MEDIOBANCA

Mediobanca
Board of Directors' Meeting

Milan, 8 May 2014

MEDIOBANCA

Financial statements for period ended 31 March 2014 approved

Net profit €395m

Equity disposals totalling €800m, with over €200m in gains

Net interest income up 6%

- **The MB Group earned a net profit of €395m in the nine months, ten times the €37m result posted last year, driven by the contribution from the Principal Investing division and by growth in net interest income, up 6% to €809m. The ROE is equal to 7.5%.**

- **In accordance with the 2014-16 Strategic Plan guidelines, the AML optimization process has continued, with the following highlights for the nine months:**
  - **Equity disposals totalling approx. €800m, yielding gains of €221m (€69m in Q3); 50% of the disposals targeted for the three years of the plan have now been completed**
  - **High liquidity used (treasury assets down from €22bn to €20bn) to repay a further tranche of the LTRO and MB bonds (down by €1bn and €2.3bn respectively)**
  - **Diversification of CheBanca! funding, with indirect funding doubling, from €0.7bn to €1.3bn (over €200m of which in asset management), and remix of deposits (stable at €11.8bn) in favour of less expensive forms**
  - **Recovery in lending activity in all segments (RCB drawn loans up 10% to €4.2bn, CIB drawn loans totalling €2.8bn, vs €2.6bn for FY 2012/13 as a whole), but overall loan book stable (at Dec. 2013 level of €32.3bn) due to early repayments in CIB (€1.5bn)**

- **The profit and loss account shows increasing revenue diversification, disciplined cost control and strict risk management:**
  - **Net interest income up 6%, to €809m, due to favourable diversification between retail (RCB up 11% to €571m) and corporate (CIB down 4% to €206m)**
  - **Increased contribution from PI (€340m, vs €194m loss last year), due to equity disposals and higher profits earned by Ass. Generali, (€174m, vs €64m loss last year), which offset the modest trading revenues (€10m, vs €207m)**
  - **Fee income down 8% to €275m, which does not reflect the robust capital market pipeline, with ECM/DCM deals worth over €28bn to be executed in the coming quarters**
  - **Costs stable at €563m (labour costs down 6%, administrative expenses up 7%)**
  - **Cost of risk 187 bps (vs 184 bps at end-Dec. 2013), due to need to retain high reserving levels (NPL coverage ratio stable at 45%), also in view of new classifications envisaged by EBA criteria**
  - **Net profit up to €395m (ROE: 7.5%)**

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With Renato PAGLIARO in the chair, the Directors of Mediobanca approved the Group's financial statements for the period ended 31 March 2014, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The Mediobanca Group's results for the nine months reflect a net profit of €395.3m and a ROE of 7.5%, up sharply on the €37.2m posted at the same stage last year, driven by the positive contribution from Principal Investing and the good performance by net interest income.

In accordance with the guidelines of the 2014-16 Strategic Plan unveiled in June 2013, the equity investment disposal and ALM optimization processes have continued during the period, with the following highlights for the nine months:

- on the equity side, stakes worth a total of approx. €800m were sold, realizing gains of €221m. The disposals involved the entire holdings in Gemina (€206m sold, yielding gains of €70m), Saks (€55m sold, yielding gains of €29m) and Intesa Sanpaolo (€60m sold, yielding gains of €3m), with substantial reductions in the holdings of UCI CASHES (from €148m to €40m, at a gain of €31m) and RCS MediaGroup (€24m, at a gain of €7m, with the stake decreasing from 14.93% to 9.35%); among the unlisted securities, the main deal was the Telco shareholders' loan, which was exchanged for Telefonica shares themselves subsequently sold on the market; overall the Telco stake has been cut from 11.62% to 7.34%, at a gain of €67m;

- financial assets (i.e. treasury and AFS securities) declined to €20.2bn (30/6/13: €21.7bn; 31/12/13: €25.2bn), due to the treasury management optimization process involving the cash component in particular (down from €8.3bn to €4.5bn in the third quarter) as well as holdings of Italian government securities (down from €6.7bn to €5.2bn);

- the reduced funding requirements, related to the use of treasury assets, drove a reduction in funding to €48.1bn, which emerged in 3Q particularly with a decrease in MB bond stock (issues totalling €1.4bn, redemptions and buybacks of €4.5bn), repayment of a €0.5bn tranche of the LTRO (making a total of €1bn during the financial year-to-date), and a reduction in CheBanca! deposits (from €13.3bn to €12.8bn);

