(834,980)	(292,264)	(24,232)	(681,007)	(699,846)
Total assets	5,120,179	1,367,472	288,429	30,150	752,259	794,991
Total liabilities	(4,794,746)	(1,370,078)	(292,264)	(24,309)	(722,293)	(717,707)
Difference (+/-)	325,433	(2,606)	(3,835)	5,841	29,966	77,284

2. Internal models and other methodologies used for sensitivity analysis

During the year under review, the directional positions taken on exchange rates were limited, but nonetheless reflected considerable volatility chiefly on fears of Greece exiting the Eurozone, which would obviously have had repercussions for the Euro vis-à-vis the other main currencies. Against this backdrop Mediobanca implemented a macrohedge with an increase in the position in US dollars. The average VaR reading in the foreign currency component was €4.2m, higher than the €2.5m recorded last year, while the point-in-time reading as at 30 June 2015 was €6.4m.

2.4 DERIVATIVE FINANCIAL PRODUCTS

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading book: average and reporting-date notional values

Underlying assets / Type of derivatives	30/6/15		30/6/14	
	Over the counter	Clearing House	Over the counter	Clearing House
1. Debt securities and interest rate indexes	110,833,854	20,231,168	111,267,106	57,001,046
a) Options	—	19,543,795	—	54,769,947
b) Swap	98,129,104	—	95,032,106	—
c) Forward	—	—	—	—
d) Futures	—	687,373	—	2,231,099
e) Others	12,704,750	—	16,235,000	—
2. Equity instruments and stock indexes	11,928,907	12,768,242	11,759,672	15,089,394
a) Options	9,008,745	12,534,420	11,045,693	14,792,475
b) Swap	1,719,906	—	713,979	—
c) Forward	1,200,256	—	—	—
d) Futures	—	233,822	—	296,919
e) Others	—	—	—	—
3. Gold and currencies	11,422,631	—	12,331,900	—
a) Options	44,269	—	911,480	—
b) Swap	4,584,655	—	4,311,194	—
c) Forward	6,793,707	—	7,109,226	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other underlyings	—	—	—	—
Total	134,185,392	32,999,410	135,358,678	72,090,440
Average amounts	134,772,035	52,544,925	144,500,930	85,307,451

A.2 Banking book: average and reporting-date notional values

A.2.1 Hedge derivatives

Underlying assets / Type of derivatives	30/6/15		30/6/14	
	Over the counter	Clearing House	Over the counter	Clearing House
1. Debt securities and interest rate indexes	19,535,715	—	24,280,857	—
a) Options	—	—	—	—
b) Swap	19,227,318	—	24,022,460	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	308,397	—	258,397	—
2. Equity instruments and stock indexes	24	—	27	—
a) Options	24	—	27	—
b) Swap	—	—	—	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Gold and currencies	5,533	—	5,564	—
a) Options	—	—	—	—
b) Swap	5,533	—	5,564	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other underlyings	—	—	—	—
Total	19,541,272	—	24,286,448	—
Average amounts	21,913,860	—	26,187,756	—

A.2.2 Other derivatives

Underlying assets / Type of derivatives	30/6/15		30/6/14	
	Over the counter	Clearing House	Over the counter	Clearing House
1. Debt securities and interest rate indexes	12,251	—	77,251	—
a) Options	—	—	—	—
b) Swap	12,251	—	77,251	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
2. Equity instruments and stock indexes	2,022,482	—	4,171,780	—
a) Options	2,022,482	—	4,171,780	—
b) Swap	—	—	—	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Gold and currencies	—	—	—	—
a) Options	—	—	—	—
b) Swap	—	—	—	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other underlyings	—	—	—	—
Total	2,034,733	—	4,249,031	—
Average amounts	3,141,882	—	5,253,669	—

A.3 Financial derivatives: gross positive fair value, by product

Portfolios / Types of derivatives	Positive fair value			
	30/6/15		30/6/14	
	Over the counter	Clearing House	Over the counter	Clearing House
A. Regulatory trading portfolio	4,815,925	621,272	4,793,974	537,400
a) Options	1,017,559	617,262	1,509,864	530,800
b) Interest rate swap	3,135,182	—	3,064,589	—
c) Cross currency swap	254,133	—	96,424	—
d) Equity Swap	61,110	—	14,390	—
e) Forward	347,941	—	108,707	—
f) Futures	—	4,010	—	6,600
g) Other	—	—	—	—
B. Banking book - Hedging derivatives	1,092,964	—	1,288,898	—
a) Options	263,465	—	200,605	—
b) Interest rate swap	829,348	—	1,088,120	—
c) Cross currency swap	151	—	173	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Other	—	—	—	—
C. Banking book - Other derivatives	13,214	—	11,873	—
a) Options	9,263	—	5,885	—
b) Interest rate swap	3,951	—	5,988	—
c) Cross currency swap	—	—	—	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
Total	5,922,103	621,272	6,094,745	537,400

A.4 Financial derivatives: gross negative fair value, by product

Portfolios / Types of derivatives	Negative fair value			
	30/6/15		30/6/14	
	Over the counter	Clearing House	Over the counter	Clearing House
A. Regulatory trading portfolio	(4,683,895)	(745,125)	(4,804,234)	(722,356)
a) Options	(797,414)	(742,326)	(1,214,850)	(718,230)
b) Interest rate swap	(3,244,381)	—	(3,289,545)	—
c) Cross currency swap	(393,719)	—	(103,844)	—
d) Equity Swap	(15,095)	—	(82,142)	—
e) Forward	(233,286)	—	(113,853)	—
f) Futures	—	(2,799)	—	(4,126)
g) Others	—	—	—	—
B. Banking book - Hedging derivatives	(851,721)	—	(771,536)	—
a) Options	(264,291)	—	(200,610)	—
b) Interest rate swap	(587,280)	—	(570,754)	—
c) Cross currency swap	(150)	—	(172)	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
C. Banking book - Other derivatives	(169,695)	—	(240,041)	—
a) Options	(169,695)	—	(239,021)	—
b) Interest rate swap	—	—	(1,020)	—
c) Cross currency swap	—	—	—	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
Total	(5,705,311)	(745,125)	(5,815,811)	(722,356)

A.5 OTC financial derivatives: regulatory trading book – notional values, gross positive and negative fair values by counterparty, contracts not forming part of netting arrangements

Contracts not included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
1. Debt securities and interest rate indexes							
- notional amount	—	—	491,788	3,210,832	—	6,358,459	—
- positive fair value	—	—	13,767	80,586	—	164,207	—
- negative fair value	—	—	(5,427)	(34,162)	—	(425,030)	—
- future exposure	—	—	46,933	24,276	—	59,368	—
2. Equity instruments and stock indexes							
- notional amount	—	4,450	142,000	836,209	60,321	437,744	—
- positive fair value	—	80	8	129,352	—	5,259	—
- negative fair value	—	—	—	(3,449)	—	(3,215)	—
- future exposure	—	267	120	29,684	6,032	34,631	—
3. Gold and currencies							
- notional amount	—	—	95,266	232,436	—	1,005,401	—
- positive fair value	—	—	582	8,464	—	5,449	—
- negative fair value	—	—	—	(25,679)	—	(147,075)	—
- future exposure	—	—	953	5,150	—	58,421	—
4. Other instruments							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—

A.6 OTC financial derivatives: regulatory trading book – notional values, gross positive and negative fair values by counterparty, contracts forming part of netting arrangements

Contracts included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Imprese non finanziarie	Other entities
1. Debt securities and interest rate indexes							
- notional amount	—	—	67,214,062	32,036,904	758,309	763,500	—
- positive fair value (before netting)	—	—	1,989,103	960,833	94,602	95,833	—
- negative fair value (before netting)	—	—	(2,060,163)	(852,393)	(1,415)	(5,316)	—
2. Equity instruments and stock indexes							
- notional amount	—	—	9,010,225	1,299,127	94,080	44,750	—
- positive fair value (before netting)	—	—	593,420	189,308	70	1,400	—
- negative fair value (before netting)	—	—	(458,107)	(205,679)	(2,181)	—	—
3. Gold and currencies							
- notional amount	—	—	8,271,175	1,293,481	122,691	402,181	—
- positive fair value (before netting)	—	—	342,111	140,285	1,205	—	—
- negative fair value (before netting)	—	—	(366,771)	(24,022)	(2,095)	(61,715)	—
4. Other instruments							
- notional amount	—	—	—	—	—	—	—
- positive fair value (before netting)	—	—	—	—	—	—	—
- negative fair value (before netting)	—	—	—	—	—	—	—

A.7 OTC financial derivatives: banking book – notional value, gross positive and negative fair values by counterparty, contracts not forming part of netting arrangements

Contracts not included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
1. Debt securities and interest rate indexes							
- notional amount	—	—	600,699	785,000	—	—	—
- positive fair value	—	—	64,490	143	—	—	—
- negative fair value	—	—	(17,567)	(41)	—	—	—
- future exposure	—	—	4,500	3,925	—	—	—
2. Equity instruments and stock indexes							
- notional amount	—	—	—	—	—	—	24
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	(4)
- future exposure	—	—	—	—	—	—	2
3. Gold and currencies							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
4. Other instruments							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—

A.8 OTC financial derivatives: banking book – notional value, gross positive and negative fair values by counterparty, contracts forming part of netting arrangements

Contracts included in netting agreement	Contracts included in netting agreement	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
1. Debt securities and interest rate indexes							
- notional amount	—	—	15,572,736	2,577,279	—	—	—
- positive fair value	—	—	888,328	139,852	—	—	—
- negative fair value	—	—	(764,498)	(69,461)	—	—	—
2. Equity instruments and stock indexes							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
3. Gold and currencies							
- notional amount	—	—	5,533	—	—	—	—
- positive fair value	—	—	151	—	—	—	—
- negative fair value	—	—	(150)	—	—	—	—
4. Other instruments							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

A.9 OTC financial derivatives by outstanding life: notional values

Underlying / residual	Up to 1 year	Over 1 year up to 5 year	Over 5 year	Total
A. Regulatory trading book	36,245,767	58,659,621	39,280,004	134,185,392
A.1 Financial derivative contracts on debt securities and interest rates	26,456,060	47,331,811	37,045,983	110,833,854
A.2 Financial derivative contracts on equity securities and stock indexes	5,619,896	5,702,413	606,598	11,928,907
A.3 Financial derivative contracts on exchange rates and gold	4,169,811	5,625,397	1,627,423	11,422,631
A.4 Financial derivative contracts on other values	—	—	—	—
B. Banking book	3,368,013	13,943,525	4,264,467	21,576,005
B.1 Financial derivative contracts on debt securities and interest rates	3,113,862	12,595,688	3,838,416	19,547,966
B.2 Financial derivative contracts on equity securities and stock indexes	248,618	1,347,837	426,051	2,022,506
B.3 Financial derivative contracts on exchange rates and gold	5,533	—	—	5,533
B.4 Financial derivative contracts on other values	—	—	—	—
Total 30/6/15	39,613,780	72,603,146	43,544,471	155,761,397
Total 30/6/14	50,139,591	73,770,011	39,984,553	163,894,156

B. CREDIT DERIVATIVES

B.1 Credit derivatives: average and reporting-date notional values

Type of transaction	Regulatory trading book		Banking book other contracts	
	with a single counterparty	with more than one counterparty (basket)	with a single counterparty	with more than one counterparty (basket)
1. Protection buyer's contracts				
a) Credit default products	1,267,060	7,979,108	150,400	—
b) Credit spread products	—	—	—	—
c) Total rate of return swaps	—	—	—	—
d) Others	—	—	—	—
Total 30/6/15	1,267,060	7,979,108	150,400	—
Average amounts	1,603,431	20,433,938	188,100	—
Total 30/6/14	1,939,803	32,888,769	225,800	—
2. Protection sellerr's contracts				
a) Credit default products	931,265	7,770,465	20,000	821,867
b) Credit spread products	—	—	—	—
c) Total rate of return swaps	—	—	—	—
d) Others	—	—	—	—
Total 30/6/15	931,265	7,770,465	20,000	821,867
Average amounts	1,029,217	20,485,243	28,750	808,976
Total 30/6/14	1,127,169	33,200,022	37,500	796,086

B.2 OTC credit derivatives: gross positive fair value, by product

Portfolios / Types of derivatives	Positive Fair Value	
	30/6/15	30/6/14
A. Regulatory trading portfolio	202,408	517,497
a) Credit default products	202,408	517,497
b) Credit spread products	—	—
c) Total rate of return swaps	—	—
d) Others	—	—
B. Banking book	11,224	13,370
a) Credit default products	11,224	13,370
b) Credit spread products	—	—
c) Total rate of return swaps	—	—
d) Others	—	—
Total	213,632	530,867

B.3 OTC credit derivatives: gross negative fair value, by product

Portfolios / Types of derivatives	Negative Fair Value	
	30/6/15	**30/6/14**
A. Regulatory trading portfolio	(166,035)	(486,752)
a) Credit default products	(166,035)	(486,752)
b) Credit spread products	—	—
c) Total rate of return swaps	—	—
d) Others	—	—
B. Banking book	(11,594)	(12,045)
a) Credit default products	(11,594)	(12,045)
b) Credit spread products	—	—
c) Total rate of return swaps	—	—
d) Others	—	—
Total	(177,629)	(498,797)

B.4 OTC credit derivatives: gross positive and negative fair values by counterparty – contracts not forming part of netting arrangements

Contracts not included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
Regulatory trading portfolio							
1. Protection purchase							
- notional amount	—	—	500,000	—	—	—	—
- positive fair value	—	—	24,111	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	25,000	—	—	—	—
2. Protection sale							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
Banking portfolio *							
1. Protection purchase							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
2. Protection sale							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

* Does not include derivatives embedded in bonds issued.

B.5 OTC credit derivatives: gross positive and negative fair values by counterparty – contracts forming part of netting arrangements

Contracts included in netting agreement	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
Regulatory trading portfolio							
1. Protection purchase							
- notional amount	—	—	8,190,784	555,384	—	—	—
- positive fair value	—	—	13,111	1,190	—	—	—
- negative fair value	—	—	(144,532)	(8,216)	—	—	—
2. Protection sale							
- notional amount	—	—	8,240,415	461,316	—	—	—
- positive fair value	—	—	147,091	16,905	—	—	—
- negative fair value	—	—	(12,295)	(991)	—	—	—
Banking portfolio *							
1. Protection purchase							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
2. Protection sale							
- notional amount	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

* Derivatives embedded in bonds issued not included.

B.6 Credit derivatives by outstanding duration: notional values

Underlying / residual	Up to 1 year	Over 1 year up to 5 years	Over 5 years	Total
A. Regulatory trading portfolio	2,498,712	13,910,188	1,538,998	17,947,898
A.1 Credit derivatives with “qualified” “reference obligation”	447,729	394,981	1,087,131	1,929,841
A.2 Credit derivatives with “not qualified” “reference”	2,050,983	13,515,207	451,867	16,018,057
B. Banking portfolio	33,000	865,567	93,700	992,267
B.1 Credit derivatives with “qualified” “reference obligation”	20,500	43,700	31,700	95,900
B.2 Credit derivatives with “not qualified” “reference”	12,500	821,867	62,000	896,367
Total 30/6/15	2,531,712	14,775,755	1,632,698	18,940,165
Total 30/6/14	29,585,545	37,226,574	3,403,030	70,215,149

C. CREDIT AND FINANCIAL DERIVATIVES

*C.1 OTC financial and credit derivatives: net fair values and future exposure by counterparty **

	Governments and central banks	Other public-sector entities	Banks	Financial companies	Insurance companies	Non-financial companies	Other entities
1) Netting agreements related to Financial Derivatives							
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
- net counterparty risk	—	—	—	—	—	—	—
2) Netting agreements related to Credit Derivatives							
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
- net counterparty risk	—	—	—	—	—	—	—
3) Cross product netting agreements							
- positive fair value	—	—	457,261	375,554	92,041	55,461	—
- negative fair value	—	—	(266,346)	(87,938)	(1,856)	(25,259)	—
- future exposure	—	—	617,997	248,062	12,006	22,360	—
- net counterparty risk	—	—	634,776	442,516	56,371	71,042	—

* Representing the sum of the positive fair value and future exposure, net of cash collateral received amounting to €676,038,000, €440,482,000 of which in respect of banks, €181,100,000 of financial companies, of €47,676,000 insurances and €6,780,000 other non-financial companies. Conversely, to cover negative fair value readings, cash collateral of €471,618,000 was paid in, €385,538,000 of which in respect of banks, €84,700,000 of financial companies, and €1,380,000 of insurances.

SECTION 3

Liquidity risk

QUALITATIVE INFORMATION

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 basic principles on which the Policy is based are as follows:

– identifying the parties, responsibilities and duties for controlling liquidity risk for the Group as a whole and for the individual Group companies;
– defining and monitoring the short-term risk limits (operating liquidity), which considers events that would have an impact on the Bank's liquidity position within a timeframe of up to twelve months;
– defining and monitoring medium-/long-term liquidity (structural liquidity), which considers events that would have an impact on the Bank's liquidity position within a timeframe of over twelve months;
– defining a pricing system of internal fund transfers between the Group's various units and companies.

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.

In this connection the metric adopted is the ratio between counterbalancing capacity (defined principally as the availability post-haircut of bonds and receivables eligible for refinancing with the ECB) and the cumulative net cash outflows. Through use of the maturity ladder, i.e. projection of the net financial position over time, the underlying methodology consists of evaluating the entire Group's ability to withstand a liquidity crisis in the event of a system or specific crisis situation occuring. This ability is calculated assuming there are no changes in the Group's business structure or asset profile.

The starting point in the process is quantifying certain and uncertain/ estimated cash inflows and outflows, and the resulting mismatches or surpluses, in the various brackets of duration outstanding which make up the operational maturity ladder (time horizon up to three months). Cash flows are determined in two analysis scenarios, namely the ongoing concern and the specific and systemic stress scenarios.

Stress testing assumes extraordinary factors such as a) drawdowns on committed lines granted to customers, b) reductions in the debt security funding or unsecured funding channels, c) renewal of only part of the retail funding expiring, and d) anticipation and full realization of lending volumes in the pipeline. The liquidity risk tolerance threshold is defined as the maximum exposure to risk deemed sustainable by the managmenet in the normal course of business, as well as "stress situations".

In addition to the above, the Group also prepares the weekly liquidity position update required by the Bank of Italy. The maturity ladder report, prepared in accordance with the authority's guidelines, lists the principal maturities falling due in the months following the reference date, and contains a summary of the movements in both directions on the interbank market and a table showing the Group's funding balances by individual form. This monitoring instrument forms a point of contact with the other operational metrics used and promotes dialogue with the regulatory bodies regarding the trends influencing the liquidity risk profile over time. As from March 2015, the Bank also monitors the ratio between the net balance of aggregare liquidity available at three months and the total consolidated assets (FINREP) at the observation date: the ratio value is also notified on at least a monthly basis to the ALM Committee, and at end-June was around 11%.

Monitoring structural liquidity, on the other hand, is intended to ensure that the structure has an adequate financial balance for maturities of more than twelve months. Maintaining an appropriate ratio between assets and liabilities in the medium/long term also serves the purpose of avoiding future pressures in the short term as well. The operating methods adopted involve analysing the maturity profiles for both assets and liabilities over the medium and long term checking that inflows cover 100% of outflows for maturities of more than one year, reduced to 90% of outflows for maturities of more than five years.

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

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.

Alongside the previous indicators, an event governance model has also been provided known as the Contingency Liquidity Funding Plan, to be implemented in the event of a crisis by following a procedure approved by the Board of Directors.

The objective of the Group Contingency Funding Plan is to ensure prompt implementation of effective action to tackle a liquidity crisis, through precise identification of stakeholders, powers, responsibilities, communication procedures and reporting criteria, in order to increase the likelihood of coming through the state of emergency successfully. This objective is achieved primarily by activating an extraordinary operational and liquidity governance model, supported by consistent internal and external reporting and a series of specific indicators.

Before a contingency situation develops, a system of early warning indicators (EWIs) has been prepared, to monitor situations that could lead to a deterioration in the Group's liquidity position deriving from external factors (market or sector) or from situations which are specific to the Banking Group itself.

As part of risk control and management activities, a Group-wide project has been launched to rationalize and make more effective the architecture designed to collect and use information for regulatory and operational purposes.

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 2014-15 financial year too was characterized by the attempt to redefine the Group's sources of funding.

In view of the redemptions of bond issues made during the period (in an amount of approx. €6.5bn), in part mitigated by the Group's new unsecured issues and by other forms of interbank funding (for a total of approx. €3.5bn), funding has been kept stable at significant levels through the targeted long term refinancing operation (TLTRO) replacing the LTRO which fell due between January and February 2015: at end-June the total amount was €5.5bn.

The reduction in the liquidity position was driven by, among other things, a gradual decrease in the direct retail funding raised by CheBanca!: in the face of strong competition with customer rates at all-time lows, the stock of funding reduced from €11.5bn to €9.6bn. This trend was reflected primarily in the gradual reduction of net applications (reducing the activity in reverse repos, in which the surplus liquidity was employed), and secondly in a resizing of the bond component of the banking book.

Despite the reduction in the amount of the counterbalancing capacity, the substantial initial availability of the bond portfolio, along with the quality of the underlying assets (75% of which on average consists of government securities), has allowed the balance of net outflows to remain below the supervisory limits/thresholds throughout the reference time horizon.

As at 30 June 2015, the Stock of bonds deliverable in exchange for cash to the ECB totalled approx. €9.3bn (30/6/14: €12bn), while the balance of liquidity reserves established at the European Central bank amounted to approx. €6bn (€7.4bn), approx. €0.5bn of which in the form of cash not used and hence qualifying as part of the counterbalancing capacity.

INFORMAZIONI DI NATURA QUANTITATIVA

1. Financial assets and liabilities by outstanding life: Currency of denomination: EURO

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	5,664,376	387,377	690,727	1,183,637	3,547,793	2,274,007	2,660,988	16,847,269	11,311,291	118,193
A.1 Government securities	248	871	364	2,843	13,913	346,236	690,325	4,264,152	1,144,532	—
A.2 Other debt securities	486	1,266	18,196	28,068	72,104	278,610	453,537	1,349,320	4,784,231	—
A.3 UCITS units	—	—	—	—	—	—	—	—	—	—
A.4 Loans and advances	5,663,642	385,240	672,167	1,152,726	3,461,776	1,649,161	1,517,126	11,233,797	5,382,528	118,193
- to banks	2,516,375	105,110	358,061	80,614	2,048,375	196,760	189,098	1,595,348	2,432,481	111,416
- to customers	3,147,267	280,130	314,106	1,072,112	1,413,401	1,452,401	1,328,028	9,638,449	2,950,047	6,777
Cash liabilities	13,779,895	450,333	1,069,064	181,285	1,894,853	2,505,669	1,632,956	17,111,135	3,694,230	6,766
B.1 Deposits and current accounts	8,905,179	—	—	—	—	—	—	—	—	—
- to banks	7,963,153	—	—	—	—	—	—	—	—	—
- to customers	942,026	—	—	—	—	—	—	—	—	—
B.2 Debt securities	3,287	333	601,186	3,099	459,364	1,843,687	1,518,206	11,107,616	3,547,807	—
B.3 Other liabilities	4,871,429	450,000	467,878	178,186	1,435,489	661,982	114,750	6,003,519	146,423	6,766
Off-balance-sheet transactions	11,286,240	3,438,485	579,115	2,261,465	3,885,377	2,047,744	856,082	7,007,545	8,028,031	—
C.1 Financial derivatives with exchange of principal	—	144,050	—	1,868,781	670,143	505,822	72,037	344,715	180,000	—
- long positions	—	74,050	—	940,400	405,251	266,464	30,013	93,751	90,000	—
- short positions	—	70,000	—	928,381	264,892	239,358	42,024	250,964	90,000	—
C.2 Financial derivatives without exchange of principal	7,625,273	5,984	2,296	19,557	83,587	127,386	266,511	—	—	—
- long positions	3,861,291	4,912	651	7,550	56,768	73,201	177,815	—	—	—
- short positions	3,763,982	1,072	1,645	12,007	26,819	54,185	88,696	—	—	—
C.3 Deposits and loans for collection	2,181,850	978,349	308,768	373,127	2,380,907	499,000	154,275	3,296,474	3,181,232	—
- long positions	2,181,850	978,349	308,768	373,127	2,322,404	—	—	512,493	—	—
- short positions	—	—	—	—	58,503	499,000	154,275	2,783,981	3,181,232	—
C.4 Irrevocable commitments to disburse funds *	1,317,710	2,310,102	268,051	—	659,490	745,936	80,859	2,440,306	2,373,999	—
- long positions	—	—	—	—	—	203,063	80,859	2,440,306	2,373,999	—
- short positions	1,317,710	2,310,102	268,051	—	659,490	542,873	—	—	—	—
C.5 Financial guarantees issued	—	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	—	—	—	—	—	—	—	—	—
C.7 Credit derivatives with exchange of principal	—	—	—	—	91,250	169,600	282,400	926,050	2,292,800	—
- long positions	—	—	—	—	30,000	37,800	48,700	519,400	1,245,150	—
- short positions	—	—	—	—	61,250	131,800	233,700	406,650	1,047,650	—
C.8 Credit derivatives without exchange of principal	161,407	—	—	—	—	—	—	—	—	—
- long positions	78,065	—	—	—	—	—	—	—	—	—
- short positions	83,342	—	—	—	—	—	—	—	—	—

* Includes hedge sales perfectly matched by purchases for the same amount.

Currency of denomination: US DOLLARS

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	385,781	6,586	20,077	6,649	33,909	190,065	98,799	470,759	326,223	793
A.1 Government securities	—	—	—	—	—	—	—	—	—	—
A.2 Other debt securities	1,193	—	1,171	—	4,744	6,555	90,763	86,719	163,416	—
A.3 UCITS units	—	—	—	—	—	—	—	—	—	—
A.4 Loans and advances	384,588	6,586	18,906	6,649	29,165	183,510	8,036	384,040	162,807	793
- to banks	108,196	81	8,308	683	1,876	181,362	3,899	367,992	89,373	—
- to customers	276,392	6,505	10,598	5,966	27,289	2,148	4,137	16,048	73,434	793
Cash liabilities	370,558	—	45,518	76,844	180,073	154,936	5,612	348,839	299,106	8
B.1 Deposits and current accounts	14,395	—	—	—	—	—	—	—	—	—
- to banks	10,583	—	—	—	—	—	—	—	—	—
- to customers	3,812	—	—	—	—	—	—	—	—	—
B.2 Debt securities	4	—	408	—	1,271	150,481	5,612	348,839	299,106	—
B.3 Other liabilities	356,159	—	45,110	76,844	178,802	4,455	—	—	—	8
Off-balance-sheet transactions	840,897	171,018	159,277	231,850	523,702	276,523	231,877	4,252,284	1,515,389	—
C.1 Financial derivatives with exchange of principal	158,040	170,997	158,245	231,680	505,679	130,985	179,389	3,991,428	1,410,303	—
- long positions	157,851	164,229	157,324	149,847	390,665	42,836	87,335	1,768,147	—	—
- short positions	189	6,768	921	81,833	115,014	88,149	92,054	2,223,281	1,410,303	—
C.2 Financial derivatives without exchange of principal	539,629	21	1,032	170	829	5,165	10,438	—	—	—
- long positions	284,824	—	606	—	32	3,245	7,713	—	—	—
- short positions	254,805	21	426	170	797	1,920	2,725	—	—	—
C.3 Deposits and loans for collection	—	—	—	—	17,194	—	—	—	17,194	—
- long positions	—	—	—	—	17,194	—	—	—	—	—
- short positions	—	—	—	—	—	—	—	—	17,194	—
C.4 Irrevocable commitments to disburse funds *	—	—	—	—	—	32,276	—	26,653	5,623	—
- long positions	—	—	—	—	—	—	—	*26,653*	*5,623*	—
- short positions	—	—	—	—	—	32,276	—	—	—	—
C.5 Financial guarantees issued	—	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	—	—	—	—	—	—	—	—	—
C.7 Credit derivatives with exchange of principal	—	—	—	—	—	108,097	42,050	234,203	82,269	—
- long positions	—	—	—	—	—	49,155	21,941	111,225	50,988	—
- short positions	—	—	—	—	—	58,942	20,109	122,978	31,281	—
C.8 Credit derivatives without exchange of principal	143,228	—	—	—	—	—	—	—	—	—
- long positions	78,609	—	—	—	—	—	—	—	—	—
- short positions	64,619	—	—	—	—	—	—	—	—	—

* Includes hedge sales perfectly matched by purchases for the same amount.

Currency of denomination: OTHER

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	39,474	130	192	9,617	1,073	121,449	3,517	324,678	31,270	3
A.1 Government securities	—	—	—	—	—	3,325	—	—	25,468	—
A.2 Other debt securities	—	—	—	9	24	3,093	58	3,245	5,802	—
A.3 UCITS units	—	—	—	—	—	—	—	—	—	—
A.4 Loans and advances	39,474	130	192	9,608	1,049	115,031	3,459	321,433	—	3
- to banks	35,647	130	192	806	1,049	115,031	3,459	321,433	—	2
- to customers	3,827	—	—	8,802	—	—	—	—	—	1
Cash liabilities	285,108	—	132	28,810	—	129	36,405	241,051	—	—
B.1 Deposits and current accounts	86,850	—	—	—	—	—	—	—	—	—
- to banks	86,848	—	—	—	—	—	—	—	—	—
- to customers	2	—	—	—	—	—	—	—	—	—
B.2 Debt securities	—	—	128	—	—	129	25,137	241,051	—	—
B.3 Other liabilities	198,258	—	4	28,810	—	—	11,268	—	—	—
Off-balance-sheet transactions	260,118	247,881	358,015	79,767	238,913	1,088,396	465,790	1,633,970	217,120	—
C.1 Financial derivatives with exchange of principal	199,664	247,881	358,015	79,767	176,256	1,083,426	464,198	1,633,970	217,120	—
- long positions	171,147	226,266	280,673	78,461	54,444	583,542	240,355	645,544	—	—
- short positions	28,517	21,615	77,342	1,306	121,812	499,884	223,843	988,426	217,120	—
C.2 Financial derivatives without exchange of principal	58,253	—	—	—	807	4,970	1,592	—	—	—
- long positions	42,668	—	—	—	277	2,933	1,110	—	—	—
- short positions	15,585	—	—	—	530	2,037	482	—	—	—
C.3 Deposits and loans for collection	—	—	—	—	—	—	—	—	—	—
- long positions	—	—	—	—	—	—	—	—	—	—
- short positions	—	—	—	—	—	—	—	—	—	—
C.4 Irrevocable commitments to disburse funds *	—	—	—	—	—	—	—	—	—	—
- long positions	—	—	—	—	—	—	—	—	—	—
- short positions	—	—	—	—	—	—	—	—	—	—
C.5 Financial guarantees issued	—	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	—	—	—	—	—	—	—	—	—
C.7 Credit derivatives with exchange of principal	—	—	—	—	61,850	—	—	—	—	—
- long positions	—	—	—	—	30,925	—	—	—	—	—
- short positions	—	—	—	—	30,925	—	—	—	—	—
C.8 Credit derivatives without exchange of principal	2,201	—	—	—	—	—	—	—	—	—
- long positions	1,110	—	—	—	—	—	—	—	—	—
- short positions	1,091	—	—	—	—	—	—	—	—	—

* Includes hedge sales perfectly matched by purchases for the same amount.

2. Information on committed assets recognized in the balance sheet

Form	Committed		Uncommitted		Total 30/6/15	Total 30/6/14
	Book value	Fair Value	Book value	Fair Value		
1. Cash and cash equivalents	—	X	4,788	X	4,788	508
2. Debt securities *	6,572,608	6,633,368	7,287,917	7,348,995	13,860,525	15,475,859
3. Equities	1,750,977	1,750,977	864,153	864,153	2,615,130	2,471,489
4. Loans and advances *	3,866,641	X	28,134,247	X	32,000,888	32,496,890
5. Other financial assets	—	X	9,696,190	X	9,696,190	9,718,169
6. Non-financial assets	—	X	487,872	X	487,872	597,576
Total 30/6/15	12,190,226	8,384,345	46,475,167	8,213,148	58,665,393	X
Total 30/6/14	9,228,800	7,048,117	51,531,691	11,033,333	X	60,760,491

* Of which €3,475m in securities and €2,539m in loans established as collateral with the ECB.

3. Information on proprietary committed assets derecognized from the balance sheet

Form	Committed	Uncommitted	Total 30/6/15	Total 30/6/14
1. Financial assets	9,047,657	4,286,413	13,334,070	16,385,455
- Securities	4,689,031	4,286,413	8,975,444	16,385,455
- Others *	4,358,626	—	4,358,626	—
2. Non-financial assets	—	—	—	—
Total 30/6/15	9,047,657	4,286,413	13,334,070	X
Total 30/6/14	6,953,181	9,432,274	X	16,385,455

* Of which €1,665m established as collateral with the ECB.

SECTION 4

Operational risks

QUALITATIVE INFORMATION

Definition

Operating risk is the risk of incurring losses as a result of the inadequacy or malfunctioning of procedures, staff and IT systems, human error or external events.

Capital requirements for operational risk

Mediobanca has adopted the Basic Indicator Approach (BIA) in order to calculate the capital requirement for covering operating risk, applying a margin of 15% to the average of the last three years' readings of total income. Based on this method of calculation, the capital requirement as at the reporting date was €92.3m (€115.5m).

Risk mitigation

Operational risks are managed, in Mediobanca and the main Group companies, by a specific Operational risk management team within the Risk Management unit.

The processes of identifying, assessing (including through self-risk assessment techniques), collecting and analysing loss data and mitigating operational risks are defined and implemented on the basis of the Operational risk management policy adopted at Group level and applied in accordance with the principle of proportionality in Mediobanca S.p.A. and the individual Group companies.

Based on the evidence obtained, action to mitigate the most relevant operational risks has been proposed, implemented and monitored on a constant basis.

In general, the operating losses recorded have been very low, accounting for less than 1% of the Bank's total revenues.

Furthermore, with reference to the possibility of losses caused by interruptions in operations or systems being unavailable, the Group, partly as a result of a centralized IT governance unit being instituted, is in the process of developing business continuity and disaster recovery plans to ensure that activity can continue and to limit operating losses in the event of serious interruptions.

Legal risk: risks deriving from litigation pending

For a description of the claims currently pending against Mediobanca S.p.A., please see pp. 54-55.

SECTION 5

Other risks

QUALITATIVE INFORMATION

As part of the process of assessing the current and future capital required for the company to perform its business (ICAAP) required by the regulations in force, the Group has identified the following types of risk as relevant (in addition to those discussed previously, i.e. credit risk, counterparty risk, market risk, interest rate risk, liquidity risk and operational risk:

- concentration risk, i.e. risk deriving from a concentration of exposures to individual counterparties or groups of counterparties ("single name concentration risk") or to counterparties operating in the same economic sector or which operate in the same business or belong to the same geographical area (geographical/sector concentration risk);
- expected shortfall on credit portfolio risk – with reference to credit risk, the risk deriving from the failure to cover the positive difference between the total amount of the expected loss calculated with reference to credit exposures with performing counterparties, via the use of risk parameters (PD and LGD) estimated using internal models (not yet ratified for supervisory purposes) and the respective balance-sheet adjustments calculated according to the accounting standards in force;
- strategic risk, both in the sense of risk deriving from current and future changes in profits/margins compared to estimated data, due to volatility in volumes or changes in customer behaviour (business risk), and of current and future risk of reductions in profits or capital deriving from disruption to business as a result of adopting new strategic choices, wrong management decisions or inadequate execution of decisions taken (pure strategic risk);
- basis risk: in the context of market risk, basis risk is the risk of losses caused by unaligned price changes in opposite directions from each other, which are similar but not identical;
- compliance risk, i.e. the risk of incurring legal or administrative penalties, significant financial losses or damages to the Bank's reputation as a result of breaches of external laws and regulations or self-imposed regulations;

– reputational risk, i.e. the current and future risk of reductions in profits or capital deriving from a negative perception of the Bank's image by customers, counterparties, shareholders, investors or regulatory authorities;
– residual risk, i.e. the risk that the recognized techniques used by the Bank to mitigate credit risk should prove to be less effective than anticipated;
– country risk – the risk of losses being caused by events in a country other than Italy. The concept of country risk is broader than sovereign risk, in the sense that it refers to all exposures regardless of the type of counterparty, i.e. whether or not they are individuals, companies, banks or public administrations;

Risks are monitored and managed via the respective internal units (risk management, planning and control, compliance and Group audit units) and by specific steering committees.

Part F - Information on capital

SECTION 1

Capital of the company

B. Quantitative information

B.1 Net equity: composition

Captions/Amounts	30/6/15	30/6/14
1. Share capital	433,599	430,703
2. Share premium reserve	2,144,489	2,121,819
3. Reserves	2,074,656	2,021,604
- income reserves	1,974,193	1,936,146
a) legal reserve	86,150	86,113
b) statutory reserve	1,115,292	1,077,282
c) reserve for treasury shares	198,254	198,799
d) other	574,497	573,952
- other	100,463	85,458
3.5 Interim dividends	—	—
4. Equity instruments	—	—
5. (Treasury shares)	(198,254)	(198,799)
6. Revaluation reserves	402,204	452,154
- Financial assets available for sale	401,269	457,466
- Property, plant and equipment	—	—
- Intangible assets	—	—
- Foreign investment hedges	—	—
- Cash flow hedges	(5,024)	(10,932)
- Exchange differences	—	—
- Non-current assets and disposal groups held for sale	—	—
- Actuarial gains (losses) on defined-benefit pension plan	(3,673)	(4,012)
- Portion of measurement reserves relating to investments carried at equity	—	—
- Special revaluation laws	9,632	9,632
7. Net profit (loss)	333,045	165,913
Total	5,189,739	4,993,394

For further information, please see Section 14 “Capital of the company – Headings 130, 140, 150, 160, 170, 180, 190 and 200”.

B.2 AFS valuation reserves: composition

Assets/amounts	30/6/15		30/6/14	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	100,718	(16,218)	121,963	(4,122)
2. Equity securities	306,103	(41)	329,240	(1,345)
3. Units in investment fund	10,711	(4)	11,730	—
4. Loans	—	—	—	—
Total	417,532	(16,263)	462,933	(5,467)

B.3 AFS valuation reserves: movements during the period

	Debt securities	Equity securities	Units in investments funds	Loans	Total
1. Opening balance	117,841	327,895	11,730	—	457,466
2. Positive changes	22,358	241,204	4,680	—	268,242
2.1 Fair value increases	22,176	241,204	4,680	—	268,060
2.2 Reclassification through profit or loss of negative reserves	182	—	—	—	182
- due to impairment	—	—	—	—	—
- following disposal	182	—	—	—	182
2.3 Other changes	—	—	—	—	—
- of which: business combinations	—	—	—	—	—
3. Negative changes	55,699	263,037	5,703	—	324,439
3.1 Fair value reductions	37,305	143,650	2,725	—	183,680
3.2 Impairment losses	—	—	2,949	—	2,949
3.3 Reclassification throught profit or loss of positive reserves: following disposal	18,394	119,387	29	—	137,810
3.4 Other changes	—	—	—	—	—
- of which: business combinations	—	—	—	—	—
4. Closing balance	84,500	306,062	10,707	—	401,269

SECTION 2

Regulatory and supervisory capital requirements for banks

Since its inception one of the distinguishing features of Mediobanca has been the solidity of its financial structure, with capital ratios consistently higher than those required by the regulatory guidelines.

2.1 Scope of application of regulations

Based on the new body of supervisory and corporate governance rules for banks, which consists of a directive ("Capital Requirements Directive IV – CRD IV") and a regulation ("Capital Requirements Regulation - CRR") issued by the European Parliament in 2013 and incorporated into the Italian regulatory framework under Bank of Italy circular no. 285, Mediobanca has applied the phase-in regime, which means in particular that once the requisite clearance was obtained, it proceeded to:

– weight the investment Assicurazioni Generali at 370%; and
– neutralize the valuation reserves for sovereign debt issued by EU member states and held as AFS financial assets.

2.2 Bank equity

A. QUALITATIVE INFORMATION

Common Equity Tier 1 (CET1) capital consists of the share attributable to the Group and to minority shareholders of capital paid up, reserves and the profit for the period net of treasury shares (€198.3m), intangible assets (€10.8m), and other prudential adjustments (€35.8m) in connection with the values of financial instruments (AVAs and DVAs). Deductions of €58.1m involve the investments in banking, financial and insurance companies, and have been calculated based on the phase-in and excess regimes.

No Additional Tier 1 (AT1) instruments have been issued.

Tier 2 capital includes the liabilities issued (€1,779.2m), plus 30% of the positive reserves for AFS securities (€108m), which does not include the net gain of EU member states' government securities (€48.9m) subject to neutralization. Deductions of €648.9m regard the investments in Tier 2 instruments, in particular subordinated loans to Italian insurance companies.

There are also three Tier 2 subordinated loans, all of which fall completely within the new regulatory definitions, hence there was no need for recourse to grand-fathering.

	30/6/15		
Issue	**ISIN**	**Nominal value**	**Book value ***
MB Secondo Atto 5% 2020 Lower Tier2	IT0004645542	739,553	840,771
MB Quarto Atto a Tasso Variabile 2021 Lower Tier2	IT0004720436	493,205	490,863
MB CARATTERE 5,75% 2023 Lower Tier2	IT0004917842	499,041	535,849
Total subordinated debt securities		**1,731,799**	**1,867,483**

* Book value differs from share of equity calculated because of fair value and amortized cost components and also commitments to buy back securities.

