MEDIOBANCA

MEDIOBANCA BOARD OF DIRECTORS' MEETING

Milan, 31 July 2018

MEDIOBANCA

Financial statements for twelve months ended 30 June 2018 approved

Record results by revenues, GOP and net profit driven by enhanced distribution and strong commercial push

Last 3M/4Q confirms Mediobanca's outstanding resilience and ability to grow in any scenario

Shareholder remuneration significantly increased

Record business volumes, revenues and profits in FY 2017-18

Net New Money (NNM) totalling €5bn, TFAs up 7% to €64bn
New loans up 28% to €16bn, loan book up 8% to €41bn
Revenues up 10% to €2.4bn, with net interest income up 6% and fee income up 19%
GOP[1] up 24% to €1,057m (achieving BP 2019 target one year early)
Net profit up 15% to €864m
ROTE at 10%

Strong business performance and further improvement in capital solidity in last 3M/4Q, despite market turmoil

NNM up 4% Q.o.Q., to €1.5bn
AUM/AUA up 2% Q.o.Q., to €37.3bn
Loan book up 2% Q.o.Q., to €41bn – Deposits up 1% Q.o.Q., to €49bn
MB bonds worth €715m issued in July 2018, at lower cost of funding to bonds expiring
CET1 up 36bps Q.o.Q., to 14.2%[2]
Asset quality improving further (gross NPLs down 1.5%, net NPLs down 2.7%)
Solid trends in revenues (€619m), GOP (€244m) and net profit (€182m)

Significant increase in shareholder remuneration

Proposed DPS €0.47 (up 27% vs €0.37 last year)
Payout ratio 48% (43%)
Treasury share buyback scheme approved for 3% of MB share capital

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1) Gross operating profit net of loan loss provisions.
2) Calculated using the current CRR rules, i.e. weighting a portion of the Assicurazioni Generali investment at 370%.

MEDIOBANCA

CSR (Corporate Social Responsibility) coverage strengthened

Directive on responsible investing approved
First consolidated non-financial reporting produced

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With Renato PAGLIARO in the Chair, the Directors of Mediobanca approved the Group's financial statements for the twelve months ended 30 June 2018, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

In the twelve months ended 30 June 2018, the Mediobanca Group delivered a **net profit of €863.9m, 15.2% higher** than the €750.2m posted last year, with **record performances in revenues (over €2.4bn) and gross operating profit (€1,057.2m)**. This performance reflects healthy performances by all the divisions, in particular Consumer Banking, and the ongoing consolidation of Wealth Management[3]. Capital solidity also strengthened further, with the Common Equity Tier 1 (CET1) ratio[4] increasing from 13.3% to 14.2% (with the total capital ratio at 18.1%), in part due to the introduction of the AIRB models for calculating RWAs for the CIB-large corporate portfolios as from March 2018, which yielded an overall benefit of some 140 bps.

Gross operating profit, net of loan loss provisions, climbed by 23.6% in the twelve months, from €855.2m to €1,057.2m, reaching the target set in the 2016-19 strategic plan one year ahead of schedule, on **10.2% growth in revenues (from €2,195.6m to €2,419.3m)**, with the main income items performing as follows:

- **net interest income grew by 5.6%**, from €1,287.8m **to €1,359.4m**, and reflects the increase in Consumer Banking (up 6.2%, from €818.1m to €868.8m), a cut in the loss by the Holding Functions (from €76.3m to €37.5m), and an improved contribution from Wealth Management (up 4.5%, from €244.1m to €255.2m); conversely, net interest income from Corporate and Investment Banking activity declined from €292.6m to €266.1m, reflecting the lower profitability of the corporate loan book in the Wholesale segment;

- **net treasury income increased** from €121.3m **to €157.4m**, with all business lines contributing positively: revenues from client trading were up from €72.7m to €82.3m, whereas revenues from the proprietary trading portfolio climbed from €31.6m to €53m (with gains on banking book bonds doubling, from €7.4m to €14.7m); AFS dividends (equities and funds) were up from €17m to €22.1m;

- **net fee and commission income rose by 19.1%** (from €522.6m **to €622.2m**), driven by the 48% increase in fees from Wealth Management (up from €175.1m to €258.7m, now accounting for more than 40% of Group fee income), in part due to the expanded area of consolidation (now including RAM, which added €15.5m); fee income from Wholesale Banking activity was unchanged, at €207.3m (33% of the total): the excellent performance in Corporate Finance, which delivered a 35.4% increase (from €47.8m to

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3) Compared to last year, the Wealth Management division's results now include Mediobanca Private Banking (which comprises the Banca Esperia activities), CheBanca! (the results of which were boosted by the inclusion of the former Barclays' volumes for the whole twelve months rather than just ten), and RAM Active Investments (for four months).
4) The CET1 ratio has been calculated using the current CRR rules, i.e. weighting a portion of the Assicurazioni Generali investment at 370%.

€64.7m) offset the expected reduction in equity capital market fees following last year's result which was boosted by one particularly lucrative transaction;

- the contribution from the equity-accounted companies, virtually all of which is now due to **Assicurazioni Generali, rose from €263.9m to €280.3m**.

Operating costs rose by **8.9%**, from €1,023.7m to €1,114.9m, **largely due to the increased area of consolidation** (the inclusion of RAM added €8.2m, and the consolidation of Banca Esperia €56m) as well as to the expansion in banking activities (in particular Consumer Banking and Specialty Finance); CheBanca! in fact cut costs by 1% (or 7% on a like-for-like basis), with the extra expense incurred to launch the FAs network entirely offset by the efficiencies generated through full integration of the business unit acquired from Barclays.

Loan loss provisions decreased by 21.9%, from €316.7m **to €247.2m,** reflecting **a cost of risk of 62 bps**, comfortably below the strategic plan target despite **enhanced provisioning for non-performing items** (with the coverage ratio up from 54.6% to **56.7%**); due in particular to writebacks in Wholesale Banking (€44m) and a cost of risk in Consumer Banking which is near to its lowest-ever levels (below 200 bps).

Gross operating profit climbed 20%, to €1,095.8m, a result which also reflects:

- **net gains on disposals of €98.3m** (30/6/17: €168.6m), chiefly in respect of the Atlantia disposal in 1Q;

- **payments to the resolution funds and deposit guarantee schemes totalling €49.1m** (€87.9m), €26.3m of which as the ordinary contribution to the Single Resolution Fund, €5.4m for the ordinary contribution to the DGS, and €17.4m in one-off payments, €7.8m of which to the voluntary interbank deposit scheme (FITD, including €2.8m in relation to wiping out the investment in Cassa di Risparmio di Cesena and the ABS received), and a €9.5m payment required by the Italian resolution fund in May 2018;

- other non-recurring items of €9.3m (net of certain writebacks on securities), chiefly linked to the reorganization of certain internal Group activities.