- CheBanca! started the sale of asset management products, with over €200m placed in the course of Q3, and, at the same time, indirect funding rising to €1.3bn (30/6/13: €0.7bn), and direct funding falling back to end-June 2013 levels (€11.8bn). With reference to direct funding specifically, the less costly products, namely current accounts and untied deposits, rose from €1.9bn as at end-June 2013 to €2.4bn;

- lending activity showed a recovery in all segments: RCB drawn loans were up 10%, to €4.2bn (with consumer credit up 7% to €3.9bn), while CIB drawn loans for the nine months totalled €2.8bn, vs €2.6bn for FY 2012/13 as a whole. The Group's loan book was stable at end-December 2013 levels (€32.3bn), due to early repayments in CIB (€1.5bn in the nine months and €0.5bn in 3Q). Loan book management has been geared towards reducing concentration, optimizing capital absorption and preserving asset quality;

- credit quality remains high, despite one exposure being reclassified to non-performing (among sub-standard loans, or *incagli*) in the third quarter, with NPLs net of adjustments rising accordingly from €1,013.4m to €1,356.9m, bringing forward the application of the new EBA criteria; net NPLs therefore increased to 4.2% of the total loan book (3.1%), but the coverage ratio remained unchanged at 45% (31/12/13: 46%).

On the earnings side, the Group saw revenues up 5.8%, from €1,199.4m to €1,268.4m, as a result of asset diversification: net interest income was up 6%, and this, together with the increased contribution from the equity-accounted companies (€174.7m, compared with a €71m loss last year) offset the modest treasury result (€9.5m, vs €206.8m) and the decline in fee income (from €300.2m to €275m), the latter not yet reflecting the resumption in capital market activities. The various income items performed as follows:

- net interest income was up 6%, from €763.4m to €809.2m, bearing out the trends witnessed in the last quarters, with the substantial, 12.9% increase in consumer finance offsetting the 4.8% reduction in wholesale banking;

- net fee and commission income fell from €300.2m to €275m, reflecting the weak corporate scenario on reference markets, and does not yet take into account the resumption in capital market activity, where Mediobanca has an approx. €28bn pipeline of deals to be executed in the coming quarters;

- the reduction in net treasury income, from €206.8m to €9.5m, reflects the performance by the fixed-income income segment, impacted by the lack of volatility on markets and the price effect on securities held for trading, with coupons exceeding the market returns;

- the contribution from the equity-accounted companies was positive, adding €174.7m, almost entirely attributable to Assicurazioni Generali (which earned €173.7m, as opposed to the €63.9m loss reported last year).

Operating costs, virtually flat at €563m (€561.5m), show a further reduction of 6.2% in labour costs, partly offset by a 7.2% rise in administrative expenses, to €259.7m, which were up due to higher EDP costs and marketing and credit recovery expenses.

Loan loss provisions were up 26.5%, from €363.7m to €460.2m. These involve corporate and private banking as to €133.5m, retail and consumer banking as to €299m, and leasing as to €28.2m. The increase reflects the ongoing difficulties encountered by corporates and households, writeoffs and disposals in the corporate segment, and the objective of maintaining an adequate coverage ratio for NPLs (overall 45%), *inter alia* in view of the new classifications required by the EBA criteria. The cost of risk rose accordingly from 139 bps to 187 bps, still in line with the 184 bps recorded at end-December 2013.
Equity disposals during the nine months generated net gains of €221.3m, as already mentioned, with €68.8m added in the third quarter alone, and value adjustments totalling €26.2m (virtually unchanged).

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The new capital requirements regulations and directive (CRR/CRD IV) came into force on 1 January 2014, enacted at national level through Bank of Italy circulars nos. 285 and 286 released on 17 December 2013, which include provision for a phase-in period and allow for the possibility, under certain conditions, of stakes of under 15% in insurance companies being weighted at 370% rather than deducted from regulatory capital. Mediobanca has applied to the authorities for permission to exercise this option in respect of its investment in Assicurazioni Generali. Given that some issues remain to be clarified regarding the calculation of the ratios, for which enquiries are still pending, the EBA has notified the banking system that delivery of the supervisory reporting guidelines (COREP) for the situation as at 31 March has been postponed until 30 June 2014.