QUANTITATIVE INFORMATION

	30/6/15	**30/6/14**
A. Common equity tier 1 (CET1) prior to application of prudential filters	4,984,645	4,866,560
of which: CET1 instruments subject to phase-in regime	—	—
B. CET1 prudential filters (+/-)	(30,814)	(14,236)
C. CET1 gross of items to be deducted and effects of phase iin regime	4,953,831	4,852,324
D. Items to be deducted from CET1	(119,669)	(113,419)
E. Phase-in regime - impact on CET1 (+/-), including minority interests subject to phase-in regime	(214,193)	(396,101)
F. Total common equity tieer 1 (CET1) (C-D+/-E)	4,619,969	4,342,804
G. Additional tier 1 (AT1) gross of items to be deducted and effects of phase-in regime	—	—
of which AT1 instruments subject to temporary provisions	—	—
H. Items to be deducted from AT1	—	—
I. Phase-in regime - impact on AT1 (+/-), including instruments issued by branches and included in AT1 as a result of phase-in provisions	—	—
L. Total additional tier 1 (AT1) (G-H+/-I)	—	—
M. Tier 2 (T2) gross of items to be deducted and effects of phase-in regime	1,779,200	1,694,423
of which T2 instruments subject to temporary provisions	—	—
N. Items to be deducted from T2	(611,230)	(625,477)
O. Phase-in regime - Impact on T2 (+/-), including instruments issued by branches and included in T2 as a result of phase-in provisions	70,376	99,872
P. Total T2 (M-N+/-O)	1,238,346	1,168,818
Q. Total own funds (F+L+P)	5,858,315	5,511,622

2.3 Capital adequacy

A. QUALITATIVE INFORMATION

As at 30 June 2015, the Common Equity Ratio, calculated as Tier 1 capital as a percentage of total risk-weighted assets, amounted to 11.92%, higher than last year (11.26%), helped by the fact that the positive AFS reserves were eligible for inclusion (and which accounted for 40% of the total value equal to €144m, without considering the net gain on EU government securities of €48.9m, which was neutralized) and despite the slight increase in risk-weighted assets from €38.6bn to €38.8bn. The total capital ratio rose from 14.29% to 15.11%, due in particular to the positive AFS reserves being eligible for inclusion (which accounted for 30% of the total value equal to €108m).

B. QUANTITATIVE INFORMATION

Categories / Values	Non weighted assets		Weighted assets	
	30/6/15	30/6/14	30/6/15	30/6/14
A. RISK ASSETS				
A.1 Credit and counterparty risk	47,923,507	50,658,419	32,039,851	29,878,699
1. Standardized approach	47,768,534	50,430,833	31,660,673	29,559,117
2. IRB approach	—	—	—	—
2.1 Foundation	—	—	—	—
2.2 Advanced	—	—	—	—
3. Securitizations	154,973	227,586	379,178	319,582
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			2,532,854	2,390,296
B.2 Risk valuation adjustment credit			66,720	65,253
B.3 Regulation Risk			—	—
B.4 Market Risk			452,218	515,135
1. Standardized approach			452,218	515,135
2. Internal models			—	—
3. Concentration risk			—	—
B.5 Operational risk			92,259	115,485
1. Basic inidcator approach (BIA)			92,259	115,485
2. Traditional standardized approach (TSA)			—	—
3. Advanced measurement approach (AMA)			—	—
B.6 Other calculation elements			—	—
B.7 Total capital requirements			3,144,051	3,086,169
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Weighted risk assets			38,770,645	38,577,115
C.3 Capital Class 1 / Risk-weighted assets (Total capital ratio)			11.92%	11.26%
C.4 Total own funds /Risk-weighted assets (Total capital ratio)			15.11%	14.29%

Part H - Related party disclosure

1. Board member and senior management remuneration

Remuneration paid to directors, statutory auditors and management with strategic responsibilities

	Compensation			
	Emoluments payable in connection with post	**Non-cash benefits***	**Bonuses and other incentives**	**Other compensation**
BOARD OF DIRECTORS [1]	2,600.2	1,329.9	875.9	6,257.5
of which: management	*448.7*	*1,329.9*	*875.9*	*6,241.0*
MANAGEMENT with strategic responsibilities [2]	—	255.3	1,614.5	4,014.2
STATUTORY AUDIT COMMITTEE [3]	333.6	—	—	—

[1] Includes 18 directors who held office during the twelve months ended 30 June 2015.
[2] Includes five strategic managers (six fewer than last year).
[3] Includes three statutory auditors who held office during the twelve months ended 30 June 2015.
* Includes the value of fringe benefits (according to which items are taxable), including insurance policies and complementary pension schemes, and hence does not include costs in respect of equity payments equal to €2.4m.

2. Related party disclosure

The Board of Directors of Mediobanca, having received favourable opinions from the Bank's Related Parties and Statutory Audit Committees, has incorporated the Bank of Italy's most recent instructions on this subject to this procedure, which introduce prudential limits for risk activities versus related parties. Its related parties procedure came into force on 31 December 2012. The full document is published on the Bank's website at www.mediobanca.com.

For the definition of related parties adopted, please see part A (Accounting policies) of the notes to the accounts.

Accounts with related parties fall within the ordinary operations of the Group companies, are maintained on an arm's length basis, and are entered into in the interests of the individual companies concerned. Details of Directors' and strategic management's compensation are provided in a footnote to the table.

1.1 Regular financial disclosure: most significant transactions

In April 2015, the Board of Directors approved, after receiving a favourable opinion from the Related Parties Committee, a transaction qualifying as "most significant". The transaction involved a loan in an amount of up to €1bn for participation in a syndicated facility to be granted to CNRC Marco Polo Holding S.P.A, the newly-incorporated company set up in connection with the acquisition by China National Tire & Rubber Co. ("CNRC") of Pirelli S.p.A., which counts among its shareholders the Deputy Chairman of Mediobanca Marco Tronchetti Provera. The deal was classified as ordinary operations and executed on market conditions, due to both the fairness of the terms applied and the presence of other lenders in the syndicate which do not constitute related parties of the beneficiary. The risk actually taken on by Mediobanca in the deal post-syndication amounted to €400m.

1.2 Quantitative information

The exposure (representing the sum of assets plus guarantees and commitments) declined during the year under review, from €2.3bn to €1.3bn, and now represents approx. 2.9% of total assets, while the percentage of net interest income reported in the profit and loss account represented by related parties reduced from 5% to 4%.

Situation at 30 June 2015

(€m)

	Group companies	**Directors and strategic management**	**Associates**	**Other related parties**	**Total**
Assets	15,299.8	—	645.3	528.2	16,473.3
of which: other assets	*3,838.0*	—	*440.9*	*261.5*	*4,540.4*
loans and advances	*11,461.8*	—	*204.4*	*266.7*	*11,932.9*
Liabilities	9,033.2	—	0.7	698.2	9,732.1
Guarantees and commitments	17,699.5	—	—	152.7	17,852.2
Interest income	364.6	—	31.2	14.6	410.4
Interest expense	(287.8)	—	—	(0.7)	(288.5)
Net fee income	18.8	—	2.4	16.7	37.9
Other income (costs)	(1.5)	(19.7) [1]	6.2	49.7	34.7

[1] Of which: short-term benefits amounting to €17.3m, and performance shares worth €2.4m. The figure includes five managerial staff with strategic responsibilities.

Situation at 30 June 2014

(€m)

	Group companies	Directors and strategic management	Associates *	Other related parties	Total
Assets	14,998.6	—	1,168.9	708.3	16,875.8
of which: other assets	*4,886.1*	—	*635.2*	*370.4*	*5,891.7*
loans and advances	*10,112.5*	—	*533.7*	*337.9*	*10,984.1*
Liabilities	10,193.8	—	3.8	476.8	10,674.4
Guarantees and commitments	16,104.6	—	23.1	351.7	16,479.4
Interest income	395.3	—	56.3	18.3	469.9
Interest expense	(380.3)	—	—	(0.3)	(380.6)
Net fee income	11.3	—	11.8	11.9	35.0
Other income (costs)	(46.7)	(19.7) [1]	39.6	232.6	205.8

[1] Of which: short-term benefits amounting to €17.9m, stock options worth €0.1m and performance shares worth €1.8m. The figure includes a total of 11 managerial staff with strategic responsibilities.

* Includes accounts with Telco.

Part I - Share-based payment schemes

A. QUALITATIVE INFORMATION

1. *Information on capital increases for use in share-based payment schemes using the Bank's own equity instruments*

The increases in the Bank's share capital for use in connection with the stock option and performance share schemes approved reflect the following situation:

Extraordinary general meeting held on	No. of shares approved	Awards expire on	Deadline for exercising options	No. of options and performance shares awarded
29 March 1999	3,130,000	30 July 2006	31 December 2011	3,130,000
30 July 2001	50,000,000	30 July 2006	1 July 2015	48,401,500
28 October 2004	15,000,000	28 October 2009	1 July 2020	12,765,000
of which to directors [1]	*4,000,000*	*28 October 2009*	*1 July 2020*	*3,375,000* [2]
27 October 2007	40,000,000	27 June 2012	1 July 2022	15,536,000
TOTAL STOCK OPTIONS	**108,130,000**	**X**	**X**	**79,832,500**
28 October 2010	20,000,000	X	X	7,909,124
TOTAL PERFORMANCE SHARES	**20,000,000**	**X**	**X**	**7,909,124**

[1] At a general meeting held on 27 June 2007, shareholders approved a proposal to grant stock options to Board members.

[2] 2,000,000 of which granted to one former director.

2. *Description of stock option schemes*

The stock option schemes approved pursuant to Article 2441, paragraphs 8 and 5, of the Italian Civil Code, provide for a maximum duration of eight years and a vesting period of thirty-six months.

The schemes were launched with the dual purpose of encouraging loyalty retention among key staff members, i.e. persuading employees with essential and/or critical roles within the Group to stay with Mediobanca, and making the remuneration package offered to them more diversified and flexible.

The choice of beneficiaries and decisions as to the number of options to be allotted are taken in view of the role performed by the person concerned with the company's organization and their importance in terms of creating value.

No awards were made in the year ended 30 June 2015 and the vesting period for the previous awards ended.

It should also be noted that on 31 December 2014 the stock option scheme operated by Banca Esperia for its staff from shares in the bank owned under a joint venture.

3. *Description of performance share scheme*

As part of its use of equity instruments for staff remuneration purposes, Mediobanca has also chosen to adopt a performance share scheme, which was approved by the Bank's shareholders at the annual general meeting held on 28 October 2010. Under the terms of the scheme, under certain conditions Mediobanca shares may be awarded to staff free of charge at the end of a vesting period. The rationale for the scheme is to:

– bring the Bank's remuneration structure into line with guidance issued by regulatory authorities requiring that significant percentages of the variable remuneration component annually assigned be paid in the form of equity instruments, making it consistent with results sustainable over time;

– encourage the involvement of key staff in a mechanism for co-investing in the share capital of Mediobanca;

– introduce a new instrument alongside the stock options, with a limited number of newly-issued shares and by using the treasury shares owned by the Bank, in order to limit the dilutive impact on the ownership structure.

In connection with this proposal, a resolution to increase the company's share capital was adopted by shareholders at the annual general meeting referred to above, with up to 20 million new Mediobanca shares being issued, and treasury shares owned by the Bank used for this purpose.

On 26 September 2014, as part of staff variable remuneration for the 2014 financial year, a total of 1,053,295 performance shares were awarded; the shares, which are conditional upon certain performance targets being met over a three-year time horizon, will be made available in tranches in November 2016 (up to 476,042), November 2017 (up to 390,710) and November 2018 (up to 197,543), taking into account the additional holding period of one year.

In the twelve months under review a total of 2,033,549 performance shares were exercised from the rights issue approved in 2010, and a further 150,510 were awarded (43,451 of which from the treasury shares owned and available immediately), while 9,621 were recovered.

Subsequently, as part of staff variable remuneration for the 2015 financial year, a total of 1,788,256 performance shares were awarded, at a notional cost of €13.7m in connection with the variable component only; the shares, which are conditional upon certain performance targets being met over a three- or four-year time horizon, will be made available in tranches in November 2017 (up to 715,448), November 2018 (up to 604,093), November 2019 (up to 339,065), taking into account the additional holding period of one year.

B. QUANTITATIVE INFORMATION

1. Changes to stock option scheme during the period

	30/6/15			30/6/14		
	No. of performance shares	**Avg. price**	**Avg. expiry**	**No. of performance shares**	**Avg. price**	**Avg. expiry**
A. Balance at start of period	25,193,500	8.27	September 2017	36,128,250	9.75	November 2016
B. Additions						
B.1 New issues	—	—	X	—	—	X
B.2 Other additions	—	—	X	—	—	X
C. Reductions						
C.1 Performance shares cancelled	100,000	16.87	X	9,967,250	13.80	X
C.2 Performance shares made available	3,657,500	6.53	X	277,500	6.54	X
C.3 Performance shares expired	—	—	X	—	—	X
C.4 Other reductions	190,000	9.52	X	690,000	6.51	X
D. Balance at end of period	21,246,000	8.51	August 2017	25,193,500	8.27	September 2017
E. Performance shares exercisable as at reporting date	21,246,000	8.51	X	24,743,500	8.28	X

2. *Changes to performance share scheme during the period*

	30/6/15		30/6/14	
	No. of performance shares	**Avg. price**	**No. of performance shares**	**Avg. price**
A. Balance at start of period	8,833,822	4.11	8,313,494	4.18
B. Additions				
B.1 New issues	1,161,923	6.40	1,684,914	5.28
B.2 Other additions	—	—	—	—
C. Reductions				
C.1 Performance shares cancelled	—	—	—	—
C.2 Performance shares made available	2,077,000	5.22	1,164,586	6.31
C.3 Performance shares expired	—	—	—	—
C.4 Other reductions	9,621	6.11	—	—
D. Balance at end of period	7,909,124	4.18	8,833,822	4.11

ANNEXES

Consolidated Financial Statements

Consolidated Balance Sheet (IAS/IFRS-compliant)

(€m)

	Assets	IAS-compliant 30/6/15	IAS-compliant 30/6/14
10.	Cash and cash equivalents	49.0	33.9
20.	Financial assets held for trading	11,860.8	12,407.0
30.	Financial assets recognized at fair value	—	—
40.	AFS securities	8,063.1	8,418.5
50.	Financial assets held to maturity	1,311.7	1,659.8
60.	Due from banks	6,078.3	5,287.8
	of which:		
	other trading items	*4,955.3*	*4,546.6*
	securities	—	—
	other items	*25.8*	*11.1*
70.	Due from customers	37,122.5	36,623.5
	of which:		
	other trading items	*4,773.3*	*6,314.0*
	securities	*482.2*	*386.5*
	other items	*54.0*	*49.4*
80.	Hedging derivatives	754.9	1,008.6
	of which:		
	funding hedge derivatives	*737.2*	*1,008.6*
	lending hedge derivatives	*17.4*	—
90.	Value adjustments to financial assets subject to general hedging	—	—
100.	Equity investments	3,411.4	2,871.4
110.	Total reinsurers' share of technical reserves	—	—
120.	Property, plant and equipment	308.6	306.1
130.	Intangible assets	410.3	409.4
	of which:		
	goodwill	*374.1*	*365.9*
140.	Tax assets	954.2	1,097.0
	a) current	*218.6*	*385.7*
	b) advance	*735.7*	*711.3*
150.	Other non-current and Group assets being sold	—	—
160.	Other assets	385.8	341.0
	of which:		
	other trading items	*8.3*	*5.1*
	TOTAL ASSETS	**70,710.6**	**70,464.0**

The balance sheet provided on p. 24 reflects the following restatements:
- Treasury funds comprise asset headings 10 and 20 and liability heading 40, plus the "other trading items" shown under asset headings 60, 70 and 160 and liability headings 10 and 20, with the latter chiefly consisting of repos, interbank accounts and margins on derivatives;
- Funding comprises the balances shown under liability headings 10, 20 and 30 (excluding amounts restated as trading items in respect of repos and interbank accounts), plus the relevant amounts in respect of hedging derivatives;
- Loans and advances to customers comprise asset headings 60 and 70 (excluding amounts restated as Treasury funds), the relevant amounts in respect of hedging derivatives shown under asset heading 80 and liability heading 60, and the impairment charges taken under liability heading 100;

(€m)

	Liabilities and net equity	IAS-compliant 30/6/15	IAS-compliant 30/6/14
10.	Due to banks	14,304.0	11,459.8
	of which:		
	other trading items	*4,986.7*	*3,007.1*
	other liabilities	*1.4*	*6.0*
20.	Due to customers	16,873.4	16,475.4
	of which:		
	other trading items	*3,140.6*	*1,698.5*
	other liabilities	*8.4*	*7.3*
30.	Debt securities	20,154.5	23,330.0
40.	Trading liabilities	8,598.9	9,277.2
50.	Liabilities recognized at fair value		—
60.	Hedging derivatives	291.2	353.5
	of which:		
	funding hedge derivatives	*253.9*	*296.4*
	lending hedge derivatives	*20.3*	*32.5*
70.	Value adjustments to financial liabilities subject to general hedging	—	—
80.	Tax liabilities	625.0	596.2
	a) current	*259.9*	*235.1*
	b) deferred	*365.1*	*361.1*
90.	Liabilities in respect of Group assets being sold	—	—
100.	Other liabilities	684.0	716.6
	of which:		
	other trading items	—	—
	loan loss provisions	*17.7*	*19.1*
110.	Staff severance indemnity provision	26.7	28.7
120.	Provisions	157.9	166.3
	a) post-employment and similar benefits	—	—
	b) other provisions	*157.9*	*166.3*
130.	Technical reserves	127.9	123.7
140.	Valuation reserves	1,435.5	869.7
150.	Shares with right of withdrawal	—	—
160.	Equity instruments	—	—
170.	Reserves	4,354.4	4,150.4
180.	Share premium reserve	2,144.5	2,121.8
190.	Share capital	433.6	430.7
200.	Treasury shares	(198.7)	(199.2)
210.	Net equity attributable to minorities	108.0	104.5
220.	Profit (loss) for the year	589.8	464.8
	TOTAL LIABILITIES AND NET EQUITY	**70,710.6**	**70,464.0**

Consolidated Profit and Loss Account (IAS/IFRS-compliant)*

(€m)

	Profit and loss account	30/6/15	30/6/14
10.	Interest and similar income	2,091.6	2,380.0
20.	Interest expense and similar charges	(949.1)	(1,319.1)
30.	**Net interest income**	**1,142.5**	**1,060.9**
40.	Fee and commission income	426.0	391.9
50.	Fee and commission expense	(59.7)	(57.1)
60.	**Net fee and commission income**	**366.3**	**334.8**
70.	Dividends and similar income	47.6	84.8
80.	Net trading income	98.9	(39.5)
90.	Net hedging income (expense)	(1.1)	(2.7)
100.	Gain (loss) on disposal of:	122.5	224.7
	a) loans and receivables	*(49.9)*	*(48.1)*
	b) AFS securities	*166.1*	*291.8*
	c) financial assets held to maturity	*19.9*	*(1.5)*
	d) other financial liabilities	*(13.6)*	*(17.5)*
120.	**Total income**	**1,776.7**	**1,663.0**
130.	Adjustments for impairment to:	(488.1)	(699.8)
	a) loans and receivables	*(469.5)*	*(682.3)*
	b) AFS securities	*(21.0)*	*(8.7)*
	c) financial assets held to maturity	*0.9*	*(2.8)*
	d) other financial liabilities	1.4	(6.0)
140.	**Net income from financial operations**	**1,288.6**	**963.2**
150.	Net premium income	42.0	38.0
160.	Income less expense from insurance operations	(17.8)	(18.1)
170.	**Net income from financial and insurance operations**	**1,312.8**	**983.1**
180.	Administrative expenses:	(874.6)	(811.1)
	a) personnel costs	*(419.3)*	*(379.0)*
	b) other administrative expenses	*(455.3)*	*(432.1)*
190.	Net transfers to provisions for liabilities and charges	(3.9)	(2.6)
200.	Net adjustments to property, plant and equipment	(19.2)	(18.2)
210.	Net adjustments to intangible assets	(23.7)	(22.8)
	of which: goodwill	—	—
220.	Other operating income (expenses)	141.7	127.8
230.	**Operating costs**	**(779.7)**	**(726.9)**
240.	Profit (loss) from equity-accounted companies	224.0	244.9
270.	Gain (loss) on disposal of investments	—	(0.1)
280.	**Profit (loss) before tax on ordinary activities**	**757.1**	**501.0**
290.	Income tax on ordinary activities for the year	(164.2)	(39.6)
300.	**Profit (loss) after tax on ordinary activities**	**592.9**	**461.4**
310.	Net gain (loss) on non-current assets being sold	—	—
320.	**Profit (loss) for the year**	**592.9**	**461.4**
330.	Profit (loss) for the year attributable to minorities	(3.1)	3.4
340.	**Net profit (loss) for the year attributable to Mediobanca**	**589.8**	**464.8**

The profit and loss account shown on p. 23 reflects the following restatements:

– Net interest income includes the result of funding and lending hedging activity (minus €0.2m and €2.8m respectively), plus the margins on swaps reported under heading 80 (€0.2m and minus €28.8m respectively);
– amounts under Heading 220 have been restated as Net fee and commission income, save for amounts refunded/recovered totalling €58.9m and €59.5m respectively which net operating costs; the amounts stated under headings 150 and 160 have also been accounted for as Net fee and commission income, net of fees payable in respect of securities lending (minus €0.3m and minus €1.8m respectively), shown here as Net treasury income;
– Net treasury income also includes the amounts shown under headings 70 and 80, the gains (losses) on disposal of bonds (respectively €75.6m and €47.9m), as well as financial liabilities reported under heading 100 taking into account the items already stated;
– Provisions for other financial assets include both the AFS securities and HTM financial assets accounted for here under heading 130 and the equity investments shown under heading 240 (respectively minus €18.6m as at 30 June 2014);
– Loan loss provisions include the remaining amount under Heading 130, plus the losses incurred as a result of the disposal of receivables to third parties under Heading 100 totalling €65m and €48.1m respectively.

Mediobanca S.p.A. Financial Statements

Mediobanca S.p.A. balance sheet (IAS/IFRS-compliant)

(€m)

	Assets	IAS-compliant 30/6/15	IAS-compliant 30/6/14
10.	Cash and cash equivalents	4.8	0.5
20.	Financial assets held for trading	10,841.1	11,639.9
40.	AFS securities	6,407.1	7,301.5
50.	Financial assets held to maturity	1,302.8	1,645.9
60.	Due from banks	10,784.5	9,541.4
	of which:		
	other trading items	*5,132.7*	*4,767.4*
	securities	—	—
	other items	*30.6*	*19.7*
70.	Due from customers	24,859.8	26,300.7
	of which:	—	
	other trading items	*4,140.0*	*7,338.2*
	securities	*3,643.5*	*3,354.9*
	other items	*84.0*	*83.3*
80.	Hedging derivatives	817.7	1,065.1
	of which:		
	funding hedge derivatives	*800.3*	*1,065.1*
	lending hedge derivatives	*17.4*	—
100.	Equity investments	3,159.7	2,667.9
120.	Property, plant and equipment	121.4	123.9
130.	Intangible assets	10.8	9.5
140.	Tax assets	294.7	390.7
	a) current	*152.4*	*248.6*
	b) advance	*142.3*	*142.1*
150.	Other assets	61.0	73.5
	Total assets	**58,665.4**	**60,760.5**

The balance sheet provided on p. 331 reflects the following restatements:
– Treasury funds comprise asset headings 10 and 20 and liability heading 40, plus the "other trading items" shown under asset headings 60, 70 and 160 and liability headings 10 and 20, with the latter chiefly consisting of repos, interbank accounts and margins on derivatives;
– Funding comprises the balances shown under liability headings 10, 20 and 30 (excluding amounts restated as trading items in respect of repos and interbank accounts), plus the relevant amounts in respect of hedging derivatives;
– Loans and advances to customers comprise asset headings 60 and 70 (excluding amounts restated as Treasury funds), the relevant amounts in respect of hedging derivatives shown under asset heading 80 and liability heading 60, and the impairment charges taken under liability heading 100.

(€m)

	Liabilities and net equity	IAS-compliant 30/6/15	IAS-compliant 30/6/14
10.	Due to banks	19,449.0	18,845.5
	of which:		
	other trading items	*5,408.4*	*3,439.0*
	other liabilities	*2.8*	*7.7*
20.	Due to customers	4,015.1	1,970.7
	of which:		
	other trading items	*3,054.2*	*1,454.0*
	other liabilities	*71.7*	*89.4*
30.	Debt securities	19,990.9	24,148.4
40.	Trading liabilities	8,469.7	9,251.1
60.	Hedging derivatives	584.7	570.7
	of which:		
	funding hedge derivatives	*538.6*	*522.8*
	lending hedge derivatives	*37.9*	*32.5*
80.	Tax liabilities	491.6	484.9
	a) current	*201.6*	*185.9*
	b) deferred	*290.0*	*299.0*
100.	Other liabilities	325.4	334.1
	of which:		
	adjustments to L & R	*3.0*	*2.4*
	other trading items	*70.1*	*64.5*
110.	Staff severance indemnity provision	8.9	10.0
120.	Provisions	140.4	151.7
	a) post-employment and similar benefits	—	—
	b) other provisions	*140.4*	*151.7*
130.	Valuation reserves	402.2	452.2
160.	Reserves	2,074.7	2,021.6
170.	Share premium reserve	2,144.5	2,121.8
180.	Share capital	433.6	430.7
190.	Treasury shares (–)	(198.3)	(198.8)
200.	Profit (loss) for the period	333.0	165.9
	Total liabilities and net equity	**58,665.4**	**60,760.5**

Mediobanca S.p.A. Profit and Loss Account (IAS/IFRS-compliant)*

(€m)

	Profit and loss account	30/6/15	30/6/14
10.	Interest and similar income	1,206.4	1,511.7
20.	Interest expense and similar charges	(1,047.4)	(1,381.4)
30.	**Net interest income**	**159.0**	**130.3**
40.	Fee and commission income	251.6	221.7
50.	Fee and commission expense	(13.3)	(16.2)
60.	**Net fee and commission income**	**238.3**	**205.5**
70.	Dividends and similar income	158.3	177.7
80.	Net trading income	118.2	(1.1)
90.	Net hedging income (expense)	(1.0)	(1.8)
100.	Gain (loss) on disposal of:	185.9	268.9
	a) loans and receivables	*14.5*	*(0.2)*
	b) AFS securities	*163.0*	*287.5*
	c) financial assets held to maturity	*19.9*	*(1.5)*
	d) other financial liabilities	*(11.5)*	*(16.9)*
120.	**Total income**	**858.7**	**779.5**
130.	Adjustments for impairment to:	(94.6)	(239.1)
	a) loans and receivables	*(63.5)*	*(233.0)*
	b) AFS securities	*(20.9)*	*(6.5)*
	c) financial assets held to maturity	*0.6*	*(3.3)*
	d) other financial liabilities	*(10.8)*	*3.7*
140.	**Net income from financial operations**	**764.1**	**540.4**
150.	Administrative expenses:	(328.1)	(274.9)
	a) personnel costs	*(195.0)*	*(168.0)*
	b) other administrative expenses	*(133.1)*	*(106.9)*
160.	Net transfers to provisions for liabilities and charges	—	(0.4)
170.	Net adjustments to property, plant and equipment	(3.6)	(3.7)
180.	Net adjustments to intangible assets	(5.8)	(6.2)
	of which: goodwill	—	—
190.	Other operating income (expenses)	19.4	15.2
200.	**Operating costs**	**(318.1)**	**(270.0)**
210.	Profit (loss) from equity investments	(3.0)	(69.0)
240.	Gain (loss) on disposal of investments	—	—
250.	**Profit (loss) before tax on ordinary activities**	**443.0**	**201.4**
260.	Income tax on ordinary activities for the year	(110.0)	(35.5)
270.	**Profit (loss) after tax on ordinary activities**	**333.0**	**165.9**
290.	**Net profit (loss) for the period**	**333.0**	**165.9**

The profit and loss account shown on p. 331 reflects the following restatements:
– Net interest income includes the result of funding and lending hedging activity (€0m and minus €2m respectively), plus a share of the margins on swaps reported under heading 80 (€27.8m and €80m respectively);
– amounts under Heading 190 have been restated as Net fee and commission income, save for amounts refunded/recovered totalling €0.4m and €0.7m respectively which net operating costs; fees payable in respect of securities lending (minus €0.3m and minus €1.8m) have been restated under Heading 80;
– Net treasury income includes the amounts shown under heading 80, the gains (losses) on disposal of financial liabilities reported under heading 100 (respectively minus €11.5m and minus €16.9m), the dividends dated under Heading 70 net of those attributable to equity investments (€123.7m and €92.9m respectively), and the other items already referred to;
– Provisions for other financial assets include both the AFS securities and HTM financial assets accounted for here under heading 130.

Table A

Asset Revaluation Statement

Revalued assets		Original revaluation		Decrease due to disposal or writedown		Current revaluation
– Property in Piazzetta Enrico Cuccia 1 (formerly Via Filodrammatici 6-8-10)						
revaluations effected under Law no. 576 of 2 december 1975	€	2,609,651.24	€	—	€	2,609,651.24
revaluations effected under Law no. 72 of 19 march 1983	€	11,620,280.23	€	—	€	11,620,280.23
revaluations effected under Law no. 413 of 30 december 1991	€	4,174,707.04	€	—	€	4,174,707.04
					€	18,404,638.51
– Property in Piazza Paolo Ferrari 6						
revaluations effected under Law no. 72 of 19 march 1983	€	815,743.67	€	—	€	815,743.67
					€	815,743.67

Balance sheets and profit and loss accounts of investments in Group undertakings (including indirect investments) (*)

Banks and Financial Companies (IAS/IFRS)

Table B

BALANCE SHEETS

		COMPASS (€/000)	CREDITECH (€/000)
	ASSETS		
10.	Cash and cash equivalents	1,097	2
20.	Financial assets held for trading	—	—
40.	AFS securities	—	—
50.	Financial assets held to maturity	—	882
60.	Amounts receivable	9,401,545	553,523
	- Due from banks	*88,582*	*29,022*
	- Due from financial institutions	*142*	—
	- Due from customers	*9,312,821*	*524,501*
70.	Hedging derivatives	41	—
90.	Equity investments	93,681	—
100.	Property, plant and equipment	14,416	160
110.	Intangible assets	359,192	433
120.	Tax assets	550,619	9,256
	- Current	*37,411*	*3,289*
	- Advance	*513,208*	*5,967*
	- on which pursuant to Italian Law 214/11	*509,635*	*5,829*
140.	Other assets	20,993	11,686
	TOTAL ASSETS	**10,441,584**	**575,942**
	LIABILITIES		
10.	Accounts payable	9,030,523	476,641
	. Due to banks	*8,964,077*	*475,979*
	. Due to finacial institutions	*51,997*	*142*
	. Due to customers	*14,449*	*520*
30.	*Debt securities in issue*	—	—
40.	Financial liabilities	—	—
50.	Hedging derivatives	2,061	—
70.	Tax liabilities	27,482	7,253
	. Current	*24,827*	*7,253*
	. Deferred	*2,655*	—
90.	Other liabilities	126,881	5,891
100.	Staff severance indemnity provision	8,342	2,979
110.	Provisions	722	584
	. other funds	*722*	*584*
120.	Share capital	587,500	32,500
160.	Reserves	609,214	39,112
170.	Valuation reserves	(4,816)	(288)
180.	Profit (loss) for the period	53,675	11,270
	TOTAL LIABILITIES	**10,441,584**	**575,942**

* No financial statements are provided for newly - incorporated companies Telco MB, spafid connect and CMB Wealth Management pending the closure of their first official annual accounts

Profit and Loss Accounts

PROFIT AND LOSS ACCOUNTS

		COMPASS (€/000)	CREDITECH (€/000)
10.	Interest and similar income	858,778	28,288
20.	Interest and similar expense	(229,431)	(2,678)
	Net interest income	**629,347**	**25,610**
30.	Fee and commission income	62,845	28,550
40.	Fee and commission expense	(19,088)	(12,471)
	Net fee and commission income	**43,757**	**16,079**
50.	Dividends and similar income	—	—
60.	Net trading income (expense)	—	156
90.	Gain (loss) on disposal/repurchase of:	(74,370)	—
	a. financial assets	*(74,370)*	—
	b. financial liabilities	—	—
	Total income	**598,734**	**41,845**
100.	Adjustments for impairments to financial assets	(333,812)	(9,587)
110.	Administrative expenses	(279,974)	(21,379)
	. labour costs	*(81,227)*	*(12,295)*
	. other administrative expenses	*(198,747)*	*(9,084)*
120.	Net adjustments to tangible assets	(2,455)	(83)
130.	Net adjustments to intangible assets	(8,392)	(6)
150.	Net transfers to provisions	(93)	(10)
160.	Other operating income (expense)	98,860	4,909
	Operating profit (loss)	**72,868**	**15,689**
170.	Profit (loss) on investments	—	(26)
	Profit (loss) on ordinary activities before tax	**72,868**	**15,663**
190.	Income tax on ordinary activities for the year	(19,193)	(4,393)
	Net profit (loss) on ordinary activities	**53,675**	**11,270**
	Net profit (loss) for the period	**53,675**	**11,270**

Banks and Financial Companies (IAS/IFRS)

continued **Table B**

BALANCE SHEETS

		COMPAGNIE MONEGASQUE DE BANQUE * (€/000)	CHEBANCA! (€/000)	MEDIOBANCA INTERNATIONAL (LUXEMBOURG) (€/000)
	ASSETS			
10.	Cash and cash equivalents	2,766	40,355	315
20.	Financial assets held for trading	952,471	—	542,277
40.	AFS securities	468,696	612,152	—
50.	Financial assets held to maturity	172,258	—	251,847
60.	Due from banks	619,713	8,032,336	1,271,098
70.	Due from customers	912,401	4,942,444	2,635,783
80.	Hedging derivatives	1,494	17,567	284,949
100.	Equity investments	48	68	4,150
110.	Property, plant and equipment	17,611	5,232	22
120.	Intangible assets	8,341	1,656	—
130.	Tax assets	—	34,330	—
	- Current	—	*3,988*	—
	- Advance	—	*30,342*	—
	- on which pursuant to Italian Law 214/11	—	*23,839*	—
140.	Other assets	11,801	166,487	2,780
	TOTAL ASSETS	**3,167,600**	**13,852,627**	**4,993,221**
	LIABILITIES			
10.	Due to banks	33,002	3,731,330	1,778,619
20.	Due to customers	2,415,045	9,634,808	988,182
30.	Debt securities in issue	—	—	1,412,020
40.	Financial liabilities	1,011	—	519,004
60.	Hedging derivatives	—	64,490	132
80.	Tax liabilities	—	9,409	2,846
	- Current	—	*3,595*	*1,969*
	- Deferred	—	*5,814*	*877*
100.	Other liabilities	19,784	178,439	3,693
110.	Staff severance indemnity provision	—	1,215	—
120.	Provisions	3,123	6,735	—
	- other provisions	*3,123*	*6,735*	—
130.	Valuation reserves	17,362	2,542	—
160.	Reserves	527,357	(123,498)	254,812
170.	Share premium reserve	4,573	140,000	—
180.	Share capital	111,110	220,000	10,000
200.	Profit (loss) for the period	35,233	(12,843)	23,913
	TOTAL LIABILITIES	**3,167,600**	**13,852,627**	**4,993,221**

* Table compiled in accordance with the regulations provided for under article 36 of Consob's market regulations and articles 2, 6, 2 and 12 of the Borsa Italiana regulations (pro-forma as at 30 june 2015, compiled for the purposes of consolidated reporting).

Banks and Financial Companies (IAS/IFRS)

PROFIT AND LOSS ACCOUNTS

	COMPAGNIE MONEGASQUE DE BANQUE (*)	CHEBANCA!	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)
	(€/000)	(€/000)	(€/000)
10. Interest and similar income	33,333	353,348	102,218
20. Interest and similar expense	(5,491)	(214,101)	(74,586)
30. Net interest income	**27,842**	**139,247**	**27,632**
40. Fee and commission income	48,733	34,305	18,947
50. Fee and commission expense	(7,033)	(7,233)	(10,788)
60. Net fee and commission income	**41,700**	**27,072**	**8,159**
70. Dividends and similar income	12	—	—
80. Net trading income (expense)	8,758	—	1,423
90. Net hedging income (expense)	—	(120)	—
100. Gain (loss) on disposal/repurchase on financial assets	3,116	(54)	(2,263)
a) loans and advances	—	*(54)*	*(57)*
b) AFS securities	*3,116*	—	—
c) financial liabilities	—	—	*(2,206)*
110. Net income from financial assets and liabilities	—	—	—
120. Total income	**81,428**	**166,145**	**34,951**
130. Adjustments for impairment	(172)	(20,438)	912
a) loans and advances	*(91)*	*(20,438)*	*594*
b) AFS securities	*(81)*	—	—
c) HTM securities	—	—	—
d) financial liabilities	—	—	*318*
140. Net income from financial operations	**81,256**	**145,707**	**35,863**
150. Administrative expenses	(42,547)	(178,269)	(6,111)
- labour costs	*(29,778)*	*(59,985)*	*(902)*
- ohter administrative expenses	*(12,769)*	*(118,284)*	*(5,209)*
160. Net transfers to provisions	583	(1,729)	—
170. Net adjustments to tangible assets	(1,727)	(2,625)	(8)
180. Net adjustments to intangible assets	(4,154)	(948)	—
190. Other operating income (expense)	1,826	24,544	29
200. Operating costs	**(46,019)**	**(159,027)**	**(6,090)**
210. Gain (loss) on equity investments	—	—	—
240. Gain (loss) on disposal of investments	—	3	—
250. Profit (loss) on ordinary activities before tax	**35,237**	**(13,317)**	**29,773**
260. Income tax on ordinary activities for the year	(4)	474	(5,860)
270. Profit (loss) on ordinary activities after tax	**35,233**	**(12,843)**	**23,913**
280. Gain (loss) on groups of assets being sold	—	—	—
290. Net profit (loss) for the period	**35,233**	**(12,843)**	**23,913**

* Table compiled in accordance with the regulations provided for under article 36 of Consob's market regulations and articles 2, 6, 2 and 12 of the Borsa Italiana regulations (pro-forma as at 30 june 2015, compiled for the purposes of consolidated reporting).