Turning to the **balance-sheet data**, total assets rose from €70.4bn to €72.3bn, due to higher lending volumes. Compared to the figures posted at 30 June 2017, the main asset items reflected the following performances:

- **loans and advances to customers rose by 7.7%, from €38.2bn to €41.1bn**, with the increase regarding all the portfolios: Wholesale Banking (up €1.2bn), Consumer Banking (up €0.8bn), CheBanca! mortgage loans (up €0.6bn), and Specialty Finance (up €0.5bn). **The twelve months under review saw intense and enhanced lending activity** (new loans up 28%, from €12.8bn to **€16.4bn**), **with all segments growing strongly**: consumer credit up 5.8% (with new loans up from €6,638.1m to €7,025.1m), mortgage lending up 28.5% (new loans up from €1,240.9m to €1,594m), Wholesale Banking up 61.6% (new loans up from €4,537m to €7,331.7m – against redemptions totalling €6,284.5m, including €3,104.5m in early redemptions), and leasing up 1% (new loans up from €418.0m to €423m). Alongside these trends there was strong growth in factoring business (where turnover rose from €3,730.4m to €5,178m), and some new purchases of NPLs portfolios by MBCredit Solutions (worth a nominal €1.6bn – compared with acquisitions of €1bn made last year – concentrated in the retail and SMEs unsecured segment, and involving an outlay of €174.2m).

- **gross NPLs declined by 6%**, from €2,072.2m **to €1,943.1m**, in the leasing and Wholesale Banking segments in particular (by 19.1% in the case of the former, and by 13.1% in the case of the latter), **and now account for just 4.6% of the total loan book** (5.2%). **Net NPLs** similarly **reduced by 10.5%**, from €940.5m to **€842.1m**, decreasing still further as a percentage of the total loan book, from 2.5% last year to 2.1%, due in part to the **higher coverage ratio (up from 54.6% to 56.7%). Net bad loans decreased to €141.5m** (€156.8m), and represent 0.35% (0.41%) of the total loan book. The item does not include the NPLs portfolios acquired by MBCredit Solutions in the course of the twelve months, which rose from €134.8m to €287.9m.

- ALM optimization efforts are reflected in the reduction in banking book securities and treasury holdings, against funding which remained virtually stable:

  - **banking book bonds reduced from €8.4bn to €7.7bn**, with an increase in the stock of non-domestic government securities; holdings in Italian sovereign debt totalled €2.7bn (35% of the segment), with an average duration of less than three years;

  - **net treasury assets decreased slightly, from €7.3bn to €4.8bn**, consistent with more effective liquidity management in a negative market interest rate scenario;

  - **funding was stable at €48.9bn**, and chiefly reflects the repayment of the first T-LTRO programme (€1.5bn), offset by higher CheBanca! retail deposits (which grew from €13.4bn to €14.2bn) and private banking deposits (up from €4.5bn to €4.9bn). Debt security issuance was virtually unchanged, at €19.2bn (€19.3bn); more than twenty issues were made for a total amount of some €4bn against redemptions in a similar amount (€4bn), plus market buybacks of just under €100m; institutional issues accounted for 72% (€2.9bn), around half of which secured by Futuro assets (€600m) and a covered bond with CheBanca! mortgage receivables as the underlying instrument (€750m).

- total financial assets in Wealth Management, or **TFAs, rose from €59.9bn to €63.9bn**, **due to the addition of RAM** (which brought €4.1bn, concentrated in systematic equity funds), **plus net new money of €4.7bn** against outflows totalling some €4.5bn, most of which was concentrated in unprofitable assets under custody (€3.7bn of which Cairn Capital legacy assets). Mediobanca Private Banking and its product factories added €1.3bn in the twelve months (with a stock of €19.1bn as at end-June), CheBanca! Affluent & Premier customers €2.2bn (€22.6bn), Cairn Capital €1,018.7m (€3.5bn), and Compagnie Monégasque de Banque €342m (€10bn).

- the Group's CET1 ratio[5] increased from 13.3% to 14.2%; the improvement was helped by the first-time adoption of the AIRB models to calculate RWAs for the large corporate loan book (adding 140 bps), an increase which was only partly offset by the acquisition of RAM Active Investments SA (which generated a 30 bps reduction due to a combination of goodwill, seed capital and delivery of treasury shares owned as partial payment of the consideration), plus the increase in deductions for the Assicurazioni Generali investment (40 bps) to comply with the concentration limit. The total capital ratio rose from 16.9% to 18.1% accordingly.

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5) The capital ratios have been calculated based on full application of the CRR rules – i.e., a portion of the Assicurazioni Generali investment being weighted at 370%, and factoring in the proposed dividend of €0.47 per share. Almost half the Assicurazioni Generali has been deducted, in order to comply with the new concentration limit set at 20% as from 31 December 2017, with an impact of approx. 40 bps on the CET1 ratio (conversely, RWAs reduced by €1.4bn).

- the fully-loaded ratios (i.e. without weighting the Assicurazioni Generali investment at 370%) came in at 13.1% for the CET1 ratio and at 17.3% for the total capital ratio;

- the introduction of IFRS 9, from 1 July 2018, will cause a very minor reduction in the capital ratios (approx. 20 bps fully-loaded, which will reduce to 1 bps by the end of year 1 of the phase-in process).

The fourth quarter was market by growing business volumes and solid earnings results, despite the market turmoil, confirming the resilience of the Mediobanca business model and its ability to grow in any scenario. Highlights were as follows:

- **NNM rose by 4%** to €1.5bn, on strong organic growth in both asset management of almost €0.7bn and deposits (more than €0.8bn);

- **AUM rose by 2.3%**, from €36.5bn to €37.3bn, with the growth well diversified between affluent and private segments;

- **loans were up 2%,** from €40.2bn to €41.1bn, with a balanced contribution from all divisions;

- **net interest income rose further** (from €342.1m **to €345.2m**), driven by a solid performance in Consumer Credit and slight increases in Wealth Management and Specialty Finance; while the Holding Functions' contribution for the quarter was stable;

- **fee income was flat at €166m**, with Wealth Management the top contributor for the first time (with €73.3m); full consolidation of RAM (for the full three months rather than just one) added approx. €11m, offsetting the lower contribution from CIB;

- **loan loss provisions rose from €60.3m to €73.7m, on lower writebacks for the CIB division**, whereas the previous quarter's low levels were maintained in Consumer Banking; **asset quality improved further**, with gross NPLs down 1.5%, net NPLs down 2.7%, and the gross NPLs/total loans ratio down from 4.8% to 4.6%;

- **net profit totalled €182m,** reflecting €19.7m in non-recurring items (payment required by the Italian national resolution fund; turnover and reorganization scheme);

- **the CET 1 ratio improved by 36 bps to 14.2%**, reflecting the lower Assicurazioni Generali deductions and more efficient asset management.

Divisional results

1. Wealth Management. Platform development accelerating, now reflects €37.3bn in AUM, €4.7bn in NNM, and €526m in revenues; with ROAC at 13%

In the twelve months under review, construction of the Wealth Management platform contributed, on the back of strong organic growth (due to enhancement of the distribution structure) and expansion of the area of consolidation following the recent acquisitions (Barclays' business unit, full consolidation of Banca Esperia, plus the recent addition of RAM). This translated to growth in assets under management and in revenues.