Divisional results

Wholesale banking: corporate activity recovering, high cost of risk in view *inter alia* of new classifications envisaged by EBA criteria

This division reported a net loss of €20.7m for the nine months, due to the absence of treasury income and 64.9% growth in loan loss provisions, reflecting:

- a 4.8% reduction in net interest income, from €183.3m to €174.5m, due to the ongoing reduction in margins on lending rates and lower average volumes;
- a €7.7m net loss from treasury activities, reflecting the short-term profile of the investments;
- a 15% reduction in net fee and commission income, affected by the weak advisory and lending markets (the former down 35%), whereas capital market business remained stable and does not yet reflect the strong pipeline of deals to be executed;

Costs were down 6.9% overall, driven by a 14.5% reduction in labour costs due to the lower variable component.

On the balance-sheet side, funding declined from €47.9bn to €42.7bn, due to bond maturities, matched by the reductions in treasury assets (down from €13.8bn to €10.2bn) and debt securities (down from €12.4bn to €11.1bn). Loans and advances to customers were flat versus end-December 2013 levels (down from €14.4bn to €14.3bn), due to early repayments of approx. €0.5bn (€1.5bn year-to-date). Loan book management has been geared towards reducing concentration, optimizing capital absorption and preserving asset quality. NPLs increased from €196.3m to €528.6m, due to one exposure being reclassified as sub-standard; NPLs now account for 3.7% (1.4%) of the loan book, and the coverage ratio is 36% (42%).

Private banking: profit up 17% to €39m, AUM €14.5bn

Private banking recorded a €38.7m profit (€33.1m), reflecting higher revenues (up 3.5%) on the one hand, and lower costs (down 5.1%) and adjustments (€1.9m, compared with €5m last year) on the other. Lower treasury income of €8.5m (€11.4m) was compensated for by increases in net fee and commission income (up from €51.9m to €57.3m) and net interest income (up from €30.2m to €31m). Assets under management as at 31 March 2014 totalled €14.5bn (31/12/13: €14.6bn), €7bn of which with CMB (unchanged) and €7.5bn (€7.6bn) with Banca Esperia.

Consumer credit (Compass): net profit up 49% to €76m, asset quality improving. Compass-MPS commercial agreement signed

Consumer credit operations posted a €75.8m profit for the nine months ended 31 March 2014, higher than the €51m reported last year. The 9.1% increase in revenues reflects the growth in net interest income (up 12.9%), on the back of higher average volumes, with margins resilient. At the same time, however, there was also a 4.2% rise in operating costs, reflecting higher credit recovery charges, and a 13.1% increase in loan loss provisions (with the cost of risk stable at 386 bps).

Loans and advances to customers rose to €9.8bn (31/12/13: €9.6bn; 30/6/13: €9.4bn), with new loans up 7%, from €3.6bn to €3.9bn. Net NPLs were down from €399.4m to €394.3m, and account for 4.0% (4.2%) of the total loan book; the coverage ratio rose accordingly, from 58% to 62%.

At the start of February 2014 an agreement was signed for Compass loans to be distributed in the over 2,300 branches of the Monte dei Paschi di Siena banking group. By virtue of this new agreement, Compass, which has entered into partnership arrangements with over 50 Italian banks over the years, has seen its distribution capacity strengthened further, bringing the total "indirect network" up to approx. 7,500 branches.

Retail banking (CheBanca!): asset management distribution platform launched, reduction in cost of funding

In line with the Strategic Plan objectives, which envisage diversification of the CheBanca! forms of funding and use of remote channels, at the start of January 2014 a new asset management platform became operative, offering over 1,800 funds operated by the leading asset managers. In the first three months of operations, CheBanca! placed investment products worth €207.7m, acquiring 6,000 new customers, 25% of which via the internet channel. Total indirect funding (including asset management) rose accordingly to €1.3bn (31/12/13: €1.0bn; 30/6/13: €0.7bn).

Deposits were flat vs end-June 2013 levels, at €11,825.5m, and down, as planned, on the €13,288.4m reported as at 31 December 2013: commercial efforts having been concentrated on the launch of asset management activities and the sale of less expensive products. The cost of funding is declining rapidly.