Banks and Financial Companies (IAS/IFRS)

continued **Table B**

BALANCE SHEETS

		SELMABIPIEMME LEASING	PALLADIO LEASING	TELELEASING (interim liquidation accounts)
		(€/000)	(€/000)	(€/000)
	ASSETS			
10.	Cash and cash equivalents	5	3	—
20.	Financial assets held for trading	—	—	—
40.	AFS securities	—	—	—
50.	Financial assets held to maturity	—	—	—
60.	Due from customers	1,482,590	1,316,581	118,500
70.	Hedging derivatives	125	—	—
90.	Equity investments	51,049	—	—
100.	Property, plant and equipment	34,089	19,494	—
110.	Intangible assets	916	—	—
120.	Tax assets	30,229	10,047	2,242
	- Current	*907*	*966*	*1,665*
	- Advance	*29,322*	*9,081*	*577*
	- of which pursuant to Italian Law 214/11	*21,534*	*9,073*	*217*
140.	Other assets	76,586	8,415	1,509
	TOTAL ASSETS	**1,675,589**	**1,354,540**	**122,251**
	LIABILITIES			
10.	Due to banks	1,574,698	1,207,381	751
30.	Trading liabilities	881	—	—
50.	Hedging derivatives	17,443	—	—
70.	Tax liabilities	1,923	5,775	6,031
	- Current	*1,862*	*1,126*	*2,363*
	- Deferred	*61*	*4,649*	*3,668*
90.	Other liabilities	14,722	26,168	3,362
100.	Staff severance indemnity provision	1,441	1,212	36
110.	Provisions	2,402	—	600
	- Other provisions	*2,402*	—	*600*
120.	Share capital	41,305	8,675	9,500
130.	Treasury shares	—	(434)	—
150.	Share premium reserve	6,964	—	—
160.	Reserves	27,320	99,463	97,249
170.	Valuation reserves	(11,166)	693	2,434
180.	Profit (loss) for the period	(2,344)	5,607	2,288
	TOTAL LIABILITIES	**1,675,589**	**1,354,540**	**122,251**

Banks and Financial Companies (IAS/IFRS)

continued **Table B**

PROFIT AND LOSS ACCOUNTS

		SELMABIPIEMME LEASING	PALLADIO LEASING	TELELEASING (interim liquidation accounts)
		(€/000)	(€/000)	(€/000)
10.	Interest and similar income	46,639	36,963	7,765
20.	Interest and similar expense	(22,803)	(13,482)	(11)
	Net interest income	**23,836**	**23,481**	**7,754**
30.	Fee and commission income	500	373	—
40.	Fee and commission expense	(857)	(478)	—
	Net fee and commission income	**(357)**	**(105)**	**—**
50.	Dividends and similar income	—	—	—
60.	Net trading income (expense)	118	(287)	—
70.	Net hedging income (expense)	(60)	—	—
	Total income	**23,537**	**23,089**	**7,754**
100.	Adjustments for impairment	(7,322)	(9,035)	1,061
	a) Financial assets	*(7,322)*	*(9,035)*	*1,061*
110.	Administrative expenses	(15,532)	(7,279)	(3,071)
	a) labour costs	*(8,114)*	*(5,574)*	*(546)*
	b) other administrative expenses	*(7,418)*	*(1,705)*	*(2,525)*
120.	Net adjustments to tangible assets	(2,391)	(567)	—
130.	Net adjustments to intangible assets	(210)	—	—
150.	Net transfers to provisions	(841)	121	(600)
160.	Other operating income (expense)	1,050	1,381	61
	Profit (loss) on ordinary operations	**(1,709)**	**7,710**	**5,205**
	Amounts drawn from surplus on liquidation	—	—	(1,152)
	Profit (loss) on ordinary activities before tax	**(1,709)**	**7,710**	**4,053**
190.	Income tax on ordinary activities for the year	(635)	(2,103)	(1,765)
	Profit (loss) on ordinary activities after tax	**(2,344)**	**5,607**	**2,288**
	Net profit (loss) for the period	**(2,344)**	**5,607**	**2,288**

BALANCE SHEETS

		PROMINVESTMENT (in liquidation)	MEDIOBANCA INTERNATIONAL IMMOBILIERE
		(€/000)	(€/000)
	ASSETS		
10.	Cash and cash equivalents	—	—
20.	Financial assets held for trading	—	—
30.	Financial assets recognized at fair value	—	—
40.	AFS securities	—	—
50.	Financial assets held to maturity	—	—
60.	Due from banks	4,455	37
70.	Hedging derivatives	—	—
80.	Value adjustments to financial assets subjects to general hedging (+/-)	—	—
90.	Equity investments	—	—
100.	Property, plant and equipment	—	1,950
110.	Intangible assets	—	—
120.	Tax assets	358	—
	a) Current	*358*	—
	b) Advance	—	—
130.	Non-current assets and groups of assets being sold	—	—
140.	Other assets	75	13
	TOTAL ASSETS	**4,888**	**2,000**
	LIABILITIES		
10.	Due to banks	2,308	331
20.	Debt securities in issue	—	—
30.	Trading liabilities	—	—
40.	Liabilities recognized at fair value	—	—
50.	Hedge derivatives	—	—
60.	Value adjustments fo financial liabilities subject to general hedging (+/-)	—	—
70.	Tax liabilities	298	15
	a) Current	*298*	*15*
	b) Deferred	—	—
90.	Other liabilities	4,875	—
100.	Staff severance indemnity provision	118	—
110.	Provisions	520	—
	b) Other provisions	*520*	—
120.	Share capital	743	40
	- share capital	*743*	*40*
	- units to be paid	—	—
130.	Treasury shares	—	—
140.	Equity instruments	—	—
150.	Share premium reserve	—	—
160.	Reserves	(3,194)	1,583
170.	Valuation reserve	—	—
180.	Profit (loss) for the period	(780)	31
	TOTAL LIABILITIES	**4,888**	**2,000**

PROFIT AND LOSS ACCOUNTS

		PROMINVESTMENT (in liquidation)	MEDIOBANCA INTERNATIONAL IMMOBILIERE
		(€/000)	(€/000)
10.	Interest and similar income	—	—
20.	Interest and similar expense	(18)	(29)
	Net interest income	(18)	**(29)**
30.	Fee and commission income	147	—
40.	Fee and commission expense	(77)	—
	Net fee and commission income	**70**	**—**
50.	Dividends and similar income	—	—
60.	Net trading income (expense)	—	—
70.	Net hedging income (expense)	—	—
80.	Net gain (loss) on financial assets and liabilities recognized at fair value	—	—
90.	Gain (loss) on disposal/repurchase of financial assets	—	—
	a) financial assets	—	—
	b) financial liabilities	—	—
	Total income	**52**	**(29)**
100.	Value adjustments for impairment to	(5)	—
	a) financial assets	*(5)*	—
	b) other financial transactions	—	—
110.	Administrative expenses	(904)	(13)
	a) labour costs	*(600)*	—
	b) other administrative expenses	*(304)*	*(13)*
120.	Net adjustments to tangible assets	—	(83)
130.	Net adjustments to intangible assets	—	—
140.	Net result from recognizing tangible and intangible assets at fair value	—	—
150.	Net transfer to provisions for risks and charges	—	—
160.	Other operating income (expense)	77	161
	Profit (loss) on ordinary activities	**(780)**	**36**
170.	Gain (loss) on equity investments	—	—
180.	Gain (loss) on disposal of equity investments	—	—
	Profit (loss) on ordinary activities before tax	**(780)**	**36**
190.	Income tax on ordinary activities for the year	—	(5)
	Profit (loss) on ordinary activities after tax	**(780)**	**31**
200.	Gain (loss) on groups of assets being sold	—	—
	Net profit (loss) for the period	**(780)**	**31**

BALANCE SHEETS

	MB ADVISORY TURKEY (Turkish Lira/000)	MB ADVISORY MEXICO (Mexican Peso/000)
ASSETS		
10. Cash and cash equivalents	—	—
20. Financial assets held for trading	—	—
30. Financial assets recognized at fair value	—	—
40. AFS securities	—	—
50. Financial assets held to maturity	—	—
60. Amounts receivable	2,396	51,198
70. Hedging derivatives	—	—
80. Value adjustments to financial assets subjects to general hedging (+/-)	—	—
90. Equity investments	—	—
100. Property, plant and equipment	139	355
110. Intangible assets	35	—
120. Tax assets	224	—
a) Current	*214*	—
b) Advance	*10*	—
130. Non-current assets and groups of assets being sold	—	—
140. Other assets	70	202
TOTAL ASSETS	**2,864**	**51,755**
LIABILITIES		
10. Due to banks	159	101
20. Debt securities in issue	—	—
30. Trading liabilities	—	—
40. Liabilities recognized at fair value	—	—
50. Hedge derivatives	—	—
60. Value adjustments fo financial liabilities subject to general hedging (+/-)	—	—
70. Tax liabilities	207	131
a) Current	—	*131*
b) Deferred	*207*	—
90. Other liabilities	19	—
100. Staff severance indemnity provision	—	—
110. Provisions	—	—
a) other provisions	—	—
120. Share capital	4,500	54,000
- share capital	*4,500*	*54,000*
- units to be paid	—	—
130. Treasury shares	—	—
140. Equity instruments	—	—
150. Share premium reserve	—	—
160. Reserves	2,356	—
170. Valuation reserve	—	—
180. Profit (loss) for the period	(4,377)	(2,477)
TOTAL LIABILITIES	**2,864**	**51,755**

Banks and Financial Companies (IAS/IFRS)

continued **Table B**

PROFIT AND LOSS ACCOUNTS

		MB ADVISORY TURKEY (Turkish Lira/000)	MB ADVISORY MEXICO (Mexican Peso/000)
10.	Interest and similar income	64	—
20.	Interest and similar expense	—	—
	Net interest income	**64**	**—**
30.	Fee and commission income	139	—
40.	Fee and commission expense	(272)	—
	Net fee and commission income	**(133)**	**—**
50.	Dividends and similar income	—	—
60.	Net trading income (expense)	—	—
70.	Net hedging income (expense)	—	—
80.	Net gain (loss) on financial assets and liabilities recognized at fair value	—	—
90.	Gain (loss) on disposal/repurchase of financial assets	—	—
	a) financial assets	—	—
	Other financial trasactions	—	—
	Total income	**(69)**	**—**
100.	Value adjustments for impairment to	—	—
	a) financial assets	—	—
	b) other financial trasactions	—	—
110.	Administrative expenses	(4,146)	(2,467)
	a) labour costs	*(1,995)*	*(1,052)*
	b) other administrative expenses	*(2,151)*	*(1,415)*
120.	Net adjustments to tangible assets	(68)	—
130.	Net adjustments to intangible assets	(3)	—
140.	Net result from recognizing tangible and intangible assets at fair value	—	—
150.	Net transfer to provisions for risks and charges	—	—
160.	Other operating income (expense)	(91)	(10)
	Profit (loss) on ordinary activities	**(4,377)**	**(2,477)**
170.	Gain (loss) on equity investments	—	—
180.	Gain (loss) on disposal of equity investments	—	—
	Profit (loss) on ordinary activities before tax	**(4,377)**	**(2,477)**
190.	Income tax on ordinary activities for the year	—	—
	Profit (loss) on ordinary activities after tax	**(4,377)**	**(2,477)**
200.	Gain (loss) on groups of assets being sold	—	—
	Net profit (loss) for the period	**(4,377)**	**(2,477)**

BALANCE SHEETS

		COMPAGNIE MONEGASQUE DE BANQUE 31.12.2014 (€/000)	COMPAGNIE MONEGASQUE DE GESTION 31.12.2014 (€/000)
	Assets		
10.	Cash and cash equivalents	18,921	7,779
20.	Due from banks	181,613	—
30.	Due from financial institutions	—	—
40.	Due from customers	844,013	—
50.	Bonds and other debt securities	1,548,122	399
60.	Shares, stock units and other variable income securities	33,536	—
70.	Equity investments	48	—
80.	Investments in Group undertakings	9,372	—
90.	Intangible fixed assets	9,648	—
100.	Tangible fixed assets	17,115	—
120.	Treasury shares and stock units	—	—
130.	Other assets	1,700	3,252
140.	Accrued income and deferred expenses	7,572	41
	Total Assets	**2,671,660**	**11,471**
	Liabilities		
10.	Due to banks	32,712	—
20.	Due to financial institutions	—	—
30.	Due to customers	1,945,899	—
40.	Debt securities	—	—
50.	Other liabilities	14,487	3,465
60.	Accrued expenses and deferred income	12,359	—
70.	Staff severance indemnity provision	—	—
80.	Provision for liabilities and charges	3,260	—
90.	Loan loss provisions	16,018	—
110.	Subordinated liabilities	—	—
120.	Share capital	111,110	600
130.	Share premium reserve	4,573	—
140.	Reserves	481,133	60
150.	Valuation reserves	—	—
160.	Retained earnings (accumulated losses)	—	20
170.	Profit (loss) for the period	50,109	7,326
	Total Liabilities	**2,671,660**	**11,471**

Banks

PROFIT AND LOSS ACCOUNTS

	COMPAGNIE MONEGASQUE DE BANQUE 31.12.2014 (€/000)	COMPAGNIE MONEGASQUE DE GESTION 31.12.2014 (€/000)
10. Interest and similar income	32,416	—
20. Interest and similar expense	(4,085)	—
30. Dividends and similar income	12,912	—
40. Fee and commission income	37,328	10,851
50. Fee and commission expense	(2,616)	—
60. Gain (loss) on dealing transactions	17,720	—
70. Other operating income	(2,821)	—
80. Administrative expenses	(34,967)	(3,526)
90. Value adjustments to tangible/intangible assets	(6,225)	—
100. Provisions for liabilities and charges	—	—
110. Other operating expenses	—	(5)
120. Value adjustments to receivables and provisions for guarantees and commitments	883	—
130. Reversal of receivables and provisions respect of guarantees and commitments	—	—
140. Transfers to loan loss provision	—	—
170. Profit (loss) on ordinary activities	50,545	7,320
180. Extraordinary income	(436)	6
190. Extraordinary expense	—	—
200. Net extraordinary income (expense)	(436)	—
210. Changes to provision for general banking risks	—	—
220. Income tax for the period	—	—
230. Net profit (loss) for the period	50,109	7,326

Other Group companies

BALANCE SHEETS

	Société Monégasque d'Etudes Financières 31.12.2014 (€/000)	CMB Asset Management S.A.M. 31.12.2014 (€/000)
ASSETS		
B) Fixed assets:		
I) Intangible assets	—	—
II) Tangible assets	1	—
III) Financial fixed assets	—	—
Total B	1	—
C) Current assets:		
I) Inventories	—	—
II) Accounts receivable	249	476
III) Financial assets other than fixed assets	—	—
IV) Cash	276	4,497
Total C	525	4,973
D) Accrued income and prepaid expenses	—	—
TOTAL ASSETS	**526**	**4,973**
LIABILITIES		
A) Shareholders' equity:		
I) Share capital	775	150
III) Revaluation reserves	—	—
IV) Legal reserve	—	—
VI) Statutory reserve	26	2
VII) Other reserves	—	—
VIII) Retained earnings (accumulated loss)	(409)	41
IX) Profit (loss) for the year	(1,119)	8
Advance payments on dividends	—	—
Total A	(727)	201
B) Provisions for liabilities and charges	—	—
C) Provision for staff termination indemnities	—	—
D) Accounts payable:		
3) Amounts due to banks	—	—
4) Amounts due to other lenders	—	—
5) Advances	—	115
6) Trade accounts payable	—	228
7) Amounts due to subsidiaries	—	—
9) Amounts due to associated companies	—	—
10) Amounts due to parent companies	—	—
11) Taxable payable	—	62
12) Amounts due to pension and social security institutions	—	—
14) Other accounts payable	1,253	4,367
Total D	1,253	4,772
E) Accrued expenses and deferred income	—	—
TOTAL LIABILITIES	**526**	**4,973**

Other Group companies

continued **Table B**

PROFIT AND LOSS ACCOUNTS

	Société Monégasque d'Etudes Financières 31.12.2014	**CMB Asset Management S.A.M. 31.12.2014**
	(€/000)	**(€/000)**
A) Value of production	511	1,900
B) Costs of production:		
6) Raw materials, secondary materials consumables, semi-finished and finished goods	(262)	—
7) Services	(1,363)	(439)
8) Use of third parties' assets	—	—
9) Personnel	—	(1,448)
10) Depreciation, amortization and writedowns	—	(1)
12) Provision for liabilities	—	—
13) Other provisions	—	—
14) Sundry operating expenses	(5)	—
Total B	(1,630)	(1,888)
A - B	(1,119)	12
C) Interest income (charges)	—	—
D) Value adjustments to financial fixed assets	—	—
E) Extraordinary income (expenses)	—	—
Profit (loss) before tax	(1,119)	12
Income taxes for the year	—	(4)
Profit (loss) for the year	(1,119)	8

Other Financial Companies (IAS/IFRS)

continued **Table B**

BALANCE SHEETS

		CONSORTIUM (€/000)	SPAFID (€/000)	MEDIOBANCA SECURITIES LLC (USD/000)
	ASSETS			
10.	Cash and cash equivalents	—	4	5,734
20.	Financial assets held for trading	—	—	—
40.	AFS securities	—	—	—
50.	Financial assets held to maturity	—	15,171	—
60.	Due from banks	10	19,767	181
70.	Due from customers	—	4,180	5
100.	Equity investments	—	5,124	—
110.	Tangible assets	—	1	3
120.	Intangible assets	—	4,154	—
130.	Tax assets	153	1,316	—
	- current	*153*	*121*	—
	- advance	—	*1,195*	—
150.	Other assets	—	3,255	775
	TOTAL ASSETS	**163**	**52,972**	**6,698**
	LIABILITIES			
10.	Due to banks	—	4	2,021
20.	Due to customers	—	—	—
30.	Debt securities in issue	—	—	—
40.	Financial liabilities	—	—	—
80.	Tax liabilities	—	1,139	—
	- current	—	*1,139*	—
	- deferred	—	—	—
100.	Other liabilities	6	8,929	1,354
110.	Staff severance indemnity provision	—	1,157	—
120.	Provisions	—	10	—
160.	Reserves	81	35,262	610
170.	Issue premiums	—	3,500	—
180.	Share capital	100	1,100	2,250
200.	Profit (loss) for the period	(24)	1,871	463
	TOTAL LIABILITIES	**163**	**52,972**	**6,698**

Other Financial Companies (IAS/IFRS)

continued **Table B**

PROFIT AND LOSS ACCOUNTS

		CONSORTIUM	SPAFID	MEDIOBANCA SECURITIES LLC
		(€/000)	(€/000)	(USD/000)
10.	Interest and similar income	—	595	—
20.	Interest and similar expense	—	—	—
	Net interest income	**—**	**595**	**—**
30.	Fee and commission income	—	6,982	3,444
40.	Fee and commission expense	—	(6)	—
	Net fee and commission income	**—**	**6,976**	**3,444**
50.	Dividends and similar income	—	—	—
60.	Net trading income (expense)	—	(71)	—
70.	Net hedging income (expense)	—	—	—
80.	Net income from financial assets and liabilities	—	—	—
90.	Gain (loss) on disposal/repurchase of financial assets	—	—	—
	Total income	**—**	**7,500**	**3,444**
100.	Adjustments for impairment	—	—	—
	Net income from financial operations	**—**	**7,500**	**3,444**
110.	Administrative expenses	(24)	(5,897)	(2,643)
	a) labour costs	*(6)*	*(3,469)*	*(1,573)*
	b) other administrative expenses	*(18)*	*(2,428)*	*(1,070)*
120.	Net adjustments to tangible assets	—	—	—
130.	Net adjustments to intangible assets	—	(92)	—
160.	Other operating income (expense)	—	158	(2)
	Operating costs	**(24)**	**(5,831)**	**(2,645)**
170.	Gain (loss) on equity investments	—	—	—
	Profit (loss) on ordinary activities before tax	**(24)**	**1,669**	**799**
190.	Income tax on ordinary activities for the year	—	202	(336)
200.	Profit (loss) on ordinary activities after tax	(24)	1,871	463
	Net profit (loss) for the period	**(24)**	**1,871**	**463**

Other Financial Companies (IAS/IFRS)

BALANCE SHEETS

	FUTURO	MEDIOBANCA COVERED BOND	QUARZO LEASE	QUARZO	QUARZO CQS
	(€/000)	**(€/000)**	**(€/000)**	**(€/000)**	**(€/000)**
ASSETS					
10. Cash and cash equivalents	—	—	—	—	—
20. Financial assets held for trading	—	—	—	—	—
40. AFS securities	—	—	—	—	—
50. Financial assets held to maturity	—	—	—	—	—
60. Due from banks	217,597	174	26	68	10
70. Due from customers	1,341,172	—	—	—	—
80. Hedging derivatives	566	—	—	—	—
100. Equity investments	9	—	—	—	—
120. Property, plant and equipment	56	—	—	—	—
130. Intangible assets	360	—	—	—	—
140. Tax assets	5,039	—	1	1	—
- Current	*1,630*	—	*1*	*1*	—
- Advance	*3,409*	—	—	—	—
- on which pursuant to Italian Law 214/11	*1,645*	—	—	—	—
160. Other assets	3,798	124	433	279	42
TOTAL ASSETS	**1,568,597**	**298**	**460**	**348**	**52**
LIABILITIES					
10. Due to banks	1,473,930	—	—	—	—
20. Due to customers	—	—	—	—	—
30. Debt securities in issue	—	—	—	—	—
40. Financial liabilities	—	—	—	—	—
50. Hedging derivatives	4,214	—	—	—	—
70. Tax liabilities	1,785	—	—	1	—
. Current	*1,715*	—	—	*1*	—
. Deferred	*70*	—	—	—	—
90. Other liabilities	25,711	198	450	334	42
100. Staff severance indemnity provision	140	—	—	—	—
110. Provisions	2,872	—	—	—	—
120. Share capital	4,800	100	10	10	10
160. Reserves	47,136	—	—	3	—
170. Valuation reserves	(2,085)	—	—	—	—
180. Profit (loss) for the period	10,094	—	—	—	—
TOTAL LIABILITIES	**1,568,597**	**298**	**460**	**348**	**52**

Other Financial Companies (IAS/IFRS)

continued **Table B**

PROFIT AND LOSS ACCOUNTS

		FUTURO	MEDIOBANCA COVERED BOND	QUARZO LEASE	QUARZO	QUARZO CQS
		(€/000)	(€/000)	(€/000)	(€/000)	(€/000)
10.	Interest and similar income	75,273	—	—	—	—
20.	Interest and similar expense	(39,968)	—	—	—	—
	Net interest income	**35,305**	**—**	**—**	**—**	—
30.	Fee and commission income	1,433	—	—	—	—
40.	Fee and commission expense	(3,135)	—	—	—	—
	Net fee and commission income	**(1,702)**	**—**	**—**	**—**	—
50.	Dividends and similar income	—	—	—	—	—
60.	Net trading income (expense)	—	—	—	—	—
70.	Net hedging income (expense)	—	—	—	—	—
80.	Gain (loss) on disposal/repurchase of financial assets	—	—	—	—	—
90.	Net income from financial assets and liabilities	—	—	—	—	—
	Total income	**33,603**	**—**	**—**	**—**	**—**
100.	Net value adjustment for impairments to financial assets	(5,194)	—	—	—	—
110.	Administrative expenses	(13,459)	(58)	(86)	(130)	(41)
	a) labour costs	*(4,569)*	—	—	—	—
	b) other administrative expenses	*(8,890)*	—	—	—	—
120.	Net transfers to provisions	(38)	—	—	—	—
130.	Net profit (loss) from financial operations	(108)	—	—	—	—
150.	Net adjustments to intangible assets	(1,336)	—	—	—	—
160.	Other operating income (expense)	1,771	58	86	131	41
	Operating costs	**15,239**	**—**	**—**	**1**	**—**
	Profit (loss) on ordinary activities before tax	**15,239**	**—**	**—**	**1**	**—**
190.	Income tax on ordinary activities for the year	(5,145)	—	—	(1)	—
200.	Profit (loss) on ordinary activities after tax	10,094	—	—	—	—
	Net profit (loss) for the period	**10,094**	**—**	**—**	**—**	**—**

Other Non-Financial Undertaking (IAS/IFRS)

continued **Table B**

BALANCE SHEETS

	RICERCHE E STUDI S.p.A. (€/000)	MEDIOBANCA INNOVATIONS SERVICES S.C.p.A. (€/000)
ASSETS		
Non-current assets		
Intangible assets	—	7,734
Tangible assets	—	—
Property, plant and equipment	—	49,375
Other non-current assets	—	9
Advance tax assets	—	224
Total non-current assets	**—**	**57,342**
Current assets		
Accounts receivable	—	5,312
Other receivables	—	—
Sundry receivables and other current assets	600	—
Current tax assets	—	409
Other current financial assets	—	10,373
Cash and liquid assets	448	35
Total current assets	**1,048**	**16,129**
TOTAL ASSETS	**1,048**	**73,471**
LIABILITIES		
A) Net equity:		
Share capital	100	35,000
Reserves	3	2,664
Profit (loss) for previous years	—	—
Profit (loss) for period	—	1
Total net equity	**103**	**37,665**
Non-current liabilities		
Provisions for liabilities and charges	—	—
Staff-related provisions	357	1,049
Deferred tax liabilities	—	637
Other non-current liabilities	—	—
Total non-current liabilities	**357**	**1,686**
Current liabilities		
Due to banks	**—**	**—**
Accounts payable	357	6,454
Current tax liabilities	—	297
Current financial liabilities	—	18,815
Other current liabilities	588	8,554
Total current liabilities	**945**	**35,806**
TOTAL LIABILITIES	**1,048**	**73,471**

Other Non-Financial Undertaking (IAS/IFRS)

continued **Table B**

PROFIT AND LOSS ACCOUNTS

	RICERCHE E STUDI S.p.A.	MEDIOBANCA INNOVATIONS SERVICES S.C.p.A.
	(€/000)	(€/000)
Value of production	1,898	47,674
Pruduction costs	(504)	(25,072)
Personnel costs	(1,397)	(11,611)
Other operating income	—	(3,298)
Sundry operating expenses	(22)	—
Provisions for various risks	—	—
Amortization, other intangible assets	(1)	(3,233)
Depreciation on property, plant and equipment	(1)	(4,331)
Amortization of real estate investments	—	—
Operating profit (loss)	**(27)**	**129**
Financial income (expense)		
Financial income	—	1
Financial expenses	—	(96)
Other income	—	69
Other expenses	—	(5)
Extraordinary income	45	—
Extraordinary expenses	—	—
Net profit before tax	**18**	**98**
Tax charges and income	—	(97)
Income tax	(18)	(147)
Advance and deferred tax	—	50
Net profit for the period	**—**	**1**

Other Non-Financial Undertaking (IAS/IFRS)

BALANCE SHEETS

	Sinto MB [1] (€/000)
ASSETS	
B) Fixed assets:	
I) Intangible assets	—
II) Tangible assets	—
III) Financial fixed assets	230,651
Total (B)	230,651
C) Current assets:	
I) Inventories	—
II) Accounts receivable:	
III) Financial assets other than fixed assets	—
IV) Cash and cash equivalents	969
Total C	969
D) Accrued income and prepaid expenses	—
TOTAL ASSETS (B+C+D)	**231,620**
LIABILITIES	
A) Shareholders' equity:	
I) Share capital	10
II) Share premium reserve	—
III) Revaluation reserve	—
IV) Legal reserve	2
VII) Other reserve	—
Reserve arising from demerger	231,594
VIII) Retained earnings (accumulated loss)	—
IX) Profit (loss) for the period	—
Total A	231,606
B) Provisions for liabilities and charges	
For tax (including deferred tax)	—
Other provisions	—
Total B	—
C) Provision for staff termination indemnities	—
D) Accounts payable:	14
E) Accrued expenses and deferred income	—
TOTAL LIABILITIES (A+B+C+D+E)	**231,620**

[1] Profit and loss account not provided for it contains no amounts as at 30 June 2015.

Other Non-Financial Undertaking (IAS/IFRS)

BALANCE SHEETS

	COMPASS RE S.A.
	(€/000)
ASSETS	
1) Intangible assets	—
2) Tangible assets	—
3) Deposits with ceding companies	—
4) Investments	151,634
5) Sundry receivables	13,161
Receivables deriving from reinsurance operations	*13,161*
6) Other assets	18,755
Deferred acquisition costs	*17,215*
Other assets	*1,540*
7) Cash and cash equivalents	48,728
Amounts due from bank	*48,728*
TOTAL ASSET	**232,278**

	COMPASS RE S.A.
	(€/000)
LIABILITIES	
1) Net equity	21,816
Share capital	*15,000*
Legale reserve	*1,500*
Other reserve	*5,316*
2) Provisions	7
3) Technical reserves	199,686
Premium reserves	*114,016*
Claim reserves	*13,878*
Compensation reserves	*71,792*
5) Account payable	5,342
Payables deriving from reinsurance operations	*151*
Other amounts payable	*5,191*
6) Other liability items	91
Other liabilities	*91*
Profit (loss) for the period	5,336
TOTAL LIABILITIES	**232,278**

Other Non-Financial Undertaking (IAS/IFRS)

continued **Table B**

PROFIT AND LOSS ACCOUNTS

	COMPASS RE S.A. (€/000)
I) TECHNICAL ACCOUNT	
Gross premium written	44,590
Transfers to premium reserves	(2,573)
Reinsured premiums	—
Total net premiums written	**42,017**
Income from non-underwriting investments	—
1) TOTAL INCOME AND REVENUES	**42,017**
Net expense in respect of claims	(9,477)
Amounts paid and charges to claims reserve	(1,657)
Acquisition costs	(6,617)
Future acquisitions costs	—
Operating expenses	(378)
2) TOTAL COST AND EXPENSES	**(18,129)**
Transfers to compensation reserves	(20,529)
Underwriting profit	**3,359**
II) TECHNICAL ACCOUNT	
Interest income	4,429
Investment expenses	(65)
Adjustments to investments	22
Investments income/expenses transferred to technical account	—
Non-underwrting profit	**4,386**
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX	**7,745**
Taxation for the period	(2,409)
NET PROFIT (LOSS) FOR THE PERIOD	**5,336**

Associate Companies

Table C

BALANCE SHEETS

	ASSICURAZIONI GENERALI 31.12.2014 (€/000)
ASSETS	
B) Total intangible assets	32,497
C) Investments	
I) Land and buildings (total)	130,711
II) Investments in Group and other undertakings (total)	27,843,668
III) Other financial investments	
1) Shares and stock units	83,873
2) Mutual fund units	252,376
3) Bonds and other fixed-income securities	1,770,195
4) Loans	2,553
6) Deposits with banks	86,173
7) Other financial investments	—
Total other financial investments	2,195,170
IV) Deposits with reinsurers	8,423,476
Total investments (C)	38,593,025
D) Investments for the benefit of life policyholders who carry the risk and deriving from pension fund management (total)	119,179
Dbis) Reinsurers' share of technical reserves	
I) General business (total)	502,910
II) Life business (total)	254,108
Total reinsurers' share of technical reserves (Dbis)	757,018
E) Accounts receivable	
I) Amounts due in respect of primary insurances (total)	149,903
II) Amount due in respect of reinsurances (total)	342,675
III) Other accounts receivable	828,870
Total accounts receivable (E)	1,321,448
F) Other assets	
I) Tangible assets and inventories (total)	2,323
II) Cash (total)	611,967
III) Own shares or stock units	2,932
IV) Other assets (total)	51,316
Total other assets (F)	668,538
G) Accruals and prepayments (total)	237,576
TOTAL ASSETS (B+C+D+Dbis+E+F+G)	**41,729,281**

BALANCE SHEETS

	ASSICURAZIONI GENERALI 31.12.2014 (€/000)
LIABILITIES AND SHAREHOLDERS' EQUITY	
A) Shareholders' equity	
I) Share capital or equivalent fund	1,556,873
II-VII) Reserves (total)	12,406,929
IX) Profit (loss) for year	737,767
Total shareholders' equity (A)	**14,701,569**
B) Subordinated liabilities	5,533,406
C) Technical reserves	
I) General business (total)	2,155,717
II) Life business (total)	9,588,573
Total technical reserves (C)	**11,744,290**
D) Technical reserves where investment risk is carried by policyholders and reserves arising from pension fund management (total)	113,985
E) Provisions for risks and charges (total)	109,741
F) Deposits received from reinsurers	219,863
G) Accounts payable and other liabilities	
I) Amounts payable in respect of primary insurances	23,234
II) Amounts payable in respect of reinsurance	219,563
III) Bond issues	3,383,309
IV) Amounts payable to banks and financial institutions	752,897
V) Secured debt	—
VI) Loans and other debt	3,338,659
VII) Staff termination indemnity provision	5,154
VIII) Other accounts payable	865,998
IX) Other liabilities	330,865
Total accounts payable and other liabilities (G)	**8,919,679**
H) Accruals and deferrals (total)	386,748
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D+E+F+G+H)	**41,729,281**
GUARANTEES, COMMITMENTS AND OTHER CONTRA ACCOUNTS (TOTAL)	16,000,879

Associate Companies

STATEMENT OF EARNINGS (non-technical accounts)

	ASSICURAZIONI GENERALI 31.12.2014 (€/000)
1) Underwriting profit (loss) from general business	167,698
2) Underwriting profit (loss) from life business	368,010
3) Investment income in general business	
a) Dividends	783,862
b) Other investment income (total)	69,887
c) Writebacks in book value of investments	4,453
d) Gain on disposal of investments	9,653
Total investment income in general business	867,855
4) (+) Portion of investment income transferred from technical accounts of life business	690,276
5) Operating and financial expenses in general business (3)	
a) Investment management expenses and interest paid	62,375
b) Writedowns to investments	192,837
c) Loss on disposal of investments	46,403
Total operating and financial expenses in general business (5)	301,615
6) Portion of investment income transferred from technical accounts of general business	76,550
7) Other income	268,619
8) Other expenditure	1,319,613
9) Profit (loss) on ordinary operations	664,680
10) Extraordinary income	75,754
11) Extraordinary expenditure	119,575
12) Net extraordinary income (expenditure) (10-11)	(43,821)
13) Earnings before tax	620,859
14) Taxation for the year	(116,908)
15) Profit (loss) for the year (13-14)	**737,767**

BALANCE SHEETS

	Burgo Group 31.12.2014 (€/000)
ASSETS	
Non-current assets	**1,134,006**
Tangible assets	**632,695**
Property, plant and equipment	632,053
Real estate investments	642
Intangible assets	**26,770**
Goodwill and other long-term intangible assets	20,691
Intangible assets with deferred life	6,079
Other non-current assets	**413,494**
Investments in subsidiaries	406,317
Inestment in other companies	63
Securities not qualifying as equity investments	—
Financial receivables and other non-current financial assets	6,554
Sundry receivables and other non-current assets	560
Advance tax assets	**61,047**
Tax assets for advance taxation	61,047
Current assets	**494,914**
Inventory stocks	115,972
Trade receivables	230,009
Sundry receivable and other non-current assets	16,791
Equity investments	711
Securities not qualifying as equity investments	1
Financial receivables and other non-current financial assets	93,945
Cash and cash equivalents	37,485
TOTAL ASSETS	**1,628,920**
LIABILITIES	
Net equity	**225,528**
Share capital	205,443
Reserves	45,977
Retained earnings (losses) including profit (loss) for the period	(25,892)
Non-current liabilities	**792,079**
Non-current financial liabilities	736,725
Staff-related provisions	36,737
Deferred tax provision	18,617
Current liabilities	**611,313**
Current financial liabilities	235,176
Trade payables	339,186
Amounts due in respect of current taxes	5,377
Sundry payables and other current liabilities	31,574
TOTAL LIABILITIES	**1,628,920**

Società collegate

continued **Table C**

PROFIT AND LOSS ACCOUNTS

	Burgo Group 31.12.2014
	(€/000)
Revenues	1,350,284
Other revenues and income	56,830
Total revenues and income from operations	**1,407,114**
Cost of materials and external services	(1,220,663)
Labour costs	(108,227)
Other operating costs	(23,517)
Changes to stocks	(4,226)
Capitalized cost of work carried out internally	296
Total operating costs	**(1,356,337)**
Profit before depreciation, amortization and non-recurring expenses	**50,777**
Depreciation and amortization	(59,677)
Gain (loss) on disposal of non-current assets	472
Writebacks (writedowns) to non-recurring assets	(18,624)
Non-recurring expenses, net	(4,906)
Restructuring charges, net	(5,979)
Operating profit (loss)	**(37,937)**
Interest income	(71,379)
Interest expense	16,942
Profit before tax	**(92,374)**
Taxation for the period	5,074
Profit for the period	**(87,300)**

Associate Companies

continued **Table C**

BALANCE SHEETS

	GB Holding 31.12.2014 (€/000)
ASSETS	
B) Fixed assets:	
I) Intangible assets	—
II) Tangible assets	—
III) Financial fixed assets	11,036
Total (B)	11,036
C) Current assets:	
I) Inventories	—
II) Accounts receivable:	
Total accounts receivable	2
III) Financial assets other than fixed assets	—
IV) Cash and cash equivalents	5
Total C	7
D) Accrued income and prepaid expenses	—
TOTAL ASSETS (B+C+D)	**11,043**
LIABILITIES	
A) Shareholders' equity:	
I) Share capital	97
II) Share premium reserve	13,515
III) Revaluation reserve	—
IV) Legal reserve	19
VII) Other reserve	—
Reserve arising from demerger	
VIII) Retained earnings (accumulated loss)	—
IX) Profit (loss) for the period	(2,594)
Total A	11,037
B) Provisions for liabilities and charges	—
Total B	—
C) Provision for staff termination indemnities	—
D) Accounts payable:	—
Total D	6
E) Accrued expenses and deferred income	—
TOTAL LIABILITIES (A+B+C+D+E)	**11,043**

Associate Companies

PROFIT AND LOSS ACCOUNTS

	GB Holding 31.12.2014
	(€/000)
A) Value of production:	—
B) Costs of production:	(9)
Total personnel costs	—
10) Depreciation, amortization and writedowns	
Total depreciation, amortization and writedowns	—
11) Changes in stocks of raw materials, secondary materials, consumables and merchandise	—
12) Provisions for liabilities	—
13) Other provisions	—
14) Sundry operating expenses	(1)
Total costs of production (B)	(10)
Difference between value and cost of production (A–B)	(10)
C) Financial income (expense)	
Total C	—
D) Value adjustments to financial assets:	
18) Writebacks	—
19) Writedowns	(2,584)
Total D	(2,584)
E) Extraordinary income (expenses):	
20) Income	—
21) Expenses	—
Total E	—
Profit (loss) before tax (A-B+C+D+E)	(2,594)
22) Income tax for the period	
Total income tax for the period	—
26) Profit (loss) for the period	**(2,594)**

Associate Companies

BALANCE SHEETS

	BANCA ESPERIA 31.12.2014 (€/000)
ASSETS	
10. Cash and cash equivalents	143
20. Financial assets held for trading	92,423
40. AFS securities	528,507
60. Due from banks	39,837
70. Due from customers	1,029,826
80. Hedging derivatives	250
100. Equity investments	24,262
110. Tangible assets	924
120. Intangible assets	3,075
130. Tax assets	6,657
a) Current	*2,481*
b) Advance	*4,176*
150. Other assets	63,544
TOTAL ASSETS	**1,789,448**
LIABILITIES	
10. Due to banks	118,926
20. Due to customers	1,161,204
30. Debt securities in issue	285,141
40. Trading financial liabilities	12,222
80. Tax liabilities	4,169
a) Current	—
b) Deferred	*4,169*
100. Other liabilities	31,905
110. Staff severance indemnity provision	947
120. Provisions for risks and charges	17,573
- post-retirement benefits and similar obligations	—
- other provisions	*17,573*
130. Valuation reserves	6,511
160. Reserves	49,802
170. Share premium reserve	38,646
180. Share capital	63,000
200. Profit (loss) for the period	(598)
TOTAL LIABILITIES	**1,789,448**

Associate Companies

PROFIT AND LOSS ACCOUNTS

	BANCA ESPERIA 31.12.2014
	(€/000)
10. Interest and similar income	28,767
20. Interest and similar expense	(16,472)
30. Net interest income	**12,295**
40. Fee and commission income	34,277
50. Fee and commission expense	(2,850)
60. Net fee and commission income	31,427
70. Dividends and similar income	5,197
80. Net trading income (expense)	3,375
90. Net hedging income	(5)
100. Gain (loss) on disposal/repurchase of:	18,308
a) loans and advances	—
b) AFS securities	*18,331*
c) financial assets held to maturity	—
d) financial liabilities	*(23)*
120. Total income	**70,597**
130. Adjustments for impairment to:	(2,797)
a) loans and advances	*(1,943)*
b) AFS securities	*(854)*
c) financial assets held to maturity	—
d) other financial transactions	—
140. Net income from financial operations	**67,800**
150. Administrative expenses	(56,074)
a) labour costs	*(37,463)*
b) other administrative expenses	*(18,611)*
160. Net transfers to provisions	(2,418)
170. Net adjustments to tangible assets	(349)
180. Net adjustments to intangible assets	(1,148)
190. Other operating income (expense)	(4,606)
200. Operating costs	**(64,595)**
250. Profit (loss) on ordinary activities before tax	**3,205**
260. Income tax on ordinary activities for the period	(3,803)
270. Profit (loss) on ordinary activities after tax	**(598)**
290. Net profit (loss) for the period	**(598)**

Associate Companies

BALANCE SHEETS

	FIDIA in liquidation (Final liquidation balance) 10/04/15	Athena Private Equity (in liquidation) 31/12/14
	(€/000)	**(€/000)**
ASSETS		
10. Cash and cash equivalents	2,256	2,994
40. AFS securities	—	5,037
60. Due from banks	—	8,617
a) in respect of asset management	—	—
b) other amounts receivable	—	*8,617*
70. Equity investments	—	6,673
100. Tangible assets	—	—
120. Tax assets	—	—
a) Current	—	—
b) Advance	—	—
140. Other assets	471	2,334
TOTAL ASSETS	**2,727**	**25,655**
LIABILITIES		
10. Due to banks	—	—
70. Tax liabilities	1	—
a) Current	*1*	—
b) Deferred	—	—
90. Other liabilities	418	1,079
100. Staff severance indemnity provision	—	—
110. Provision for liabilities and charges	—	550
a) post-retirement and similar obligations	—	—
b) other provisions	—	*550*
120. Share capital	4,861	19,648
130. Share premium reserve	—	—
140. Reserves	(2,436)	(1,012)
160. Retained earnings (accumulated loss)	—	5,972
180. Profit (loss) for the period	(117)	(582)
TOTAL LIABILITIES	**2,727**	**25,655**

Associate Companies

PROFIT AND LOSS ACCOUNTS

		FIDIA in liquidation (Final liquidation balance) 10/04/15 (€/000)	Athena Private Equity (in liquidation) 31/12/14 (€/000)
10.	Fee and commission income	—	—
20.	Fee and commission expense	—	—
	Net fee and commission income	**—**	**—**
40.	Interest and similar income	—	666
50.	Interest and similar expense	—	(18)
60.	Net fee and commission income	—	—
90.	Gain (loss) on disposal or buyback of financial assets	—	—
	Total Income	**—**	**648**
110.	Administrative expenses	(117)	(677)
	a) labour costs	—	—
	b) other administrative expenses	*(117)*	*(677)*
130.	Net adjustments to tangible assets	—	—
140.	Writedowns (writebacks) to intangible assets	—	—
150.	Net transfers to provisions for risks and charges	—	(550)
160.	Other operating income (expense)	—	(3)
	Operating profit (loss)	(117)	(582)
	Profit (loss) on ordinary activities before tax	(117)	(582)
190.	Income tax on ordinary activities for the period	—	—
	Profit (loss) on ordinary activities after tax	**(117)**	**(582)**
	Net profit (loss) for the period	**(117)**	**(582)**

Table D

FEES PAID FOR AUDITING AND SUNDRY OTHER SERVICES
(pursuant to Article 149-*duodecies* of Consob resolution 11971/99)

Type of service [1]	**Mediobanca S.p.A.**		**Group companies***	
	Pricewaterhouse Coopers S.p.A.	**Pricewaterhouse Coopers S.p.A. network**	**Pricewaterhouse Coopers S.p.A.**	**Pricewaterhouse Coopers S.p.A. network**
Auditing	383	—	1,080	220
Statements	83	—	23	40
Other services:	—	11	—	7
– other	—	*11*	—	*7*
Total	**466**	**11**	**1,091**	**267**

* Group companies and other companies consolidated line-by-line.

[1] Includes expenses and Consob contribution.

REPORT ON REMUNERATION

Dear Shareholders,

We have called you together in general meeting to:

A) report on the remuneration policies adopted for the twelve months ended 30 June 2015 and;

B) submit the Mediobanca Group's new remuneration policies, approved by the Board of Directors on 22 September 2015, to your approval.

During the year under review, the governing bodies of Mediobanca have continued to devote particular attention to the issue of staff remuneration policies, including in the light of the new documents published by the supervisory authorities on this subject. In particular:

- the new Bank of Italy supervisory instructions on remuneration and incentivization policies and practices published on 18 November 2014, enacting the European Capital Requirements Directive (CRD IV) issued on 26 June 2013;
- the consultation document issued by the European Banking Authority (EBA) on 4 March 2015 containing the new guidelines on remuneration formulated pursuant to CRD IV, and providing guidance for standardized implementation of the regulations at European level. Once the final version has been released, the guidelines will be applied by the relevant authorities at European level, replacing those issued by CEBS in 2010.

As required by the regulations, this report incorporates the disclosure requirements established by both the Bank of Italy and Consob.

SECTION 1

A) Staff remuneration policies for FY 2014/15

Introduction

In line with its strategic plan objectives, in the year ended 30 June 2015 the Mediobanca Group reported growth in revenues, profits and dividends as a result of the ongoing reallocation of the capital freed up by the sale of equity investments to banking businesses.

The following in particular should be noted:

– optimization of the Group's asset structure, with solid capital ratios;
– growth in lending, alongside an improvement in asset quality and coverage ratios;
– increase in turnover on both the corporate and retail sides, along with increased diversification in geographical and business terms, with rising net profit and profitability;
– further equity stake disposals;
– increased remuneration to shareholders with a higher dividend;
– concrete launch of the MAAM platform with the acquisition of Cairn Capital.

During the twelve months under review, the enhancement of the control units and in particular the Risk Management area continued; a new organizational structure was finalized for the Treasury area; and the quality of the Group's staff was improved through inclusion in internal career development schemes and new staff being recruited externally as well.

The decisions regarding staff remuneration have been taken in view of the above business and organizational scenario, which increasingly is requiring the contribution of high-quality professional skills.

Governance

The governing bodies and company units have governed the entire process of applying and revising the remunerations policies.

In particular, as described in the Annual statement on corporate governance and ownership structure, the Remunerations committee has met on eight occasions in the course of the year, compared to five occasions last year. The Committee is made up of five non-executive members, a majority of whom qualify as independent under the Code of conduct for listed companies operated by Borsa Italiana. The Statutory Audit Committee also participates in Committee meetings, as do the Chief Executive Officer and the General Manager, the Chief Risk Officer and the head of Human Resources on invitation.