Accordingly, AUM/AUA climbed to €37.3bn, up €7.3bn in the twelve months due to the resumption in organic growth with NNM of €4.7bn (approx. €3.3bn of which in AUM/AUA) and consolidation of the newly acquired companies (with RAM adding €4.1bn).

The assets are split between Private Banking with €28.9bn (30/6/17: €22.9bn), and the CheBanca! Affluent & Premier segment, with €8.4bn (€7.1bn).

Revenues rose by 14.5%, from €459.5m to €526m, driven by fee income of €258.7m (up 27.4%), which at end-June 2018 represented more than 40% of the Group's fees.

The revenues were also well diversified between the various streams:

- client segment (55% Affluent – 45% Private);
- income source: approx. 50% from net interest income (€255.2m, up 4.5%) and 50% from fee income (€258.7m, up 27.4%). The fees in particular are 80% recurring (management and banking fees).

Net profit rose from €55m to €69.2m, giving a ROAC of 13%.

1.1. Affluent & Premier: CheBanca! doubles its operating profit to €41m

The activity of CheBanca!, the "human-digital bank" for current and next wealth generation, is picking up speed. In the space of ten years, CheBanca! has undergone a profound change from its original mission as multi-channel digital bank serving as deposit-gatherer and mortgage lender to asset manager, gradually adding a strong advisory content to its native digital character. CheBanca! today represents a differentiating choice in the Italian credit market, by customer experience and satisfaction and also by offering model, and is already in line with the long-term trends in progress (demographical, technological and regulatory in particular):

- **its innovative, transparent and convenient product offering**, geared strongly towards customer satisfaction, which is already consistent with the MIFID II guidelines; for example, CheBanca! offers free ATM withdrawals throughout Italy;
- **its distribution model** – the only genuine omni-channel model with a strong digital content – in line with the next wealth generation's approach to services;
- **revenues, already well diversified by type and source** (net interest income generated by direct funding and mortgage lending activity, with an increasing contribution from asset management fees) and for the most part recurring (net fee and commission income: 90% derives from management fees and banking);
- **structurally high growth capabilities,** due to scalability of operating/digital platform, organic growth (ongoing strengthening of network, both proprietary and FAs), with possibility of future acquisitions (supported by the Mediobanca Group).

In FY 2017-18, in accordance with the strategic plan guidelines, CheBanca! has:

- **enhanced its franchise and product portfolio:** CRM development has continued; integration of Barclays' Italian activities following their acquisition has been completed, optimizing the distribution network and relaunching commercial activities; a new network of financial advisors has been launched, and in the last year the network has reached 226 FAs (compared with 65 at end-June 2017) based in 46 offices; work has begun on strengthening the proprietary distribution network, with the addition of new commercial figures (providing a total of more than 400 affluent/wealth advisors); the client base has expanded, and now numbers 807,000 clients, with over 6,000 added every month, more than 30% of which are acquired through digital channels; and the product portfolio has been completed and the "open-guided" investment platform strengthend using the leading international investment houses and the asset allocation and management services of the Group's fund manager Mediobanca SGR;

- **increased client business volumes,** with TFAs up 11% to €22.6bn, and mortgage loans up 8% to €8bn: TFAs reached €22.6bn, up 11% on end-June 2017, with increases in asset under management ("AUM", up 19% Y.o.Y. to €6.3bn), asset under administration ("AUA" up 20% Y.o.Y., to €2.1bn) and deposits (up 6% Y.o.Y., to €14.2bn). Net new money totalled €2.2bn, €1bn of which in AUM, €0.4bn in AUA and €0.8bn in direct funding; the latter in particular saw an increase in the highest loyalty retention transactional component (current accounts and transactional products of €7.5bn) and stability in deposit accounts. Growth in volumes derives from a balanced contribution from the main distribution channels:

  - proprietary network: €0.8bn in NNM. TFAs managed by the proprietary channel totalled €20.9bn, split between €7.3bn in AUM/AUA and €13.6bn in deposits;

  - FAs: €1.4bn in NNM. TFAs managed by the FAs channel reached €1.7bn in their first year, split between €1.1bn in AUM/AUA and €0.6bn in deposits;

  Mortgage loans to households climbed from €7.5bn to €8.1bn, on new loans of €1.6bn (up 28.5% on the €1.2bn reported at end-June 2017). Asset quality remained at excellent levels: gross NPLs declined from €346.1m to €332.1m, and account for 4% (4.5%) of total loans; while net NPLs declined from €180.6m to €155.1m and account for 1.9% of net total loans, with a coverage ratio of 53.3% (47.8%); net bad debts totalled €92.7m (1.1% of net total loans), with a coverage ratio of 60.9% (56.4%).

- **improved its profitability (ROAC 8.4%**), **growing revenues by 7% (to €293m)** and **doubling GOP to €41m.** The main profit-and-loss items reflected the following trends in the twelve months:

  - revenues were up 6.5%, from €274.6m to €292.5m, due in particular to fee income which climbed 15.7%; from €68.9m to €79.7m;

  - at the same time, operating costs were down 0.7%, from €237m to €235.3m, but on a like-for-like basis the reduction would be 6.9%, as a result of synergies deriving from the merger and integration of the Barclays' business unit;

  - loan loss provisions decreased from €19.4m to €16.5m, due to an improvement in the mortgage lending risk and the first use of advanced internal rating models;

- **increased its net profit to €27.7m**, higher than the €26.9m posted last year (which also reflected non-recurring income of €15.2m).

1.2. HNWI & Private & AM: substantial organic growth (NNM of €2.5bn in twelve months), helped by the new coverage model and launch of new products; RAM acquisition completed

With the merger of Banca Esperia into Mediobanca S.p.A. completed in December 2017, **the organizational and coverage structure of Mediobanca Private Banking has been revamped to provide an integrated Private-Investment Banking offering. This has translated to an increase in AUM** with the same number of bankers, and **a robust pipeline of investment banking deals in the mid cap segment.**

Enhancement of the product factories has continued, with new heads recruited for Mediobanca SGR (domestic platform) and MAAM (alternative asset management, non-domestic platform), plus the launch of new asset allocation products with a view to generating synergies with the Group's distribution networks. In the alternative asset management segment, the acquisition of RAM Active Investments was completed in March 2018. RAM is a specialist player in systematic equity fund management, with AUM of €4.1bn and a product/channel platform complementary to that of Cairn (AUM of €3.5bn, predominantly in illiquid credit products).

The net profit earned in this segment rose in the twelve months, from €28.1m **to €41.5m**, helped by the full consolidation of Banca Esperia (which last year provided 50% of the result for three quarters), the acquisition of RAM (four months), and the minor Spafid acquisitions becoming fully operative. Accordingly, GOP rose by 16%, from €44.9m to €52.1m, on **revenues up 26.3%** (from €184.9m **to €233.5m**), with the main items performing as follows:

- **net interest income was up 11.3%**, from €38.8m to €43.2m, with substantial contributions from CMB, of €34.7m (€32.5m), and Mediobanca Private Banking, of €8.3m (€6.1m);

- **net treasury income**, chiefly attributable to CMB's activities, was virtually unchanged at €11.3m (€11.9m);

- **fee income climbed sharply, up 33.4%** (from €134.2m **to €179m**, more than 70% of which recurring), following excellent performances by all the divisions: Mediobanca Private Banking and its product factories posted an increase in fees from €46.2m to €77.2m, CMB from €46.9m to €49.3m, while RAM Active Investments added €15.5m for the four months for which it was consolidated, and the fees earned by Spafid increased from €13.6m to €18.9m; the only reduction was by Cairn Capital with fees of €18.1m (€27.5m), due to lower performance fees and advisory business levels.