Mortgage loans were stable, at €4.3bn, but reflect new business levels which were virtually double for the nine months (€333m). NPLs are flat at €142.3m, and accounted for 3.3% (3.2%) of the total loan book, with the coverage ratio unchanged at 47%.

The 8% growth in revenues, up from €114.5m to €123.7m due to higher bond placement fees (up from €10.5m to €17.4m) was offset by an 8.6% rise in operating costs (from €107.5m to €116.7m) – linked to the seasonal nature of the promotional campaigns and the launch of new products - and the rise in loan loss provisions, up from €16.3m to €21m due to the increase in bad debts. CheBanca! reported a net loss of €18.6m for the nine months (€12.1m loss), which includes €5.3m set aside to the Interbank Deposit Fund in connection with Banca Tercas.

Principal investing: €340m profit, current market value of equity investment portfolio up to €4.6bn (up 7% since end-June 2013). Stakes worth €800m sold

Principal investing recorded a profit of €340.4m for the nine months, compared with a €193.9m loss at the same stage last year, due to increased profits earned by Assicurazioni Generali (€173.7m, compared with a €63.9m loss last year), gains on disposals (€219.8m, compared with €14.6m in losses), and a reduction in writedowns, from €107.1m to €24.6m. The profits for the period include €68.8m in respect of the disposals for the period, in particular Atlantia and the UCI CASHES.

The book value of the equity investments was stable at €4.0bn, despite the disposals, because of the increase in the market value of the equities held as available for sale. The current value of the securities portfolio is €4.6bn (30/6/13: €4.3bn), with unrealized gains on the Assicurazioni Generali investment worth over €700m.

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The Mediobanca Group's financial statements for the period ended 31 March 2014 will be available as from 9 May 2014, to anyone requesting to see them, at the Bank's head office and the offices of Borsa Italiana S.p.A., and may also be consulted on the Bank's website at www.mediobanca.com.

Milan, 8 May 2014

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Restated consolidated profit and loss accounts

Mediobanca Group (€m)	9 mths 31/3/13	9 mths 31/3/14	Y.o.Y. chg. %
Net interest income	763.4	809.2	6.0%
Net treasury income	206.8	9.5	-95.4%
Net fee and commission income	300.2	275.0	-8.4%
Equity-accounted companies	(71.0)	174.7	n.m.
Total income	**1,199.4**	**1,268.4**	**5.8%**
Labour costs	(291.6)	(273.6)	-6.2%
Administrative expenses	(269.9)	(289.4)	7.2%
Operating costs	**(561.5)**	**(563.0)**	**0.3%**
Gains (losses) on AFS, HTM & LR	(11.1)	221.3	n.m.
Loan loss provisions	(363.7)	(460.2)	26.5%
Provisions for other financial assets	(88.8)	(26.2)	-70.5%
Other income (losses)	0.0	(3.2)	n.m.
Profit before tax	**174.3**	**437.1**	**n.m.**
Income tax for the period	(138.9)	(44.9)	-67.7%
Minority interest	1.8	3.1	72.2%
Net profit	**37.2**	**395.3**	**n.m.**

Quarterly profit and loss accounts

Mediobanca Group	FY 12/13				FY 13/14		
(€m)	I Q 30/9/12	II Q 31/12/12	III Q 31/3/13	IV Q 30/6/13	I Q 30/9/13	II Q 31/12/13	III Q 31/3/14
Net interest income	259.0	258.7	245.7	264.6	270.5	264.6	274.1
Net treasury income	63.5	48.3	95.0	(10.0)	2.9	13.8	(7.2)
Net commission income	103.8	97.2	99.2	109.5	84.4	107.7	82.9
Equity-accounted companies	28.1	57.7	(156.8)	61.5	64.1	67.0	43.6
Total income	**454.4**	**461.9**	**283.1**	**425.6**	**421.9**	**453.1**	**393.4**
Labour costs	(94.0)	(100.4)	(97.2)	(92.4)	(85.1)	(93.9)	(94.6)
Administrative expenses	(79.7)	(101.5)	(88.7)	(103.0)	(83.5)	(107.5)	(98.4)
Operating costs	**(173.7)**	**(201.9)**	**(185.9)**	**(195.4)**	**(168.6)**	**(201.4)**	**(193.0)**
Gains (losses) on AFS equity	(6.1)	(3.8)	(1.2)	31.2	79.9	72.6	68.8
Loan loss provisions	(111.4)	(121.4)	(130.9)	(142.8)	(128.9)	(173.1)	(158.2)
Provisions for other fin. assets	(1.4)	(88.1)	0.7	(315.4)	(1.0)	(22.3)	(2.9)
Other income (losses)	0.0	0.0	0.0	(4.8)	0.0	0.0	(3.2)
Profit before tax	**161.8**	**46.7**	**(34.2)**	**(201.6)**	**203.3**	**128.9**	**104.9**
Income tax for the period	(53.3)	(32.4)	(53.2)	(17.9)	(32.0)	1.7	(14.6)
Minority interest	0.5	0.5	0.8	2.5	(0.1)	2.9	0.3
Net profit	**109.0**	**14.8**	**(86.6)**	**(217.0)**	**171.2**	**133.5**	**90.6**