The main items on the agenda in Committee meetings are: analysis of developments in the regulatory framework; formulation of proposals to the Board of Directors regarding the variable remuneration of directors who are members of the Group's management (defining and marking their scorecards); assessment of the proposals made by the Chief Executive Officer regarding the variable remuneration of the other staff; benchmark analysis of market compensation; severance treatment; and drafting the new remuneration policies to be submitted to the approval of the Board of Directors and shareholders in general meeting. The committee has also assessed the possibility of implementing a long-term incentive scheme in the future which is consistent with the regulatory framework, and reviewed and directed the internal processes and procedures adopted in connection with the remuneration system.

The Group Human Resources department has provided support on the above governance activities in co-ordinating the process of formulating the proposals and resolutions. The services of leading external consultants have also been used in the course of various activities, in particular market benchmark analysis and finalizing the remunerations new policies.

The Group Audit and Compliance units have issued reports stating that the remunerations policies conform to the Bank of Italy regulations. The Risk Management unit, too, has been involved in the activity of ascertaining that the gateways have been met. The Accounting and Financial Reporting and Planning and Control units, finally, have provided the data for checking the gateways and for determining the business areas' performances.

Board of Directors' remuneration for the 2015-17 three-year period

The Board of Directors reappointed on 28 October 2014 allocated its annual maximum emolument of €2,750,000 set by shareholders in general meeting as follows, with a saving of approx. 15% compared to the previous year.

Group	No.	Fee, 2015-17	Total
Directors	18	100,000	1,800,000
Deputy Chair	2	35,000	70,000
Executive Committee	2	90,000	180,000
Remunerations Committee	5	30,000	150,000
Appointments Committee	4	20,000	80,000
Control and Risks Committee	3	80,000	240,000
TOTAL			**2,520,000**

Calculation of bonus pool and allocation using risk-adjusted metrics based on sustainable results over time

The variable component remuneration component to be assigned to the "identified staff"[1] constitutes the so-called "bonus pool". Payment is conditional upon a series a conditions, or "gateways", which consist of the following indicators approved by shareholders at the last general meeting, being met:

a) capital adequacy and liquidity requirements [2] indicated by the risk metrics adopted in the Risk Appetite Framework [3] approved by the Board of Directors, which are the primary indicators taken into consideration in the ICAAP;

b) positive operating profit delivered at Group level [4].

The Chief Executive Officer allocates the aggregate bonus pool to be awarded on the basis of the Economic Profit [5] earned by the Wholesale Banking division (the area in which most staff with the ability to impact substantially on Mediobanca's risk profile are employed) according to quantitative and qualitative indicators. The bonus pool for the individual business areas is calculated on the

[1] The Mediobanca Group's most relevant staff as at 30 June 2015 comprised 76 employees , representing 2% of the total headcount of the Group 11% of that of Mediobanca S.p.A., compared with 1.75% and 9% at 30 June 2014.

[2] CET 1 ratio, leverage ratio, AFR/ECAP, liquidity coverage ratio, net stable funding ratio, retail funding ratio.

[3] The Risk Appetite Framework identifies the risks which the Bank is willing to take, and for each risk defines the objectives and limits in normal and stressed conditions, identifying the management actions necessary to bring the risk back within the set limit. It is based on assessment of the principal risk drivers to which the Bank is exposed, both macroeconomic and specific. The RAF is subject to ongoing fine-tuning and update, in line with the continual changes in the risk metrics and analysis methodologies adopted, not to mention to the regulatory framework and the corporate processes with which it is integrated.

[4] Total income less operating costs and loan loss provisions, as shown in the restated financial statements, and including the results of the Principal Investing division.

[5] Economic Profit (EP) is defined as the pre-tax profit earned by the Wholesale Banking division, net of variable labour costs and the cost of regulatory capital (not represented in the accounts) required to perform such activities. It therefore measures the additional profit generated after the return on capital, the cost of which is calculated based on a risk-free rate in the medium/long term, the risk premium and taking into account the Division's cost of funding. As required by the supervisory authorities, the EP metric reflects both present and future risks and the sustainability of results over time.

basis of scorecards which generally use Economic Profit as their primary metric as well as other secondary quantitative and qualitative metrics, whereas individual awards are made on the basis of overall assessment of personal performance, with particular emphasis on reputational and compliance issues as well. The bonus pool for staff employed by the control units and staff and support areas is established based on qualitative considerations, to limit the correlation between bonuses paid and the results delivered by the Bank and so guarantee the independence of their role. The Chief Executive Officer's decisions are illustrated to the Remunerations Committee and the Board of Directors. The remuneration paid to the heads of the control units is approved by the Board.

At 30 June 2015, the Group's results for the year showed a consolidated pre-tax profit of €757m, up 51% on last year, driven by: a 12% increase in revenues, from €1.8bn to €2bn; a good performance by the securities portfolio, which delivered a gain of €106m (30/6/14: €212m) representing the net surplus following gains on disposals less writedowns to equity investments and AFS securities; and lower loan loss provisions, which were down from €736 to €533m. The main income items performed as follows:

- net interest income rose 5%, driven by the consumer segment which grew 10%, with wholesale business down 7%;
- net fee and commission income up 11%, driven by a good performance in capital markets activity;
- net treasury income recovering, from €45m to €207m, partly due to the stronger US dollar;
- reduction in the contribution from the equity-accounted companies (from €264m to €224m);
- lower loan loss provisions, which decreased from €736m to €533m, on an 8% rise in lending volumes;
- cost/income and compensation/income ratios close to 2012 levels.

The Wholesale Banking division's results in the twelve months ended 30 June 2015 reflect:

– pre-tax profit of €276m, with revenues up 39% driven by a good performance in fee income (up 15%) and trading income;
– a substantial reduction in loan loss provisions (from €232m to €74m).

The Retail and Consumer Banking division's results for the year ended 30 June 2015 were as follows for the main companies:

– for the Compass Group, a net profit of €83m (€41.9m), after loan loss provisions totalling €413.4m including €41.8m in one-off adjustments charged to the interim accounts;

– for CheBanca!, a net loss of €12.8m (after a tax rebate of €0.5m), an improvement on last when a net loss of €25.1m was posted (tax rebate €2.4m).The loss at the pre-tax level improved by €14.2m, declining from €27.5m to €13.3m, on a €3.2m increase in total income (from €163.5m to €166.7m), a €7.4m improvement in the cost of risk (down from €27.8m to €20.4m), and a €5.2m reduction in deposit guarantee provisioning (from €6.1m to €0.9m).

All the Group's gateways for the year ended 30 June 2015 were thus met [6].

The Economic Profit earned by the Wholesale Banking division as stated in the accounts, which is not one of the gateways but is used as a risk-adjusted indicator in assessing the sustainability of the bonus pool, totalled €237m.

The other quantitative and qualitative metrics were also met, in the sense that the Group's results reflected the required risk/return balance, compliance with all the objectives set in the Risk Appetite Framework and the annual budget (including in terms of cost/income and compensation/income ratios), and represented an improvement on previous years' performances.

Having therefore ascertained that all the conditions precedent to the distribution of the bonus pool had been met, and in application of the criteria provided for in the remuneration policies, the Chief Executive Officer, after consulting with the General Manager, established an aggregate variable remuneration component of €69m for Mediobanca, €34m of which for identified staff (compared with a retention bonus of approx. €14m paid in 2014), corresponding to a payout ratio of 29% of the WB Economic Profit (14.3%). These amounts include the variable component reserved to directors who are members of the Mediobanca Group's senior management.

[6] CET 1 ratio 11.98%; leverage ratio 10.98%; AFR/ECAP, liquidity coverage ratio, retail funding ratio all above RAF; net stable funding ratio ≥100%; Group operating profit €757m.

The aggregate variable component amounts to 76% of the fixed component (124% for identified staff [7]).

For the Retail and Consumer division, the risk-adjusted earnings performances delivered in the year were positive. The total variable remuneration component, which amounts to 9% of the total fixed component, came to approx. €11m (vs €9.5m last year), €1m of which was the bonus pool for identified staff (representing 99% of the fixed remuneration).

Management with strategic responsibilities other than the executive directors and referred to in the Consob resolution issued in 2011, consisted of five persons as at 30 June 2015: the three heads of the control units, the head of company financial reporting and the co/head of the Corporate and Investment Banking division. Their remuneration package reflects the provisions of the Remuneration policies, based on the individual category of identified staff to which they belong.

Variable remuneration of the Chief Executive Officer and General Manager

The annual variable remuneration component for directors who are members of the Group's senior management is included in the aggregate bonus pool, subject to the gateways being met, and is conditional upon the quantitative and qualitative targets assigned in the individual scorecards approved by the Board of Directors being achieved. If the quantitative objectives are met, the amount of the bonus payable to the CEO and the General Manager is between 50% and 200% of their gross annual salary. This amount may be adjusted by the BoD according to whether or not the qualitative objectives are met also (without prejudice to the cap instituted).

The quantitative performance indicators assigned for the financial year ended 30 June 2015 involved: for the CEO, Group risk-adjusted profitability indicators (profit before tax earned from Group banking activities/capital absorbed), consolidated revenues, capital solidity indicators (tier 1 ratio); and for the General Manager, Group risk-adjusted profitability indicators (profit before tax earned from Group banking activities/capital absorbed), consolidated revenues from money management activities (net interest

[7] Excluding identified staff working in control and support units.

income and trading income generated by the Mediobanca Group), and control of administrative expenses. For the CEO the qualitative objectives involved in the initiatives in the asset management area, the Group's non-Italian operations and strengthening of the company units; and for the General Manager, the projects to improve the quality of resources, and development of factoring and private banking operations.

Based on the results of the scorecards, the Board of Directors, having obtained the favourable opinion of the Remunerations Committee, resolved to award variable remuneration of €2,250,000 to the CEO and of €1,870,000 to the General Manager (in both cases approx. 125% of their fixed salaries). Contributions to the complementary pension scheme are also paid in both cases on the upfront cash component.

Means of distributing the variable component

The means of distribution are as provided in the remuneration policies.

The aggregate bonus pool amounts include the share to be paid to identified staff in equity form ("performance shares") equal to approx. €16m (approx. 50% of the bonus pool), which will be booked to the accounts over the next three financial years under the accounting standards currently in force.

Accordingly, the Board of Directors adopted a resolution to award Group staff a total of 1,710,836 performance shares [8] (at the average stock market value of Mediobanca shares in the month prior to the award, i.e. €9.1758), including those awarded to identified staff employed at Group companies [9].

[8] 122,605 of which to the CEO and 101,898 to the General Manager.

[9] In January 2015 a further 41,886 performance shares were awarded to CMB, a Mediobanca Group company whose financial year and performance cycle ends on 31 December 2014. A further 108,628 performance shares were also awarded in the course of the year under the terms of severance agreements, 43,451 of which were delivered.

B) New staff remuneration policies

Introduction

As in the past, the new Remunerations policies:

- comply with the supranational and national regulations currently in force;
- allow areas of the Bank which create value to be awarded, using objective measurement criteria;
- enable the Group to attract and retain staff with the professional skills and capabilities required to meet its needs;
- are in line with the policies adopted by other national and international operators.

The main changes compared to the previous versions involve:

- a more accurate description of the process used to define the variable component;
- the treatment provided in cases where beneficiaries leaves the company (including the treatment of performance shares, deferred components and contributions to the complementary pension scheme);
- the addition of malus conditions at the individual business unit level, as a further indicator for measuring the performance of risk-adjusted results over time;
- the deferral of variable remuneration for senior Bank figures over a five-year time horizon.

The Economic Profit earned by the Wholesale Banking division continues to be used as the metric for quantifying the Mediobanca bonus pool, and a cap of 200% of fixed remuneration has been adopted on the variable component.

Governance

The governance process for the Group remuneration policy is structured across two levels: corporate and organizational.

a) Corporate governance

Under the current Articles of Association:

- shareholders in general meeting establish the annual fee payable to members of the Board of Directors when they are appointed, and for the entire duration of their term of office, to be allocated among the individual members based on the Board's own decision.
- shareholders in general meeting, within the terms set by the regulations in force at the time, also approve the remuneration policies and compensation schemes based on financial instruments for Group directors, staff and collaborators, and set the criteria for establishing compensation to be agreed in the event of a beneficiary leaving the company or office.
- at the Board of Directors' proposal, shareholders in general meeting may, with the requisite majorities, establish the variable remuneration of Group staff and collaborators up to the limit of 200% of their fixed salaries or any other limit set by the regulations in force at the time.
- the Board of Directors institutes the committees envisaged by the regulations in force from among its own number, including the Remunerations Committee, establishing their powers and composition in accordance with the regulations in force.

Under the regulations in force:

- the Remunerations Committee consists of between three and five members, all non-executive directors, at least a majority of whom qualify as independent under the terms of the Code of conduct in respect of listed companies. Proceedings at Committee meetings are co-ordinated by a chairman appointed from among the independent members. The Committee's duties include proposing compensation for staff whose remuneration and incentivization systems are decided by the Board of Directors; it serves in an advisory capacity for decisions regarding the criteria to be used for compensation payable to all identified staff; it monitors application of the rules governing the remuneration of the heads of the company's control units, working closely with the Statutory

Audit Committee in this area. It also prepares the documentation to be submitted to the Board of Directors for the relevant decisions; works together with the other internal committees, in particular the Risks Committee; and ensures the involvement of all relevant company units in compiling and checking the remuneration and incentivization policies and practices. It also gives its opinion, based inter alia on the information received from the relevant company units, on whether the performance objectives to which the incentivization schemes are linked have been reached and ascertains whether or not the other conditions precedent to payment of compensation have been met; it provides feedback on the activities performed to the governing bodies, including shareholders in general meeting. To be able to perform its duties effectively and responsibly, the Remunerations Committee has access to company information relevant to such ends, is endowed with sufficient funds to guarantee it is independent in operational terms, and may call on the services of experts, including from outside the company, on matters for which it is responsible. The Committee is regularly constituted at meetings where a majority of the directors in office are in attendance, and adopts resolutions on the basis of the majority of those present voting in favour. Minutes of Committee meetings are taken and kept in separate registers.

– the Risks Committee, with reference to the remuneration and incentivization policies, ascertains whether the incentives provided by the remuneration system take adequate account of the risks, capital and liquidity situation, co-ordinating as appropriate with the Remunerations Committee.

– the Chief Executive Officer presents the proposed Group staff remuneration and retention policies to the governing bodies, is responsible for staff management, and having sought the opinions of the General Manager, determines the bonus pool based on the criteria established by the Board of Directors and then distributes it.

b) Organizational governance

– Human Resources directs and governs the entire remuneration process, involving the governing bodies, control units and other teams responsible for verifying the Group's earnings and financial data.

– The Accounting and Financial Reporting and Planning and Control units provide the data for ascertaining that the gateways have been met and for determining the business areas' performances based on the results achieved.

- The Risk Management unit helps in defining the metrics to be used to calculate the risk-adjusted company performance, in validating the results and the gateways, and in checking that these are consistent with the provisions of the Risk Appetite Framework.
- The Compliance unit carries out an annual assessment of the remuneration policies' compliance with the sector regulatory framework. It is also responsible, after consulting with the other control units, for checking whether or not any compliance breaches have been committed with relevance for purposes of assessing the performance and award of the variable remuneration component. The Compliance unit is involved in the processes of revising, adapting and managing the remuneration systems to ensure these are in line with the regulations in force at the time, including in terms of establishing the identified staff, analysing the metrics adopted, and the practice in cases where the beneficiary has left the company.
- The Group Audit unit makes a statement declaring that the staff remuneration and incentivization policy adopted by the Bank complies with the Instructions. It also carries out annual controls on the data and process, and brings any irregularities to the attention of the relevant bodies for the appropriate corrective action to be taken.

All activities are documented to ensure that they may be fully tracked.

Definition of "identified staff"

The criteria adopted to identify relevant staff with a substantial impact on the Mediobanca Group's risk profile are those provided in the EU delegated regulation enacted by the European Commission on 4 March 2014 (published in the *Official Journal of the European Union* on 6 June 2014):

- qualitative, linked to the role covered within the company organization (including non-executive directors), relevant business units, control and staff unit;
- quantitative, based on total overall remuneration received in the previous financial year.

Mediobanca regularly carries out analysis of the Group's organizational structure via a documented process. At 30 June 2015 the Groups "identified staff" (including non-executive directors) broke down as follows:

	Cluster	Definition			EBA regulations	MRT # 2015
1)	**Non-executive directors**	Non-executive members of BoD, including Chairman			Art. 3. 2	1 (+13)
2)	**Directors with executive duties**	Management who are members of the Executive Committee			Art. 3. 1	4
3)	**Senior management and heads of relevant BUs (principal business lines, geographical areas and other senior business figures)**	• Co Head of CIB • Head of Principal Investing • Head of Finance division • Head of Corporate Finance • Head of Equity Capital Markets	• Head of Debt Capital Markets • Head of Lending and Structured Finance • Head of CMS/ London • Head of Financial Institutions Group • Head of Global Coverage	• Frankfurt branch manager • Madrid branch manager • Paris branch manager • Head of MB Turkey • CEO of CMB	Art. 3. 3 Art. 3.6	15
4)	**Heads and senior staff of internal control units**	• Compliance • Risk Management • Group Audit Unit			Art. 3. 4 Art. 3.5 Art.3.7 Art. 3.15	10
5)	**Staff with managerial responsibilities in relevant business units**	• Heads of trading desks, liquidity, trading origination • Staff with key responsibilities in the Lending and Structured Finance and Corporate Finance areas • Other staff with responsibility for specific product areas (MB Securities, research) • General Managers of Compass, CB! and CMB; and CEOs of SelmaBPM and Spafid			Art. 3.8 Art. 3.15	25
6)	**Heads and senior staff in staff and support units**	• Human resources • Head of company financial reporting • Accounts and financial reporting	• Budget and planning/control • Legal counsel	• COO • CIO	Art. 3. 9 Art. 3.15	7
7)	**Quantitative criteria**	Holders of roles with total compensation ≥ €500,000 in the previous financial year not included in the above categories			Art. 4	14
		TOTAL			**76 (89)**	
		as % of total Mediobanca S.p.A. staff			11%	
		as % of total Mediobanca Group staff			2%	

Management with strategic responsibilities as defined in the Consob resolution issued in 2011 other than directors (i.e. the three heads of the control units, the head of company financial reporting and the co-head of the Corporate and Investment Banking division) are all included in the definition of identified staff.

Pay mix

The Mediobanca Group Remuneration policy is intended to attract and retain highly qualified and professional staff, in particular for key roles and positions, who are suited to the complexity, increasing internationalization and specialization of its businesses, based on a rationale of prudent management and sustainability of costs and results over time. The structure of Mediobanca staff remuneration is based on various components, with the objective of: balancing the fixed and variable components over time (pay mix), implementing a flexible approach to remuneration, and helping to gear compensation towards performance in view of the significance of role within the company without encouraging risky and/or short-term behaviour. Each year the staff compensation package's positioning is assessed relative to its reference market, including with the assistance of outside advisors.

a) Remuneration structure for non-executive directors

The non-executive directors' emolument is fixed by the shareholders in general meeting, and no provision is made for incentives linked to the Bank's performance. An insurance policy is also available to cover directors and officers (D&O) against civil liability.

b) Remuneration structure for directors who are members of the Group's senior management

The remuneration for directors who are members of the Group's senior management is regulated by agreements approved by the Board of Directors. Their remuneration structure comprises:

1) a fixed salary;

2) a variable annual component (or short-term incentive) which only accrues if the gateways stipulated in the Remunerations policy are met (see below the section entitled "Determination of bonus pool and correlation between risks and performance"), commensurate with the quantitative and qualitative performance indicators contained in an individual scorecard approved annually by the Board of Directors at the Remunerations Committee's proposal being reached.

   The scorecards contain performance objectives identified within each individual manager's sphere of responsibility (for example these may regard risk-adjusted profitability or revenues, Group-wide or for particular divisions, Economic Profit of individual areas for which they are responsible, other objectives consistent with the guidelines of the strategic plan with respect to capitalization, liquidity or new business initiatives) and weighted according to the relevance assigned to them by the Board of Directors and the actual margin of autonomy in terms of decision-making. If the objectives are met, this triggers the payment of a variable bonus ranging from 50% (or lower) of the gross annual salary on certain minimum objectives being reached (usually related to the budget objectives) to a maximum of 200% in the event of outstanding performances (indicatively between 115% and 150% of the minimum value).

Of the variable component, 50% is paid in cash and 50% in equity, and 60% is deferred over a five-year time horizon. All the deferred items are subject to the performance and malus conditions stipulated in these Policies (see below the section entitled "Performance conditions, malus condition and clawback").

3) upon the approval of a long-term Group plan, the Board of Directors may choose to award an extraordinary bonus, conditional upon the objectives set forth in the plan itself being reached. In the event of a long-term incentive being implemented, the short-term scheme described under the previous point will be linked to the provisions of the long-term scheme, with the latter being included in the existing 200% cap on variable remuneration. Actual payment will be made on the terms, conditions and methods provided for the variable remuneration component referred to above, unless provided otherwise by the Board of Directors, having consulted with the Remunerations Committee, in accordance with the regulations in force for long-term incentivization schemes.

The Chairman receives only a fixed salary. However, the Board of Directors may, having consulted with the Remunerations Committee and within the limits set by the regulations, assess the possibility of also paying him a variable component, to be distributed in accordance with the regulations set forth in this policy.

The Group's executive directors also receive their emoluments as directors, but not those due in respect of participation in committees. In the case of positions held on behalf of Mediobanca in subsidiaries or investee companies, any emoluments are paid to Mediobanca as the persons concerned are Bank employees. An insurance policy is available to cover such directors, like the others, for third-party liability, and they also benefit from participation in the complementary pension scheme operated for Mediobanca Group management staff.

c) Compensation structure for staff employed in control units and staff and support areas

The remuneration package for identified staff in the control units (Group Audit, Compliance and Risk Management), Human Resources and the Head of Company Financial Reporting is structured so that the fixed component represents the majority, with a smaller variable component assigned annually based on qualitative and efficiency criteria. The variable component has a maximum limit of 33% of the fixed component, while that of the heads of unit is set annually by the Board of Directors after consulting with the Remunerations Committee.

The remuneration of staff employed in the staff and support areas is normally determined on the basis of positioning vis-à-vis the reference market (which varies according to the value of the individual employee, their role and the retention strategies in place). For such staff the variable component, usually modest, is not related to the Group's earnings results but to the quality of the individual's performance.

d) Remuneration structure for other "identified staff"

- fixed salary: this reflects technical, professional and managerial capabilities, and the related responsibilities. Mediobanca devotes continuous attention to the value of the fixed salaries it pays, which are monitored in relation to its competitors and adapted to changes in the market scenario from time to time, avoiding excessive reliance on annual bonuses while at the same time being careful not to make the overall package unduly inflexible.
- variable remuneration: this functions as recognition and reward for targets set and results achieved, and is calculated based on risk-adjusted indicators. It constitutes an important motivational factor, and for some business figures (in the Wholesale Banking division in particular) may form a significant portion of their annual pay, in line with reference market practice, without prejudice to the cap and to the other conditions established by the regulations in force.

  The variable component is paid in cash and equity instruments, in part upfront and in part in subsequent years, subject to performance conditions being met. Any shares awarded are subject, after the respective rights have vested, to an additional holding period for retention purposes. The section entitled "Variable component structure" describes the criteria and means of deferral in more detail.

- Benefits: in line with the market, compensation package is completed by a series of fringe benefits which are evidence of the ongoing attention paid by Mediobanca to the personal needs and welfare of its own staff, even after retirement. The benefits chiefly consist of pension, insurance and healthcare schemes. The benefit schemes are sometimes distinguished by families of professionals and geographical areas, but do not make provision for individual discretionary systems. The Bank's supplementary pension scheme was established in December 1998 for all staff, with contribution rates distinguished by category and length of time employed by the company. Company cars are provided only for the most senior figures.

e) Other information on remuneration structure

For a restricted number of staff with high potential and generally low seniority, a long-term incentive is applied in the form of deferred cash (a bonus which accrues over three years and is paid in the following two years) in addition to the annual bonus.

Guaranteed bonuses: these may be awarded to staff with particularly important profiles but only at the recruitment stage and for the first year of their employment by the company, as per the regulations in force. They also include bonuses awarded upon recruitment to compensate for any loss in earnings from previous jobs, in accordance with sector practice. Such bonuses are decided and paid in accordance with the policies and regulations in force from time to time.

Staff are not allowed to use personal hedging or insurance strategies involving the variable component of their remuneration or other aspects which could alter or otherwise distort the fundamental alignment of the compensation mechanisms with the company's risk. The control units carry out checks to this end.

Remuneration cannot under any circumstances be paid in forms, instruments or means that seek to avoid the regulatory provisions.

Limit on variable remuneration

In accordance with the national and supranational regulations, the upper limit on the variable remuneration component for all staff belonging to the Mediobanca Group [10] and hence for all identified staff has been set at 200% the amount of their fixed remuneration (without prejudice to the provisions in place for staff employed in the control units, Human Resources and the Head of company financial reporting) [11].

The reasons justifying this limit are primarily:

- the need to attract and retain the most talented staff, in investment banking in particular, by aligning the Bank's practice with that of its competitors;
- the need to maintain the appropriate operating flexibility, minimizing the risks that would be associated with increasing the fixed labour cost component;
- to ensure that the remuneration policy is consistent with incentives which seek to promote virtuous conduct in the pursuit of business objectives and value creation;
- to align the Bank with the policies adopted by the leading Italian and international banks;
- the increasing presence of competitors in sectors (financial institutions which are not banks, private equity, hedge funds) or geographies (Far East, the Americas) with a liberalized regulatory framework;
- the possibility of ensuring that funds are distributed appropriately between the most deserving candidates.

The sustainability of this limit is guaranteed by the provisions of the remunerations policies regarding the determination of the bonus pool, the correlation between risk and performance, and the performance conditions, malus conditions and clawback provisions.

[10] With the exception of staff not included in the definition of identified staff employed in business areas governed by sector regulations where there is no cap on variable remuneration under the present regulatory framework and in the absence of specific guidance from the supervisory authorities in this area.

[11] The Group's headcount currently comprises approx. 3,700 staff made up as follows: 860 in Wholesale Banking (with 70 qualifying as identified staff), 2,440 in Consumer and Retail Banking (3 identified staff), 230 in Private Banking (3 identified staff), and 170 in the services company.

Determination of bonus pool and correlation between risks and performance

Determination of the bonus pool and the correlation between risks and performance is achieved via a process which has the objective of rewarding staff based on the Bank's and the Group's risk-adjusted performances, in accordance with the risk profile defined in the Risk Appetite Framework (RAF), seeking to maintain a solid capital base and strong liquidity position, preserve profitability over the long term in line with its own business profile, and safeguard its reputational capital, with a view to achieving business continuity and sustainable results over the long term. In particular:

a) Gateways

Distribution of the bonus pool (which constitutes the variable component earmarked for the remuneration of "identified staff") only takes place if the following indicators or "gateways" are complied with:

a. capital adequacy and liquidity requirements [12] indicated by the risk metrics adopted in the Risk Appetite Framework [13] approved by the Board of Directors, which are the primary indicators taken into consideration in the ICAAP;

b. positive operating profit delivered at Group level [14].

b) Budgeting phase

Under the process for determining the bonus pool, in preparing the budget the Board of Directors approves the cost of labour for the financial year to come, including the amount of variable remuneration and the bonus pool payable to identified staff, determined on the basis of Mediobanca's and the individual business units' estimated performance targets, the market scenario and historical pay trends.

[12] CET 1 ratio, leverage ratio, AFR/ECAP, liquidity coverage ratio, net stable funding ratio, retail funding ratio.

[13] The Risk Appetite Framework identifies the risks which the Bank is willing to take, and for each risk defines the objectives and limits in normal and stressed conditions, identifying the management actions necessary to bring the risk back within the set limit. It is based on assessment of the principal risk drivers to which the Bank is exposed, both macroeconomic and specific. The RAF is subject to ongoing fine-tuning and update, in line with the continual changes in the risk metrics and analysis methodologies adopted, not to mention to the regulatory framework and the corporate processes with which it is integrated.

[14] Total income less operating costs and loan loss provisions, as shown in the restated financial statements, and including the results of the Principal Investing division.

c) Determination of the bonus pool

Once the final results have been closed, the bonus pool payable to Mediobanca's identified staff is calculated by the CEO who identifies the share of the Economic Profit earned by the Wholesale banking division [15] (the area to which most staff who have a substantial impact on Mediobanca's risk profile belong) produced from assessment of the quantitative parameters (satisfactory Group results in terms of risk/return, consistency with Risk Appetite Framework profiles other than those already included among the gateways, comparison of performances delivered versus annual budget objectives and the three-year business plan, comparison versus historical performances, and cost/income and compensation/income ratios) and qualitative parameters (market positioning and market share, proper conduct and reliability of staff members with reference in particular to reputational and compliance issues, retention of key staff, need for new professional talent). The amount this determined is measured against the bonus pools resulting from the scorecards for the individual business activities, which may be fine-tuned to ensure that overall sustainability is maintained.

d) Distribution and allocation of the bonus pool

The bonus pool for the individual business activities is calculated on the basis of scorecards which generally use Economic Profit as the primary metric and other secondary quantitative metrics (including reference to budget objectives and historical results performances) and qualitative metrics with the institution of a cap. The scorecards are structured in such a way as to incentivize internal co-operation, in particular between heads of business unit.

The bonus pool to be earmarked for identified staff in the control units and staff and support areas is determined on the basis of qualitative considerations, in order to limit the degree of correlation with the Bank's results, thus safeguarding the independence of their role (see section above entitled "Compensation structure for staff employed in control units and staff and support areas").

[15] Economic Profit (EP) is defined as the pre-tax profit earned by the Wholesale Banking division, net of variable labour costs and the cost of regulatory capital (not represented in the accounts) required to perform such activities. It therefore measures the additional profit generated after the return on capital, the cost of which is calculated based on a risk-free rate in the medium/long term, the risk premium and taking into account the Division's cost of funding. As required by the supervisory authorities, the EP metric reflects both present and future risks and the sustainability of results over time.

e) Exceptions (bonus pools for retention purposes and floors)

The Board of Directors, after consulting with the Remunerations Committee and at the Chief Executive Officer's proposal, may authorize the payment of a bonus pool for retention purposes even if the gateways are not met. The possibility of paying a retention bonus pool is assessed in view of the reasons why the individual gateways were not met, and the impact of the individual indicator on the Group's capital adequacy, liquidity and profitability. The scope of the staff and the amount involved is based on the following main criteria: the contribution of the individual beneficiary to the overall results of the division and the Group, the importance of the profile to the sustainability of future results, benchmark analysis of the market and competitive scenario, the need to ensure business continuity, and consistency with the succession planning policy.

Furthermore, if the gateways are net but the Wholesale Banking division delivers a Economic Profit which is negative or small, the Chief Executive Officer may also propose a variable remuneration floor pool, agreeing the rationale for distributing the proceeds with the governing bodies based on the individual contributions of the business activities to the overall results.

f) Assessment of individual quantitative and qualitative performance in the award of the annual bonus

Annual bonuses are awarded to the individual beneficiaries by the Chief Executive Officer and senior management through a shared annual performance assessment process which emphasizes professional merit and quality, with particular attention paid to reputational issues (the bonus either cannot be paid or is reduced for any staff guilty of committing a compliance breach of either the internal or external regulations in the course of the year). The entitlement to receive variable remuneration is subject to the beneficiary continuing to work for the Mediobanca throughout the assessment period and their still being in the company's employment at the actual date of distribution and/or not serving a period of notice for resignation or dismissal.

Mediobanca valorizes its staff on a meritocratic basis, developing their professional capabilities in accordance with the principle of equal opportunities and in line with its own strategic choices and organizational and productive requirements. Career development is facilitated through the provision of adequate training, practical work experience under the leadership of line managers, in some cases mobility across different positions, assessment of performance, and ultimately the career advancement and promotion process.

At the start of the year the professional, personal and company objectives for each staff member are assigned and discussed with the respective line manager. Such objectives are meant to be achievable, challenging and weighted according to the priority assigned to each staff member. Particular attention is paid to proper individual conduct in accordance with the provisions of the Code of ethics, Organizational model and Business conduct policy, and in general terms with the principles established by regulations, operational rules and internal procedures, with reference in particular to those considered to be most relevant in terms of reputational risk.

At the end of each year, the line managers make their assessment of the individual staff members based on the objectives set. Regular feedback throughout the year also allows the line manager and staff to agree on the extent to which the objectives have been met, with objective discussion of individual performances. In this way the organization is able to reach its objectives while respecting its corporate values, and transparency is ensured with reference to training opportunities, professional development and assessment criteria.

For staff belonging to the business units, the assessment reflects:

– qualitative criteria: development of product offering, professional conduct and reliability, quality in terms of customer relationships, technical and analytical skills in the field of finance, ability to control costs, importance placed on achieving operating efficiency, and co-operation with other areas of the Bank, reputational and compliance issues, and adherence to the Bank's values
– earnings results achieved, e.g. reaching or not reaching budget targets and objectives in terms of improvement from the previous year, with reference to the risk/return and cost/income ratios, and to value generation in accordance with the risk-adjusted principles referred to above.

For all the other units, the main aspects of assessment are based on qualitative objectives and a broader appraisal regarding compliance with regulations, control of costs and efficient management of resources. In particular, for staff employed in the accounting, planning and control areas the following aspects are considered: all obligatory, supervisory and market disclosure requirements being complied with, all the accounting processes, related electronic procedures and tax requirements being managed efficiently and accurately. For staff employed in the internal control units (Group Audit, Compliance and Risk Management), continuous monitoring and control of the Bank's processes and operations, carried out independently and autonomously to prevent risk situations developing and ensure irregular behaviour or events is picked up swiftly; continuous assessment of compliance with the regulations in the form of appropriate audit plans, updates to internal guidance, training of internal units; correct development of models, methodologies and metrics with which to measure market, credit and operational risks, producing adequate reporting for monitoring processes and accurate analysis of new products and their risk profiles.

In close correlation with the valuation process, staff may also be involved in a career advancement process involving covering new organizational roles, promotion to a new contractual level or being assigned a new corporate title based on the experience acquired and results achieved. Promotions are proposed by the head of the business unit concerned, agreed with Human Resources and approved by the General Manager and/or the Chief Executive Officer (for middle management). For higher levels (senior management or equivalent), the process involves specific appraisal of the candidate concerned, including by other senior Bank staff from a variety of different professional backgrounds, experiences and roles. The process is closely linked to that of succession planning which involves researching, identifying and managing individual candidates for senior positions (specifically executive directors, including in cases where such figures have to be replaced ahead of the scheduled expiry of their term of office, taking into account that under Mediobanca's current Articles of Association some of the directors must be chosen from among staff with at least three years' experience as senior management at companies forming part of the Mediobanca Banking Group), and identifying a pool of possible replacements with high potential (the "senior talent pool" for key positions, including the business areas, control units, and staff and support roles) in view also of likely future requirements in terms of strategic leadership and/or professional and managerial capabilities through a global organizational approach.

The remunerations policies are therefore co-ordinated in close conjunction with the Succession planning and Staff management policies, both of which are approved by the Board of Directors.

Variable component structure: timescale for distribution and instruments

A substantial proportion of the variable component is deferred in time and distributed in the form of equity instruments, in order to link incentives to the objective of value creation in the long term and to ascertain the continuity of the company's results.

The variable component payable to directors with executive duties, to senior management (i.e. groups 2 and 3 of the table shown in the section entitled "Identified staff") and to staff employed in areas operating on financial markets, included in groups 5 and 7 of the same table, is deferred as to 60%.

For the remaining identified staff the deferred share is 40%.

The time horizon for deferral is three years, save for directors with executive duties and for senior management (i.e. groups 2 and 3 in the table shown in the section entitled "Definition of identified staff"), for whom it is five years, with annual distributions made pro rata. Deferral applies to any amount of variable remuneration.

For line managers and senior staff in the control units and staff and support areas (groups 4 and 6), deferral is applied to variable remuneration which is equal to or exceeds €80,000.

The upfront component (i.e. paid in the same year as the award is made) and the deferred variable remuneration are distributed as to 50% in cash and as to 50% in equity instruments.

After the vesting period, the equity instruments are subject to a further retention holding period, of two years for the upfront component and one year for the deferred component.

Given the full time horizon over which the variable remuneration is distributed, in cash and shares, the economic benefit for recipients is spread across six financial years for management staff and over five years for the other identified staff.

Mediobanca also applies a 30% deferral over a three-year time horizon, all in cash and subject to malus conditions, to all staff not included in the definition of identified staff who receive variable remuneration equal to or higher than €100,000.

Performance conditions, malus condition and clawback

The deferred variable remuneration component is paid, provided that:

– the beneficiary is still a Group employee and not serving a period of notice for resignation or dismissal;

– the performance conditions, which are the same as the "gateways" described in the section entitled "Determination of bonus pool and correlation between risks and performance", have been met in each year;

– the beneficiaries' business units post a positive risk-adjusted result net of extraordinary items and the effects of strategic decisions, as ratified by the Risk Management unit and the Control and Risks Committee;

– the beneficiary has not committed any compliance breaches (i.e. has not been subject to disciplinary measures under the terms, inter alia, of Mediobanca's Code of ethics, Organizational model, Business conduct policy and other internal regulations [16]), and no losses have been incurred which were attributable to their actions.

In this way staff are required, in accordance with their role and business activity, to conduct themselves at all times in such a way as to ensure that Mediobanca retains a solid capital base, a strong liquidity position and close control of all risks as well as profitable results, thus guaranteeing that the remuneration systems remain sustainable over the long term.

The Board of Directors may also identify further performance indicators upon the occasion of each individual award cycle. For staff employed at other Group companies, the Chief Executive Officer may choose to identify one or more specific economic indicators to replace those referred to above.

[16] The relevant cases for application of compliance breaches are assessed internally, through an appraisal of the regulatory areas which are most relevant to the Bank's reputational risk and the gravity of the breach, as well as the process for evaluating them correctly and potentially taking action, involving the control units and governing bodies as well. Relevant factors for applying the malus and/or clawback mechanisms include not only the application of penalties as provided by the various disciplinary codes, but also warnings or reminders sent by the control units regarding the most relevant instances, or the outcomes of audits conducted again by the control units. The Compliance unit, after consulting with the other control units, once a year prepares a summary report of the relevant events that have taken place, at both the individual and business unit level.

The Board of Directors, with the favourable opinion of the Remunerations committee, may, at the Chief Executive Officer's proposal, authorize payment of the deferred component, including in part, even if the gateways are not achieved, either to business divisions or individuals who during the year have delivered particularly outstanding performances or who are expected to be decisive with regard to the sustainability of results over time, for retention purposes.

Mediobanca reserves the right to take all measures necessary to claim back variable remuneration already paid (the "clawback" mechanism) in the event of damages emerging to the integrity of its capital, profitability and earnings/financial or reputational situation, which are attributable to the conduct of individual staff members whether or not fraud and/or wilful misconduct are established. Provision for such measures is also made in cases involving breach of the obligations imposed under Article 26 of the Italian banking act (company representatives – personal and professional qualifications and independence) or, where relevant to the party involved, Article 53, paras. 4ff (regulatory supervision) or of the obligations in respect of remuneration and incentivization.

Performance share scheme

In connection with the equity instruments to be used as components of staff remuneration, Mediobanca has adopted a performance share scheme, subject to the approval of shareholders at the annual general meeting to be held on 28 October 2015, to which reference is made for all further details.

The scheme involves the award of Mediobanca shares to beneficiaries as the equity component of the variable remuneration awarded to them as a result of the annual or long-term performance assessment process. The shares awarded are assigned to the beneficiaries in practice at the end of a vesting period of at least three years – two years for the upfront component – provided that the beneficiaries are still employed by the Group and that the performance conditions stipulated in the remuneration policies in force at the time under the section entitled "Performance conditions, malus condition and clawback" regarding the sustainability of the results achieved have been met, without prejudice to the company's capital solidity and liquidity and/or proper individual conduct.

The performance shares awarded as deferred equity component, after the performance conditions for the reference year have been checked, are subject to a further holding period of at least one year prior to the their actual assignation, which remains conditional upon the beneficiary continuing to work for Mediobanca. The performance shares awarded as upfront equity component are subject to a holding period of two years prior to their actual assignation, which remains conditional upon the beneficiary continuing to work for the Group.

The Chief Executive Officer may also use this instrument outside the annual award cycle, to define remuneration packages upon the occasion of recruiting new key staff. The governing bodies may also award quantities of performance shares as part of compensation agreed in respect of early termination of the working relationship, to correlate it to the performance delivered and the risks taken by the individual and the Bank, as required by the regulations in force and consistent with the provisions of the remunerations policies in force at the time.

The shares received are personal, without prejudice to succession rights. The right to receive shares is retained in the event of retirement or the beneficiary being permanently disabled and/or suffering from an illness which makes them unable to continue working. The right to receive shares is forfeited in cases where the beneficiary tenders their resignation or is dismissed. Exceptions to the foregoing are handled by the governing bodies within their respective areas of authority, namely the Board of Directors, Remunerations Committee and the Chief Executive Officer, based on the powers vested in them, particularly in cases which involve departures by mutual consent within the limits defined by the remunerations policies in force at the time. The foregoing is without prejudice to any decisions that may be taken by a third party authorized for such purpose, namely judicial authorities and/or arbitration and/or conciliation bodies, and without prejudice to any regulations providing for more favourable treatment instituted by the applicable local legislations.

The maximum number of shares that may be awarded under the terms of the scheme is 20 million, from the capital increase reserved for award to Mediobanca Group staff members before 28 October 2020, pursuant to Article 2349 of the Italian Civil Code, which is submitted to the approval of the Bank's shareholders at the annual general meeting to be held on 28 October 2015. Alternatively those of the 15,736,786 treasury shares held by the Bank and not reserved for other purposes may be used to this end. At present a total of 9,820,990 shares have been awarded but not assigned, 65,177 from the treasury share holdings and the other 9,755,813 from the limit approved by shareholders in general meeting.

Performance stock option scheme

At an extraordinary general meeting held on 27 June 2007, the shareholders of Mediobanca approved a capital increase involving the issue of 40,000,000 shares for use as part of a stock option scheme (to be exercised by 1 July 2022). A total of 24,464,000 are outstanding, and at present their use in the scheme is not anticipated [17]. At an ordinary general meeting held on 27 October 2007, in accordance with the provisions of the regulatory instructions, the shareholders of Mediobanca approved a resolution to adopt the scheme and its methods of implementation. At a Board meeting held on 24 June 2011, in exercise of the powers granted to them, the directors of Mediobanca revised the stock option scheme to bring it in line with the Instructions, including provision for performance conditions for exercise in addition to those of a purely temporal nature, thereby effectively transforming the scheme into a performance stock option scheme.