At the same time, **operating costs** grew by 30.3%, from €139.3m to €181.5m; the increase reduces to 9.8% net of the Banca Esperia effect, and was concentrated on upgrading the CMB and domestic private banking IT system. On a like-for-like basis, labour costs were down 3% due to the reorganization post-merger with Banca Esperia.

By individual business unit, CMB reported a net profit of €32.1m, on revenues of €95m (€89.4m), costs of €59.5m (€51.8m), gains on disposals of AFS shares totalling €2m (€7m), and tax of €5.7m (€6.6m); Mediobanca Private Banking and the product factories delivered a net profit of €9.3m (compared with an €11.2m loss at the same time last year), on revenues of €85.7m (€53.7m) and costs of €71.7m (€47.7m); while Cairn Capital posted revenues of €18.2m (€28m) and costs of €19.5m (€24.6m), due to the reduction in performance and advisory fees; Spafid, which provides fiduciary business and corporate services, reported revenues of €19.1m (€14m) and costs of €18.6m (€12.1m).

AUM/AUA for the twelve months totalled €28.9bn (30/6/17: €22.9bn), split as follows: CMB €7bn (€6.7bn), Mediobanca Private Banking and the product factories €14.5bn (€13.7bn), and Cairn €3.3bn (€2.5bn). AUC fell from €12.1bn to €7.6bn, due to the winding up of legacy positions managed by Cairn under long-term advice (now just €0.2bn, compared with €3.9bn last year), and the reduction in assets held by Mediobanca Private Banking and its product factories (€2.7bn, versus €3.6bn); conversely, Spafid posted an increase in volumes, from €4.4bn to €4.5bn.

2 Consumer Banking. Record results, with revenues up 6% to €996.2m and net profit up 22%, to €315m; ROAC 30%. Strong commercial push, with new loans up 6% for the twelve months, to €7bn

Compass confirmed its position of leadership within the Italian domestic consumer credit market, by positioning and profit. With new loans of over €7bn, it once again ranked as one of the top three players on the domestic market, with a market share of 12%, leveraging on a distribution network - direct (170 branches) and indirect (distribution agreement with third party banks, post offices, agents and POS) – which is one of the most extensive in Italy. ROAC this year reached 30%, an impressive growth story which has enabled the company to triple its loan book and revenues and see its net profit increase tenfold in the course of the last decade.

The results for the twelve months reflect robust growth in new loans, underpinned by enhancement of the distribution channels, with resilient margins and a reduction in the cost of risk. Asset quality has been consistently maintained at the highest international levels as a result of the company's policy of regularly selling stocks of non-performing assets, while the provisioning policy is already aligned with the new criteria that have been introduced for European banks.

Compass reported a net profit of €315.3m for the twelve months (30/6/17: €258.2m), on higher revenues (up 6.4%, from €936.2m to €996.2m), flat costs (up 1.6%) and lower loan loss provisions (down 12.4%). In particular, revenues benefited from the trend in net interest income (up 6.2%, from €818.1m to €868.8m), due to the combined effect of higher volumes (up 6.5%) and resilient profits; the increase in fee income (up 7.9%) is due to the higher volumes, in particular revenues from insurance products. Operating costs rose slightly, by 1.6%, from €279.9m to €284.5m, due to new hirings (24 new employees taken on, which translated to a €2m increase in labour costs, certain project activities (AIRB models, Group treasury), and higher credit recovery costs. Loan loss provisions were down 12.4%, from €276.2m to €241.9m, and reflect a cost of risk of 199 bps, representing further improvement since the reporting date last year (243 bps).

The increase in loans and advances to customers also continued, which at end-June totalled €12,517.8m (€11,750.3m), on new loans totalling €7,025.1m (up 5.8%, from €6,638.1m) concentrated in personal loans and special-purpose loans. Gross NPLs increased from €658.8m to €698.5m, remaining virtually unchanged in relative terms at 5.2% of the gross loan book; whereas net NPLs were at all-time lows, at €186m (or 1.5% of the total loan book), with a coverage ratio of 73.4% (71.2%). Net NPLs totalled €13.6m, unchanged at just 0.1% of the total loan book, reflecting a coverage ratio of 93.9%. The coverage ratio for performing loans was also basically flat versus last year, at 2.7% (2.6%). Sales of NPLs were made external to the Group during the twelve months for a total of €171.5m (€192.5m).

3 Corporate & Investment Banking: enhanced position, more diversified revenues, lower capital absorption, ROAC 14%

Corporate and Investment Banking delivered a net profit of €264.5m, up 4.2% on last year's result (which itself was achieved on the back of an outstanding quarterly performance in the capital markets segment almost impossible to repeat). The enhanced productivity (due to improved client coverage and a partial overhaul of the teams of bankers) and the diversification of revenues (with an increased contribution from Specialty Finance and DCM) offset the anticipated reduction in equity capital market operations. The good performance in terms of cost of risk, linked to the excellent asset quality of the division's portfolio, offset the fall in net interest income due to the reduction in credit spreads. ROAC increased from 11% to 14%, due to the reduced capital absorption following validation of the AIRB models for the large corporate segment (approx. €5bn lower in terms of RWAs, risk density down from 100% to approx. 60%).

Progress on achieving the 2016-19 strategic plan targets continued during the twelve months, as follows:

- **Wholesale banking:** leadership position in Italy consolidated (M&A, ECM, cash equity) and improved international positioning (ranked second for ECM deals in Southern Europe (Italy, Spain, Portugal, Greece);[6] organizational structured overhauled, with new definition of responsibilities; mid-corporate offering model synergistic with private banking launched; RWA optimization process ongoing (market risk reduction completed in FY 2016-17, AIRB model validation in FY 2017-18);

- **Specialty finance**: increased contribution from the two companies operating in factoring (MBFacta) and credit management (MBCredit Solutions): MBFacta ranks eighth by turnover in the domestic league tables, while MBCredit Solutions acquired NPLs worth a nominal €1.6bn in the twelve month, and now has a portfolio worth a total of approx. €4.2bn.

3.1. Wholesale Banking: high fee income and excellent asset quality, RWAs optimized

The Wholesale Banking division delivered a slight increase in net profit for the twelve months, from €232.3m to €233.8m, due to a healthy performance in investment banking fees and to writebacks on loans and securities totalling €44.7m (30/6/17: €11.9m), with operating costs flat at €212.4m and revenues down 6% (from €549.5m to €516.3m) driven by the decline in net interest income.