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Restated balance sheet

Mediobanca Group (€m)	30/6/13	31/12/13	31/3/14
Assets			
Treasury funds	8,199.7	13,346.0	9,679.4
AFS securities	11,489.8	9,672.7	8,331.1
of which: fixed income	*9,967.1*	*8,259.6*	*7,050.7*
equities	*1,507.8*	*1,401.9*	*1,269.3*
Fixed assets (HTM & LR)	2,053.5	2,137.1	2,173.1
Loans and advances to customers	33,455.4	32,272.0	32,294.3
Equity investments	2,586.9	2,649.2	2,708.4
Tangible and intangible assets	707.7	703.2	705.5
Other assets	1,247.3	1,214.8	1,210.2
of which: tax assets	*896.1*	*856.5*	*871.2*
Total assets	**59,740.3**	**61,995.0**	**57,102.0**
Liabilities			
Funding	51,287.8	53,262.3	48,071.4
of which: debt securities in issue	*25,856.4*	*26,842.3*	*23,520.8*
retail deposits	*11,874.2*	*13,288.4*	*11,825.5*
Other liabilities	1,312.1	1,125.7	1,218.9
of which: tax liabilities	*608.0*	*476.1*	*537.7*
Provisions	192.2	189.9	189.9
Net equity	7,128.0	7,112.4	7,226.5
of which: share capital	430.6	430.6	430.6
reserves	6,589.9	6,576.0	6,690.7
minority interest	107.5	105.8	105.2
Profit for the period	(179.8)	304.7	395.3
Total liabilities	**59,740.3**	**61,995.0**	**57,102.0**
Core tier 1 capital	6,153.2	6,319.6	n.a.
Total capital	8,155.4	8,436.1	n.a.
RWAs	52,372.1	52,919.2	n.a.

Ratios (%) and per share data (€)

Mediobanca Group (€m)	30/6/13	31/12/13	31/3/14
Total assets/net equity	8.4	8.7	7.9
Loans/deposits	0.7	0.6	0.7
Core tier 1 ratio	11.7	11.9	n.c.
Regulatory capital/RWAs	15.6	15.9	n.c.
S&P rating	BBB+	BBB	BBB
Cost/income ratio	46.6	42.3	44.4
Bad loans (*sofferenze*) /loans	0.8	0.9	0.9
EPS (€)	(0.21)	0.35	0.46
BVPS (€)	8.2	8.1	8.3
No. of shares outstanding (millions)	861.1	861.1	861.1