The essential characteristics of the scheme, which is for staff with roles key to the achievement of the Group's objectives, are: a vesting period of three years from the award date, subject to the performance conditions being met as defined in the section entitled "Performance conditions, malus condition and clawback"; an exercise period of up to the end of year 8 (three years' vesting plus five years' exercise); a holding period of at least 18 months for Mediobanca shares corresponding to at least half of the capital gain achieved, irrespective of tax issues, for certain participants in the scheme who perform significant roles. In each year the performance conditions must be met for one-third of the stock options awarded. Failure to meet the performance conditions in any one year will result in the relevant share being cancelled.

Remuneration policies for staff employed at Group companies

Mediobanca liaises constantly with its Group companies to ensure that the remuneration systems operating within the Banking Group are consistent, while respecting the specific nature of their sectors of operation, organizational structures, regulations applicable according to type of business and geographical location. In particular the parent company manages the process

[17] As at 15 September 2015, a total of 21,761,000 stock options and/or performance stock options, as yet unexercised, had been assigned to Mediobanca Group staff, at an average price of €8.489 per share, from the schemes approved by the shareholders in general meetings held on 28 October 2004 and 27 June 2007. As mentioned earlier, a total of 9,820,990 performance shares have been allocated but not yet awarded on the grounds that they are still subject to either vesting or holding periods. The fully-diluted percentage of the company's share capital represented by equity instruments issued to Group staff therefore amounts to 3.4%. The impact on the shares' market value and the possible dilution of the share capital is not material, given the fact that several schemes and several instruments are in operation across different years and vesting and holding periods spread across a medium-/long-term time horizon.

of defining identified staff, issues guidance to be adopted and takes part in drafting documents relating to the remunerations policies to be compiled by the subsidiaries.

Mediobanca sets the basic principles for the guidelines of the incentives mechanism of management at the various Group companies, leaving the specific decisions up to their respective Boards of Directors with the objective of attracting and motivating key staff. The incentivization system is reserved to staff who, on account of their professional specialization, organizational role and importance to the business, have an impact on their companies' performance and value creation. The beneficiaries are identified by the Chief Executive Officer of the companies themselves, having sought the opinion of the General Manager and the Human Resources department of Mediobanca. Each beneficiary is notified of their inclusion in the incentives scheme, with a defined individual annual bonus target and calculation method. The bonus is determined annually on an individual basis in view of the risk-adjusted earnings performance delivered by the company (the indicator used for the Group companies is usually the economic profit earned by the business area in which they operate) and other secondary, quantitative objectives. Other assessment criteria are also adopted linked to quality of performance, for example indicators of customer satisfaction, and to the achievement of individual qualitative and project-based objectives. The work once complete is subject to ratification by Mediobanca.

There are also limits below which the bonus is paid fully in cash in the year in which it accrues. Above this limit forms of deferral are envisaged, on a three-year basis. Mediobanca reserves the right not to pay all or part of the deferred share in the event of losses related (such instances not to be construed restrictively) to provisions which prove to be insufficient, contingent liabilities or other items which might prejudice the integrity of the accounts ("malus conditions").

In line with the provisions in place for Mediobanca, the incentivization schemes in operation at the Group companies too place particular emphasis on the issue of proper individual conduct (i.e. compliance with regulations and internal procedures, and transparency versus clients) by adopting the concept of compliance breaches, both at the stage of award of the variable component, and in assessment of whether or not to pay any deferred components.

Policies in the event of employment being terminated or otherwise ended

As provided by the regulations and the Articles of Association, the shareholders in ordinary general meeting are responsible for determining the compensation to be awarded in cases of early termination, including the limits set on such compensation in terms of the annual fixed salary and the maximum amount deriving from applying them.

a) Treatment for directors leaving office early

Mediobanca does not pay compensation to directors who leave office for any reason.

b) Definition and payment of severance pay

For individuals linked to Mediobanca Group companies under the terms of employment contracts (including those directors who are members of the Group's senior management and all identified staff, including the aggregate of management with strategic responsibilities), different types of severance pay are envisaged.

The additional amount over and above the amount established and payable in respect of the cost of the failure to provide notice and other entitlements payable upon termination (severance provision, holiday leave etc.) in accordance with the locally applicable legal and contractual provisions, is usually referred to as "severance" and represents the main instrument recognized in the various jurisdictions for cases where termination of the employment relationship is by mutual consent. This amount:

- is determined not only based on regulatory provisions but also on legal and jurisprudential provisions, collective or individual contractual arrangements, and/or practices used in the individual reference markets;
- takes account of the Bank's long-term performances and is not paid if the conduct of the individual staff has in any way damaged the integrity of Mediobanca's capital, profitability, earnings/financial situation or reputation, regardless of whether or not such conduct constitutes instances of fraud or wilful misconduct;
- is paid in the context of those processes intended to minimize the earnings and reputational risks, present and future, which the Bank might face as a result of possible disputes.

Other types of arrangement may also be agreed upon termination of the employment relationship, such as non-competition agreements or settlements paid in respect of potential moral or material damages.

c) Severance pay amount

The amount of severance pay is assessed on the basis of the various factors normally provided in the applicable regulations (including employment law). Although it is difficult to provide an exhaustive definition of the concrete situation given the variety of individual cases, the following factors in particular are taken into account: number of years service within the Group, age and personal and social conditions, role and organizational position held, the historical performance in qualitative/quantitative terms delivered by the individual concerned, the reasons underlying the termination of the employment relationship (which in some cases may be organizational and strategic rather than related to the question of individual performance), the performance of activities which have generated criticalities for the risk profile established by the Group, the adoption of personal conduct which does not conform to company values, and the existence of risks for the Bank linked to possible disputes. The approach adopted reflects the effective and long-term results of the individual and company performance.

The applicable regulations in the countries where Mediobanca operates determines the basis for calculating the additional monthly salaries to be paid by way of severance, with reference being habitually made to both fixed salary and average variable remuneration paid over a given time horizon (generally the last three years) and in some cases also the value of fringe benefits.

Mediobanca, apart from the exceptions contemplated under point g) below, defines the total maximum amount payable by way of severance and non-competition agreement (if any) as 24 monthly salaries as previously defined and in any case not to exceed €5m. This amount does not include any amounts paid as indemnity for failure to give notice and the other amounts due in connection with termination of the employment relationship (severance provision, holiday leave etc.)[18]. Severance payments may not under any circumstances exceed the limits set by the applicable laws, regulations and collective contracts.

[18] In terms of the number of years' fixed remuneration, if an employee has received variable remuneration throughout the time horizon considered equal to twice their annual fixed salary (cf. 2:1 cap), a total of six years' annual salary would be considered. This provision, which is entirely theoretical, is balanced by the maximum amount payable in absolute terms established by the remuneration policies.

d) Timescales for payment and instruments used

For identified staff included in clusters 2 and 3 in the table shown in the section entitled "Definition of identified staff", the methods and timescales provided for in making severance payments and any compensation for non-competition agreements entered into upon terminating an employment relationship include payment of a deferred share of at least 40% over a time horizon of at least three years, use of shares or instruments related to them, payment being made subject to malus conditions in the event of liability being established in cases of fraud and/or wilful misconduct and/or attributed in a court of law to the individual staff member's own responsibility during the period in which they worked for the company which emerge after the employment relationship has been terminated. For other identified staff, forms of deferral and risk adjustment may be applied, with the appropriate methods to be identified based on the amount to be paid by way of severance, in addition to the considerations described under point c) above.

The Bank also reserves the right to claw back amounts paid under the applicable employment law regulations.

e) Treatment of any variable remuneration deferred component awarded but not yet paid and fringe benefits

Entitlement to any deferred variable remuneration components, in cash and/or equity, awarded in previous years but not yet paid are forfeited in cases where staff tender their resignations or are dismissed, as the entitlement to any company benefits.

In cases where termination of the employment relationship is by mutual consent, exceptions are handled by the governing bodies within their respective areas of responsibility, namely the Board of Directors, Remunerations Committee and Chief Executive Officer, based on the powers vested in them, in connection with more favourable treatment in individual cases and the possibility of applying local legislations.

f) Decisions by third parties

The foregoing is without prejudice to any decisions that may be taken by a third party authorized for such purpose, namely judicial authorities and/or arbitration and/or conciliation bodies.

g) Exceptions and involvement of governing bodies

Possible exceptions to the foregoing, applicable under the terms of this policy to cases of particular significance (e.g. identified staff belonging to clusters 2 and 3), are handled by the Board of Directors, after consulting with the Remunerations Committee, based on assessments provided by the relevant internal units, in particular the control units, and if appropriate external lawyers.

Regular reporting is made to the Remunerations Committee on any decisions taken vis-à-vis employees qualifying as identified staff, and the Committee itself is involved promptly in deciding on the treatment of the most critical individual cases.

h) Arrangements for the Chairman, the Chief Executive Officer and General Manager

In cases where the Chairman (if a member of the Group's management), Chief Executive Officer and/or General Manager leave the Bank's employment for any reason, the provisions of the Group policies for identified staff and the sector regulations in force from time to time shall apply. Any amounts paid in addition to notice when the employment relationship is terminated shall be subject to contributions to the company's complementary pension scheme, and save in cases of dismissal for just cause, the said persons will be allowed to retain any financial instruments assigned to them up to the time of their departure.

Dear shareholders,

We invite you to adopt the following proposed resolution (for which three separate votes will be held, one for each proposal, each with its own executive mandate):

"At an ordinary general meeting

in view of the Staff remunerations policies for FY 2014/15 as illustrated in the Board of Directors' report,

hereby resolve

1. First resolution: to adopt the provision instituted in the section entitled "Limit on variable remuneration" which establishes the ratio between variable and fixed remuneration at a maximum of 2:1, without prejudice to the fact that such ratio may not in any case exceed the maximum amount permitted by the law and regulations in force;
2. Second resolution: to adopt the provision instituted in the section entitled "Policies in the event of employment being terminated or otherwise ended", establishing the criteria for determining the compensation to be agreed in cases where directors or staff leave office or cease working for Mediobanca early, including the limits on such compensation in terms of the number of annual fixed salary payments to be made and the maximum amount deriving from their application;
3. Third resolution: to approve the new staff remuneration policies as illustrated in the Board of Directors' report

and to confer on the Board of Directors and the Chief Executive Officer on its behalf, the broadest powers to execute all deeds and perform all measures and formalities necessary in order to implement each of the three foregoing resolutions including the power to make all amendments to the new staff remunerations policies that prove necessary to bring them into line with the law and regulations in force from time to time".

Milan, 22 September 2015

THE BOARD OF DIRECTORS

SECTION 2

Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/ severance (i)
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Renato Pagliaro	Chairman of Board of Directors	01/07/14	30/06/15	30/06/17	100,000	1,800,000	1,900,000				350,460				
											of which complementary pension scheme				
											346,432				
	(I) Compensation in company preparing the accounts				**100,000**	**1,800,000**	**1,900,000**				**350,460**		**2,250,460**	**0**	
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**100,000**	**1,800,000**	**1,900,000**	**0**	**0**	**0**	**350,460**	**0**	**2,250,460**	**0**	**0**
Maurizia Angelo Comneno	Deputy Chairman of Board of Directors	28/10/14	30/06/15	30/06/17	90,616		90,616						90,616		
	Member of Executive Committee	28/10/14	30/06/15	30/06/17	60,411		60,411						60,411		
	(I) Compensation in company preparing the accounts				**151,027**		**151,027**						**151,027**		
	(II) Compensation from subsidiaries/associates at 30/06/2015														
	(III) Total				**151,027**	**0**	**151,027**	**0**	**0**	**0**	**0**	**0**	**151,027**	**0**	**0**
Dieter Rampl	Deputy Chairman of Board of Directors	01/07/14	28/10/14	30/06/14	44,384		44,384						44,384		
	(I) Compensation in company preparing the accounts				**44,384**	**0**	**44,384**	**0**					**44,384**	**0**	**0**
	(II) Compensation from subsidiaries/associates at 28/10/2014														
	(III) Total				**44,384**	**0**	**44,384**	**0**	**0**	**0**	**0**	**0**	**44,384**	**0**	**0**

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/ severance (i)
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Marco Tronchetti Provera	Deputy Chairman of Board of Directors	01/07/14	30/06/15	30/06/17	135,000		135,000						135,000		
	(I) Compensation in company preparing the accounts [1]				**135,000**	**0**	**135,000**						**135,000**	**0**	**0**
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**135,000**		**135,000**	**0**	**0**	**0**	**0**	**0**	**135,000**	**0**	**0**
Alberto Nagel	CEO	01/07/14	30/06/15	30/06/17	100,000	1,800,000	1,900,000		450,000		439,284		2,789,284	261,725	
											of which complementary pension scheme				
											434,357				
	(I) Compensation in company preparing the accounts				**100,000**	**1,800,000**	**1,900,000**	**0**	**450,000**	**0**	**439,284**	**0**	**2,789,284**	**261,725**	**0**
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**100,000**	**1,800,000**	**1,900,000**	**0**	**450,000**	**0**	**439,284**	**0**	**2,789,284**	**261,725**	**0**
Francesco Saverio Vinci	General Manager	01/07/14	30/06/15	30/06/17	100,000	1,500,000	1,600,000		374,000		365,798		2,339,798	225,792	
											of which complementary pension scheme				
											361,010				
	(I) Compensation in company preparing the accounts				**100,000**	**1,500,000**	**1,600,000**	**0**	**374,000**		**365,798**		**2,339,798**	**225,792**	**0**
	(II) Compensation from subsidiaries/associates at 30/06/2015 [1 2]				**12,658**		**12,658**	**7,342**					**20,000**		
	(III) Total				**112,658**	**1,500,000**	**1,612,658**	**7,342**	**374,000**	**0**	**365,798**	**0**	**2,359,798**	**225,792**	**0**
Tarak Ben Ammar	Director	01/07/14	30/06/15	30/06/17	100,000		100,000						100,000		
	(I) Compensation in company preparing the accounts				**100,000**	**0**	**100,000**						**100,000**	**0**	**0**
	(II) Compensation from subsidiaries/associates at 30/06/2015														
	(III) Total				**100,000**	**0**	**100,000**	**0**	**0**	**0**	**0**	**0**	**100,000**	**0**	**0**

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/ severance (i)
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Gilberto Benetton	Director	01/07/14	30/06/15	30/06/17	100,000		100,000						100,000		
	(I) Compensation in company preparing the accounts				**100,000**	**0**	**100,000**	**0**			**0**		**100,000**		
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**100,000**	**0**	**100,000**	**0**	**0**	**0**	**0**	**0**	**100,000**	**0**	**0**
Roberto Bertazzoni	Director	01/07/14	28/10/14	30/06/14	32,877		32,877						32,877		
	Member of Remunerations committee	01/07/14	28/10/14	30/06/14	6,575		6,575						6,575		
	Member of Appointments committee [3]	01/07/14	28/10/14	30/06/14	6,575		6,575						6,575		
	(I) Compensation in company preparing the accounts				**46,027**	**0**	**46,027**						**46,027**	**0**	**0**
	(II) Compensation from subsidiaries/associates at 28/10/2014						**0**						**0**		
	(III) Total				**46,027**	**0**	**46,027**	**0**	**0**	**0**	**0**	**0**	**46,027**	**0**	**0**
Mauro Bini	Director	28/10/14	30/06/15	30/06/17	67,123		67,123						67,123		
	Member of Control and risks committee and Related parties committee	28/10/14	30/06/15	30/06/17	53,699		53,699						53,699		
	Member of Appointments committee [3]	28/10/14	30/06/15	30/06/17	13,425		13,425						13,425		
	(I) Compensation in company preparing the accounts				**134,247**	**0**	**134,247**	**0**			**0**		**134,247**		
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**134,247**	**0**	**134,247**	**0**	**0**	**0**	**0**	**0**	**134,247**	**0**	**0**
Marie Bolloré	Director	28/10/14	30/06/15	30/06/17	67,123		67,123						67,123		
	Member of Appointments committee	28/10/14	25/03/15	--	8,110		8,110						8,110		
	(I) Compensation in company preparing the accounts				**75,233**	**0**	**75,233**	**0**			**0**		**75,233**		
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**75,233**	**0**	**75,233**	**0**	**0**	**0**	**0**	**0**	**75,233**	**0**	**0**

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/ severance (i)
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Maurizio Carfagna	Director	28/10/14	30/06/15	30/06/17	67,123		67,123						67,123		
	Member of Remunerations committee	28/10/14	30/06/15	30/06/17	20,137		20,137						20,137		
	(I) Compensation in company preparing the accounts				**87,260**	**0**	**87,260**	**0**			**0**		**87,260**		
	(II) Compensation from subsidiaries/associates at 30/06/2015 [2]				**13,333**		**13,333**	**16,457**					**29,790**		
	(III) Total				**100,593**	**0**	**100,593**	**16,457**	**0**	**0**	**0**	**0**	**117,050**	**0**	**0**
Angelo Casò	Director	01/07/14	30/06/15	30/06/17	100,000		100,000						100,000		
	Chairman of Control and risks committee and Related parties committee	01/07/14	28/10/14		24,657		24,657						24,657		
	Member of Executive Committee	01/07/14	30/06/15	30/06/17	80,137		80,137						80,137		
	Chairman of Remunerations committee	01/07/14	28/10/14		6,575		6,575						6,575		
	Member of Appointments committee	01/07/14	28/10/14		6,575		6,575						6,575		
	(I) Compensation in company preparing the accounts				**217,944**	**0**	**217,944**						**217,944**	**0**	**0**
	(II) Compensation from subsidiaries/associates at 30/06/2015														
	(III) Total				**217,944**	**0**	**217,944**	**0**	**0**	**0**	**0**	**0**	**217,944**	**0**	**0**
Maurizio Cereda	Director	01/07/14	28/10/14	30/06/14	32,877	383,500	416,377				65,545		481,922		
											of which complementary pension scheme				
											63,467				
	(I) Compensation in company preparing the accounts				**32,877**	**383,500**	**416,377**	**0**			**65,545**		**481,922**		
	(II) Compensation from subsidiaries/associates at 28/10/2014														
	(III) Total				**32,877**	**383,500**	**416,377**	**0**	**0**	**0**	**65,545**	**0**	**481,922**	**0**	**0**

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	**Post**	**Period for which post has been held**		**Term of office expires**	**Fixed compensation**			**Fees payable for participation in committees**	**Variable compensation (non-equity)**		**Non-cash benefits**	**Other forms of compensation**	**Total**	**Fair value of equity compensation**	**Indemnity payable on leaving office/ severance (i)**
					Emoluments	**Fixed salary**	**Total**		**Bonus and other incentives**	**Interest in earnings**					
Maurizio Costa	Director	28/10/14	30/06/15	30/06/17	67,123		67,123						67,123		
	Member of Remunerations committee	28/10/14	30/06/15	30/06/17	20,137		20,137						20,137		
	Member of Appointments committee [3]	28/10/14	30/06/15	30/06/17	13,425		13,425						13,425		
	(I) Compensation in company preparing the accounts				**100,685**	**0**	**100,685**	**0**			**0**		**100,685**		
	(II) Compensation from subsidiaries/associates at 30/06/2015														
	(III) Total				**100,685**	**0**	**100,685**	**0**	**0**	**0**	**0**	**0**	**100,685**	**0**	**0**
Alessandro Decio	Director	01/07/14	30/06/15	30/06/17	100,000		100,000						100,000		
	(I) Compensation in company preparing the accounts [1]				**100,000**	**0**	**100,000**	**0**			**0**		**100,000**		
	(II) Compensi da controllate e collegate al 30/06/2015														
	(III) Total				**100,000**	**0**	**100,000**	**0**	**0**	**0**	**0**	**0**	**100,000**	**0**	**0**
Massimo Di Carlo	Director	01/07/14	28/10/14	30/06/14	32,877	413,000	445,877				70,281		516,158		
											of which complementary pension scheme				
											68,310				
	(I) Compensation in company preparing the accounts				**32,877**	**413,000**	**445,877**				**70,281**		**516,158**		
	(II) Compensation from subsidiaries/associates at 28/10/2014 [2]				**3,187**		**3,187**	**1,772**					**4,959**		
	(III) Total				**36,064**	**413,000**	**449,064**	**1,772**	**0**	**0**	**70,281**	**0**	**521,117**	**0**	**0**
Bruno Ermolli	Director	01/07/14	28/10/14	30/06/14	32,877		32,877						32,877		
	Member of Remunerations committee	01/07/14	28/10/14	30/06/14	6,575		6,575						6,575		
	(I) Compensation in company preparing the accounts				**39,452**	**0**	**39,452**	**0**			**0**		**39,452**		
	(II) Compensation from subsidiaries/associates at 28/10/2014														
	(III) Total				**39,452**	**0**	**39,452**	**0**	**0**	**0**	**0**	**0**	**39,452**	**0**	**0**

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	**Post**	**Period for which post has been held**		**Term of office expires**	**Fixed compensation**			**Fees payable for participation in committees**	**Variable compensation (non-equity)**		**Non-cash benefits**	**Other forms of compensation**	**Total**	**Fair value of equity compensation**	**Indemnity payable on leaving office/ severance (i)**
					Emoluments	**Fixed salary**	**Total**		**Bonus and other incentives**	**Interest in earnings**					
Giorgio Guazzaloca	Director	01/07/14	28/10/14	30/06/14	32,877		32,877						32,877		
	(I) Compensation in company preparing the accounts				**32,877**		**32,877**	**0**			**0**		**32,877**		
	(II) Compensation from subsidiaries/associates at 28/10/2014														
	(III) Total				**32,877**	**0**	**32,877**	**0**	**0**	**0**	**0**	**0**	**32,877**	**0**	
Anne Marie Idrac	Director	01/07/14	28/10/14	30/06/14	32,877		32,877						32,877		
	Member of Remunerations committee	01/07/14	28/10/14	30/06/14	6,575		6,575						6,575		
	Member of Appointments committee [3]	01/07/14	28/10/14	30/06/14	6,575		6,575						6,575		
	(I) Compensation in company preparing the accounts				**46,027**	**0**	**46,027**						**46,027**	**0**	**0**
	(II) Compensation from subsidiaries/associates at 30/06/2015					**0**									
	(III) Total				**46,027**		**46,027**	**0**	**0**	**0**	**0**	**0**	**46,027**	**0**	**0**
Vanessa Labérenne	Director	01/07/14	30/06/15	30/06/17	100,000		100,000						100,000		
	Member of Executive Committee	01/07/14	28/10/14		19,726		19,726						19,726		
	Chairman of Remunerations committee	28/10/14	30/06/15	30/06/17	20,137		20,137						20,137		
	Member of Remunerations committee	01/07/14	28/10/14		6,575		6,575						6,575		
	Member of Control and risks committee and Related parties committee	01/07/14	30/06/15	30/06/17	78,356		78,356						78,356		
	Member of Appointments committee	25/03/15	30/06/15	30/06/17	5,370		5,370						5,370		
	(I) Compensation in company preparing the accounts				**230,164**	**0**	**230,164**						**230,164**	**0**	**0**
	(II) Compensation from subsidiaries/associates at 30/06/2015														
	(III) Total				**230,164**	**0**	**230,164**	**0**	**0**	**0**	**0**	**0**	**230,164**	**0**	**0**

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/ severance (i)
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Elisabetta Magistretti	Director	01/07/14	30/06/15	30/06/17	100,000		100,000						100,000		
	Chairman of Control and risks committee and Related parties committee	28/10/14	30/06/15	30/06/17	53,699		53,699						53,699		
	Member of Control and risks committee and Related parties committee	01/07/14	28/10/14	30/06/14	24,657		24,657						24,657		
	Member of Appointments committee	01/07/14	30/06/15	30/06/17	20,000		20,000						20,000		
	Member of Remunerations committee	28/10/14	30/06/15	30/06/17	20,137		20,137						20,137		
	(I) Compensation in company preparing the accounts				**218,493**	**0**	**218,493**						**218,493**	**0**	**0**
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**218,493**	**0**	**218,493**	**0**	**0**	**0**	**0**	**0**	**218,493**	**0**	**0**
Alberto Pecci	Director	01/07/14	30/06/15	30/06/17	100,000		100,000						100,000		
	Member of Remunerations committee	28/10/14	30/06/15	30/06/17	20,137		20,137						20,137		
	(I) Compensation in company preparing the accounts				**120,137**	**0**	**120,137**	**0**			**0**		**120,137**		
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**120,137**	**0**	**120,137**	**0**	**0**	**0**	**0**	**0**	**120,137**	**0**	**0**
Carlo Pesenti	Director	01/07/14	28/10/14	30/06/14	32,877		32,877						32,877		
	Member of Remunerations committee	01/07/14	28/10/14	30/06/14	6,575		6,575						6,575		
	(I) Compensation in company preparing the accounts				**39,452**	**0**	**39,452**						**39,452**	**0**	**0**
	(II) Compensation from subsidiaries/associates at 28/10/2014						**0**						**0**		
	(III) Total				**39,452**	**0**	**39,452**	**0**	**0**	**0**	**0**	**0**	**39,452**	**0**	**0**

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/ severance (i)
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Gian Luca Sichel	Director	28/10/14	30/06/15	30/06/17	67,123		67,123						67,123		
	(I) Compensation in company preparing the accounts				**67,123**		**67,123**						**67,123**		
	(II) Compensation from subsidiaries/associates at 30/06/2015					**450,000**	**450,000**		**110,000**		**4,776**		**564,776**	**66,410**	
	(III) Total				**67,123**	**450,000**	**517,123**	**0**	**110,000**	**0**	**4,776**	**0**	**631,899**	**66,410**	**0**
Eric Strutz	Director	01/07/14	28/10/14	30/06/14	32,877		32,877						32,877		
	Member of Executive Committee	01/07/14	28/10/14	30/06/14	19,726		19,726						19,726		
	(I) Compensation in company preparing the accounts				**52,603**	**0**	**52,603**						**52,603**	**0**	**0**
	(II) Compensation from subsidiaries/associates at 28/10/2014														
	(III) Total				**52,603**	**0**	**52,603**	**0**	**0**	**0**	**0**	**0**	**52,603**	**0**	**0**
Alexandra Young	Director	28/10/14	30/06/15	30/06/17	67,123	335,400	402,523		51,900		38,556		492,979	25,963	
											of which complementary pension scheme				
											33,933				
	(I) Compensation in company preparing the accounts				**67,123**	**335,400**	**402,523**		**51,900**		**38,556**		**492,979**	**25,963**	
	(II) Compensation from subsidiaries/associates at 30/06/2015														
	(III) Total				**67,123**	**335,400**	**402,523**	**0**	**51,900**	**0**	**38,556**	**0**	**492,979**	**25,963**	**0**

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/ severance (i)
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Management with strategic responsibilities						2,534,632	2,534,632		315,000		354,253		3,203,885	13,316	
											of which complementary pension scheme				
											309,022				
	(I) Compensation in company preparing the accounts					**2,534,632**	**2,534,632**		**315,000**		**354,253**	**0**	**3,203,885**	**13,316**	
	(II) Compensation from subsidiaries/associates at 30/06/2015 [14]				**78,000**		**78,000**	**48,000**		**3,998**			**129,998**		
	(III) Total				**78,000**	**2,534,632**	**2,612,632**	**48,000**	**315,000**	**3,998**	**354,253**	**0**	**3,333,883**	**13,316**	**0**
Stefano Marsaglia						1,401,600	1,401,600		1,299,520		112,129		2,813,249	1,850,547	
											of which complementary pension scheme				
											112,129				
	(I) Compensation in company preparing the accounts				**0**	**1,401,600**	**1,401,600**		**1,299,520**		**112,129**	**0**	**2,813,249**	**1,850,547**	
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**0**	**1,401,600**	**1,401,600**	**0**	**1,299,520**	**0**	**112,129**	**0**	**2,813,249**	**1,850,547**	**0**
Natale Freddi	Chairman of Statutory Audit Committee	01/07/14	30/06/15	30/06/17	133,425		133,425						133,425		
	(I) Compensation in company preparing the accounts				**133,425**	**0**	**133,425**		**0**		**0**		**133,425**	**0**	
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**133,425**	**0**	**133,425**	**0**	**0**	**0**	**0**	**0**	**133,425**	**0**	**0**

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/ severance (i)
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Maurizia Angelo Comneno	Member of Statutory Audit Committee	01/07/14	28/10/14	30/06/14	29,589		29,589						29,589		
	(I) Compensation in company preparing the accounts				**29,589**	**0**	**29,589**		**0**		**0**		**29,589**	**0**	
	(II) Compensation from subsidiaries/associates at 28/10/2014						**0**						**0**		
	(III) Total				**29,589**	**0**	**29,589**	**0**	**0**	**0**	**0**	**0**	**29,589**	**0**	**0**
Laura Gualtieri	Member of Statutory Audit Committee	28/10/14	30/06/15	30/06/17	70,479		70,479						70,479		
	(I) Compensation in company preparing the accounts				**70,479**	**0**	**70,479**		**0**		**0**		**70,479**	**0**	
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**70,479**	**0**	**70,479**	**0**	**0**	**0**	**0**	**0**	**70,479**	**0**	**0**
Gabriele Villa	Member of Statutory Audit Committee	01/07/14	30/06/15	30/06/17	100,068		100,068						100,068		
	(I) Compensation in company preparing the accounts				**100,068**	**0**	**100,068**		**0**		**0**		**100,068**	**0**	
	(II) Compensation from subsidiaries/associates at 30/06/2015						**0**						**0**		
	(III) Total				**100,068**	**0**	**100,068**	**0**	**0**	**0**	**0**	**0**	**100,068**	**0**	**0**

1) Fees are paid directly to the company of origin.

2) Fees due in respect of position held in Banca Esperia.

3) Independent director added to the Appointments Committee as required by Articles of Association for certain resolutions only.

4) Fees due in respect of position held in Assicurazioni Generali during the relevant period.

As shown in the Report on remuneration, the definition of "management with strategic responsibilities other than directors", as at 30 June 2015 involved five staff members: the three heads of the control units, the head of company financial reporting and the co-head of the Corporate and Investment Banking division. The definition has therefore changed since 1 July 2014 when a total of ten staff were included. The data shown here include the accruals in respect of those staff excluded from the aggregate in the course of the twelve months. Reference is made to the notes to the tables for the cash and non-cash incentivization schemes.

Table 2: Stock options granted to members of the governing bodies, general managers and managerial staff with strategic responsibilities

			Options held at start of financial year			Options awarded during the year						Options exercised during the year			Options expired during the year	Options held at year-end	Options attributable to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Name and surname	Post	Scheme	No. of options	Strike price	Possible exercise period (from-to)	No. of options	Strike price	Possible exercise period (from-to)	Fair value at award date	Award date	Market price of shares underlying award	No. of options	Strike price	Market price of underlying shares at exercise date	No. of options	No. of options	Fair value
Renato Pagliaro	Chairman	28/10/04	275,000	€ 10.31	From 1 July 2011 to 30 June 2016											275,000	
		27/10/07	350,000	€ 6.54	From 2 August 2013 to 1 August 2018											350,000	
Alberto Nagel	CEO	28/10/04	275,000	€ 10.31	From 1 July 2011 to 30 June 2016											275,000	
		27/10/07	350,000	€ 6.54	From 2 August 2013 to 1 August 2018											350,000	
Francesco Saverio Vinci	GM	28/10/04	275,000	€ 10.31	From 1 July 2011 to 30 June 2016											275,000	
		27/10/07	250,000	€ 6.54	From 2 August 2013 to 1 August 2018											250,000	
Gianluca Sichel	Director	28/10/04	100,000	€ 10.31	From 1 July 2011 to 30 June 2016											100,000	
		27/10/07	50,000	€ 6.54	From 2 August 2013 to 1 August 2018							50,000	€ 6.54	8.458			
Maurizio Cereda	Director till 28 October 2014	28/10/04	275,000	€ 10.31	From 1 July 2011 to 30 June 2016											275,000	
Massimo Di Carlo	Director till 28 October 2014	28/10/04	275,000	€ 10.31	From 1 July 2011 to 30 June 2016											275,000	
Managerial staff with strategic responsibilities		28/10/04	895,000	€ 10.31	From 1 July 2011 to 30 June 2016											160,000	
		27/10/07	1,575,000	€ 6.54	From 2 August 2013 to 1 August 2018											80,000	
(III) Total			**4,945,000**													**2,665,000**	

N.B.: Start and end figures vary according to changes in the management with strategic responsibilities aggregate.

Table 3A: Incentivization schemes based on financial instrumentsother than stock options paid to members of the governing body, general managers and other managerial staff with strategic responsibilities

			Financial instruments awarded in previous years which have not vested during the course of the year		Financial instruments awarded during the year					Financial instruments vested during the year and not allocated	Financial instruments vested during the year and not allocated		Financial instruments attributable to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Post	Scheme	No. and type of instrument	Vesting period	No. and type of financial instrument	Fair value at award date	Vesting period	Award date	Market price at award	No. and type	No. and type	Value upon vesting	Fair value
Alberto Nagel	CEO	28-Oct-10			122,605 Performance shares	970,796	Nov. 2017 – Nov. 2019	25 September 2015	8.603				261,725
Francesco Saverio Vinci	GM	28-Oct-10			101,898 Performance shares	837,448	Nov. 2017 – Nov. 2019	25 September 2015	8.603				225,792
Gian Luca Sichel	Director	28-Oct-10			29.494 Performance shares	182,689	Nov. 2016 – Nov. 2018	26 September 2014	6.691				50,161
	Director	28-Oct-10			29,970 Performance shares	246,308	Nov. 2017 – Nov. 2019	25 September 2015	8.603				66,410
Alexandra Young	Director	28-Oct-10			11,089 Performance shares	91,715	Nov. 2017 – Nov. 2019	25 September 2015	8.603				25,963
Managerial staff with strategic responsibilities		28-Oct-10	60,076 Performance Shares	Nov. 2015							60,076	414,584	73,373
		28-Oct-10	201,045 Performance Shares	Nov. 2015 – Nov. 2016							134,030	924,941	151,952
		28-Oct-10	101,724 Performance Shares	Nov. 2015 – Nov. 2017									128,558
		28-Oct-10			121,662 Performance shares	753,589	Nov. 2016 – Nov. 2018	26 September 2014	6.691				206,918
		28-Oct-10			5,449 Performance shares	45,300	Nov. 2017 – Nov. 2019	25 September 2015	8.603				13,316
Stefano Marsaglia		28-Oct-10	634,113 Performance Shares	Nov. 2015 – Nov. 2018									1,634,873
		28-Oct-10			95,360 Performance shares	786,077	Nov. 2017 – Nov. 2019	25 September 2015	8.603				215,674
Total			**996,958**		**517,527**	**3,913,922**					**194,106**	**1,339,526**	**3,054,715**

Includes the award of performance shares from the scheme approved by shareholders in the annual general meetings held on 28 October 2010 and 25 September 2015, in application of the staff remuneration policy and the resolution approved by the Board of Directors for the year ended 30 June 2015.

Management with strategic responsibilities: for the awards made on 25 September 2015, the table shows the amount awarded to the managers included in the definition at the end-date of 30 June 2015. For the previous years' schemes, the amount also refers to the strategic management included in the definition at the start of the year.

Table 3B: Cash incentivization schemes based on financial instruments other than stock options in favour of members of the governing bodies, general managers and managerial staff with strategic responsibilities

A	B	(1)	(2)			(3)			(4)
			Bonus for the year			Previous years' bonuses			
			(A)	(B)	(C)	(A)	(B)	(C)	
Name and surname	**Post**	**Scheme**	**Payable/paid**	**Deferred**	**Deferral period**	**No longer payable**	**Payable/paid**	**Still deferred**	**Other bonuses**
Alberto Nagel	CEO	FY 2014/2015	450,000	675,000	Nov. 2016-Nov. 2019				
Francesco Saverio Vinci	GM	FY 2014/2015	374,000	561,000	Nov. 2016-Nov. 2019				
Gian Luca Sichel	Director	FY 2014/2015	110,000	165,000	Nov. 2016-Nov. 2019				
		FY 2013/2014						120,000	
Alexandra Young	Director	FY 2014/2015	51,900	49,850	Nov. 2016-Nov. 2019				
Management with strategic responsibilities		FY 2014/2015	215,000	20,000	Nov. 2016-Nov. 2018				
		FY 2013/2014						495,000	
		FY 2012/2013				125,000	100,000	150,000	
		FY 2011/2012				34,000		284,000	
		FY 2010/2011				65,000			
Stefano Marsaglia		FY 2014/2015	350,000	525,000	Nov. 2016-Nov. 2018				949,520
Total compensation in company preparing the accounts			**1,550,900**	**1,995,850**		**224,000**	**100,000**	**1.049.000**	**949,520**

Management with strategic responsibilities: for the awards made on 25 September 2015, the table shows the amount awarded to the managers included in the definition at the end-date of 30 June 2015. For the previous years' schemes, the amount also refers to the strategic management included in the definition at the start of the year.

Investments held by members of the governing and control bodies and by general managers

Name and surname	Post	Investee company	No. of shares held at end of previous year	No. of shares acquired	No. of shares sold	No. of shares owned at end of present year
PAGLIARO RENATO	Chairman	MEDIOBANCA	2,730,000	==	==	2,730,000
NAGEL ALBERTO	CEO	MEDIOBANCA	2,626,050	==	==	2,626,050
VINCI FRANCESCO SAVERIO	GM	MEDIOBANCA	945,000	==	==	945,000
BERTAZZONI ROBERTO*	Director	MEDIOBANCA	1,050,000	==	==	1,050,000
MAURIZIO CARFAGNA	Director	MEDIOBANCA	28,000 **	==	==	28,000
CEREDA MAURIZIO	Director	MEDIOBANCA	619,500	==	==	619,500
DI CARLO MASSIMO	Director	MEDIOBANCA	556,500	==	==	556,500
PECCI ALBERTO*	Director	MEDIOBANCA	4,757,500	==	==	4,757,500
GIAN LUCA SICHEL	Director	MEDIOBANCA	==	50,000 ***	42,400	7,600

N.B. For directors appointed or whose positions ended in the course of the year, the initial/final holding refer to the dates of appointment or resignation/disposal accordingly.

* Investment owned through subsidiaries.

** Of which 8,000 shares held via subsidiaries.

*** Shares subscribed for in exercising stock options

Investments held by other managerial staff with strategic responsibilities

No. of managerial staff with strategic responsibilities	Investee company	No. of shares owned at end of previous year	No. of shares acquired	No. of shares sold	No. of shares owned at end of present year
5*	MEDIOBANCA	215,180	115,267 **	21,010 ***	97,125

N.B. Values at start and end of period vary according to changes in composition of aggregate of managerial staff with strategic responsibilities.

* Strategic management as at 30/6/15.

** Shares awarded in execution of performance share scheme.

*** Sold to meet tax charges relating to the award of performance shares.

Aggregate quantitative information by division as required by Bank of Italy instructions

Mediobanca area of activity	Fixed Salary	Variable	% variable maximum	% variable on fixed salary	Cash Upfront	Equity Upfront	Deferred Cash	Deferred equity
1) Staff and support	19,262	5,698.1	200%	30%	5,035.5	216.9	285.85	159.85
2) Control functions	4,858	977.5	33%	20%	977.5	-	-	-
3) Wholesale Banking - Financial Markets	26,342	26,968.5	200%	102%	12,531.2	3,113	6,892.3	4,432
4) Wholesale Banking - Advisory	21,217	20,323.25	200%	96%	10,733.75	2,293	4,559.5	2,737
5) Wholesale Banking - Lending and Structured Finance	4,852	3,634	200%	75%	2,778.5	105	680.5	70
6) Retail and Consumer	97,791	8,827.9	200%	9%	7,906.22	232.5	442.6	246.6
	174,322	**66,429**	**-**	**38%**	**39,963**	**5,960**	**12,861**	**7,645**

Gross amounts in €'000.

Does not include Mediobanca CEO or General Manager.

Aggregate quantitative information by the various categories of "identified staff" as required by the Bank of Italy instructions

Mediobanca Group	#	Fixed Salary	Variable	% variable maximum	% variable on fixed salary	Cash Upfront	Equity Upfront	Deferred Cash	Deferred equity
1) Non-executive directors (non-executive members of BoD, including Chairman)	1	1,800	-	-	-	-	-	-	-
CEO	1	1,800	2,250	200%	125%	450	450	675	675
2) GM	1	1,500	1,870	200%	125%	374	374	561	561
Other Directors with executive duties (management who are members of Executive Committee)	2	790	753.5	200%	95%	161.9	161.9	214.85	214.85
3) Senior management and heads of relevant BUs (principle business lines, geographical areas and other senior business figures)	12	9,000	11,700	200%	130%	2,340	2,340	3,510	3,510
4) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	10	1,433	460	33%	32%	460	-	-	-
5) Staff with managerial responsibilities in relevant business units	24	7,450	9,529	200%	128%	2,079	2,079	2,685	2,685
6) Heads and senior staff in Staff and support units (Head of company finacial reporting, HR, Operations and IT, Legal)	7	1,612	569	200%	35%	429	60	40	40
7) Quantitative criteria	14	4,855	5,030	200%	104%	1,319,5	1,319,5	1,196	1,196
	72	**30,240**	**32,162**	**-**	**106%**	**7,614**	**6,785**	**8,882**	**8,882**

Gross amounts in €'000.

For Group CEOs does not include emoluments payable in respect of their office.

Does not include relevant staff (two persons) employed at Group companies whose financial year ends after 30 June.

Group	#	Deferred from previous years and paid during the year in cash[1]	#	Deferred from previous years and paid during the year in number of MB shares [2]	#	Deferred from previous years due for cash payment during the year being cancelled
1) Non-executive directors (non-executive members of BoD, including Chairman)	-	-	-	-	-	-
2) Directors with executive duties (management who are members of Executive Committee)	-	-	-	-	-	-
3) Senior management and heads of relevant BUs (principle business lines, geographical areas and other senior business figures)	5	2,450	6	951,176	-	-
4) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	-	-	-	-	-	-
5) Staff with managerial responsibilities in relevant business units	17	1,912	10	493,584	-	-
6) Heads and senior staff in Staff and support units (Head of company finacial reporting, HR, Operations and IT, Legal)	-	-	-	-	-	-
7) Quantitative criteria	10	641	5	334,257	-	-
	32	**5,003**	**21**	**1,779,017**	**-**	**-**

Gross amounts in €'000.