The main income items performed as follows:

- **net interest income declined by 20.2%**, from €248.6m **to €198.5m**, reflecting the lower profitability of loans, despite the 61.6% increase in new loans, attributable to the widespread tightening of credit spreads and the preference for portfolio quality, not least to facilitate lower regulatory capital absorption (AIRB models introduced in March 2018 with a benefit of over €5bn in terms of RWAs);

6) Source: for M&A, Thomson Reuters – deals announced from June 2017 to June 2018; for ECM, Dealogic – deals from July 2017 to June 2018; for cash equity, Extel survey: MB Securities named as leading Italian brokerage for the fourth year running.

- **net treasury income increased by 18.2%**, from €93.5m **to €110.5m,** despite the unstable market conditions towards the end of the financial year, with positive contributions from both segments: equity trading generated revenues of €55.7m (€44.6m), and fixed-income trading €54.8m (€48.9m). Client trading provided income of €82.3m (€72.7m), and proprietary trading €28.2m (€20.8m);

- **net fee and commission income totalled €207.3m**, virtually **unchanged** from last year (€207.4m), due to healthy performances in M&A (up 35%, to €65m) and DCM (up 44%, to €25m), bucking the market trend and offsetting the anticipated reduction in fees from equity capital market activities, which last year reflected on particularly substantial deal;

- **operating costs were virtually stable, at €212.4m** (€211.9m); the strengthening of the headcount and plus certain internal organizational costs were offset by the reduction in IT expenses;

- **financial assets** (loans and banking book securities) reflect net writebacks of €44.7m, €34.4m of which due to amounts collected in respect of non-performing items and €10m deriving from valuations of performing receivables and securities.

Loans to customers increased from €12.8bn to €14bn, on new loans of €7.3bn and repayments of €6.3bn, €3.1bn of which were early repayments. The domestic Italian share was cut to less than half of the loan book, with loans to French, Spanish and UK clients rising accordingly.

Gross NPLs, represented solely by unlikely-to-pay items, declined from €745.5m to €648m, or 4.5% of the loan book (5.6%); net NPLs decreased from €372.5m to €341.7m, or 2.4% of the loan book, with a coverage ratio of 47.3%.

3.2. Specialty Finance: positive momentum continuing

The positive momentum in this segment continues, with appealing growth rates in both factoring and NPL portfolio management.

The net profit of €30.7m (€21.6m) is split between factoring, which reported €14.5m (€8m) and credit/NPL portfolio management, which reported €16.2m (€13.6m). Revenues climbed by 32.8%, from €86.4m to €114.7m, reflecting the following performances:

- net interest income rose steeply by 53.6%, on higher NPL assets (which grew from €10.2m to €28.7m) boosted by the increase in volumes, and a higher contribution from factoring (up from €33.9m to €39m);

- net fee and commission income rose from €42.5m to €47.1m, and includes €24.3m in revenues from higher amounts collected on the NPL portfolio (€17.6m); factoring contributed €4.2m, up sharply on the €1.6m reported last year.

Operating costs were up 22.5%, from €35.5m to €43.5m, due to the increase in credit recovery costs related to the higher volumes and the performance of the NPL portfolios (which grew from €4.6m to €11.6m). Labour costs were also up slightly, due to the increase in headcount from 223 to 243 members of staff.

Loan loss provisions decreased from €22.9m to €25.7m, €15.2m of which in respect of factoring (€15.8m) and the other €10.5m of the NPL portfolio (€7.2m). The latter consist almost entirely of amounts set aside on a prudential basis in respect of the portfolios of assets most recently acquired, to neutralize the higher collections which are normally recorded during the first months of processing.

The increase in loans and advances to customers, which were up 30.2%, from €1,641m to €2,137.3m, chiefly regards ordinary factoring (€1,449.4m, as against €1,199.4m last year), as well as instalment factoring (€399.6m, as against €306.9m), and acquisitions of NPLs on a non-recourse basis (€288.3m, as against €134.8m), concentrated in the retail unsecured segment (more than 80%).

4 Principal Investing: high profit of €374m, ROAC 15%

The reduction in net profit by the Principal Investing division compared to last year (from €422.1m to €373.8m) is chiefly attributable to the lower gains on disposals of AFS shares of €96.3m (€161.6m), only in part offset by the higher contribution from Assicurazioni Generali (up from €263.6m to €280.3m) and the dividends collected (up from €9.6m to €14.7m).

The book value of the Assicurazioni Generali investment increased from €2,997.5m to €3,171.4m, on profit for the period totalling €279.9m, and positive equity adjustments of €66.3m net of the dividend collected (€172.3m).

AFS shares increased from €659.5m to €746.8m, following new investments in equities totalling €143.5m and subscriptions to seed capital at Cairn and the newly-acquired RAM in an amount of €183.2m, against sales of shares totalling €251.1m (yielding gains of €96.3m) in respect of the disposal of the entire shareholding in Atlantia and other listed equities. Other movements during the twelve months under review included the consolidation of the former Banca Esperia funds in an amount of €45.5m, net investments in private equity funds of €5.7m, and downward changes to reflect fair value in an amount of €18.3m.

The market value of the equity investment portfolio rose slightly, to €3.7bn (NAV up 2% Y.o.Y.).

5 Holding functions: loss reduced to €159m, asset optimization process ongoing

The improving trend in the main items compared to last year continues: the loss was cut from €241.8m to €158.9m, after lower contributions to resolution funds (from €87.9m to €49.1m), the ongoing improvement in net interest income from treasury management, where the negative result was cut from minus €123.5m to minus €82.9m due to the lower cost of funding (which reduced from 100 bps to 90 bps), and more effective liquidity management, including at intra-Group level. Conversely, operating costs rose by 4.3%, from €166.2m to €173.3m, due to certain support functions being strengthened (back office and accounts), and to costs related to non-recurring projects to centralize certain control functions (compliance, IT governance and risk management) previously managed by various Group companies, including the former Banca Esperia.

The various segments performed as follows:

- Group Treasury and ALM delivered a net loss of €66m, much improved on last year's €112m, driven by the performance in net interest income where the negative result was cut from minus €123.5m to minus €82.9m;

- leasing delivered a stable net profit of €4.8m following the reduction in loan loss provisions (from €12m to €7.3m), on revenues which were basically flat at €48m, and costs up slightly at €26.3m (€25.2m). Leases outstanding decreased from €2,273.5m to €2,116.7m, despite the increase in new business (from €418m to €423m). Gross NPLs totalled €206.6m (€255.3m), accounting for 9.4% of the total (10.8%). Net non-performing exposures also decreased, from €169m to €140.2m, and represent 6.6% (7.4%) of the total, with a coverage ratio of 32.2% (33.8%). Bad debts closed at €33.1m (€35.8m), and represent 1.6% of the total, with a coverage ratio of 47.4% (54.8%).