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

9 mths to 31/3/14 (€m)	Corporate & Private Banking	Principal Investing	Retail & Consumer Banking	Corporate Center	Group
Net interest income	205.5	0.0	571.3	34.6	809.2
Net treasury income	0.8	7.0	0.4	(0.1)	9.5
Net fee and commission income	181.5	0.0	126.4	5.3	275.0
Equity-accounted companies	0.0	171.1	0.0	0.0	174.7
Total income	**387.8**	**178.1**	**698.1**	**39.8**	**1,268.4**
Labour costs	(140.8)	(6.6)	(110.8)	(24.0)	(273.6)
Administrative expenses	(90.8)	(1.3)	(205.3)	(16.9)	(289.4)
Operating costs	**(231.6)**	**(7.9)**	**(316.1)**	**(40.9)**	**(563.0)**
Gains (losses) on AFS equity	8.9	219.8	0.0	0.0	221.3
Loan loss provisions	(133.5)	0.0	(299.0)	(28.2)	(460.2)
Provisions for other financial assets	(4.6)	(24.6)	0.0	0.0	(26.2)
Other income (losses)	0.0	0.0	(5.3)	2.1	(3.2)
Profit before tax	**27.0**	**365.4**	**77.7**	**(27.2)**	**437.1**
Income tax for the period	(9.0)	(25.0)	(20.5)	7.5	(44.9)
Minority interest	0.0	0.0	0.0	3.1	3.1
Net profit	**18.0**	**340.4**	**57.2**	**(16.6)**	**395.3**
Treasury funds	11,091.0	0.0	8,933.2	118.9	9,679.4
AFS securities	6,696.9	1,256.2	698.4	0.0	8,331.1
Fixed assets (HTM & LR)	5,140.1	0.0	1,784.2	0.0	2,173.1
Equity investments	0.0	2,612.5	0.0	0.0	2,708.4
Loans and advances to customers	24,340.8	0.0	14,109.7	3,105.6	32,294.3
of which to Group companies	8,804.4	n.m.	n.m.	n.m.	n.m.
Funding	(45,105.3)	0.0	(24,465.9)	(3,098.4)	(48,071.4)
RWAs	n.a.	n.a.	n.a.	n.a.	n.d.
No. of staff	971*	n.s.	2,345	347	3,539

**Includes 124 staff employed by Banca Esperia pro-forma, not included in the Group total.*

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9 mths to 31/3/13 (€m)	Corporate & Private Banking	Principal Investing	Retail & Consumer Banking	Corporate Center	Group
Net interest income	213.5	0.0	516.5	34.4	763.4
Net treasury income	200.9	10.7	(0.4)	0.0	206.8
Net fee and commission income	198.0	0.0	125.0	6.0	300.2
Equity-accounted companies	0.0	(72.7)	0.0	0.0	(71.0)
Total income	**612.4**	**(62.0)**	**641.1**	**40.4**	**1,199.4**
Labour costs	(163.0)	(7.6)	(110.8)	(24.6)	(291.6)
Administrative expenses	(84.5)	(1.2)	(188.0)	(17.5)	(269.9)
Operating costs	**(247.5)**	**(8.8)**	**(298.8)**	**(42.1)**	**(561.5)**
Gains (losses) on AFS equity	13.3	(14.6)	0.0	0.0	(11.1)
Loan loss provisions	(83.9)	0.0	(262.0)	(18.1)	(363.7)
Provisions for other financial assets	15.3	(107.1)	0.0	0.0	(88.8)
Other income (losses)	(1.2)	0.0	0.0	0.0	0.0
Profit before tax	**308.4**	**(192.5)**	**80.3**	**(19.8)**	**174.3**
Income tax for the period	(102.5)	(1.4)	(41.4)	4.2	(138.9)
Minority interest	0.0	0.0	0.0	1.8	1.8
Net profit	**205.9**	**(193.9)**	**38.9**	**(13.8)**	**37.2**
Treasury funds	14,303.5	0.0	7,790.1	163.4	10,700.1
AFS securities	9,256.9	1,033.1	881.8	0.0	10,750.7
Fixed assets (HTM & LR)	2,247.5	0.0	2,095.9	0.0	2,238.0
Equity investments	0.0	3,248.8	0.0	0.0	3,336.8
Loans and advances to customers	26,905.2	0.0	13,497.1	3,606.9	33,701.2
of which to Group companies	9,860.9	0.0	0.0	n.m.	0.0
Funding	(51,426.1)	0.0	(23,181.2)	(3,277.9)	(53,803.0)
RWAs	n.a.	n.a.	n.a.	n.a.	n.a.
No. of staff	978*	0	2,330	312	3,491