[2] Number of Mediobanca shares.

Group	#	Treatment at start of relationship	#	Treatment at end of relationship[1]
1) Non-executive directors (non-executive members of BoD, including Chairman)	-	-	-	-
2) Directors with executive duties (management who are members of Executive Committee)	-	-	-	-
3) Senior management and heads of relevant BUs (principle business lines, geographical areas and other senior business figures)	-	-	1	4,000 (*)
4) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	-	-	-	-
5) Staff with managerial responsibilities in relevant business units	1	70	1	465
6) Heads and senior staff in Staff and support units (Head of company finacial reporting, HR, Operations and IT, Legal)	-	-	-	-
7) Quantitative criteria	1	275	1	450
	2	**345**	**3**	**4,915**

Gross amounts in €'000.

[1] With reference to the identified staff identified as of 30 June 2014.

* Includes cost of indemnity for failing to give notice and complementary pension scheme contributions; of which €1,861,000 by way of incentive, deferred as to 60% over the three-year cash/equity horizon.

Total remuneration awarded over € 1 mln.	#
€ 1 million - 1.5 millions	11
€ 1.5 - 2 millions	2
€ 2 - 2.5 millions	2
€ 2.5 - 3 millions	2
€ 3 - 3.5 millions	2
€ 3.5 - 4 millions	
€ 4 - 4.5 millions	1
€ 4.5 - 5 millions	1

PERFORMANCE SHARE SCHEME
FOR GROUP STAFF

Dear shareholders,

As in previous years, the staff remuneration policies submitted to your approval include performance shares among the incentivization instruments provided for. The previous scheme, approved at the annual general meeting held on 28 October 2010, expires today. Accordingly, we submit a new incentivization scheme to your approval, for selected Mediobanca Group staff, through the award of performance shares, in the form of ordinary Mediobanca shares (the "2015 Performance Share Scheme") up to a maximum number of 20 million shares.

The characteristics of the scheme are in line with those envisaged under the applicable regulations on the issue of remuneration, in particular the Bank of Italy's supervisory instructions issued on 18 November 2014 in respect of Remuneration and incentivization policies and practices. The characteristics are as described below.

1. Recipients

The recipients of the performance share scheme are staff who, under the regulations in force and the remunerations policies approved by you, receive a share of their variable remuneration in the form of equity instruments. These include employees who fall within the definition of the Mediobanca Group's most relevant staff, identified on a regular basis by the appointed bodies based on the criteria set by the regulations in force at the time and formalized in the Remuneration policies. Additional staff members considered relevant in organizational terms to the achievement of the Group's strategic objectives may also be recipients of the performance share scheme.

Recipients of the performance share scheme may include the following members of the Board of Directors: the Chairman, Renato Pagliaro [1]; the Chief Executive Officer of Mediobanca, Alberto Nagel; the General Manager, Francesco Saverio Vinci; Gianluca Sichel, Chief Executive Officer of Compass and CheBanca!; and the Mediobanca Group Head of Human Resources, Alexandra Young.

The persons with management duties who have regular access to inside information and who may take management decisions which can impact on the performance and future prospects of the issuer of the shares referred to under Article 152-sexies, para. 1, letter c)-c.2, in addition to the directors who are members of the Group's senior management listed above, include the "Strategic management" identified by the Board of Directors in the resolution in force at the time. Under the current resolution there are five such strategic management members: the three heads of the control units, the head of company financial reporting, and the co-head of the Corporate and Investment Banking division.

There are no categories of staff for which different treatment is provided under the terms of the 2015 Performance Share Scheme, which is the same for all recipients.

2. Rationale for adopting the scheme

The scheme enables Mediobanca to:

- align itself with the regulatory requirements regarding the payment of a share of the variable remuneration in the form of equity instruments, over a long-term time horizon, subject to performance conditions, i.e. to the sustainability of positive results delivered over time;
- ensure that the interests of the Bank's management with those of its shareholders with reference to value creation in the medium/long term.

[1] The Chairman only receives a fixed salary. However, provision is made in the Remuneration policies for the Board of Directors to consider the possibility, after consulting with the Remunerations Committee and up to the limits provided by the regulations in force, of paying the Chairman a variable component, to be awarded in accordance with the rules of the policies themselves, including in the form of performance shares.

3. Governance

The Board of Directors approves the proposals of the Remunerations Committee and the Chief Executive Officer regarding:

- the total quantity of shares to be issued for each award cycle, in accordance with the criteria and methods established in the Remunerations policies in force at the time;
- the award of performance shares to directors who are members of the Group's senior management;
- the regulations of the scheme and its updates.

The Chief Executive Officer is responsible for operating the scheme, with the assistance of Human Resources, to establish the quantities to be awarded to the individual recipients.

4. Means of award

Under the terms of the scheme, Mediobanca shares are granted to the recipient as the equity share of the variable remuneration awarded to them at the outcome of the annual or long-term performance assessment process. The shares themselves are actually grated at the end of a vesting period of at least three years – two years for the upfront share – provided that the beneficiary is still employed by the Mediobanca Group and that certain performance conditions set at the time of the award have been met. The deferred performance shares, subject to the performance conditions for the relevant year being met, are subject to an additional holding period of at least one year prior to the actual award, and again provided that the beneficiary is still in the employ of Mediobanca. The performance conditions are identified in the Remunerations policies in force at the time, and currently stipulate that:

- the beneficiary must still be a Mediobanca Group employee and not serving notice for either resignation or dismissal;
- the performance conditions coinciding with the gateways must be met in each individual financial year;
- the business units to which the beneficiaries belong must have delivered a risk-adjusted profit net of extraordinary items and net of the effects of

strategic decisions, as ratified by the Risk Management unit and Control and risks committee;

- the beneficiary must not have committed a significant compliance breach (i.e. must not have been subject to disciplinary proceedings on the basis inter alia of the provisions of the Mediobanca Group's Code of ethics, Organizational model, Business conduct policy and other internal regulations), and no losses have been incurred which are attributable to their actions.

Hence the staff members are required to conduct themselves, consistent with their role and business activity, in such a way that Mediobanca retains a solid capital basis, strong liquidity, management of all risks and profitable results, thus ensuring that the remuneration systems are sustainable over the long period.

The Board of Directors may identify additional performance indicators on the occasion of each award cycle. For Group company staff members the Chief Executive Officer may identify one or more specific economic indicators.

As provided by the remuneration policies, Mediobanca reserves the right to take measures to claw back variable remuneration already paid in the event of damage emerging to the integrity of its capital, profitability and earnings/financial or reputational situation which is attributable to the conduct of individual staff members, regardless of whether such behaviour constitutes instances of wilful misconduct or fraud. Such measures are also provided for cases which involve breach of the obligations set under Article 26 of the Italian Banking Act (Company representatives – professional and personal requirements and independence) or, when the person concerned is an interested party, Article 53, paras 4ff (Regulatory supervision), or the obligations in respect of remuneration and incentivization.

The Chief Executive Officer may also use performance shares in defining remuneration packages in connection with the recruitment of key staff, including outside of the annual award cycle. The governing bodies may also award shares in relation to compensation agreements entered into in connection with early termination of the working relationship, to ensure these are correlated to the performance achieved and the risks taken by the individual concerned and the Bank, in accordance with the regulatory requirements and the aims set by the Remuneration policies in force at the time.

The entitlement to receive shares is retained if the beneficiary retires or in the event of permanent disability and/or illness making them unable to continue working for Mediobanca. Such entitlement is lost, however, cases where the person concerned retires or is dismissed. The governing bodies are responsible for handling any exceptions, under the powers attributed respectively to the Board of Directors, the Remunerations Committee and the Chief Executive Officer, particular in cases where the person concerned leaves by mutual consent as defined by the remuneration policies in force at the time. The foregoing is without prejudice to decisions taken, if any, by a third party authorized to do so (such as the judicial and/or arbitration and/or conciliation authorities) and regulations, if any, providing more favourable treatment issued by the applicable local legislations.

5. Features of instruments awarded

Ordinary shares in Mediobanca are awarded under the scheme. The shares are awarded personally, without prejudice to succession rights. The shares, once received, subject to the performance conditions and after the holding period has ended, may be traded immediately up to the limits set by the law, regulations (on market abuse, internal dealing etc.) and Group polices. The shares are delivered after the dividend has been paid or the interim or annual financial statements approved. The performance share scheme makes no provision for restrictions on voting rights or property rights over Mediobanca shares awarded subject to the performance conditions being met.

6. Funding

The maximum number of shares that may be awarded under the terms of this scheme is 20 million, from the capital increase reserved for the award of shares reserved to Mediobanca Group staff members by or before 28 October 2020, pursuant to Article 2349 of the Italian Civil Code submitted to your approval at the extraordinary general meeting being held today. Alternatively, the 15,736.786 treasury shares held by the Bank freely available if not used for other purposes may also be used to this end.

The shares to be used in connection with the performance share scheme deriving from the capital increase represent 2.25% of the Bank's share capital fully diluted [2]. The impact on the stock market value and possible dilutive effects on the Bank's share capital are deemed to be negligible, in view of the fact that the awards will be made over several years.

7. Changes and amendments to the scheme

No particular procedures have been set in place to revise the Mediobanca performance share scheme, other than those relating to the powers vested in the governing bodies.

If extraordinary events with significant impact on the Group's earnings/financial performance take place, the performance share scheme may be revised and/or abolished at Board of Directors' discretion after consulting with the Remunerations Committee. In the event of extraordinary transactions being executed in respect of the Bank's share capital, the allocation of performance shares not yet available will be amended accordingly.

8. Accounting and tax issues

Under the accounting policies adopted, the performance shares awarded are booked to the profit and loss account based on a notional cost split over several financial years in view of the benefit received and the vesting period. The notional cost is equal to the value of the shares at the time of the award, adjusted to reflect the probabilistic elements connected with the scheme (e.g. possibility of beneficiaries resigning, actuarial parameters, etc.). The total expense for Mediobanca in the event of all 20 million shares being awarded may reach €158m, to be split across the entire vesting period. It is not possible to indicate the actual total cost, as the number of shares to be awarded is up to the governing bodies based on the regular award cycles. The performance shares shall be subject to taxation and social security contributions in line with the regulations in force in the country of residence for tax purposes of each individual beneficiary.

[2] Of the share capital (867.4 million shares) in issue at the time of the resolution excluding shares reserved in connection with the stock option schemes.

9. Other information

The performance share scheme:

- does not provide for the award of other financial instruments, only ordinary Mediobanca shares traded on regulated markets;
- is not influenced by tax or accounting issues. It will take into account the taxation and social security regime in force at the time in the country of residence of the individual beneficiaries.

No provision is made under the terms of the performance share scheme for shares awarded to be bought back.

No provision is made for support from the Special Fund to incentivize investment by employees in the companies for which they work instituted under Article 4, para. 112, of Italian law 350/03.

It should be noted that none of the Mediobanca Group companies accounts for more than fifty percent of Mediobanca's capital and no individual persons control Mediobanca.

The Board of Directors, having received the favourable opinion of the Remunerations Committee on 15 September 2015, on 22 September 2015 approved the resolution to be submitted to shareholders in annual general meeting. The market price of the ordinary Mediobanca shares on the two dates referred to above was €8.865 and €8.691 respectively. The awards for the performance share scheme will be notified to the market pursuant to and within the meaning of the regulatory provisions currently in force.

Dear shareholders,

You are invited to approve the proposal included on the agenda and, accordingly, to adopt the following resolution:

"The shareholders of Mediobanca, gathered in ordinary general meeting, having heard the Board of Directors' proposal,

hereby resolve

– to adopt an incentivization scheme, in line with the regulations in force, involving the award of performance shares to selected Mediobanca staff on the terms and by the methods illustrated above;
– to confer on the Board of Directors, the Chairman and the Chief Executive Officer, jointly and severally, all suitable powers to:
  a) enact this resolution and adopt any other measures that should become necessary to implement the resolution approved;
  b) to make such amendments and/or additions (that do not alter the substance of the resolution) to this resolution and the documents which constitute an integral part hereof, that should become necessary in order to bring it into line with any legal or regulatory provisions or guidance issued by the regulatory and/or supervisory authorities in the meantime.

Milan, 22 September 2015

THE BOARD OF DIRECTORS

PROPOSAL BY STATUTORY AUDIT COMMITTEE TO INCREASE MAN HOURS AND FEES STIPULATED IN CONTRACT WITH EXTERNAL AUDITORS PRICEWATERHOUSECOOPERS S.P.A. FOR FY 2016-2021

Dear shareholders,

Under a resolution adopted on 27 October 2012, the shareholders of Mediobanca approved a proposal by PricewaterhouseCoopers S.p.A. made on 8 October 2012 to appoint them as external auditors pursuant to Articles 14 and 16 of Italian Legislative Decree 39/2010 and Articles 155ff of Italian Legislative Decree 58/1998, with responsibility of auditing the financial statements of Mediobanca S.p.A. (including the Madrid, London, Paris and Frankfurt branch offices) and the Mediobanca Group's consolidated financial statements for the financial years ending from 30 June 2013 to 2021.

The proposal included a section which stipulated that the fees may be changed subsequently in the event of exceptional or unforeseen circumstances which would determine the need for a higher number of man hours and/or a different commitment from the professionals involved. These may include, without limitation, changes to the structure and size of the company, regulatory changes in the accounting and/or auditing standards and in the IT systems underpinning the accounting processes, changes to the laws and regulations currently in force.

PricewaterhouseCoopers S.p.A., in view of the contractual provisions, notified Mediobanca in a letter sent on 3 September 2015, that as a result of the events that had taken place in the financial year ended 30 June 2015 it would be necessary to redesign the audit process to include additional activities which will require more man hours and hence higher fees.

PricewaterhouseCoopers S.p.A. listed the following events in particular:

– increase in the London branch office's operations as a result of growth in the business with the creation of new trading desks and new types of deal;

– creation of the European Banking Authority and new regulation, with new activities to be performed by the auditor;

– introduction of new accounting principles (IFRS 10, 11, 12 and 13), which require extra auditing activity, including in terms of the disclosure to be made by the auditor;

– introduction of Implementing Technical Standards by the EBA and the new supervisory regulations, which require the Mediobanca Group to create new processes which will have to be recorded and assessed by the auditor.

In view of the additional audit activities considered to be necessary, PricewaterhouseCoopers S.p.A. has submitted the following proposal to increase the man hours and fees payable to it starting from the financial year ending 30 June 2016:

	Man hours	Fee Euros
Extra activity due to increase in London office	200	20,000
Extra activity due to changes in European regulations, revision of IFRS disclosure, new supervisory regulations	300	30,000
Total	**500**	**50,000**

In more detail, the proposal stipulates a total annual fee for the 2016-2021 period of €440,000 made up as follows:

FY 2016-21	Current proposal (excl. ISTAT)		Proposed addition		Revised total	
	Hours	Fees	Hours	Fees	Hours	Fees
Audit of MB statutory accounts	1,980	184,630	150	15,000	2,130	199,630
Audit of Group consolidated accounts	670	63,050	200	20,000	870	83,050
Limited audit of interim financial statements	220	27,280	50	5,000	270	32,280
Limited audit of interim financial statements to determine the profit for the period for purposes of calculating regulatory capital	730	86,980	100	10,000	830	96,980
Audits in connection with signing off tax declarations	100	6,160	—	—	100	6,160
Audits in connection with the national compensation fund	100	11,900	—	—	100	11,900
Audit of Madrid branch accounts	100	10,000	—	—	100	10,000
Total no. of man hours and fees	**3,900**	**390,000**	**500**	**50,000**	**4,400**	**440,000**

The Statutory Audit Committee, as required by Article 13, para. 1 of Italian Legislative Decree 39/10 ("*the shareholders gathered in general meeting, at the reasoned proposal of the control body, appoints the external auditor and establishes the fee due to the external auditor or the company acting as external auditor for the entire duration of the mandate and the criteria, if any, to be adopted in amending said fee in the course of the mandate*"), has reviewed the above request with a view to formulating the proposal to be made to shareholders in annual general meeting.

The Statutory Audit Committee met with the external auditors to obtain further details on the activities to be performed and the reasons for the request for the revision. The Committee then met with the company units involved which gave their opinions on the request made by the auditors and assessment of whether or not the contents of the proposal were reasonable. Based on the results of these meetings, the Statutory Audit Committee considers that the proposal made by the external auditors is consistent with the audit process required of them under the mandate in force, appropriate in view of the new audit activities required as a result of the events listed above, fair in relation to the commitment envisaged, and in line with the terms and conditions presently in force.

In view of the foregoing, the Statutory Audit Committee invites shareholders to adopt the following resolution:

"The shareholders of Mediobanca gathered in ordinary general meeting, having reviewed the reasoned proposal submitted by the Statutory Audit Committee containing the terms proposed by PricewaterhouseCoopers, *hereby resolve*

to revise, in line with the terms and conditions of the proposal submitted by con i termini and PricewaterhouseCoopers, the man hours and fees provided for in the mandate to audit the Bank's accounts granted by the shareholders of Mediobanca in an annual general meeting held on 27 October 2012 pursuant to Article 13, para. 1 of Italian Legislative Decree 39/10 for the 2016-21 period, for a total fee of €440,000 per annum, made up as follows:

- €83,050 to audit the Mediobanca Group's consolidated accounts, corresponding to 870 man hours;
- €199,630 to audit Mediobanca's statutory accounts and book-keeping in general as provided by Article 14, para. 1 of Italian Legislative Decree 39/10 corresponding to 2,130 man hours;
- €96,980 for the limited audit of the interim financial statements in order to determine the profit for the period for purposes of calculating regulatory capital, corresponding to 830 man hours;
- €32,280 for the limited audit of the consolidated interim financial statements, corresponding to 270 man hours;
- €11,900 for audits in connection with the national compensation fund, corresponding to 100 man hours;
- €10,000 in respect of the audit of the Madrid branch's accounts for local regulatory purposes, corresponding to 100 man hours;
- €6,160 for audits in connection with signing off tax declarations, corresponding to 100 man hours,

duly noting that such fees are net of ISTAT increases for inflation, out-of-pocket expenses, VAT and regulatory contributions.

The foregoing is based on the proposal formulated by the audit company PricewaterhouseCoopers S.p.A.

All other clauses contained in the original proposal shall continue to apply".

Milan, 11 September 2015

STATUTORY AUDIT COMMITTEE

STATEMENT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

Statement on Corporate Governance and Ownership Structure
(2015)

This statement has been prepared in accordance with the provisions of Article 123-bis of Italian legislative decree 58/98 and the code of conduct for listed companies operated by Borsa Italiana (most recent update July 2014 and available at www.borsaitaliana.it), to which Mediobanca adheres, on the terms set forth below.

The statement is also intended to meet the public disclosure requirements for banks instituted by the Bank of Italy's supervisory instructions on the issue of corporate governance.

Mediobanca adopts a traditional model of corporate governance based on the presence of Board of Directors and a Statutory Audit Committee, both of which are appointed by shareholders in general meeting, considering this model to be better suited to combining maximum efficiency in terms of operations with effective control, at the same time satisfying shareholders' interests and leveraging fully on the Bank's management. In particular, the Articles of Association now in force provide for a significant number of executives (five) to be represented on the Banking Group's Board of Directors, in a system of corporate governance based on wide-ranging powers being granted to the Executive Committee (made up of a majority of executive members) and the Chief Executive Officer for the day-to-day running of the company. This allows the management's professional capabilities to be leveraged, and ensures their independence with respect to situations of potential conflicts of interest vis-à-vis shareholders. At the same time, under the provisions of the Articles, the Board of Directors is vested with the role of strategic supervision in the form of the traditional, non-delegable powers under primary regulations (approval of draft financial statements, rights issues pursuant to Article 2443 of the Italian Civil Code, etc.) and secondary regulations (decisions concerning strategic direction and business and financial plans, acquisition and disposal of significant equity investments, appointments to the post of General Manager and the control units).

The Statutory Audit Committee is responsible for supervising control activities.

Mediobanca is fully aware that an efficient corporate governance system is a key factor in pursuing its objectives, and for this reason devotes careful attention to its governance structures to ensure these are aligned not only with changes in the regulatory framework but also the best national and international practice.

Parent company

Mediobanca was set up in 1946 and has been listed on the Italian stock market since 1956. Its core businesses are lending and investment banking, helping its clients (which include leading Italian corporates as well as numerous medium-sized businesses and international groups) to grow by providing them with professional advisory services in addition to traditional medium-term bank credit. In the meantime a footprint has developed on non-Italian markets, with branch offices opening in Paris, Frankfurt, Madrid, and London and subsidiaries in New York, Luxembourg, Istanbul and Mexico City.

As a listed company, Mediobanca is a bank of large size with complex operations, and for this reason is subject to prudential supervision by the ECB given its status as a significant bank. Following analysis of the governance system launched in the light of the new supervisory instructions for banks on the issue of corporate governance referred to above, Mediobanca intends to submit certain changes to the approval of shareholders at the annual general meeting called to adopt the financial statements for the year ended 30 June 2015. While confirming the Bank's traditional governance model, the changes are intended in particular to:

1) provide clear definition of the role of the Chairman;
2) allow for consistent definition of the Board of Directors' role as body of strategic supervision, including:
   - a number of directors to be comprised between nine and fifteen;
   - three members to be chosen from among the Group's senior management;
   - two directors, rather than one, to be appointed from a single minority list;
3) provide a new definition of independence;
4) provide for the Board of Directors to be entitled, rather than obliged as is presently the case, to establish an Executive Committee, chaired by the Chief Executive Officer, in view of the complexity of the Banking Group's operations and the variety and number of business areas covered;
5) submit the definition of the Chief Executive Officer's powers and responsibilities entirely to the discretion of the Board of Directors, as is the case with the powers conferred on the Executive Committee (if any).

The changes described under points 2 and 3 above would become effective from the next occasion that the governing bodies are reappointed, that is, the annual general meeting called to adopt the financial statements for the year ending 30 June 2017. For further details please see the individual reports contained in the annual report being submitted to the approval of shareholders in annual general meeting.

Mediobanca Group

Mediobanca is the parent company of the Mediobanca Banking Group, which has operations in consumer credit (through the Compass group), retail banking (through CheBanca!), leasing (through the SelmaBipiemme group), and private banking (through Compagnie Monégasque de Banque, Spafid and investee company Banca Esperia).

The Board of Directors of Mediobanca has approved a set of Group Regulations covering the activities of management, governance and control of the companies forming part of the Banking Group, activities which are performed by the parent company. In particular the Regulations define the Group's organizational architecture, the co-ordination mechanisms and governance instruments, and the areas of competence and responsibility of the parent company's central functions.

In the exercise of its management, governance and control activities, Mediobanca seeks to promote value creation for both the individual Group companies and the Group as a whole, directing its policies for growth and management according to objectives of operating efficiency and profitability which is sustainable over time. The Group companies' management contributes to achieving the Group's objectives. The governance rules contained in the Regulations are intended to guarantee the unity of the Group as a whole.

The Regulations have also been approved by the Boards of Directors of the respective Group companies.

Mediobanca fulfils its activities of direction and co-ordination by governing the process of planning at Group level, issuing Group-wide directives, providing centralized risk management, and issuing guidance on how to implement instructions received from the Bank of Italy.

Share capital and ownership

The Bank's share capital at 30 June 2015 totalled €433,583,880.50 made up of 867,167,761 par value €0.50 shares. The shares are registered shares, and entitle shareholders to one vote per share in general meeting.

Pursuant to Article 2443 of the Italian Civil Code, the Board of Directors was authorized by shareholders in a general meeting held on 28 October 2011 to increase the Bank's share capital by means of rights or bonus issues, on or prior to the fifth anniversary of the date of the relevant resolution, in an amount of up to €100m via the issuance of 200 million new ordinary shares, to be offered in option or otherwise allotted to shareholders, and to establish the issue price and ranking of such new shares from time to time; and to issue bonds convertible into ordinary shares in a nominal amount of up to €2bn also to be offered to shareholders; provided that exercise of such resolution should not lead to the issue of a total number of ordinary shares in excess of 200 million.

At an annual general meeting held on 27 October 2012, the shareholders of Mediobanca adopted a resolution empowering the Board of Directors, under Article 2443 of the Italian Civil Code, to increase the company's share capital, in one or more tranches, on or prior to the fifth anniversary of the date of said resolution in a nominal amount of up to €40m, including via warrants, through the issue of up to 80 million par value €0.50 ordinary shares, set aside for subscription by Italian and non-Italian professional investors with option rights excluded, under and pursuant to the provisions of 2441, paragraph four, second sentence of the Italian Civil Code, in accordance with the procedure and conditions set forth therein.

Following a resolution adopted in a general meeting held on 27 October 2007, Mediobanca bought back a total of 16,200,000 shares which were booked at an average price of €13.17 per share, for a total outlay of €213.4m. In September 2009, as the result of a bonus issue, the number of treasury shares increased to 17,010,000. Until 30 June 2015, some 1,208,037 treasury shares had been allocated to implement the performance share scheme, account of which will be given in the report on remuneration; a total of 15,801,963 treasury shares remains outstanding.

Since 1998 shareholders in general meeting have adopted resolutions to increase the company's share capital under the terms of stock option schemes restricted to company chief executives and to Mediobanca Group management (cf. Article 4, paras 5 and 6 of the company's Articles of Association). The stock option scheme approved by shareholders in general meeting and subsequently amended as a result of the Bank of Italy's instructions issued in March 2011 and renamed the performance stock option scheme has been published on the Bank's website at www.mediobanca.com.

At a general meeting held on 28 October 2010, the shareholders of Mediobanca authorized the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the company's share capital free of charge in a nominal amount of up to €10m, as permitted under Article 2349 of the Italian Civil Code, through the issue of no more than 20 million ordinary par value €0.50 shares, ranking for dividends pari passu, to be reserved to Mediobanca Group employees through the award of performance shares as well as up to 15,801,963 treasury shares owned by the Bank. The performance share scheme approved by shareholders in general meeting, as subsequently amended in line with the Bank of Italy's instructions issued in March 2011, and the various press releases regarding the existing schemes and awards made, are published on the Bank's website at www.mediobanca.com.

Under these powers, at a Board meeting held on 25 November 2014, the directors adopted a resolution to increase the company's share capital free of charge in a nominal amount of up to €1,016,774.50, by transferring a corresponding amount taken from the statutory reserve, with the issue of 2,033,549 ordinary par value €0.50 shares ranking for dividends *pari passu*.

As at 1 July 2015 a total of 10,051,124 performance shares were available for award.

According to the company's register of shareholders, as amended in the light of statements received pursuant to Article 120 of the Italian consolidated finance act, as at 30 June 2015 the following shareholders own more than 2% of the subscribed and paid up share capital of Mediobanca, either in their own right or through subsidiaries:

Shareholder	No. of shares	% of share capital
UniCredit group	74,573,472	8.60
Bolloré group	68,887,075	7.94
Mediolanum group	29,795,110	3.45
Fondazione Ca.Ris.Bo	24,418,135	2.82
Benetton group	18,625,029	2.15
Fininvest group	17,713,785	2.04

Mediobanca has approximately 60,000 shareholders. Shareholders representing some 31.83% of the Bank's share capital as at 30 June 2015 have entered into a shareholders' agreement expiring on 31 December 2015. The agreement is filed with the Milan companies' register, and an excerpt from it may be found on the Bank's institutional website (www.mediobanca.it/CorporateGovernance).

Governing bodies

- Shareholders in general meeting
- Board of Directors
- Chairman of Board of Directors
- Executive Committee
- Chief Executive Officer
- General Manager
- Head of Company Financial Reporting
- Statutory Audit Committee

General meetings

The general meeting gives expression to the wishes of the body of the company's shareholders, and decisions taken in such meetings, which are adopted in conformity with the provisions of both the law and the company's Articles of Association, are binding on all shareholders.

Issues which fall within the jurisdiction of shareholders in general meeting include the following:

- approval of financial statements and allocation of profits;
- appointment and/or dismissal of the Board of Directors and Statutory Audit Committee;
- responsibilities of members of the Board of Directors and Statutory Audit Committee;
- engagement of, and termination of agreements with, external legal auditors;
- transactions required by law to be approved by shareholders in extraordinary general meeting;

– remuneration policies and compensation schemes based on financial instruments adopted for directors, Group employees and collaborators.

Mediobanca intends to propose certain changes to its Articles of Association for approval by shareholders at the annual general meeting called to approve the financial statements for the financial year ended 30 June 2015, including the provision for shareholders in general meeting to: i) approve the criteria for determining the compensation to be agreed in the event of early termination of the employment relationship or term of office; and ii) decide on the variable remuneration of Group staff and collaborators up to a cap of 200% their fixed salaries.

The right to attend and vote at General Meetings is governed by the Articles of Association (Section III, Articles 5ff), which stipulate that shareholders for which the issuer has received, by the end of the third business day prior to the date set for such meeting, notification from an authorized intermediary based on the evidence at the end of the accounting day of the seventh business day prior to the date set for the meeting in the first or only instance. Authorization to take part and vote in cases where the notice is received by the issuer after this deadline may still be granted, provided such notice is received before proceedings at the specific session of the meeting commence.

Persons authorized to take part and vote may choose to be represented in the general meeting under a proxy issued in writing or electronically where this is permitted by the regulations in force and in accordance with them, without prejudice to grounds of incompatibility and within the limits provided by law. Proxies may also be issued free of charge, along with instructions on how to vote on all or some of the items on the agenda, to a representative appointed to such end by Mediobanca under Article 135-undecies of Italian legislative decree 58/98.

The Bank has not adopted a specific set of regulations for holding general meetings, as its Articles of Association ensure that proceedings are conducted in an orderly manner, providing for the Chairman of the meeting, who under the Articles is the Chairman of the Board of Directors, has the duty of establishing that a quorum has been reached, ascertaining the identity of those in attendance, and assessing their entitlement to be so present, chairing and conducting the proceedings, and checking and announcing the results of any votes taken.

As provided under Article 127-ter of the Italian consolidated finance act, shareholders may table questions on items on the agenda even prior to the meeting itself. Questions received prior to the meeting will be answered during the meeting itself at the latest, including by means of a single answer if other questions with substantially the same content have been received.

The Board of Directors reports to shareholders in general meetings on the activity performed in its review of operations, and prepares the reports on the various items of agenda within the timeframe set by the regulations in force.

Board of Directors: composition and role

The Board of Directors consists of between fifteen and twenty-three members, with one place reserved for minority shareholders. Of the Directors thus appointed, five are managers with at least three years' experience of working for the Mediobanca Banking Group, three qualify as independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98, and one-third, who may coincide with the three qualifying as independent referred to above, qualify as independent based on the Code of conduct for listed companies. No person may be appointed director if they are aged seventy-five or over.

In order to incorporate the changes introduced by Italian law 120/11 which supplements Articles 147-ter and 148 of the Italian consolidated finance act (Italian legislative decree. 58/98) on the matter of gender representation in the composition of the Board of Directors, at an annual general meeting held on 27 October 2012 the shareholders of Mediobanca introduced provisions to the company's Articles of Association regarding the composition of the governing bodies, to ensure that the least represented gender accounts for at least one-fifth (in the current term of office) or one-third (of future terms of office) of the total number of directors. Currently at least one-fifth of the total number of directors must be made up by the least-represented gender.

The Board of Directors of Mediobanca was appointed by shareholders in a general meeting held 28 October 2014 for the 2015-17 three-year period. In accordance with the Articles of Association, Directors are appointed on the basis of lists of candidates who are in possession of the requisite professional credentials, qualify as fit and proper persons to hold such office and as independent in accordance with the law and the company's Articles of Association. Such lists are submitted by shareholders representing in the aggregate at least the percentage of the company's share capital established under regulations in force at the time (currently 1%).

In submitting their lists of candidates, the shareholders have taken account of the guidance issued by the Board of Directors in its "Report on the qualitative-quantitative composition of the Board of Directors" dated 4 July 2014 to the effect that such candidates should possess the appropriate expertise or experience in one or other of the following areas:

– banking sector, valuation methodologies and management of risks relating to exercise of banking operations;
– experience of business management or organization;
– capability to analyse and interpret balance-sheet data for financial institutions and their counterparties;
– expertise in corporate affairs (audit, compliance, legal, corporate);
– knowledge of banking and financial regulation;
– international experience or knowledge of non-domestic markets;
– understanding of global trends in the economic system;
– expertise in the area of corporate governance.

Please see Article 15 of the Articles of Association for the procedures relating to the appointment and dismissal of Directors, which may be found on the Bank's website at www.mediobanca.it/Corporate Governance.

The Board of Directors appointed on 28 October 2014 for the 2015, 2016 and 2017 financial years consists of 18 members, 10 of whom qualify as independent pursuant to Article 148, para. 3 of Italian Legislative Decree 58/98, and 8 of whom also qualify as independent pursuant to the Code of Conduct. Its composition reflects the legal requirements in terms of gender balance:

Member	Post held	Date of birth	Indep.*	Indep.**	Management	In office since ***
Renato Pagliaro •	Chairman	20/02/1957			X	02/07/07
Maurizia Angelo Comneno •	Deputy Chairman	18/06/1948	X	X		28/10/14
Marco Tronchetti Provera •	Deputy Chairman	18/01/1948		X		23/05/07
Alberto Nagel •	CEO	07/06/1965			X	02/07/07
Francesco Saverio Vinci •	General Manager	10/11/1962			X	02/07/07
Tarak Ben Ammar •	Director	12/06/1949	X	X		15/09/03
Gilberto Benetton •	Director	19/06/1941				28/10/02
Mauro Bini #	Director	20/10/1957	X	X		28/10/14
Marie Bolloré •	Director	08/05/1988		X		28/10/14
Maurizio Carfagna •	Director	13/11/1947	X			28/10/14
Angelo Casò •	Director	11/08/1940	X	X		27/06/07
Maurizio Costa •	Director	29/10/1948	X	X		28/10/14
Alessandro Decio •	Director	10/01/1966		X		27/06/12
Vanessa Labérenne •	Director	08/01/1978	X	X		09/05/12
Elisabetta Magistretti •	Director	21/07/1947	X	X		28/10/11
Alberto Pecci •	Director	18/09/1943				27/10/12
Gian Luca Sichel •	Director	19/06/1968			X	28/10/14
Alexandra Young •	Director	14/02/1968			X	28/10/14

* Independent as required in Code of conduct for listed companies.
** Independent as required by Article 148, para. 3 of Italian Legislative Decree 58/98.
*** Period also comprises post held in governing bodies under dualistic governance system adopted by Mediobanca from 27/6/07 to 28/10/08.
• Taken from the list submitted by shareholder Unicredit S.p.A., owner of 8.655% of the company's share capital.
Taken from the list submitted by a group of investors holding 1.699% of the share capital.

A breakdown of the Board of Directors by years of seniority is shown below.

0-2 years	**2-4 years**	**6 years**
39%	22%	39%

The shareholders who submitted the minority list have issued a statement to the effect that no links exist, as defined in Article 144-quinquies of Consob regulation 11971/99, with shareholders owning, including jointly between themselves, a controlling or majority shareholding in Mediobanca.

The Board includes prominent figures from the banking and industrial sectors, which ensures an appropriate degree of professionalism as required by the complexity of the Bank's operations, and given the Board's role in strategic supervision. The composition of the Board of Directors illustrated below reflects the appropriate combination of capabilities and professional expertise, in line with the recommendations made in the "Report on the qualitative-quantitative composition of the Board of Directors".

The Board of Directors is comprised of thirteen men (72%) and five women (28%); a breakdown of the Board members by age bracket is shown below:

<40	**41/45**	**46/50**	**51/55**	**56/60**	**61/65**	**66/70**	**71/75**
2	0	4	1	2	0	6	3

All the Directors have made statements to the effect that no cause exists for them to be disqualified from office under legislation currently in force on the grounds of their being incompatible (including those provided by Article 36 of Italian decree law 201/11 in respect of interlocking directorates), ineligible or otherwise having lapsed from office, and further statements to the effect that they are fit and proper persons in possession of the requisite qualifications to hold such office and that they qualify as independent where this is required by legislation currently in force and in particular Article 148, paragraph three of the Italian consolidated finance act, which the Board has duly noted. The Articles of Association do not provide for any further requirements in terms of professional qualifications than those stipulated by Article 26 of the Italian Consolidated Banking Act.

Following the appointment process, the Board of Directors, with the support of the Appointments Committee, ascertained that the qualitative and quantitative composition of the Board actually appointed was consistent with that considered to be optimal.

The independence of each Director is assessed annually on the basis of information provided by him/her, and any relations which might compromise, or appear to compromise, the Director's independence of judgement are assessed accordingly.

The Board of Mediobanca has ascertained that the following directors qualify as independent under the terms of the Code of conduct in respect of listed companies: Maurizia Angelo Comneno, Tarak Ben Ammar, Mauro Bini, Angelo Casò, Maurizio Costa, Vanessa Labérenne and Elisabetta Magistretti (on 28 October 2014); and Maurizio Carfagna (on 25 November 2014).

With reference to the fact that some independent directors are members of the Executive Committee, under the governance model adopted by the Bank members of the Executive Committee do not become "executive" as defined by the Code of Conduct merely by fact of their belonging to this body, as a result in particular of its composition, given that the Executive Committee includes the Chairman plus four members of the Bank's senior management, including the Chief Executive Officer and General Manager, who are responsible for the day-to-day running of the Bank. The Chairman and the other non-management members of the Committee do not have individual powers of management, and the governance model also features managerial committees with broad powers in respect of the Bank's ordinary operations.

The supervisory instructions for banks in the area of corporate governance, which – by contrast – define all members of the Executive Committee as executive, do not affect the Directors' independence, which is currently assessed with respect to the guidelines and definitions contained in the Code of conduct. The Bank will take the new arrangements into account in its formulation of a single definition of "independence", to be submitted, along with the other amendments to the Articles of Association, to shareholders at the annual general meeting called to take place on 28 October 2015 to adopt the financial statements for the year ended 30 June. In line with the supervisory instructions referred to above, directors who are members of the Executive Committee shall not be included in the other committees instituted by the Board, the Remunerations and Control and Risks Committees.

The Statutory Audit Committee then checked that the criteria and procedures adopted by the Board of Directors had been applied correctly with respect to the ascertaining of its members' independence. The Committee's activities were principally aimed at ensuring that the Board expressed its opinion on the basis of adequate information and material, that the proper procedural process was followed for decisions made by the Board, and that the criteria stipulated by the regulations (the Code of conduct and Article 148 of the Italian consolidated finance act) regarding the requirements for independence were correctly applied.

The independent Directors meet at least twice a year on their own without the other Directors present.

The documentation submitted by the Directors in conjunction with the lists for appointment to the Board of Directors are available on the Bank's website at www.mediobanca.it/Corporate Governance.

Article 36 of Italian decree law 201/11 has instituted a ban on representatives of banks, insurance companies and financial institutions from holding equivalent positions in companies which operate in the same sectors. The Board assesses the position of individual directors annually, as these may change on the basis of changes in the activities or size of the other companies in which they hold posts. To this end, each director is bound to inform the Board of any changes in the positions which he/she might have taken on in the course of his/her term of office.

Under the Articles of Association currently in force, the Board of Directors delegates management of the Bank's current operations to the Executive Committee and the Chief Executive Officer who exercise such powers in accordance with the strategic guidelines and direction formulated by the Board itself. The following matters, however, are the sole jurisdiction of the Board of Directors:

1) approval of strategic guidelines and directions, business and financial plans, budgets, and risk management and internal control policies;
2) approval of quarterly and interim accounts and of draft individual and consolidated financial statements;
3) decisions concerning the acquisition or disposal of equity investments which alter the composition of the Banking Group for amounts of over €500m or otherwise of investments worth in excess of €750m;
4) trading involving equity investments in excess of 15% of the holdings owned at the start of each financial year in Assicurazioni Generali S.p.A., RCS MediaGroup S.p.A. and Telco S.p.A.;
5) appointment and dismissal of the Executive Committee with the powers provided for in the Articles of Association, and establishment of any additional powers to be vested in it;
6) appointment and dismissal of the Chief Executive Officer with the powers described in the Articles of Association, and establishment of any additional powers to be vested in him as well as his remuneration;
7) appointment and dismissal of the General Manager and establishment of any additional powers to be vested in him as well as his remuneration;
8) appointment of the Head of Company Financial Reporting and of persons responsible for internal audit and compliance duties;
9) proposals to be submitted to shareholders in ordinary and extraordinary general meetings;
10) approval of or amendment to an internal regulations;
11) ascertaining that Directors and members of the Statutory Audit Committee upon their appointment, or without prejudice to the foregoing on at least an annual basis, are in possession of the requisite professional credentials and qualify as fit and proper persons and as independent as required by regulations in force and the Articles of Association.

Under the regulations currently in force, the following matters are also under the sole jurisdiction of the Board of Directors:

1) adoption of succession planning for executive directors;

2) approval of "most significant" transactions involving related parties.

The delegated bodies report once a quarter to the Board of Directors on the Bank's general performance, outlook, and the most significant transactions in terms of size or characteristics that have been executed either by Mediobanca itself or by Mediobanca Group companies.

The Board normally adopts resolutions on proposals from the Executive Committee or Chief Executive Officer, with a majority of those in attendance voting in favour, while a majority of all Directors in office is required for resolutions on appointments to the Executive Committee or to the posts of Chief Executive Officer or General Manager. The same majority is required where the Board is to take resolutions in respect of transactions which fall within the jurisdiction of the appointed governing bodies.

Meetings of the Board of Directors are called by the Chairman or Acting Chairman, on his own initiative or when requisitioned by at least three Directors. As a rule, the Board of Directors meets at least five times a year, and a quorum is established when a majority of the Directors in office is in attendance. Board meetings may also be called by the Statutory Audit Committee or one of its members, provided the Chairman has been notified to such effect in advance.

The Chairman is responsible for ensuring that the directors receive adequate information on the various items on the agenda in good time for the meeting, and ensures that sufficient room is given for discussing the individual items. The Chairman regularly invites Board members to indicate issues of interest to them which require further analysis or explanation. The secretary to the Board is available to arrange training sessions or further analysis for the individual directors.

Non-Board members who are responsible for individual company units also take part in Board meetings on occasion, to provide the appropriate depth of information on the various items included on the agenda.

A total of twelve meetings took place in the period from 1 July 2014 to 30 June 2015, four of which in the period from 1 July – 27 October 2014, and eight since 28 October 2014, the date on which the current Board of Directors was appointed.

The average duration of Board meetings was two hours and forty-five minutes.