Mediobanca S.p.A. results

Mediobanca S.p.A. earned an annual net profit of €337m, higher than the €318.3m reported last year, in part due to the Banca Esperia merger, with the latter's results included for the full twelve months. Revenues reflect substantial, 20.1% growth, from €574.8m to €690.1m (up 9.5% on a like-for-like basis), with all the main income sources contributing positively:

- net interest income rose by 12.4%, from €84.6m to €95.1m, due to the lower cost of funding and the addition of certain private banking positions (€965m) which added net interest income of €8.3m;

- net treasury income climbed 26.2%, from €116.3m to €146.8m, on AFS dividends totalling €21.9m (€16.7m), dealing profits of €108.7m (€95m), and gains on disposals of banking book securities worth €16.2m (€4.5m);

- net fee and commission income was up 27.9%, from €211.7m to €270.7m, driven by asset management and private banking investment services (€52.2m), with Wholesale Banking fees resilient at €219m (€211m) helped by the upturn in M&A advisory activity (up 35%, from €47m to €65m) which offset the anticipated reduction in capital markets business (from €69m to €40m);

- dividends from equity investments were 9.4% higher, up from €162.2m to €177.5m.

Operating costs increased by 19.1%, from €348.3m to €414.8m, split equally between labour costs and overheads and administrative expenses; on a like-for-like basis, however, the increase was just under 1%.

Lower gains on AFS disposals of €96.3m (30/6/17: €161.6m) were offset by the reduced contributions to the resolution funds (down from €62.8m to €30.3m), due to the lower extraordinary component which this year totalled €8.3m (compared with €42.6m last year).

Writebacks of €44.3m to the loan book (€13m) were largely attributable to amounts collected in respect of corporate non-performing exposures.

On the balance-sheet side, total assets rose from €57.9bn to €59.2bn, chiefly regarding corporate loans (which rose from €9.6bn to €10bn), as well as the consolidation of assets from the private banking operations (€0.9bn).

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Shareholder remuneration substantially increased

The Board adopted a resolution to submit a proposal to shareholders at the annual general meeting to be held on 27 October 2018 to pay a gross dividend of €0.47 per share. The amount will be paid on 21 November 2018, with the record date 20 November and the shares going ex-rights on 19 November.

The proposed dividend of €0.47 per share is 27% higher than the €0.37 paid last year, and corresponds to a payout ratio of 48% (43%).

Share buyback and sale to be submitted to shareholder approval at AGM

The directors of Mediobanca have adopted a resolution to submit a proposal to the approval of shareholders at the Annual General Meeting scheduled to be held on 27 October 2018 authorizing them to acquire and carry out sales of treasury shares for the purpose, in accordance with the regulations in force and the market practices permitted by Consob pursuant to Article 180, paragraph 1, letter c) of the Italian finance act, of equipping the Bank with an instrument to provide flexibility in strategic and operational terms, to allow it to sell treasury shares for use in connection with possible acquisitions or to implement compensation schemes, current and future, based on financial instruments for the benefit of Group staff.

The proposal to be submitted to the approval of shareholders involves the purchase, in one or more tranches, of up to 3% of the company's share capital – the limit set by Article 29 of Commission Delegated Regulation (EU) 241/2014 – and accordingly, as things stand, a maximum of up to 26,611,288 par value €0.50 Mediobanca shares, less the treasury shares already owned by the Bank (which currently total 8,714,833, equivalent to approx. 0.98% of the company's share capital), in accordance with the provisions and limits set forth in Article 2357 of the Italian Civil Code, and subject to receipt of the requisite clearance from the European Central Bank.

Under the regulations in force, the value of the shares is deducted from regulatory capital as soon as authorization is granted by the European Central Bank, regardless of whether or not they have actually been acquired (roughly €265m[7]).

The buyback scheme being proposed to shareholders in annual general meeting shall have a maximum duration of 18 months starting from the date on which the said resolution is adopted, or alternatively, if later, from the date on which authorization is received from the European Central Bank. Conversely, the authorization to dispose of the treasury shares is to be requested from shareholders without timing restrictions.

The treasury share buybacks shall be carried out pursuant to Article 132 of Italian Legislative Decree 58/1998 and Article 144-*bis*, para. 1, letter b) and c) of Consob Regulations no. 11971/99 as amended, in accordance with the operating methods established under the terms and conditions for the market, in order to ensure parity of treatment among shareholders.

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7) €110m of which treasury shares already owned and €155m of which for the other 18 million shares to be acquired based on stock market prices as at 30 July 2018.

In accordance with the provisions of Article 3 of Commission Delegated Regulation (EU) 2016/1052, the volume of shares acquired on each trading day shall not exceed 25% of the average daily volume of the shares on the trading venue on which the purchase is carried out, and shares shall be purchased at a price higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out. The minimum purchase price shall also not be lower than the nominal value of the share itself (i.e. €0.50 per share), whereas the maximum price shall not be more than 5% higher than the closing price on the market day prior to the execution of each individual acquisition.

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During the twelve months under review, the Group has strengthened its coverage of corporate social responsibility (CSR) issues, continuing the work undertaken last year with the institution of a Group Sustainability unit and CSR Committee, adopting a Group Sustainability Policy and producing the first Group Sustainability Reporting. In FY 2017-18, the Group approved its first directive on responsible investing, and will publish its first-ever consolidated non-financial reporting.

Milan, 1 August 2018

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MEDIOBANCA

1. Restated consolidated profit and loss accounts

Mediobanca Group (€m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg. (%)
Net interest income	1,287.8	1,359.4	5.6%
Net treasury income	121.3	157.4	29.8%
Net fee and commission income	522.6	622.2	19.1%
Equity-accounted companies	263.9	280.3	6.2%
Total income	**2,195.6**	**2,419.3**	**10.2%**
Labour costs	(516.0)	(557.8)	8.1%
Administrative expenses	(507.7)	(557.1)	9.7%
Operating costs	**(1,023.7)**	**(1,114.9)**	**8.9%**
Gains (losses) on AFS, HTM & LR	168.6	98.3	-41.7%
Loan loss provisions	(316.7)	(247.2)	-21.9%
Provisions for other financial assets	(7.9)	(1.3)	-83.5%
Other income (losses)	(101.9)	(58.4)	-42.7%
Profit before tax	**914.0**	**1,095.8**	**19.9%**
Income tax for the period	(171.7)	(228.1)	32.8%
Minority interest	7.9	(3.8)	n.m.
Net profit	**750.2**	**863.9**	**15.2%**