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

MEDIOBANCA

Corporate & Private Banking

CIB (€m)	9 mths 31/3/13	9 mths 31/3/14	Y.o.Y. chg. %
Net interest income	213.5	205.5	-3.7%
Net treasury income	200.9	0.8	n.m.
Net fee and commission income	198.0	181.5	-8.3%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**612.4**	**387.8**	**-36.7%**
Labour costs	(163.0)	(140.8)	-13.6%
Administrative expenses	(84.5)	(90.8)	7.5%
Operating costs	**(247.5)**	**(231.6)**	**-6.4%**
Gains (losses) on AFS equity	13.3	8.9	-33.1%
Loan loss provisions	(83.9)	(133.5)	59.1%
Provisions for other financial assets	15.3	(4.6)	n.m.
Other income (losses)	(1.2)	0.0	n.m.
Profit before tax	**308.4**	**27.0**	**-91.2%**
Income tax for the period	(102.5)	(9.0)	-91.2%
Minority interest	0.0	0.0	n.m.
Net profit	**205.9**	**18.0**	**-91.3%**
Treasury funds	14,303.5	11,091.0	-22.5%
AFS securities	9,256.9	6,696.9	-27.7%
Fixed assets (HTM & LR)	2,247.5	5,140.1	128.7%
Equity investments	0.0	0.0	n.m.
Loans and advances to customers	26,905.2	24,340.8	-9.5%
of which to Group companies	9,860.9	8,804.4	-10.7%
Funding	(51,426.1)	(45,105.3)	-12.3%
RWAs	**35,667.4**	**n.a.**	n.c.
No. of staff	978	971	-0.7%
Cost/income ratio (%)	40.4	59.7	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

MEDIOBANCA

Wholesale Banking (€m)	9 mths	9 mths	Y.o.Y. chg. %
	31/3/13	31/3/14	
Net interest income	183.3	174.5	-4.8%
Net treasury income	189.5	(7.7)	n.m.
Net fee and commission income	146.1	124.2	-15.0%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**518.9**	**291.0**	**-43.9%**
Labour costs	(120.9)	(103.4)	-14.5%
Administrative expenses	(61.5)	(66.4)	8.0%
Operating costs	**(182.4)**	**(169.8)**	**-6.9%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(82.6)	(136.2)	64.9%
Provisions for other financial assets	19.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**272.9**	**(15.0)**	**n.m.**
Income tax for the period	(100.1)	(5.7)	-94.3%
Minority interest	0.0	0.0	n.m.
Net profit	**172.8**	**(20.7)**	**n.m.**
Loans and advances to customers	25,643.0	23,113.3	-9.9%
of which to Group companies	9,860.9	8,804.4	-10.7%
RWA	33,874.2	n.a.	n.c.
No. of staff	636	633	-0.5%
Cost/income ratio (%)	35.2	58.4	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

MEDIOBANCA

Private Banking (€m)	9 mths 31/3/13	9 mths 31/3/14	Y.o.Y. chg. %
Net interest income	30.2	31.0	2.6%
Net treasury income	11.4	8.5	-25.4%
Net fee and commission income	51.9	57.3	10.4%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**93.5**	**96.8**	**3.5%**
Labour costs	(42.1)	(37.4)	-11.2%
Administrative expenses	(23.0)	(24.4)	6.1%
Operating costs	**(65.1)**	**(61.8)**	**-5.1%**
Gains (losses) on AFS equity	13.3	8.9	-33.1%
Loan loss provisions	(1.3)	2.7	n.m.
Provisions for other financial assets	(3.7)	(4.6)	24.3%
Other income (losses)	(1.2)	0.0	n.m.
Profit before tax	**35.5**	**42.0**	**18.3%**
Income tax for the period	(2.4)	(3.3)	37.5%
Minority interest	0.0	0.0	n.m.
Net profit	**33.1**	**38.7**	**16.9%**
Loans and advances to customers	1,262.2	1,227.5	-2.7%
RWA	1,793.2	n.a.	n.c.
AUM	13,863.6	14,509.0	4.7%
No. of staff	342	338	-1.2%
Cost/income ratio (%)	69.6	63.8	
Bad loans (*sofferenze*)/loans ratio (%)	0.8	0.1	

MEDIOBANCA

Principal Investing

PI (€m)	9 mths 31/3/13	9 mths 31/3/14	Y.o.Y. chg. %
Net interest income	0.0	0.0	n.m.
Net treasury income	10.7	7.0	-34.6%
Net fee and commission income	0.0	0.0	n.m.
Equity-accounted companies	(72.7)	171.1	n.m.
Total income	**(62.0)**	**178.1**	n.m.
Labour costs	(7.6)	(6.6)	-13.2%
Administrative expenses	(1.2)	(1.3)	8.3%
Operating costs	**(8.8)**	**(7.9)**	**-10.2%**
Gains (losses) on AFS equity	(14.6)	219.8	n.m.
Loan loss provisions	0.0	0.0	n.m.
Provisions for other financial assets	(107.1)	(24.6)	-77.0%
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**(192.5)**	**365.4**	**n.m.**
Income tax for the period	(1.4)	(25.0)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**(193.9)**	**340.4**	**n.m.**
AFS securities	1,033.1	1,256.2	21.6%
Equity investments	3,248.8	2,612.5	-19.6%
RWAs	4,521.2	n.a.	n.c.