Twice a year the Board of Directors also assesses the adequacy of the Bank's administrative and accounting structure, with particular attention paid to the internal control system and risk management based on the enquiries made by the Control and risks committee and the report presented by the Head of company financial reporting on the adequacy and application of administrative and accounting procedures required by Italian law 262/05.

The Board of Directors continuously appraises the adequacy of the company's organizational structure on the basis of the information it receives from the management.

During the year induction sessions were arranged for directors and statutory auditors outside the Board meetings themselves, on issues such as governance, risk management, capital and liquidity requirements and remuneration systems.

Self assessment of Board of Directors

The Board has approved internal regulations in the area of self-assessment to govern the various phases into which the process is structured, identifying the means and instruments by which it is implemented. Such formalization enables a standardized process to be developed over the years meaning that results can also be compared more easily.

The process of self assessment of the size, composition and functioning of the Board of Directors and its committees required *inter alia* by the supervisory instructions for banks in the area of corporate governance was conducted in the months of May and June 2015, with the assistance of an external specialist advisor.

The process was structured in three different phases:

– obtaining indications from each director, following the outline of a questionnaire with standard contents for all recipients;
– analysis by the Appointments Committee of aggregated data collected;
– approval by the Board of Directors of the summary report including the key outcomes, subject to a prior favourable opinion being expressed by the Appointments Committee.

The self assessment process, in which seventeen of the directors participated and also, in line with the supervisory instructions for banks, the three standing auditors plus four members of the Bank's management external to the Board, revealed a positive situation which confirms the effectiveness of the work carried out by the Board.

In particular it emerged that the strategic direction of the Group remains clear, and that the climate within the Board itself is satisfactory, as are the flow of information, the way in which the proceedings are chaired and the items discussed on the agendas that are set. The means by which the Chairman informs, directs and stimulates the discussions at Board meetings were felt to be effective. It was also felt that the relationship between the independent and non-independent directors is appropriate, and the possibility of appointing a Lead Independent Director was being looked into. The Board also proved to be satisfied with: the systems adopted for managing the risks facing the company and the related controls, the mix of experience represented, and its functioning with reference to the inclusion of strategy-related items on the agenda and to the level of internal debate.

The Executive, Control and risks, Appointments and Remunerations committees were felt to be excellent in terms of role, functioning, composition and size, while it is hoped that the Control and risks committee will be expanded.

Succession planning

Mediobanca has formalized its "Succession planning policy" for the positions of the executive directors and key managers (business areas, control units, and staff and support roles) was updated in the course of the 2014-15 financial year.

It also reflects the regulatory authority's specific instructions on the heads of the control units.

At Group level 21 key positions have been identified, which include the executive directors, for which positions internal staff have been earmarked as able to ensure they are replaced smoothly, without, however, ceasing to monitor the market constantly. The skills and capabilities which candidates for the various leadership profiles must possess have also been defined and formalized. The types of role identified, in addition to the Chief Executive Officer and the General Manager, are the other executive directors responsible for business areas, the other heads of the parent company's main areas of operation (Corporate and Investment Banking, Principal Investing, and Finance) and the principal Group companies (Compass, CheBanca! and CMB), and the heads of the control, staff and support units.

The Chief Executive Officer and General Manager, with the help of Human Resources, annually select the staff who will make up the senior talent pool, currently consisting of 23 staff, to ensure key positions can be replaced in the short and medium term. Career development paths are identified for these staff members, including in terms of involvement in specific strategic projects, exposure to Board/committee meetings, and international and intra-group rotation. As far as regards coverage of the role of Chief Executive Officer, particular attention is paid to individuals who play senior and/or key roles in Mediobanca. Selection is based on an assessment of professional and technical characteristics, as shown by the candidates' CVs and track record in Mediobanca, performance over time, and possession and development of key leadership capabilities.

The results of this process are presented to the Appointments committee and to the Board of Directors.

With reference to the succession of directors, in line with the best international practice the Board of Directors intends to following the recommendations made in the "Report on the qualitative-quantitative composition of the Board of Directors" dated 4 July 2014" for cases in which a new director has to be co-opted to replace a Board member leaving office.

In particular the Board will take steps primarily in order to identify a candidate who possesses the same characteristics as the director who has left office (in terms of gender, independence, international experience and specialization), and where this is not possible, a candidate who in any case possesses the characteristics identified in the "Report on the qualitative-quantitative composition of the Board of Directors".

If the director leaving office was appointed by the minority shareholders, their replacement will be also be chosen, wherever possible, from the candidates included in the same list or based on the recommendation of the shareholder which submitted the list.

The regulations in force at the time in respect of the balance of directors in terms of gender and independence will of course be observed.

As for the limitations on the number of posts which representatives of banks may hold under the new CRD IV directive, the relevant decree law has still to be enacted by the Italian ministry for the economy and finance which, after consulting with the Bank of Italy, will set the limits pursuant to Article 26 of the Italian banking act, as amended by Italian legislative decree 72/15. These provisions will apply to appoints subsequent to its coming into force as provided by Article 2 of Italian legislative decree 72/15.

Directors' and strategic management's remuneration

The executive directors' remuneration is structured in such a way as to ensure their interests are aligned with the main objective of value creation for shareholders over the medium and long term, within a framework of regulations directed towards achieving proper management of the current and future risks facing the company, and maintaining appropriate liquidity and capitalization levels. The compensation package is structured into three components so that the economic benefits accruing to executive Directors are diversified over time:

- fixed salary;
- a variable annual component which accrues only if the gateways established in the Remuneration policies approved by shareholders in general meeting are met. The amount of the individual bonuses will depend on certain specific quantitative and qualitative performance criteria being met, which are assigned annually by the relevant governing bodies. Achievement of these objectives results in variable remuneration being paid which varies from 50% (or a lower percentage) of annual gross salary when minimum targets (usually those set by the budget) are reached to up to of 200% for particularly outstanding performances (indicatively between 115% and 150% of the minimum). Payment of the bonus is made in accordance with the terms, conditions and methods stipulated in the Remuneration policies;
- when the Group's long-term plans are approved, the Board of Directors may establish a further extraordinary bonus by way of a long-term incentive, as recognition for achievement of the targets set in the plan. Payment of the bonus is made in accordance with the terms, conditions and methods stipulated in the Remuneration policies.

The Chairman is entitled to fixed remuneration only.

Directors who are also members of the Group's senior management receive a fee for their position as directors, but do not receive any remuneration in respect of their participation in committees, and in cases where such directors hold posts on Mediobanca's behalf in Group or investee companies, any emoluments due are paid to Mediobanca itself as the persons concerned are members of the Bank's staff.

Non-executive Directors' remuneration is set by shareholders in annual general meeting, and does not include incentives linked to the Bank's performance.

The general policy in respect of the remuneration of directors and management with strategic responsibilities is illustrated in the "Remuneration policy", which at the Remuneration Committee's proposal is approved by the Board of Directors and submitted to shareholders in general meeting. The policy for the 2014-15 financial year, as approved by the shareholders, is available on the Bank's website at www.mediobanca.it/Corporate Governance.

Chairman of Board of Directors

The Chairman of the Board of Directors calls, chairs and directs proceedings at general meetings, Board and Executive Committee meetings, and ensures that all the other Directors are provided with adequate information regarding the items on the agenda. No person aged seventy or over may be elected as Chairman.

The Chairman of the Board of Directors, Renato Pagliaro, also chairs the Executive and Appointments committees.

The Chairman is responsible for ensuring that the corporate governance system runs smoothly in practice, guaranteeing due balance between the powers of the Chief Executive Officer and the other executive Directors; he is the counterparty for dialogue with the internal control bodies and internal committees; he ensures that the self-assessment process is completed effectively, and that the corrective measures devised in order to meet any shortcomings detected are implemented in practice; he ensures that the directors are able to take part in meetings to analyse strategic issues in greater depth, with a view to providing adequate knowledge of the company itself and the regulatory framework. In addition to the duties provided for under Article 15 of the Bank's Articles of Association, the Board has also assigned responsibility to the Chairman for overseeing internal audit activities.

The Board of Directors has not tasked the Chairman with specific duties or vested him with special powers; his participation in Board meetings reflects the provisions contained in the Articles of Association.

In addition to the duties associated with his role, the Chairman of Mediobanca, as a member of its senior management, also participates in internal committee meetings without having voting rights.

Committees

In accordance with the recommendations made in the Code of conduct and the Bank of Italy's corporate governance instructions, the Board of Directors has established three committees:

Control and risks committee

Control and risks committee	Auditor ◊	Independent (Code) *	Independent (Finance Act) **
Elisabetta Magistretti (C)	X	X	X
Mauro Bini		X	X
Vanessa Labérenne		X	X

◊ Registered auditor.

* Independent as defined in Code of conduct for listed companies.

** Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

The Committee is currently made up of three non-executive Directors who qualify as independent as defined by the Code of Conduct for Listed Companies, which has duties of consultation and enquiry in particular with respect to the Bank's system of internal control and risk management, and the structure of its accounting reporting organization. A breakdown of the committee members by age is shown below:

<40	41/45	46/50	51/55	56/60	61/65	66/70	71/75
1	0	0	0	1	0	1	0

In particular, the committee:

– performs duties of monitoring, instruction and support to the Board of Directors in respect of:

  • defining the guidelines for the internal control and risk management system, to ensure that the principal risks facing the Bank and its Group companies are properly identified and adequately measured, managed and monitored;

  • reviewing, at least once a year, the adequacy of the internal control and risk management system vis-à-vis the Bank's characteristics and the risk profile assumed;

– expresses non-binding opinions on the appointment and dismissal of the heads of the internal control units (Group Audit, Compliance and Risk Management), their salaries and powers, and the means guaranteed for them to exercise their functions;

– examines the regular reports and work plans of the Group Audit, Compliance and Risk Management units, and supervising the internal auditing system;

– reporting to the Board, at least once every six months, on the activities performed and the adequacy of the internal control and risk management system;

– reviews plans for calculating the adequacy of the Bank's aggregate capital, current and estimated, at the consolidated level in view of the large risks to which the Bank and Group are exposed (ICAAP) reporting back to the Board on this issue;

– monitors the thoroughness, adequacy, functioning and reliability of the Risk Appetite Framework;

– checks that the Bank's remuneration and incentivization system is consistent with the Risk Appetite Framework.

With reference to the structure of the Bank's IT and financial reporting organization, the Control and risks committee assesses the compliance of decisions taken by the Head of Company Financial Reporting, the external auditors and the Board of Directors in respect of the correct application of accounting standards with primary and secondary regulations, their consistency for purposes of drawing up individual and consolidated financial statements, and generally serves in an advisory capacity to assist the Board of Directors in taking the decisions for which it has responsibility on matters of financial documents.

The Statutory Audit Committee takes part in Committee meetings, and the Chief Executive Officer and General Manager are also invited to take part as guests. The head of company financial reporting, the heads of the control units and other management necessary for indepth discussion of items on the agenda also participate.

The Control and Risks Committee presently also acts as the Related Parties Committee instituted pursuant to the procedure for transactions with related parties approved on 20 June 2012 and most recently revised on 7 May 2015 (www.mediobanca.com/Corporate Governance), with the following duties:

– expressing opinions in advance on the adoption and possible amendments to the procedure;

– participating in negotiating and processing the most significant transactions with related parties, by receiving thorough and prompt reporting on them with the right to request further information and make comments;

– expressing reasoned opinions (binding only in respect of the largest transactions) on the Bank's interest in executing the transaction with related parties and the convenience and substantial correctness of the financial terms, including with the help of independent experts.

The Committee met on a total of fourteen occasions in the period from 1 July 2014 to 30 June 2015 and on fifteen occasions as the Related parties committee.

The average duration of Committee meetings was roughly two hours and thirty minutes.

Remunerations committee

Remunerations committee	Independent (Code) *	Independent (Finance Act) **
Vanessa Labérenne (C)	X	X
Maurizio Carfagna	X	
Maurizio Costa	X	X
Elisabetta Magistretti	X	X
Alberto Pecci		

* Independent as defined in Code of conduct for listed companies.

** Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

The Committee is made up five non-executive members, the majority of whom qualify as independent under the terms of the Code of conduct for listed companies. The Committee has duties of consultation and enquiry to determine the remuneration of Directors vested with particular duties and the General Manager, as well as on the proposals formulated by the Chief Executive Officer regarding the guidelines for the remuneration system for senior management and Group staff remuneration, loyalty retention and incentivization schemes. A breakdown of the committee members by age is shown below:

<40	41/45	46/50	51/55	56/60	61/65	66/70	71/75
1	0	0	0	0	0	3	1

In particular the Committee:

– regularly asses the adequacy, overall consistency and practical application of the remuneration policy for directors and relevant staff;

– formulates proposals and/or opinions regarding the remuneration of directors who are members of the Group's senior management and relevant staff, and verifies the achievement of their performance;

– monitors application of the rules on the remuneration of the heads of the company's control units;

– proposes the allocation of the fixed emolument approved by the shareholders in general meeting among the various directors, and gives its opinion on the Remuneration policies to be submitted to the approval of the Board of Directors and shareholders in general meeting.

The Chairman of the Board of Directors, the Statutory Audit Committee, the Chief Risk Officer and Head of Human Resources take part in Committee meetings, along with the Chief Executive Officer and the General Manager (the last two in an advisory capacity).

The Committee met eight times in the period from 1 July 2014 to 30 June 2015, to review changes in the regulatory framework and formulate proposals to the Board of Directors in respect of the staff remuneration policies. For further information on the issue of remuneration, please see the Report on remuneration available on the Bank's website under www.mediobanca.it/Corporate Governance.

The average duration of Committee meetings was roughly one hour and fifty minutes.

Appointments committee

Appointments committee	Independent (Code) *	Independent (Finance Act) **
Renato Pagliaro (C)		
Alberto Nagel (CEO)		
Francesco Saverio Vinci (GM)		
Vanessa Labérenne	X	X
Elisabetta Magistretti	X	X
Mauro Bini ◊	X	X
Maurizio Costa ◊	X	X

* Independent as defined in Code of conduct for listed companies.

** Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

◊ Independent as defined in the Articles of Association, who takes part in committee meetings for certain resolutions.

The Appointments committee is made up of five members and includes de jure the Chairman, who chairs the committee, the Chief Executive Officer and General Manager, and at least two other members appointed by the Board of Directors from among its own number who qualify as independent under the Code of conduct.

A breakdown of the committee members by age is provided below:

<40	41/45	46/50	51/55	56/60	61/65	66/70	71/75
1	0	1	1	2	0	2	0

The Appointments committee adopts resolutions based on proposals made by the Chief Executive Officer, having first sought the Chairman's opinion, regarding appointments to be made to positions in the governing bodies of the Bank's investee companies Assicurazioni Generali, RCS MediaGroup and Telco.

The Committee – with the addition in this case of two further directors qualifying as independent under the Code of conduct – also:

- has duties of enquiry in respect of proposals of submission of lists for the Board of Directors, co-opting of new directors to replace those who have left their post, and for the appointment of the Executive Committee, Chief Executive Officer and, at the CEO's proposal, the General Manager;
- performs advisory duties in respect of identifying the optimal qualitative/quantitative composition of the Board of Directors, and subsequently checks that this corresponds to the actual composition which results from the appointment process;
- has duties of enquiry with reference to the plans of succession for the directors who are members of the Bank's management.

The Committee met six times in the period from 1 July 2014 to 30 June 2015 to adopt resolutions on appointments to positions in investee companies, the Board of Directors' self-assessment process and on the plans of succession.

The average duration of committee meetings was roughly 55 minutes.

Minutes are taken of committee meetings which are kept in specific registers.

Executive committee: role and composition

The Board of Directors appoints an Executive Committee to comprise up to nine members, establishing their powers in accordance with the provisions of the Articles of Association.

The Executive Committee presently has seven members.

The Chairman of the Board of Directors and the other Directors who are members of the management of Mediobanca Group companies are members of the Executive Committee de jure. Members of the Executive Committee who are part of the Mediobanca Group's management are bound to devote themselves exclusively to the performance of activities relating to their post, and without prejudice to the provisions of the law and unless permitted otherwise by the Board of Directors, may not carry out duties of management, direction, control or of any other nature for companies or entities other than those owned by Mediobanca. The other Executive Committee members, again without prejudice to the provisions of the law and unless permitted otherwise by the Board of Directors, may not carry out duties of management, direction, control or of any other nature for other banking or insurance groups.

Directors who are also part of the Banking Group's management, and who in such capacity are called to form part of the Executive Committee, cease to be Directors upon their ceasing to be employed by the company belonging to the Banking Group.

Members of the Executive Committee shall also be disqualified from the office of Director upon the occasion of any breach on their part of the restriction on not accepting positions of administration, management, control or of any other kinds for banking groups or insurance companies. Disqualification is pronounced by the Board of Directors.

The Committee remains in office for the entire duration of the office of the Board of Directors which appointed it.

The Statutory Audit Committee takes part in Executive Committee meetings.

The Executive Committee is currently made up as follows:

Members	**Post held**	**Executive**
Renato Pagliaro	Chairman	X
Maurizia Angelo Comneno *	Deputy Chair	
Alberto Nagel	CEO	X
Francesco Saverio Vinci	General Manager	X
Angelo Casò *	Director	
Gian Luca Sichel	Director	X
Alexandra Young	Director	X

* Independent as defined in Code of conduct for listed companies and under Article 148, para. 3 of Italian legislative decree 58/98.

The Executive Committee comprises five men (71%) and two women (29%). A breakdown of the committee members by age is provided below:

<40	41/45	46/50	51/55	56/60	61/65	66/70	71/75
0	0	3	1	1	0	1	1

Pursuant to the Bank's Articles of Association, the Executive Committee is responsible for managing the ordinary activities of the bank and for co-ordinating and directing the Group companies without prejudice to those issues for which the Board of Directors has sole jurisdiction. In particular the Executive Committee is responsible, usually via the Chief Executive Officer's proposals and in conjunction with him, for the Bank's operating performance, approving resolutions, in accordance with the guidelines and general directives adopted by the Board of Directors, to grant loans and trading involving the Group's interests in Assicurazioni Generali, RCS MediaGroup and Telco as well as other shareholdings for amounts and percentage values not to exceed those for which the Board of Directors itself has jurisdiction. It also draws up internal regulations, to be submitted to the approval of the Board of Directors, and establishes the principles for co-ordination and management of the Group companies in execution of the strategic guidelines approved by the Board of Directors.

The Committee regularly assesses the general operating performance, including on the basis of information received from the Chief Executive Officer and from the internal management committees.

Resolutions are approved by the Executive Committee with the majority of its members in attendance and voting in favour.

Meetings are called on the initiative of the Chairman based on the requirements of the business, as a rule meeting once a month.

A total of eleven meetings were held in the period from 1 July 2014 to 30 June 2015.

The average duration of committee meetings was roughly one hour and twenty minutes.

Chief Executive Officer

The Board of Directors appoints a Chief Executive Officer from among the Directors who have been members of the Banking Group's management for at least three years and who is not more than sixty-five years old.

The Board of Directors establishes the powers of the Chief Executive Officer. The Chief Executive Officer in particular:

1) has executive powers, and is responsible for implementing resolutions adopted by the Board of Directors and the Executive Committee and – in accordance with the powers attributed to him – the plans and strategic directions established by the Board of Directors and Executive Committee;
2) is empowered to make proposals to the Board of Directors and Executive Committee, with reference in particular to management direction, proposed strategic plans and budgets, draft financial statements and interim accounts, and the principal internal regulations;
3) is responsible for staff management, and having sought the opinions of the General Manager, if appointed, appoints managerial staff;
4) ensures that the organizational, administrative and accounting systems of the bank are adequate for its operations and the size of the Company;
5) reports, with the General Manager, if appointed, to the Board of Directors and Executive Committee each quarter on the Bank's operating performance and prospects, and on the most significant transactions carried out by the Company and its subsidiaries.

The Chief Executive Officers is Mr Alberto Nagel.

General Manager

The Board of Directors may, at the Chief Executive Officer's proposal, appoint a General Manager from among the Directors who have members of the Banking Group's management for at least three years and who is not more than sixty-five years old.

The Board of Directors authorizes the General Manager to sign jointly or severally on behalf of the Company as laid down in the Articles of Association, and vests him with powers to carry out the day-to-day business of the company which in particular involve supervision of the other Group companies, and implement resolutions passed by the Board of Directors and Executive Committee in accordance with the directions issued by, and based on the individual remit of, the Board of Directors, Executive Committee and Chief Executive Officer. The General Manager is responsible for approving the guidelines to ensure that the risk mitigation techniques implemented are effective and that suitable training programmes are instituted to embed the requisite risk culture.

The General Manager is Mr Francesco Saverio Vinci, who heads up the Operations division and the Banking Group's principal investments; he is also responsible for the Financial Markets area which is part of the Corporate and Investment Banking division.

Head of Company financial reporting

On the proposal of the Executive Committee and having sought the opinion of the Statutory Audit Committee, the Board of Directors appoints one person to act as head of financial reporting, who shall be chosen from among the Bank's management and who has held management positions for a period of at least three years in the field of accounting administration at the Bank itself or at other leading banks. Currently the post is held by Massimo Bertolini who was appointed Head of Company Financial Reporting on 4 July 2007.

The Head of Company Financial Reporting is responsible for putting in place adequate administrative and accounting procedures for the preparation of the individual and consolidated accounts, plus all other reporting which is financial in nature. The appointed bodies and the Head of Company Financial Reporting issue the statements on the company's capital, earnings and finances required by law.

The Board of Directors has assigned a budget to this office in terms of funding and staff, and exerts supervision to ensure that the Head of Company Financial Reporting is vested with suitable powers and means to carry out the duties entrusted to him, and to ensure that the administrative and accounting procedures are complied with in practice.

At the annual general meeting held on 27 October 2012, the shareholders of Mediobanca appointed PricewaterhouseCoopers to audit the company's full-year financial statements and interim accounts, and to perform other activities provided for under Article 155 of the Italian Consolidated Finance Act for the 2013/2021 period.

Statutory audit committee

The Statutory Audit Committee consists of three standing auditors and three alternate auditors. Appointment to the Statutory Audit Committee is made on the basis of lists deposited at least twenty-five calendar days prior to the date scheduled for the general meeting to be held in the first or only instance along with professional CVs for the individual candidates and statements by them agreeing to stand as candidates and confirming that they are in possession of the qualifications required under law and the Articles of Association. The Articles in particular provide that, without prejudice to the provisions of the law, members of the Statutory Audit Committee may not hold posts in governing bodies other than those with responsibility for control of other Group companies or in companies in which Mediobanca holds, including indirectly, an investment which is deemed to be strategic under supervisory requirements laid down by the Bank of Italy, hold the post of Chief Executive Officer, manager or officer in companies or entities, or who otherwise work with the management of companies operating directly or indirectly (including through subsidiaries) in the same sectors as Mediobanca. The Articles of Association further provide that lists may only be submitted by shareholders representing in the aggregate at least the percentage of the company's share capital established under regulations in force at the date of the general meeting (currently 1%).

The mechanism for appointments provides that the Chairman of the Statutory Audit Committee shall be chosen from the minority list.

In order to incorporate the changes introduced by Italian law 120/11 which supplements Articles 147-ter and 148 of the Italian consolidated finance act (Italian legislative decree. 58/98) on the matter of gender representation, with reference to the Statutory Audit Committee, at an annual general meeting held on 27 October 2012 the shareholders of Mediobanca introduced provisions to the company's Articles of Association regarding the composition of the governing bodies, to ensure that the least represented gender accounts for at least one-fifth (in the current term of office) or one-third (of future terms of office) of the total number of standing auditors.

Its composition also ensures the gender balance stipulated in Italian law 120/11.

The Statutory Audit Committee, appointed on 28 October 2014 for the 2015, 2016 and 2017 financial years, is currently made up as follows:

Members	Position	In office since
Natale Freddi *	Chairman	28.10.2011
Laura Gualtieri ◊	Standing auditor	28.10.2014
Gabriele Villa ◊	Standing auditor	28.10.2008
Alessandro Trotter ◊	Alternate auditor	28.10.2014 **
Barbara Negri ◊	Alternate auditor	28.10.2014
Silvia Olivotto *	Alternate auditor	28.10.2014

◊ Appointed from the list submitted by shareholder UniCredit S.p.A., which holds 8.65% of the company's share capital.
* Appointed from the minority list submitted by a group of investors owning 1.699% of the share capital.

** Alternate audit until 2 July 2007; member of Management Board from 2 July 2007 to 28 October 2008; and alternate auditor as from 28 October 2014..

The members of the Statutory Audit Committee all qualify as independent under Article 148 of Italian legislative decree 58/98 and the Code of conduct in respect of listed companies.

The CVs of the Statutory Auditors deposited along with the lists for appointments to the Statutory Audit Committee may be found on the Bank's website at www.mediobanca.it/Corporate Governance.

The Statutory Audit Committee performs the duties and functions required of it under the regulations in force. In particular it:

- is responsible for monitoring compliance with the provisions of the law, regulations and the Company's memorandum of incorporation, with the principles of proper management, and in particular the adequacy of the organizational, administrative and accounting arrangements set in place by the company and their functioning in practice, as well as the effectiveness of the financial reporting process;
- monitors the thoroughness, adequacy, functioning and reliability of the internal control system and Risk Appetite Framework;
- annually reviews the plans of activity for the company's control units, along with the reports prepared by them on the work carried out;
- monitors the process of calculating the adequacy of the Bank's aggregate capital, current and estimated, at the consolidated level in view of the large risks to which the Bank and Group are exposed (ICAAP);

- assesses the proposal submitted by audit companies to act as the Bank's legal external auditors;
- reviews the working plan prepared by the external auditors to audit the Bank's accounts, and the results as described in their report and their letter containing suggestions;
- monitors the effectiveness of the external auditing process of the annual and consolidated accounts;
- monitors the independence of the external legal auditors, in particular with respect to the provision of non-auditing services;
- gives its opinion on the appointment and dismissal of the heads of the control units;
- gives its opinion on appointments to the role of Head of Company Financial Reporting;
- reports any operating irregularities or breaches of regulations noted to the supervisory authorities;
- monitors the adequacy of the procedures adopted to regulate transactions involving related parties and compliance with them;
- checks that the criteria and procedures adopted by the Board of Directors to assess the independence of its members are applied correctly;
- monitors the thoroughness, adequacy, functioning and reliability of the business continuity plan.

The statutory auditors are vested with the broadest powers provided for by legal and regulatory provisions in force.

The committee takes part in all meetings of the Board of Directors, the Executive Committee and the other committees set up by the Board for which their participation is required under the Board's regulations. In this way the Committee is kept informed of the activities carried out and the most significant transactions in earnings, financial and capital terms, executed by the Company or its subsidiaries, transactions with related parties, and transactions in which the Directors have an interest either in their own right or by means of third parties, through participating in the meetings of the Board of Directors and Executive Committee.

Information is also provided to the Statutory Audit Committee outside of meetings of the Board of Directors, the Executive Committee and the other committees, in writing, addressed to the Chairman of the Statutory Audit Committee.

The Statutory Audit Committee receives information flows organized and channelled via the company's control units, i.e. Group audit, Risk management and Compliance, deals with issues in conjunction with the Control and risks committee, and maintains regular relations, with a view to reciprocal exchanges of information, with the external legal auditors, and with other Group companies' Statutory Audit Committees.

The Statutory Audit Committee checks that the provisions regarding the external legal auditors' independence are complied with, in particular regarding the services other auditing provided to Mediobanca and the Mediobanca Group companies by it and other entities forming part of the same network.

As part of their duties, the Statutory Auditors may ask the company's control units to perform specific checks on areas of activity or the company's operations.

Any Statutory Auditor who has an interest, either in his/her own right or via third parties, in a particular transaction in which Mediobanca is involved informs the other Statutory Auditors and the Chairman of the Board of Directors promptly and exhaustively regarding the nature, terms, origin and scope of such interest.

The heads of the various areas of the company hold regular meetings with the Statutory Audit Committee to provide further analysis or training on issues that are of interest to them.

A total of thirty-two meetings of the Statutory Audit Committee were held in the last financial year, fourteen of which jointly with the Control and risks committee, and met on several occasions with representatives of the external auditors engaged to audit the company's financial statements pursuant to Italian Legislative Decree 39/10.

The average duration of committee meetings was roughly two hours and twenty minutes.

Related party transactions

At a Board meeting held on 7 May 2015, following the unanimous favourable opinion of the Control and risks committee and the Statutory Audit Committee, the Directors of Mediobanca approved a revised version of the Procedure in respect of transactions with related parties and their associates adopted in pursuance of Consob resolution 17221/10 and the Bank of Italy provisions on this subject, which set out the provisions with which the Bank must comply to ensure that transactions with related parties carried out directly or also via Group companies are executed transparently, fairly in terms of both substance and form, objectively and impartially, and also that the prudential limits on risk assets vs related parties are complied with.

The procedure uses a definition of "related party" which combines the areas of application provided under the Consob regulations and Bank of Italy instructions in respect of procedural and approval obligations. The scope of the definition of related parties to which the prudential limits set by the Bank of Italy and the transparency regulations set by Consob apply remains distinct.

The procedure is activated every time the Bank intends to implement a Transaction with a related party (as defined in Annex 1 of the regulations). It involves an initial classification between "Most significant transactions" and "Transactions of minor significance", which determines the respective responsibilities and approval procedures. The procedure does not apply to transactions which qualify as "Exemptions" (which include "Ordinary transactions of minor significance carried out on market terms" and "Transactions involving negligible amounts").

The procedure also prescribes a specific "transparency regime" which defines the reporting requirements and deadlines versus both the public and the company's governing bodies. This procedure is published on the Bank's website at www.mediobanca.it/Corporate Governance.

Internal Dealing

The Directors of Mediobanca have approved a code of conduct for reporting requirements in respect of internal dealing, i.e. dealing transactions involving equity instruments issued by Mediobanca (shares, convertible bonds, warrants, equity derivatives, etc.) carried out by persons defined as "relevant". Such relevant persons (chiefly Directors, statutory auditors and key management) have all subscribed to the code, and notify Mediobanca of each such transaction involving said equity instruments within three days of their completion. Transactions involving sums of less than €5,000 in the course of the year are not considered (the underlying amount is used in the case of linked derivative products). Mediobanca then discloses all such information to the market and Consob by the next successive day, according to the methods laid down under regulations in force. Relevant persons may not effect such transactions in the thirty days prior to the date on which the Management Board's approval of the Bank's annual and interim accounts is made public, or in the fifteen days prior to approval of the quarterly results. Disclosure is not required for exercise of stock options, provided that the disposal of shares arising from such exercise is disclosed. The code is published on the Bank's website at www.mediobanca.it/Corporate Governance.

Personal transactions

In accordance with the provisions of Article 18 of the Bank of Italy-Consob combined regulations issued on 29 October 2007, Mediobanca has adopted a procedure to ban and/or identify personal transactions made (or transactions recommended, solicited or divulged to third parties) by relevant persons which may give rise to conflicts of interest or otherwise be in breach of the regulations on insider or confidential information.

Under the procedure, relevant persons must be made aware of and comply with the restrictions and reporting requirements on personal transactions.

Organization model instituted pursuant to Italian Legislative Decree 231/01

At a Board meeting held on 27 October 2014, the Directors of Mediobanca approved the revised version of the new organizational model instituted pursuant to Italian Legislative Decree 231/01.

The organizational model consists of:

– a **general part**, comprising:
  - map of the activities at risk, with the addition or rationalization of existing measures;
  - indication of the requirements for the supervisory body and its members;
  - revised references to organizational procedures, "ordini di servizio" and/or internal regulations;

- new staff remuneration and incentivization system;
- indication of information flows and reports addressed to the supervisory body.

– **special parts**:
  - **mapping of activities at risk:** these involve money-laundering, white-collar crimes and instances of market abuse, for which specific preventative measures have been adopted;
  - **protocols**, summarizing the principles of conduct and operating procedures for each sensitive area: in particular the protocols contain the methods to be followed in conducting relations with the public administration, in compliance with the principles of accountability and transparency;
  - **information flows** from/to the supervisory body, containing the data and information which each organizational unit is required to transmit to the supervisory body. Obtaining such data allows the supervisory body to monitor the model's functioning and compliance with it, and to propose revisions where these may be necessary in order to render the company's organizational and internal control measures more effective. In execution of the powers and duties assigned to it under the organizational model, the supervisory body prepares an annual report to the Board of Directors and the Control and risks committee on the controls carried out with a view to preventing the crimes to which the model refers;
  - **form for reporting** suspected breaches of the model to the supervisory body;
  - the **Group Code of ethics**, which has been adopted by all Group companies, constitutes an integral part of the model, and contains references and principles which are complementary to the legal obligations and self-regulation requirements for directors, advisors, outside staff and suppliers, and are continuous and consistent with the Group's mission and its basic values. The document is available on the Bank's website at www.mediobanca.it/ Corporate Governance.

The Statutory Audit Unit also performs the functions assigned to the supervisory unit instituted pursuant to Italian legislative decree 231/01. In this connection the Statutory Audit Committee is responsible for monitoring the functioning of and compliance with the model and the functioning of the disciplinary system. It maintains and ensures flows of information to the Board of Directors, including:

– presenting an annual report on the activity carried out;

– serious breaches of the model, also informing the Chairman of the Control and risks committee.

The committee also maintains relations with the external auditors with a view to appraising all data and information regarding the decree and the model.

Internal audit unit

As required by Bank of Italy regulations, Mediobanca maintains a Group audit unit, centralized at Mediobanca S.p.A. but covering the Group as a whole, which is organized so as to monitor and ensure on an ongoing basis that the company's internal control system functions effectively and efficiently. Control is extended to the other companies in the Banking Group both by the unit itself and via its co-ordination of the corresponding subsidiaries' units (where applicable; e.g. in the case of Compagnie Monégasque de Banque).

The unit is responsible in particular for assessing the thoroughness, adequacy, functioning and reliability of the individual components of the internal control system.

The unit has direct access to all useful information, and has adequate means to perform all its duties. The head of Group audit takes part in meetings of the Control and risks committee to support the committee in its own supervisory activities. The unit prepares a six-monthly report on the activities carried out by it, which it submits to the Control and risks committee and the Board of Directors, and presents an update on the critical issues encountered to the Control and risks committee, again twice a year.

The planned audits are conducted in accordance with the unit's own Regulations and with the audit plan approved by the Board of Directors for the year in course.

Centralizing internal audit activities in this way allows Mediobanca's role of co-ordination of the internal controls system to be strengthened and make the whole control structure more efficient by:

- centralizing co-ordination responsibilities at, and providing for direct coverage, by the Group audit unit for all subsidiaries;
- defining a Banking Group audit plan, to be submitted to the approval of Mediobanca's Board of Directors and thereafter of the individual companies' Boards for what concerns them;

- sharing specialist skills (e.g. IT auditing, Basel II, regulations) and audit methodologies, technical skills and reporting standards vis-à-vis the governing bodies and senior management.

The head of the Group Audit Unit is Piero Pezzati, who reports to the Board of Directors.

A suitable budget is made available to the head of the Group Audit Unit each year, subject to the approval of the relevant governing bodies.

Compliance unit

The Compliance unit manages the regulatory and reputational risks of the Bank, and to monitor in particular that the internal procedures set in place are consistent with the objective of preventing breaches of regulations applicable to the Bank. In this connection, as required by the joint Consob-Bank of Italy resolution issued on 29 October 2007, the Compliance unit manages risks of non-compliance linked to the provision of investment services and activities and ancillary services governed by the MiFID directive.

The head of Compliance takes part in Control and risks committee meetings, providing support to the committee in its control activities. The Compliance unit reports to the Control and risks committee, the Board of Directors and the Statutory Audit Committee twice a year. The Compliance unit is headed up by Massimiliano Carnevali, who reports directly to the Chief Executive Officer.

A suitable budget is made available to the head of the Compliance unit each year, subject to the approval of the relevant governing bodies.

Anti-money-laundering unit

The Anti-money-laundering unit was established in 2011, and again is headed up by Massimiliano Carnevali. As required by the instructions issued by the Bank of Italy on 10 March 2011 as amended, the unit is responsible for ongoing monitoring of the company's procedures to prevent and tackle breach of the regulations on money-laundering and terrorist financing.

Risk management unit

The Risk Management unit reports directly to the Chief Executive Officer under the leadership of the Chief Risk Officer, Mr Pierpaolo Montana.

The Risk Management unit is responsible for identifying and implementing an efficient risk management process and for ensuring this is embedded across the Group. To this end it presides over the functioning of the Bank's and the Group's risk management systems, defining the appropriate methodologies for measuring the current and future set of risks faced by them. The unit ensures ongoing control of the aggregate exposure, at Group and individual unit level, to credit, financial, operational and other relevant risks, within the limits set by the internal and supervisory regulations.

The Chief Risk Officer takes part in Control and risks committee meetings, providing support to the committee in its control activities. The Risk Management unit reports to the Control and risks committee and the Board of Directors twice a year on the activities performed.

In the exercise of his duties of control, the Chief Risk Officer is the person responsible for identifying and implementing an efficient risk management process through developing risk management policies which include defining and quantifying risk appetite and risk limits at both the individual operating unit and Group level.

As part of the Risk Appetite Framework, the Risk Management unit performs a set of regular internal controls with the aim of measuring the current level of the metrics relative to the limits set in the framework. It also gives prior opinions on whether Most Significant Transactions are consistent with the Risk Appetite Framework and identifies any needs in terms of decision-making escalation. If needs be and depending on the nature of the transaction, it also seeks the opinion of other units involved in the risk management process.

A suitable budget is made available to the head of the Risk Management unit each year, subject to the approval of the relevant governing bodies.

Shareholders and investor relations

Mediobanca maintains an ongoing dialogue with its shareholders, institutional investors and individual holders of shares and bonds and with all other stakeholders within the national and international financial community.

Transparent and prompt disclosure are the hallmarks of the relationship between Mediobanca and its interlocutors, in compliance with the regulations and the internal procedures governing the circulation of inside information.

To enable all shareholders to exercise their rights knowingly, information concerning the Group's business model, corporate governance structure, earnings/financial data, products and services, and social and cultural initiatives, is available on the Bank's website; to promote the widest possible attendance at annual general meetings, the relevant documentation is sent beforehand to the addresses of participants at the most recent meetings.

Furthermore, to promote dialogue via its institutional website at www.mediobanca.com (content in English and Italian), Mediobanca offers interested parties an opportunity to be kept up-to-date with the Group's earnings results and strategic objectives. As well as making available the full documentation produced by the Bank (again in both languages), the website also offers the opportunity to follow the conference calls organized for the publication of the Bank's quarterly, half-yearly and annual results via a web streaming service.

Relations with institutional investors, financial analysts and journalists are handled by the relevant units (Paola Schneider – Corporate Affairs, Jessica Spina - Investor Relations and Lorenza Pigozzi – Media Relations).

Other information required under article 123-bis of the Italian Consolidated Finance Act on severance pay agreements

In the event of the directors in the employ of Mediobanca ceasing to work for the company for any reason, the provisions of the law and the national collective labour contract alone.

Save in the case of dismissal for just cause, such directors will be allowed to retain any stock options and/or other financial instruments that have been awarded to them up to the date on which their employment by Mediobanca ceases.

Change of control clauses

Mediobanca is a party to shareholder agreements in respect of unlisted companies. Such agreements may make provision, in the event of substantial changes to the controlling structure of party, for the other parties to exclude it from the agreement and oblige it to sell its shareholding.

Risk management and internal control system for financial reporting process

Mediobanca has equipped itself with an internal control system for accounting and financial reporting requirements based on benchmark standards which are widely accepted at international levels (COSO and COBIT framework) [1]. The system provides for:

- company level controls: controls to ensure that general and supervisory regulations are complied with in the running of the business, which are the norms, regulations and control mechanisms in force at Group level. Company level controls regard the organization of the company and impact on the methods by which the financial reporting and disclosure objectives are reached;
- administrative/accounting model: organizational processes (operators, activities, risks and controls) which generate the most significant earnings and asset figures included in the financial statements and information disclosed to the market;
- general IT controls: general rules governing technologies and applications developments which are common to the architectures and IT applications used to generate financial reporting.

[1] The CoSO Framework has been compiled by the Committee of Sponsoring Organizations of the Treadway Commission, a US body with the objective of improving the quality of corporate information through defining ethical standards and an effective corporate governance and organizational system. The CobIT Framework-Control Objectives for IT and related technology, meanwhile, is a set of rules prepared by the IT Governance Institute, another US body whose objective is to set and improve corporate standards in the IT sector.

The system has been constructed and is applied according to the relevance of the company, accounts or processes.

Checks are carried out according to two distinct methods based on the reference process:

- test of controls, for non-accounting processes (chiefly relating to the support areas) IT processes, which are carried out by the process-owners using a self assessment methodology and checked by the heads of their respective organizational areas;
- test of controls for accounting processes, carried out in part using a self assessment methodology and in part by the Group Audit unit.

The Group Audit unit ascertains annually that the tests carried out on a self-assessment basis have been performed in accordance with the relevant methodologies.

Any gaps that emerge from the testing activity are analysed in conjunction with the heads of the organizational units responsible for the process, and possibly also with the areas that will be involved in resolving the problems. With the Head of company financial reporting, a plan of corrective action is drawn up which assigns responsibilities and defines timescales.

Based on this model, the relevant administrative bodies and the Head of Company Financial Reporting attest, by means of a declaration attached to the annual report, the condensed interim report and the consolidated financial statements, that the procedures in force are adequate and have been effectively applied during the period to which the documents apply, and that the documents correspond to the data recorded in the company's books and accounts ledgers, and are adequate for the purpose of providing a truthful and adequate representation of the capital, earnings and financial situation of the issuer and the group of companies included within its area of consolidation.