2. Quarterly profit and loss accounts

Mediobanca Group	FY 16/17				FY 17/18			
(€m)	I Q 30/09/16	II Q 31/12/17	III Q 31/03/17	IV Q 30/06/17	I Q 30/09/17	II Q 31/12/17	III Q 31/03/18	IV Q 30/06/18
Net interest income	314.2	321.4	319.5	332.7	331.7	340.4	342.1	345.2
Net treasury income	31.8	32.0	41.6	15.9	38.7	46.7	39.0	33.0
Net commission income	106.0	130.8	165.1	120.7	138.3	152.9	165.4	165.6
Equity-accounted companies	78.1	58.1	58.2	69.5	89.7	31.5	83.7	75.4
Total income	**530.1**	**542.3**	**584.4**	**538.8**	**598.4**	**571.5**	**630.2**	**619.2**
Labour costs	(107.3)	(123.8)	(132.5)	(152.4)	(129.9)	(141.1)	(137.9)	(148.9)
Administrative expenses	(105.3)	(127.1)	(126.9)	(148.4)	(125.8)	(136.8)	(141.8)	(152.7)
Operating costs	**(212.6)**	**(250.9)**	**(259.4)**	**(300.8)**	**(255.7)**	**(277.9)**	**(279.7)**	**(301.6)**
Gains (losses) on AFS equity	112.0	9.7	19.8	27.1	89.4	5.0	1.5	2.4
Loan loss provisions	(90.6)	(93.1)	(64.4)	(68.6)	(54.6)	(58.6)	(60.3)	(73.7)
Provisions for other fin. assets	(5.9)	(2.0)	1.8	(1.8)	(1.3)	0.9	0.4	(1.3)
Other income (losses)	(4.8)	(21.4)	(29.7)	(46.0)	(5.1)	(5.3)	(28.3)	(19.7)
Profit before tax	**328.2**	**184.6**	**252.5**	**148.7**	**371.1**	**235.6**	**263.8**	**225.3**
Income tax for the period	(56.7)	(36.2)	(56.0)	(22.8)	(69.1)	(59.5)	(57.5)	(42.0)
Minority interest	(0.8)	(0.9)	(0.8)	10.4	(1.1)	(0.7)	(0.7)	(1.3)
Net profit	**270.7**	**147.5**	**195.7**	**136.3**	**300.9**	**175.4**	**205.6**	**182.0**

MEDIOBANCA

3. Restated balance sheet

Mediobanca Group (€m)	30/06/2017	30/06/2018
Assets		
Financial assets held for trading	7,833.9	8,204.9
Treasury financial assets	9,435.1	8,358.2
AFS equities	786.1	772.3
Banking book securities	8,357.7	7,744.7
Customer loans	38,190.9	41,127.9
Corporate	*12,840.0*	*13,996.9*
Specialty Finance	*1,641.0*	*2,137.3*
Consumer credit	*11,750.3*	*12,517.8*
Mortgages	*7,513.2*	*8,107.1*
Private banking	*2,172.9*	*2,252.1*
Leasing	*2,273.5*	*2,116.7*
Equity investments	3,036.5	3,210.8
Tangible and intangible assets	857.8	1,027.7
Other assets	1,947.5	1,854.0
Total assets	**70,445.5**	**72,300.5**
Liabilities		
Funding	49,120.6	48,893.2
MB bonds	*19,301.5*	*19,179.4*
Retail deposits	*13,353.3*	*14,163.0*
Private Banking deposits	*4,482.0*	*4,933.7*
ECB	*5,854.1*	*4,336.5*
Banks and other	*6,129.7*	*6,280.6*
Treasury financial liabilities	4,037.2	5,290.4
Financial liabilities held for trading	5,920.6	6,462.4
Other liabilities	1,919.9	1,709.3
Provisions	255.6	213.0
Net equity	9,191.6	9,732.2
Minority interest	82.7	87.9
Profit for the period	750.2	863.9
Total liabilities	**70,445.5**	**72,300.5**
CET 1 capital	7,017.3	6,746.6
Total capital	8,879.0	8,575.3
RWA	52,708.2	47,362.7

4. Consolidated shareholders' equity

Net equity (€m)	30/06/2017	30/06/2018
Share capital	440.6	443.3
Other reserves	7,046.7	7,572.8
Valuation reserves	871.4	764.3
- of which: AFS securities	*319.4*	*121.5*
cash flow hedge	*(44.3)*	*(15.7)*
equity investments	*598.6*	*663.7*
Minority interest	82.7	87.9
Profit for the period	750.2	863.9
Total Group net equity	**9,191.6**	**9,732.2**

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5. Ratios (%) and per share data (€)

Mediobanca Group	30/06/2017	30/06/2018
Total assets / Net equity	7.7	7.4
Loans / Funding	0.78	0.84
CET1 ratio1	13.3	14.2
Total capital1	16.9	18.1
S&P Rating	BBB-	BBB
Fitch Rating	BBB	BBB
Moody's Rating	na	Baa1
Cost / Income	46.6	46.1
Bad Loans (sofferenze)/Loans ratio (%)	0.4	0.4
EPS	0.85	0.97
BVPS	10.0	10.4
DPS	0.37	0.47
No. shares (m)	881.2	886.6

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

12m – June 18 (€m)	CIB	Consumer	WM	PI	Holding Functions	Group
Net interest income	266.1	868.8	255.2	(7.2)	(37.5)	1,359.4
Net treasury income	110.5	0.0	12.1	21.9	13.1	157.4
Net fee and commission income	254.4	127.4	258.7	0.0	15.5	622.2
Equity-accounted companies	0.0	0.0	0.0	280.3	0.0	280.3
Total income	**631.0**	**996.2**	**526.0**	**295.0**	**(8.9)**	**2,419.3**
Labour costs	(137.4)	(96.1)	(201.1)	(3.8)	(118.2)	(557.8)
Administrative expenses	(118.5)	(188.4)	(215.7)	(1.0)	(55.1)	(557.1)
Operating costs	**(255.9)**	**(284.5)**	**(416.8)**	**(4.8)**	**(173.3)**	**(1,114.9)**
Gains (losses) on disposal of AFS shares	0.0	0.0	2.0	96.3	0.0	98.3
Loan loss provisions	18.3	(241.9)	(16.4)	0.0	(7.2)	(247.2)
Provisions for other financial assets	0.7	0.0	0.0	(1.8)	(0.3)	(1.3)
Other income (losses)	(2.0)	(6.6)	(0.6)	0.0	(49.3)	(58.4)
Profit before tax	**392.1**	**463.2**	**94.2**	**384.7**	**(239.0)**	**1,095.8**
Income tax for the period	(127.6)	(147.9)	(24.4)	(10.9)	83.3	(228.1)
Minority interest	0.0	0.0	(0.6)	0.0	(3.2)	(3.8)
Net profit	**264.5**	**315.3**	**69.2**	**373.8**	**(158.9)**	**863.9**
Loans and advances to Customers	16,134.2	12,517.8	10,359.2	0.0	2,116.7	41,127.9
RWAs	19,510.9	11,822.0	5,757.2	6,256.6	4,016.0	47,362.7
No. of staff	587	1,429	1,888	12	801	4,717