MEDIOBANCA

Retail & Consumer Banking

Retail & Consumer Banking (€m)	9 mths 31/3/13	9 mths 31/3/14	Y.o.Y. chg. %
Net interest income	516.5	571.3	10.6%
Net treasury income	(0.4)	0.4	n.m.
Net fee and commission income	125.0	126.4	1.1%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**641.1**	**698.1**	**8.9%**
Labour costs	(110.8)	(110.8)	0.0%
Administrative expenses	(188.0)	(205.3)	9.2%
Operating costs	**(298.8)**	**(316.1)**	**5.8%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(262.0)	(299.0)	14.1%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	(5.3)	n.m.
Profit before tax	**80.3**	**77.7**	**-3.2%**
Income tax for the period	(41.4)	(20.5)	-50.5%
Minority interest	0.0	0.0	n.m.
Net profit	**38.9**	**57.2**	**47.0%**
Treasury funds	7,790.1	8,933.2	14.7%
AFS securities	881.8	698.4	-20.8%
Fixed assets (HTM & LR)	2,095.9	1,784.2	-14.9%
Equity investments	0.0	0.0	n.m.
Loans and advances to customers	13,497.1	14,109.7	4.5%
Funding	(23,181.2)	(24,465.9)	5.5%
RWAs	10,412.7	n.a.	n.c.
No. of staff	2,330	2,345.0	0.6%
No. of branches	202	214	5.9%
Cost/income ratio (%)	46.6	45.3	
Bad loans (*sofferenze*)/loans ratio (%)	1.5	1.5	

MEDIOBANCA

Consumer Credit (€m)	9 mths 31/3/13	9 mths 31/3/14	Y.o.Y. chg. %
Net interest income	412.1	465.4	12.9%
Net treasury income	0.0	0.0	n.m.
Net fee and commission income	114.5	109.0	-4.8%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**526.6**	**574.4**	**9.1%**
Labour costs	(65.3)	(66.5)	1.8%
Administrative expenses	(126.0)	(132.9)	5.5%
Operating costs	**(191.3)**	**(199.4)**	**4.2%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(245.7)	(278.0)	13.1%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**89.6**	**97.0**	**8.3%**
Income tax for the period	(38.6)	(21.2)	-45.1%
Minority interest	0.0	0.0	n.m.
Net profit	**51.0**	**75.8**	**48.6%**
Loans and advances to customers	9,245.0	9,767.6	5.7%
New loans	8,600.0	n.a.	n.c.
RWAs	3,637.3	3,874.3	6.5%
No. of staff	1,418	1,465	3.3%
No. of branches	158	158	0.0%
Cost/income ratio (%)	36.3	34.7	
Bad loans (*sofferenze*)/loans ratio (%)	1.2	1.3	

MEDIOBANCA

Retail Banking (€m)	9 mths	9 mths	Y.o.Y. chg. %
	31/3/13	31/3/14	
Net interest income	104.4	105.9	1.4%
Net treasury income	(0.4)	0.4	n.m.
Net fee and commission income	10.5	17.4	65.7%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**114.5**	**123.7**	**8.0%**
Labour costs	(45.5)	(44.3)	-2.6%
Administrative expenses	(62.0)	(72.4)	16.8%
Operating costs	**(107.5)**	**(116.7)**	**8.6%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(16.3)	(21.0)	28.8%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	(5.3)	n.m.
Profit before tax	**(9.3)**	**(19.3)**	**n.m.**
Income tax for the period	(2.8)	0.7	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**(12.1)**	**(18.6)**	**53.7%**
Loans and advances to customers	4,252.1	4,342.1	2.1%
New loans	1,812.7	n.a.	n.c.
RWAs	186.5	333.0	78.6%
No. of staff	912.0	880	-3.5%
No. of branches	44	56	27.3%
Cost/income ratio (%)	93.9	94.3	
Bad loans (*sofferenze*)/loans ratio (%)	1.9	2.2	

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

Head of

Company Financial Reporting

Massimo Bertolini