Milan, 22 September 2015

Table 1: Structure of Board of Directors and Committees as at 30 June 2015

Board of Directors													Executive Committee		Control and Risks Committee		Remuneration Committee		Appointments Committee	
Office	Member *	Year of birth	Date first appointed **	In office since	In office until	List	Non exec.	Exec.	Indep., Code of conduct	Indep. Finance act	No. of other posts held***	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)
Chairman •	Renato Pagliaro	1957	28/10/08 (1)	28/10/14	28/10/17	(a)	X				0	100%	C	100%					C	100%
Deputy Chair •	Maurizia Angelo Comneno	1948	28/10/14	28/10/14	28/10/17	(a)	X		X	X	0	100%		100%						
Deputy Chair	Marco Tronchetti Provera	1948	23/05/07	28/10/14	28/10/17	(a)	X			X	5	75%								
CEO ◊ •	Alberto Nagel	1965	28/10/08 (1)	28/10/14	28/10/17	(a)		X			0	100%		100%						100%
Director and General Manager •	Francesco Saverio Vinci	1962	28/10/08 (1)	28/10/14	28/10/17	(a)		X			1	100%		100%						100%
Director	Tarak Ben Ammar	1949	15/09/03	28/10/14	28/10/17	(a)	X		X	X	7	91.7%								
Director	Gilberto Benetton	1941	28/10/02	28/10/14	28/10/17	(a)	X				3	83.3%								
Director	Mauro Bini	1957	28/10/14	28/10/14	28/10/17	(b)	X		X	X	0	100%				100%				§ 100%
Director	Marie Bolloré	1988	28/10/14	28/10/14	28/10/17	(a)	X			X	7	87.5%								(2) 100%
Director	Maurizio Carfagna	1947	28/10/14	28/10/14	28/10/17	(a)	X		X		6	100%						100%		
Director •	Angelo Casò	1940	28/10/08	28/10/14	28/10/17	(a)	X		X	X	10	100%		100%		(3) 100%		(3) 100%		(3) 100%
Director	Maurizio Costa	1948	28/10/14	28/10/14	28/10/17	(a)	X		X	X	2	87.5%						83.3%		§ 66.7%
Director	Alessandro Decio	1966	27/06/12	28/10/14	28/10/17	(a)	X			X	3	83.3%								
Director	Vanessa Labérenne	1978	09/05/12	28/10/14	28/10/17	(a)	X		X	X	0	100%		(3) 100%		100%	C	100%		(5) 100%
Director	Elisabetta Magistretti	1947	28/10/11	28/10/14	28/10/17	(a)	X		X	X	3	100%			C	100%		(4) 100%		100%
Director	Alberto Pecci	1943	27/10/12	28/10/14	28/10/17	(a)	X				4	83.3%						(4) 100%		
Director •	Gian Luca Sichel	1968	28/10/14	28/10/14	28/10/17	(a)		X			0	100%		100%						
Director •	Alexandra Young	1968	28/10/14	28/10/14	28/10/17	(a)		X			0	100%		100%						

Directors who left office during fy 2014/15

Board of Directors												Executive Committee		Control and Risks Committee		Remuneration Committee		Appointments Committee	
Office	Member *	Year of birth	Date first appointed **	In office since	In office until	List ***	Non exec.	Exec.	Indep. Code of conduct	Indep. Finance act	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)
Deputy Chair	Dieter Rampl	1947	14/09/06	28/10/11	28/10/14	(a)	X		X	X	75%								
Director	Roberto Bertazzoni	1942	28/10/08	28/10/11	28/10/14	(a)	X		X	X	75%						0		§ 0
Director •	Maurizio Cereda(1)	1964	28/10/08	28/10/11	28/10/14	(a)		X			100%		100%						
Director •	Massimo Di Carlo(1)	1963	28/10/08	28/10/11	28/10/14	(a)		X			100%		100%						
Director	Bruno Ermolli	1939	27/06/12	27/10/12	28/10/14	=	X		X	X	100%						100%		
Director	Giorgio Guazzaloca	1944	17/09/13	28/10/13	28/10/14	=	X		X	X	50%								
Director	Anne Marie Idrac	1951	28/10/11	28/10/11	28/10/14	(a)	X		X	X	75%						100%		§ 0
Director	Carlo Pesenti	1963	29/03/99	28/10/11	28/10/14	(a)	X			X	50%						50%		
Director •	Eric Strutz	1964	28/10/04	28/10/11	28/10/14	(a)	X		X	X	75%		100%						

No. of meetings held during year ended 30 June 2015:

Board of Directors:	12 §	Executive Committee:	11	Control and Risks Committee:	14	Remunerations Committee:	8	Appointments Committee:	6

Quorum required for minority shareholders to submit lists for the appointment of one or more directors: at least 1% of the share capital.

* The CVs submitted by the directors in conjunction with the lists for appointment to the Board of Directors are available on the Bank's website at www.mediobanca.com/Corporate Governance.

** The "date first appointed" for each Director refers to the date on which they were appointed for the first time (ever) to the issuer's Board of Directors.

*** Data refers to posts held in other listed companies in regulated markets, including outside Italy, in financial companies, banks and/or insurances of significant size.

• Members of the Executive Committee.

a. Taken from the majority list submitted by Unicredit S.p.A. which holds 8.65% of the Bank's share capital.

b. Taken from a minority list submitted by a group of investors representing an aggregate1,699% of the Bank's share capital.

A. Indicates the director's role within the committee: "C": Chairman.

B. Indicates the directors' attendance records in percentage terms at meetings of the Board of Directors and Committees (no. of meetings which each director attended out the total no. of meetings which they could have attended).

◊ Main person responsible for managing the issuer (Chief Executive Officer, or CEO).

1 Member of the Management Board from 2 July 2007 to 28 October 2008.

2 Office held from 28 October 14 to 25 March 2015.

3 Office held until 28 October 2014.

4 Office held from 28 October 2014.

5 Office held from 25 March 2015.

§ In an advisory capacity only, as provided by Article 19, point i) of the Bank's Articles of Association.

\# In the year ended 30 June 2015, the Board of Directors also held one meeting of independent directors (25 March 2015) and four induction sessions (on 21 November and 12 December 2014; 26 February and 26 May 2015).

Table 2: Structure of Statutory Audit Committee as at 30 June 2015

Office	Member	Year of birth	Date first appointed *	In office since	In office until	List	Indep. Code of conduct	Percentage of Committee meetings attended	No. of other posts held**
Chairman	Natale FREDDI	1952	28/10/11	28/10/14	28/10/17	(b)	X	100%	—
Standing Auditor	Laura GUALTIERI	1968	28/10/14	28/10/14	28/10/17	(a)	X	100%	1
Standing Auditor	Gabriele VILLA	1964	28/10/11	28/10/14	28/10/17	(a)	X	96.9%	1
Alternate Auditor	Alessandro TROTTER	1940	28/10/00	28/10/14	28/10/17	(a)			
Alternate Auditor	Barbara NEGRI	1973	28/10/14	28/10/14	28/10/17	(a)			
Alternate Auditor	Silvia OLIVOTTO	1950	28/10/14	28/10/14	28/10/17	(b)			

Statutory auditors who left office during fy 2014/15

Office	Member	Year of birth	Date first appointed *	In office since	In office until	List	Indep. Code of conduct	Percentage of Committee meetings attended	No. of other posts held**
Standing Auditor	Maurizia ANGELO COMNENO	1948	28/10/08	28/10/11	28/10/14	(a)	X	100%	—
Alternate Auditor	Guido CROCI	1959	28/10/03	28/10/11	28/10/14	(a)			
Alternate Auditor	Mario BUSSO	1951	28/10/11	28/10/11	28/10/14	(c)			

No. of meetings held during the year ended 30 June 2015§:

32

Quorum required for minority shareholders to submit lists for the appointment of one or more Statutory Auditors: at least 1% of the share capital

§ 14 of which in conjunction with the Control and Risks Committee.

* The "date first appointed" for each Statutory Auditor refers to the date on which they were appointed for the first time (ever) to the issuer's Statutory Audit Committee.

** Indicates the no. of posts as director or Statutory Auditor held by the person concerned in other companies listed on regulated Italian markets.

a. Taken from the majority list submitted by Unicredit S.p.A. which holds 8.65% of the Bank's share capital.

b. Taken from a minority list submitted by a group of investors representing an aggregate1.699% of the Bank's share capital.

c. Taken from a minority list submitted by a group of investors representing an aggregate1.066% of the Bank's share capital.

Table 3: Other requirements under code of conduct for listed companies

	YES	NO	Reasons for any departures from recommendations made in the code
Power to represent the Bank and related party disclosure			
Has the Board of Directors authorized parties to represent the Bank and established:			
a) limits	X		
b) methods for exercising such powers	X		
c) regular reporting requirements?	X		
Has the Board of Directors reserved for itself the right to inspect and approve all significant transactions in terms of earnings, capital and finances (including transactions with related parties)?	X		
Has the Board of Directors set guidelines and established criteria for identifying "significant" transactions?	X		
If so, have such guidelines/criteria been set out in the statement on corporate governance?	X		
Has the Board of Directors implemented procedures for reviewing and approving transactions with related parties?	X		
If so, have such procedures been set out in the statement on corporate governance?	X		
Procedures for most recent appointments to Board of Directors/ Statutory Audit Committee			
Were candidates' applications for the post of director lodged at least twenty-five days in advance?	X		
Were they accompanied by appropriately detailed documentation?	X		
Were they accompanied by statements regarding the candidates' eligibility to stand as independent Board members?	X		
Were candidates' applications for the post of statutory auditor lodged at least twenty-five days in advance?	X		
Were they accompanied by appropriately detailed documentation?	X		
General meetings			
Has the Bank adopted specific regulations in respect of the holding of general meetings?		X	Orderly proceedings are ensured by the powers vested in the Chairman under law and the company's Articles of Association.
If so, are such regulations attached as an annex hereto, or is indication provided in the annual report as to where they may be obtained or downloaded?		X	
Internal controls			
Has the company designated staff to take charge of internal control?	X		
If so, are such staff independent in operational terms from the various heads of the individual operating units?	X		
Organizational unit responsible for internal control	X		Group Audit Unit
Investor relations			
Has the company appointed a head of investor relations?	X		
If so, what are the head of the IR unit's contact details?	Jessica Spina Tel. no.: (0039) 02-8829.860 - Fax no.: (0039) 02-8829.819 Email: investor.relations@mediobanca.it		

Annex

Posts held in other financial companies, banks, insurances or other companies of significant size by members of the Board of Directors of Mediobanca[1]

Name	**Post held in Mediobanca**	**Post held in other companies**
PAGLIARO Renato	Chairman of Board of Directors and Executive Committee	=
ANGELO COMNENO Maurizia	Deputy Chair and Executive Committee member	=
TRONCHETTI PROVERA Marco	Deputy Chair	Chairman and Chief Executive Officer, Pirelli & C. Chairman and Chief Executive Officer, Pirelli Tyre Chairman, Gruppo Partecipazioni Industriali Chairman, Coinv Director, Eurostazioni
NAGEL Alberto	Chief Executive Officer and Executive Committee member	=
VINCI Francesco Saverio	General Manager, Director and Executive Committee member	Director, Banca Esperia
BEN AMMAR Tarak	Director	Chairman, Eagle Pictures Chairman and Chief Executive Officer, Prima TV Chief Executive Officer (CEO), Quinta Communications Chief Executive Officer, Carthago Film Services Chief Executive Officer (CEO), Andromeda Tunisie Director, Telecom Italia Member of Supervisory Board, Vivendi
BENETTON Gilberto	Director	Chairman, Edizione Chairman, Autogrill Director, Atlantia
BINI Mauro	Director	=
BOLLORE Marie	Director	Director, Bolloré Director, Financière de l'Odet Director, Bolloré Participations Director, Financière V Director, Omnium Bolloré Director, Société Industrielle et Financière de l'Artois Member of Supervisory Board, Sofibol
CARFAGNA Maurizio	Director	Chief Executive Officer, H-Invest Director, Banca Esperia Director, Class Editori Director, Compagnia Immobiliare Azionaria Director, Duemme SGR Director, Futura Invest

Name	Post held in Mediobanca	Post held in other companies
CASO' Angelo	Director and Executive Committee member	Chairman, Fineldo Director, Tre Laghi Chairman of Statutory Audit Committee, Edizione Chairman of Statutory Audit Committee, Bracco Chairman of Statutory Audit Committee, Bracco Imaging Chairman of Statutory Audit Committee, Falck Chairman of Statutory Audit Committee, Bic Italia Standing Auditor, Italmobiliare Standing Auditor, Padis Investimenti Standing Auditor, Sidis Investimenti
COSTA Maurizio	Director	Chairman, RCS MediaGroup Director Amplifon
DECIO Alessandro	Director	Member of Supervisory Board, Bank Pekao Member of Supervisory Board, Unicredit Bank Austria Member of Supervisory Board, Zao Unicredit Bank
LABERENNE Vanessa	Director	=
MAGISTRETTI Elisabetta	Director	Director, Luxottica Group Director, Pirelli & C. Director, Smeg
PECCI Alberto	Director	Chairman, E. Pecci & C. Chairman, Pecci Filati Chairman, Tosco-Fin Director, El.EN.
SICHEL Gian Luca	Director and Executive Committee member	=
YOUNG Alexandra	Director and Executive Committee member	=

[1] Full list of positions available at www.mediobanca.com.

RESOLUTIONS ADOPTED BY SHAREHOLDERS IN ANNUAL GENERAL MEETING HELD ON 28 OCTOBER 2014

Resolutions adopted by Shareholders at the Annual General Meeting held on 28 October 2014

At an Annual General Meeting held on 28 October 2015, the shareholders of Mediobanca:

as extraordinary business:

– amended Articles 7, 10, 13, 14, 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 29 and 30 of the Company's Articles of Association; introduced a new Article 19 and deleted Articles 23 and 24, renumbering Articles 20 through to 35 accordingly;

– renewed the authorization granted to the Board of Directors pursuant to Article 2443 of the Italian Civil Code to increase the Company's share capital by means of rights issues in a nominal amount of up to €40m, including via warrants, to be set aside for subscription by Italian and non-Italian professional investors with option rights excluded under and pursuant to the provisions of Article 2441, paragraph four, second sentence, of the Italian Civil Code, rescinding the powers previously assigned under a resolution adopted by shareholders in annual general meeting on 27 October 2012;

– renewed the authorization granted to the Board of Directors pursuant to Articles 2443 and 2420-*ter* of the Italian Civil Code to increase the Company's share capital by means of rights and/or bonus issues in an amount of up to €100m, and to issue bonds convertible into ordinary shares and/or *cum* warrants, in an amount of up to €2bn and 200 million shares, having rescinded the powers previously assigned under a resolution adopted by shareholders in annual general meeting on 28 October 2011;

– authorized the Board of Directors, under Article 2443 of the Italian Civil Code, to increase the Bank's share capital free of charge by a nominal amount of up to €10m through the award, as permitted by Article 2349 of the Italian Civil Code, of an equivalent amount of profits or profit reserves as shown in the most recent financial statements approved, through the issue of no more than 20 million ordinary par value €0.50 shares to be reserved to Mediobanca Group employees in execution of the performance share schemes in force at the time.

As ordinary business the shareholders approved:

– the financial statements for the year ended 30 June 2015;

– the distribution of a gross dividend of €0.25 per share in respect of the 851,570,798 shares granting such entitlement, payable as from 25 November 2015, with record date 24 November 2015 and with coupon no. 32 to be detached on 23 November 2015;

– approved the "Staff remuneration policies", including the 2:1 cap on variable/fixed remuneration and the criteria used to determine the compensation payable in the event of beneficiaries leaving office or ceasing to work for Mediobanca;

– the performance share scheme for Mediobanca Group staff;

– the increase in the fees payable to the external auditors (PwC) for the FY 2016-21 period from €390,000 to €440,000.

BALANCE SHEET AND FUND ALLOCATION ANALYSES

Balance sheet analysis ASSETS (€'000)

As at 30 June	Liquid assets	Bills discounted advances, repurchase and forward transactions, and loans	Investment securities (excluding investments in Group undertakings)	Investments in Group undertakings	Investments in consortium companies	Property	Furniture, equipment and intangible assets	Other assets	Total assets	Contra accounts	Grand Total
1947	1,536	398	—	—	—	—	6	33	1,973	387	2,360
1948	1,344	1,900	—	—	—	—	6	33	3,283	465	3,748
1949	2,830	3,569	—	1	—	24	—	32	6,456	264	6,720
1950	3,532	5,315	889	3	—	—	—	35	9,774	853	10,627
1951	3,751	6,760	546	25	—	—	—	31	11,113	315	11,428
1952	3,706	9,779	464	38	—	—	—	31	14,018	176	14,194
1953	5,395	12,654	263	—	—	—	—	35	18,347	8,841	27,188
1954	7,804	15,909	763	1	—	—	—	137	24,614	553	25,167
1955	10,294	18,690	971	58	—	—	—	85	30,098	1,644	31,742
1956	14,713	23,573	1,283	5	—	—	—	484	40,058	12,272	52,330
1957	17,670	28,648	1,540	—	—	—	—	245	48,103	10,394	58,497
1958	18,727	31,577	1,798	—	—	—	—	439	52,541	4,799	57,340
1959	31,724	40,713	4,131	—	—	—	—	1,391	77,959	16,828	94,787
1960	45,099	49,813	4,286	—	—	—	—	227	99,425	7,622	107,047
1961	48,464	66,669	6,412	110	—	—	—	244	121,899	7,974	129,873
1962	29,895	100,913	9,027	39	—	—	—	435	140,309	32,419	172,728
1963	39,529	124,090	9,282	142	—	—	—	626	173,669	28,175	201,844
1964	49,714	153,282	9,337	90	—	—	—	1,332	213,755	23,277	237,032
1965	67,815	157,552	13,417	5	—	—	—	1,273	240,062	37,932	277,994
1966	100,651	191,935	15,115	—	—	—	—	2,385	310,086	100,762	410,848
1967	107,097	245,565	17,396	5	—	—	—	3,342	373,405	112,502	485,907
1968	121,745	305,666	17,317	—	—	—	—	4,569	449,297	122,695	571,992
1969	104,636	374,711	19,877	—	—	—	—	6,028	505,252	179,385	684,637
1970	108,075	513,117	19,759	5	—	—	—	5,512	646,468	148,926	795,394
1971	296,325	533,281	19,833	21	—	—	—	4,804	854,264	220,019	1,074,283
1972	211,681	644,004	22,501	541	—	26	—	6,373	885,126	248,839	1,133,965
1973	219,061	768,777	23,083	671	—	26	79	7,999	1,019,696	317,492	1,337,188
1974	725,455	1,091,712	29,243	755	—	190	102	16,095	1,863,552	283,551	2,147,103
1975	898,375	1,243,559	32,603	755	—	190	108	24,963	2,200,553	270,792	2,471,345
1976	842,638	1,394,824	27,159	1,573	—	190	133	27,826	2,294,343	260,533	2,554,876
1977	930,863	1,526,989	32,255	4,042	—	3,615	190	31,666	2,529,620	266,527	2,796,147
1978	931,722	1,719,338	34,759	4,137	—	3,615	198	72,125	2,765,894	414,045	3,179,939
1979	506,795	1,703,992	78,140	4,173	—	3,615	228	74,652	2,371,595	312,152	2,683,747
1980	520,954	1,834,527	55,983	4,174	7,230	3,615	251	75,576	2,502,310	385,483	2,887,793
1981	446,588	2,215,915	73,762	4,008	14,977	3,615	423	174,332	2,933,620	618,841	3,552,461
1982	638,435	2,540,960	165,104	4,008	14,993	3,615	438	174,142	3,541,695	714,778	4,256,473
1983	839,289	2,773,956	170,991	4,008	16,217	3,615	481	231,585	4,040,142	575,962	4,616,104
1984	859,764	3,002,978	225,314	8,088	16,217	19,625	511	224,145	4,356,642	650,010	5,006,652
1985	1,257,350	3,138,244	284,891	8,088	8,986	19,625	700	292,367	5,010,251	685,879	5,696,130
1986	1,697,370	3,388,523	379,210	8,088	1,239	19,625	666	227,820	5,722,541	1,575,268	7,297,809
1987	1,578,922	4,271,623	416,752	8,088	—	19,625	1,153	242,919	6,539,082	1,031,762	7,570,844
1988	1,569,877	4,540,865	565,933	4,213	—	19,625	1,803	208,692	6,911,008	1,827,254	8,738,262
1989	1,403,579	5,465,846	640,118	12,606	—	19,625	2,050	244,208	7,788,032	1,532,042	9,320,074
1990	1,860,248	6,841,257	709,335	9,495	—	19,625	2,353	348,524	9,790,837	2,458,501	12,249,338
1991	2,471,961	6,772,063	926,197	15,652	—	19,625	2,815	407,693	10,616,006	1,914,503	12,530,509
1992	2,245,473	7,356,291	1,149,728	17,897	—	23,800	3,539	516,359	11,313,087	4,974,896	16,287,983
1993	3,104,631	7,933,550	1,187,565	51,589	—	23,800	4,410	532,248	12,837,793	5,464,451	18,302,244
1994	3,347,387	8,961,303	1,389,176	49,085	—	23,800	4,690	522,005	14,297,446	3,851,623	18,149,069
1995	3,150,896	9,609,949	1,618,928	47,725	—	23,800	4,571	478,176	14,934,045	3,103,192	18,037,237
1996	2,571,335	10,717,159	1,793,785	46,491	—	23,800	4,739	484,943	15,642,252	4,114,659	19,756,911
1997	4,337,359	12,058,402	1,820,638	51,422	—	23,800	5,046	582,619	18,879,286	9,531,224	28,410,510
1998	4,789,102	14,115,689	2,106,078	58,298	—	23,800	6,013	856,681	21,955,661	24,883,375	46,839,036
1999	5,201,164	13,175,891	2,602,245	129,792	—	23,800	7,477	1,120,409	22,260,778	33,863,092	56,123,870
2000	4,578,652	14,764,593	2,740,839	60,875	—	23,800	9,286	1,344,067	23,522,112	43,236,774	66,758,886
2001	5,645,521	14,229,607	2,923,030	102,505	—	23,800	10,515	1,491,431	24,426,409	46,827,877	71,254,286
2002	7,377,119	14,861,758	2,912,572	118,779	—	23,800	11,961	1,881,176	27,187,165	50,916,657	78,103,822
2003	8,796,562	12,521,995	2,647,557	118,731	—	23,800	13,810	1,964,690	26,087,145	79,162,015	105,249,160
2004	8,427,864	13,324,382	2,591,198	396,476	—	25,479	14,171	2,188,463	26,968,033	84,319,470	111,287,503
2005	6,538,471	13,995,593	2,719,006	490,219	—	26,255	14,730	2,032,674	25,816,948	81,192,618	107,009,566
2006	8,790,079	15,823,797	2,845,923	457,429	—	27,214	17,252	1,835,453	29,797,147	157,987,333	187,784,480

Balance sheet analysis § **ASSETS**

(€'000)

At year-end	Net treasury fund applications	AFS securities	Financial assets held to maturity	Loans and advances to customers	Investments in Group companies	Other investments	Properties	Tangible and intangible assets	Other assets	Total assets
2005/2006	5,580,560	4,042,970	625,544	15,870,533	457,429	1,219,525	116,656	6,256	267,649	28,187,122
2006/2007	6,379,384	4,788,039	621,634	20,306,484	468,270	1,212,507	115,237	6,059	251,591	34,149,205
2007/2008	8,845,365	2,846,738	619,214	24,235,221	969,612	1,752,778	113,818	7,756	420,591	39,811,093
2008/2009	13,059,370	4,330,945	1,556,744	23,282,523	971,536	1,873,697	112,783	9,666	555,412	45,752,676
2009/2010	16,241,356	5,237,181	1,454,466	20,194,698	969,510	1,858,777	113,244	17,336	519,658	46,606,226
2010/2011	10,660,781	6,684,674	4,001,102	22,891,839	969,841	1,701,144	112,137	20,684	660,920	47,703,122
2011/2012	10,760,583	9,356,653	4,013,408	27,219,512	1,358,759	1,855,681	119,494	18,565	538,166	55,240,821
2012/2013	9,138,557	10,319,344	5,004,318	23,003,606	1,509,341	1,208,272	118,060	13,879	419,245	50,734,622
2013/2014	9,599,504	7,301,515	5,000,765	20,181,604	1,494,603	1,173,347	116,723	16,650	567,212	45,451,923
2014/2015	3,183,252	6,407,061	4,946,271	22,522,908	1,986,439	1,173,249	115,471	16,710	470,294	40,821,655

§ IAS/IFRS-compliant.

Balance sheet analysis LIABILITIES (€'000)

	Shareholders' equity																
As at 30 June	Share capital	Reserves, provisions qualifying as reserves * and retained earnings	Total	Specific credit risks provision	Provision for discounts and expenses on bonds issued	Securities fluctuation allowance	Provision for writedowns in investments	Time deposits and current accounts	Debt securities	Due to banks and EIB funds	Accumulated depreciation on furniture and equipment	Accumulated depreciation on property	Other liabilities and provisions	Profit for the year	Total liabilities	Contra accounts	Grand Total
1947	516	—	516	—	—	—	—	1,448	—	—	—	—	24	(15)	1,973	387	2,360
1948	516	—	516	—	—	—	—	2,729	—	—	—	—	30	8	3,283	465	3,748
1949	516	2	518	—	—	—	—	5,746	—	—	—	—	143	49	6,456	264	6,720
1950	1,033	26	1,059	—	—	—	—	8,325	—	—	—	—	303	87	9,774	853	10,627
1951	1,549	54	1,603	—	—	—	—	8,985	—	—	—	—	335	190	11,113	315	11,428
1952	1,549	109	1,658	—	—	—	—	11,745	—	—	—	—	405	210	14,018	176	14,194
1953	1,549	169	1,718	—	—	—	—	15,623	—	—	—	—	791	215	18,347	8,841	27,188
1954	1,549	273	1,822	—	—	—	—	21,681	—	—	—	—	898	213	24,614	553	25,167
1955	1,549	322	1,871	—	—	—	—	26,945	—	—	—	—	1,045	237	30,098	1,644	31,742
1956	2,066	365	2,431	—	—	—	—	35,586	—	—	—	—	1,764	277	40,058	12,272	52,330
1957	3,099	446	3,545	—	—	—	—	41,798	—	—	—	—	2,437	323	48,103	10,394	58,497
1958	3,099	522	3,621	—	—	—	—	45,287	—	—	—	—	3,245	388	52,541	4,799	57,340
1959	3,099	607	3,706	—	—	—	—	68,934	—	—	—	—	4,923	396	77,959	16,828	94,787
1960	5,165	747	5,912	—	—	—	—	87,472	—	—	—	—	5,323	718	99,425	7,622	107,047
1961	5,165	1,127	6,292	—	—	—	—	107,712	—	—	—	—	6,929	966	121,899	7,974	129,873
1962	5,165	1,562	6,727	—	—	—	—	125,489	—	—	—	—	7,089	1,004	140,309	32,419	172,728
1963	6,197	2,285	8,482	—	—	—	—	155,196	—	—	—	—	9,276	715	173,669	28,175	201,844
1964	6,197	2,901	9,098	—	—	—	—	189,266	—	—	—	—	14,618	773	213,755	23,277	237,032
1965	7,230	3,607	10,837	—	—	—	—	211,506	—	—	—	—	16,943	776	240,062	37,932	277,994
1966	7,230	4,484	11,714	—	—	—	—	274,589	—	—	—	—	22,862	921	310,086	100,762	410,848
1967	7,230	5,933	13,163	—	—	—	—	336,544	—	—	—	—	22,742	956	373,405	112,502	485,907
1968	8,263	7,307	15,570	—	—	—	—	402,293	—	—	—	—	30,377	1,057	449,297	122,695	571,992
1969	8,263	8,994	17,257	—	—	—	—	449,103	—	—	—	—	37,439	1,453	505,252	179,385	684,637
1970	8,263	11,326	19,589	—	—	—	—	534,360	41,317	—	—	—	50,034	1,168	646,468	148,926	795,394
1971	8,263	13,500	21,763	—	—	—	—	726,356	41,317	—	—	—	63,113	1,715	854,264	220,019	1,074,283
1972	8,263	16,462	24,725	—	—	—	541	745,717	41,317	—	—	26	71,605	1,195	885,126	248,839	1,133,965
1973	11,569	19,698	31,267	—	—	—	516	839,113	40,284	—	79	26	106,559	1,852	1,019,696	317,492	1,337,188
1974	11,569	24,879	36,448	—	—	—	669	832,133	240,371	597,632	102	26	153,960	2,211	1,863,552	283,551	2,147,103
1975	16,527	33,840	50,367	—	—	—	755	1,171,053	215,581	580,034	108	26	179,651	2,978	2,200,553	270,792	2,471,345
1976	16,527	41,766	58,293	—	—	—	755	1,073,975	213,284	771,016	133	26	166,756	10,105	2,294,343	260,533	2,554,876
1977	20,658	58,793	79,451	—	—	—	1,572	1,254,227	268,556	748,283	190	26	162,642	14,673	2,529,620	266,527	2,796,147
1978	26,856	67,217	94,073	—	—	—	4,039	1,449,198	396,572	601,809	198	3,615	200,652	15,738	2,765,894	414,045	3,179,939
1979	43,382	83,667	127,049	2,622	—	—	4,137	1,531,093	423,029	62,443	228	3,615	200,944	16,435	2,371,595	312,152	2,683,747
1980	43,382	107,496	150,878	3,300	3,873	—	4,173	1,622,873	445,639	41,851	251	3,615	207,623	18,234	2,502,310	385,483	2,887,793
1981	52,679	139,245	191,924	1,265	5,087	—	4,174	1,842,966	589,210	28,807	423	3,615	221,450	44,699	2,933,620	618,841	3,552,461
1982	70,238	167,753	237,991	650	7,308	—	4,008	2,390,742	662,617	27,385	438	3,615	187,644	19,297	3,541,695	714,778	4,256,473
1983	70,238	186,693	256,931	2,755	8,806	—	4,008	2,753,902	738,830	23,558	481	3,615	208,464	38,792	4,040,142	575,962	4,616,104
1984	87,798	269,265	357,063	3,267	9,684	—	4,008	2,987,681	698,842	5,404	511	4,204 [2]	241,537	44,441	4,356,642	650,010	5,006,652
1985	87,798	321,361	409,159	2,556	10,823	—	4,008	3,445,663	756,640	27,346	700	1,178	285,170	67,008	5,010,251	685,879	5,696,130
1986	87,798	416,625	504,423	1,275	8,163	—	4,008	3,559,090	1,170,955	98,190	666	1,766	284,740	89,265	5,722,541	1,575,268	7,297,809
1987	87,798	533,608	621,406	620	6,219	—	8,088	3,456,058	1,928,005	191,501	1,153	2,355	265,317	58,360	6,539,082	1,031,762	7,570,844
1988	105,357	609,693	715,050	440	1,727	—	4,213	3,799,239	1,872,357	229,658	1,803	2,944	221,321	62,256	6,911,008	1,827,254	8,738,262
1989	105,357	684,026	789,383	416	735	—	2,253	4,160,423	2,195,808	285,071	2,050	3,533	264,500	83,860	7,788,032	1,532,042	9,320,074
1990	175,595	1,037,632	1,213,227	192	7,031	—	12,606	4,679,784	3,160,657	247,347	2,353	4,121	343,651	119,868	9,790,837	2,458,501	12,249,338
1991	175,595	1,142,463	1,318,058	15,900	7,370	75,806	9,495	5,029,104	3,108,092	474,942	2,815	4,710	455,885	113,829	10,616,006	1,914,503	12,530,509
1992	175,595	1,252,575	1,428,170	5,872 [1]	6,137 [3]	131,073 [1]	15,652	5,489,100	2,803,155	752,917	3,539	5,299	536,812	135,361	11,313,087	4,974,896	16,287,983
1993	175,595	1,418,593	1,594,188	13,039	—	—	—	6,393,007	3,063,153	1,096,146	4,410	6,013	564,478	103,359	12,837,793	5,464,451	18,302,244
1994	245,833	1,983,409	2,229,242	13,763	—	—	—	5,366,489	4,461,893	1,601,089	4,690	6,727	502,025	111,528	14,297,446	3,851,623	18,149,069
1995	245,833	2,070,559	2,316,392	36,735	—	—	—	6,097,985	4,625,946	1,283,946	4,571	7,441	480,929	80,100	14,934,045	3,103,192	18,037,237
1996	245,833	2,152,495	2,398,328	35,201	—	—	—	6,432,396	4,783,236	1,441,434	4,739	8,155	476,621	62,142	15,642,252	4,114,659	19,756,911
1997	245,833	2,252,872	2,498,705	—	—	—	—	5,773,044	7,787,176	2,047,681	5,046	8,869	686,944	71,821	18,879,286	9,531,224	28,410,510
1998	295,059	2,972,222	3,267,281	—	—	—	—	4,082,396	10,297,074	2,707,852	6,013	9,583	1,455,901	129,561	21,955,661	24,883,375	46,839,036
1999	295,366	3,100,762	3,396,128	—	—	—	—	3,452,177	10,286,779	3,283,081	7,477	10,297	1,711,361	113,478	22,260,778	33,863,092	56,123,870
2000	307,780	3,317,037	3,624,817	—	—	—	—	2,918,920	11,072,736	3,072,363	9,286	11,011	2,686,566	126,413	23,522,112	43,236,774	66,758,886
2001	331,650	3,743,506	4,075,156	—	—	—	—	3,385,422	10,890,941	3,417,142	10,515	11,725	2,484,247	151,261	24,426,409	46,827,877	71,254,286
2002	389,265	4,069,354	4,458,619	—	—	—	—	4,508,208	11,202,082	4,430,055	11,961	12,439	2,446,155	117,646	27,187,165	50,916,657	78,103,822
2003	389,275	4,114,735	4,504,010	—	—	—	—	1,721,391	14,653,555	3,667,461	13,810	13,153	1,527,612	(14,027)	26,086,965	79,162,015	105,248,980
2004	389,291	3,993,794	4,383,085	—	—	—	—	3,069,781	14,663,091	2,828,314	14,171	13,917	1,568,111	427,563	26,968,033	84,319,470	111,287,503
2005	397,478	4,130,486	4,527,964	—	—	—	—	2,133,993	14,491,296	2,749,348	14,730	14,705	1,444,858	440,054	25,816,948	81,192,618	107,009,566
2006	405,999	4,346,447	4,752,446	—	—	—	—	729,603	20,892,213	1,394,510	17,252	15,521	1,501,268	494,334	29,797,147	157,987,333	187,784,480

* Provision for general banking risks, general credit risks provision and securities fluctuation allowance (between 1967 and 1984, when this allowance was taken to Reserve).

[1] Taken to Reserve.

[2] Of which €3.6m taken to Reserve.

[3] Of which €12.5m taken to Reserve and the balance to write down the book value of securities.

Balance sheet analysis § LIABILITIES (€'000)

At year-end	Capital			Provisions	Debt securities in issue	Other funding forms	Other liabilities	Profit for the year	Total liabilities
	Share capital	Reserves, other provisions with capital content * and retained earnings	Total						
2005/2006	405,999	4,527,856	4,933,855	165,712	20,192,077	1,811,063	538,895	545,520	28,187,122
2006/2007	408,781	5,128,989	5,537,770	162,433	23,027,454	4,077,662	782,776	561,110	34,149,205
2007/2008	410,028	4,217,383	4,627,411	161,452	30,541,427	3,199,445	658,779	622,579	39,811,093
2008/2009	410,028	4,210,394	4,620,422	160,612	35,860,227	4,388,413	702,194	20,808	45,752,676
2009/2010	430,551	4,244,955	4,675,506	160,650	36,150,327	4,587,318	788,286	244,139	46,606,226
2010/2011	430,565	4,380,729	4,811,294	159,991	36,783,922	5,059,996	760,543	127,376	47,703,122
2011/2012	430,565	4,191,175	4,621,740	160,075	31,561,792	18,494,608	602,757	(200,151)	55,240,821
2012/2013	430,565	4,296,680	4,727,245	160,458	26,905,614	18,463,685	712,618	(234,998)	50,734,622
2013/2014	430,703	4,396,778	4,827,481	161,676	23,606,132	15,826,116	864,605	165,913	45,451,923
2014/2015	433,599	4,423,095	4,856,694	149,260	19,729,098	14,927,077	826,481	333,045	40,821,655

§ IAS/IFRS-compliant.

* Provision for general banking risks, risk provisions (share not committed), Provision for writedowns to securities (years from 1966/67 to 1983/84, when the provision was transferred to reserves).

Fund allocation analysis (€'000)

				Appropriation of net profit						
For years ended 30 June	Gross profit for year	Allocation to credit risks provision	Net profit	Amount taken to Reserve	Amount taken to Special Reserve [1]	Writedowns in securities and investments, depreciation on furniture and equipment, and amortization of discounts on bonds issued	Total dividend paid	Percent dividend paid	Directors' remuneration [2]	Increase (decrease) in retained earnings
1947	(15)	—	(15)	—	—	—	—	—	—	—
1948	23	—	23	2	—	21 [3]	—	—	—	—
1949	49	—	49	24	—	24	—	—	1	—
1950	87	—	87	26	—	3	54	7	2	2
1951	190	—	190	52	—	25	108	7	2	3
1952	210	—	210	52	—	38	108	7	3	9
1953	215	—	215	103	—	—	108	7	3	1
1954	213	—	213	52	—	52	108	7	3	(2)
1955	237	—	237	52	—	84	108	7	3	(10)
1956	277	—	277	77	—	57	135	7,50	3	5
1957	323	—	323	77	—	52	194	7,50	3	(3)
1958	388	—	388	77	—	52	248	8	3	8
1959	396	—	396	129	—	—	248	8	8	11
1960	718	—	718	387	—	—	331	8	8	(8)
1961	966	—	966	439	—	109	413	8	8	(3)
1962	1,004	—	1,004	413	—	116	465	9	9	1
1963	1,025	310	715	103	—	142	465	9	9	(4)
1964	1,289	516	773	103	—	90	558	9	12	10
1965	1,370	594	776	155	—	5	604	9	12	—
1966	1,644	723	921	181	—	—	723	10	14	3
1967	1,911	955	956	207	—	5	723	10	15	6
1968	2,219	1,162	1,057	258	—	—	775	10	16	8
1969	2,873	1,420	1,453	516	—	—	909	11	19	9
1970	2,976	1,808	1,168	258	—	5	909	11	18	(22)
1971	3,652	1,937	1,715	258	—	537	909	11	19	(8)
1972	3,390	2,195	1,195	258	—	—	909	11	19	9
1973	4,822	2,970	1,852	387	—	155	1,273	11	26	11
1974	6,988	4,777	2,211	511	—	395	1,273	11	26	6
1975	11,112	8,134	2,978	775	—	155	1,983	12	41	24
1976	17,077	6,972	10,105	1,808	4,132	2,109	1,983	12	41	32
1977	22,549	7,876	14,673	5,165	178	6,059	3,223	12	66	(18)
1978	25,034	9,296	15,738	6,197	6,197	98	3,223	12	65	(42)
1979	29,346	12,911	16,435	7,747	—	2,489	6,074	14	124	1
1980	33,728	15,494	18,234	7,747	3,099	1,214	6,074	14	123	(23)
1981	67,940	23,241	44,699	17,043	17,560	2,571	7,375	14	150	—
1982	29,720	10,423	19,297	7,747	—	1,498	9,833	14	201	18
1983	52,450	13,658	38,792	10,329	17,560	878	9,833	14	200	(8)
1984	60,560	16,119	44,441	27,372	—	3,476	13,170	15	272	151
1985	87,848	20,840	67,008	51,646	—	—	14,926	17	307	129
1986	124,380	35,115	89,265	67,139	—	4,080	17,560	20	361	125
1987	89,906	31,546	58,360	40,800	—	—	17,560	20	351	(351)
1988	84,324	22,068	62,256	40,800	—	—	21,071	20	429	(44)
1989	110,642	26,782	83,860	38,734	—	16,649	28,095	20	311	71
1990	153,577	33,709	119,868	83,912	—	339	35,119	20	454	44
1991	147,192	33,363	113,829	59,450	—	18,666	35,119	20	456	138
1992	171,152	35,791	135,361	99,852	—	—	35,119	20	452	(62)
1993	141,654	38,295	103,359	64,041	—	—	38,631	20	528	159
1994	154,910	43,382	111,528	61,975	—	—	49,167	20	733	(347)
1995	126,220	46,120	80,100	30,213	—	—	49,167	20	740	(20)
1996	110,692	48,550	62,142	12,137	—	—	49,167	20	742	97
1997	128,026	56,205	71,821	21,949	—	—	49,167	20	739	(34)
1998	191,858	62,297	129,561	62,090	—	—	66,401	22,50	1,091	(20)
1999	175,711	62,233	113,478	45,914	—	—	66,460	22,50	1,093	11
2000	198,407	71,994	126,413	47,898	—	—	77,230	25	1,312	(27)
2001	233,894	82,633	151,261	49,913	—	—	99,522	30	1,769	57
2002	204,646	87,000	117,646	265	—	—	116,782	30	618	(19)
2003	30,973	45,000	(14,027)	(154,166) [4]	—	—	140,139	36	—	(81)
2004	460,563	33,000	427,563	111,201	—	—	311,535	80	4,827	—
2005	440,054	—	440,054	51,416	—	—	382,365	96	6,273	—
2006	494,334	—	494,334	15,058	—	—	473,003	116	6,273	—

[1] Allocations to Special Reserve were used to fund bonus issues of €4.1m in October 1976, €6.2m (together with €6,019,000 from the Revaluation Reserve) in October 1977, €6.2m in October 1978, €3.1m in October 1980, €17.6m in October 1981 and €17.6m in October 1983.

[2] Plus fixed fee of €258,000 as from 30/6/89 and €1.5m as of 30/6/02.

[3] Of which €15,000 to absorb prior year loss.

[4] Of which €14,027,000 to cover loss for the year, and €140,139,000 for payment of dividend.

Fund allocation analysis §

(€'000)

Financial year	Profit before tax for the year	Transfers to risk provisions	Net profit	Allocation of net profit				Changes in retained earnings
				To reserves	Dividends paid out	%	Remuneration due to Board [1]	
2005/2006	545,520	—	545,520	66,244	473,003	116	6,273	—
2006/2007	561,110	—	561,110	22,423	532,414	130	6,273	—
2007/2008	622,579	—	622,579	89,543	533,036	130	—	—
2008/2009	20,808	—	20,808	20,808	—	—	—	—
2009/2010	244,139	—	244,139	100,643	143,496	34	—	—
2010/2011	127,376	—	127,376	(16,124)	143,500	34	—	—
2011/2012	(200,151)	—	(200,151)	(242,357) [2]	42,206	10	—	—
2012/2013	(234,998)	—	(234,998)	(234,998)	—	—	—	—
2013/2014	165,913	—	165,913	39,064	126,849	30	—	—
2014/2015	333,045	—	333,045	120,152	212,893	50	—	—

§ IAS/IFRS-compliant.

[1] Plus fixed fee of €258,000 as from 30/6/89 and €1.5m as of 30/6/02.

[2] Of which €200,151 to cover losses for the period and €42,206 to pay for the dividend.

Mercurio GP - Milan