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

12m – June 17 (€m)	CIB	Consumer	WM	PI	Holding Functions	Group
Net interest income	292.6	818.1	244.1	(7.1)	(76.3)	1,287.8
Net treasury income	93.4	0.0	12.3	16.7	3.3	121.3
Net fee and commission income	249.9	118.1	203.1	0.0	16.5	522.6
Equity-accounted companies	0.0	0.0	0.0	263.6	0.0	263.9
Total income	**635.9**	**936.2**	**459.5**	**273.2**	**(56.5)**	**2,195.6**
Labour costs	(135.5)	(93.9)	(187.0)	(3.8)	(113.8)	(516.0)
Administrative expenses	(111.9)	(186.0)	(189.3)	(0.8)	(52.4)	(507.7)
Operating costs	**(247.4)**	**(279.9)**	**(376.3)**	**(4.6)**	**(166.2)**	**(1,023.7)**
Gains (losses) on disposal of AFS shares	0.0	0.0	7.6	161.6	0.0	168.6
Loan loss provisions	(7.9)	(276.2)	(20.1)	0.0	(12.0)	(316.7)
Provisions for other financial assets	(3.1)	0.0	(1.9)	(0.9)	(4.0)	(7.9)
Other income (losses)	0.0	0.0	(2.0)	0.0	(103.0)	(101.9)
Profit before tax	**377.5**	**380.1**	**66.8**	**429.3**	**(341.7)**	**914.0**
Income tax for the period	(123.6)	(121.9)	(11.8)	(7.2)	92.0	(171.7)
Minority interest	0.0	0.0	0.0	0.0	7.9	7.9
Net profit	**253.9**	**258.2**	**55.0**	**422.1**	**(241.8)**	**750.2**
Loans and advances to Customers	14,481.0	11,750.3	9,686.1	0.0	2,273.5	38,190.9
RWAs	23,104.2	11,782.7	5,790.6	7,714.9	4,315.8	52,708.2
No. of staff	590	1,405	2,023	11	769	4,798

7. Corporate & Investment Banking

Corporate & Investment Banking (€m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg. (%)
Net interest income	292.6	266.1	-9.1%
Net treasury income	93.4	110.5	18.3%
Net fee and commission income	249.9	254.4	1.8%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**635.9**	**631.0**	**-0.8%**
Labour costs	(135.5)	(137.4)	1.4%
Administrative expenses	(111.9)	(118.5)	5.9%
Operating costs	**(247.4)**	**(255.9)**	**3.4%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(7.9)	18.3	n.m.
Provisions for other financial assets	(3.1)	0.7	n.m.
Other income (losses)	0.0	(2.0)	n.m.
Profit before tax	**377.5**	**392.1**	**3.9%**
Income tax for the period	(123.6)	(127.6)	3.2%
Minority interest	0.0	0.0	n.m.
Net profit	**253.9**	**264.5**	**4.2%**
Loans and advances to customers	14,481.0	16,134.2	11.4%
No. of staff	590	587	-0.5%
RWAs	23,104.2	19,510.9	-15.5%
Cost/income ratio (%)	38.9%	40.6%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

7.1 Wholesale Banking

Wholesale banking (€m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg. (%)
Net interest income	248.6	198.5	-20.2%
Net treasury income	93.5	110.5	18.2%
Net fee and commission income	207.4	207.3	n.m.
Equity-accounted companies	0.0	0.0	n.m.
Total income	**549.5**	**516.3**	**-6.0%**
Labour costs	(119.6)	(121.0)	1.2%
Administrative expenses	(92.3)	(91.4)	-1.0%
Operating costs	**(211.9)**	**(212.4)**	**0.2%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	15.0	44.0	n.m.
Provisions for other financial assets	(3.1)	0.7	n.m.
Other income (losses)	0.0	(2.0)	n.m.
Profit before tax	**349.5**	**346.6**	**-0.8%**
Income tax for the period	(117.2)	(112.8)	-3.8%
Minority interest	0.0	0.0	n.m.
Net profit	**232.3**	**233.8**	**0.6%**
Loans and advances to customers	12,840.0	13,996.9	9.0%
No. of staff	367	344	-6.3%
RWAs	21,499.7	17,362.9	-19.2%
Cost/income ratio (%)	38.6%	41.1%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

7.2 Specialty Finance

Specialty Finance (€m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg. (%)
Net interest income	44.0	67.6	53.6%
Net treasury income	(0.1)	0.0	n.m.
Net fee and commission income	42.5	47.1	10.8%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**86.4**	**114.7**	**32.8%**
Labour costs	(15.9)	(16.4)	3.1%
Administrative expenses	(19.6)	(27.1)	38.3%
Operating costs	**(35.5)**	**(43.5)**	**22.5%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(22.9)	(25.7)	12.2%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**28.0**	**45.5**	**62.5%**
Income tax for the period	(6.4)	(14.8)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**21.6**	**30.7**	**42.1%**
Loans and advances to customers	1,641.0	2,137.3	30.2%
Of which factoring	*1,506.3*	*1,849.0*	22.8%
Of which credit management	*134.7*	*288.3*	n.m.
No. of staff	223	243	9.0%
RWAs	1,604.5	2,148.0	33.9%
Cost/income ratio (%)	41.1%	37.9%	
Bad loans (*sofferenze*)/loans ratio (%)	0.0	0.0	

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8. Consumer Banking

Consumer Banking (€m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg. (%)
Net interest income	818.1	868.8	6.2%
Net treasury income	0.0	0.0	n.m.
Net fee and commission income	118.1	127.4	7.9%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**936.2**	**996.2**	**6.4%**
Labour costs	(93.9)	(96.1)	2.3%
Administrative expenses	(186.0)	(188.4)	1.3%
Operating costs	**(279.9)**	**(284.5)**	**1.6%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(276.2)	(241.9)	-12.4%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	(6.6)	n.m.
Profit before tax	**380.1**	**463.2**	**21.9%**
Income tax for the period	(121.9)	(147.9)	21.3%
Minority interest	0.0	0.0	n.m.
Net profit	**258.2**	**315.3**	**22.1%**
Loans and advances to customers	11,750.3	12,517.8	6.5%
New loans	6,638.1	7,025.1	5.8%
No. of branches	166	171	3.0%
No. of staff	1,405	1,429	1.7%
RWAs	11,782.7	11,822.0	0.3%
Cost/income ratio (%)	29.9%	28.6%	
Bad loans (*sofferenze*)/loans ratio (%)	0.1	0.1	

9. Wealth Management

Wealth Management (€m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg. (%)
Net interest income	244.1	255.2	4.5%
Net treasury income	12.3	12.1	-1.6%
Net fee and commission income	203.1	258.7	27.4%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**459.5**	**526.0**	**14.5%**
Labour costs	(187.0)	(201.1)	7.5%
Administrative expenses	(189.3)	(215.7)	13.9%
Operating costs	**(376.3)**	**(416.8)**	**10.8%**
Gains (losses) on AFS equity	7.6	2.0	-73.7%
Loan loss provisions	(20.1)	(16.4)	-18.4%
Provisions for other financial assets	(1.9)	0.0	n.m.
Other income (losses)	(2.0)	(0.6)	-70.0%
Profit before tax	**66.8**	**94.2**	**41.0%**
Income tax for the period	(11.8)	(24.4)	n.m.
Minority interest	0.0	(0.6)	n.m.
Net profit	**55.0**	**69.2**	**25.8%**
Loans and advances to customers	9,686.1	10,359.2	6.9%
New loans	1,240.9	1,594.0	28.5%
Total Financial Assets (TFA)	59,867.0	63,851.2	6.7%
- AUM/AUA	30,005.4	37,311.7	24.3%
- Asset under custody	12,106.0	7,583.3	-37.4%
- Deposits	17,755.6	18,956.2	6.8%
No. of staff	2,023	1,888	-6.7%
RWAs	5,790.6	5,757.2	-0.6%
Cost/income ratio (%)	81.9%	79.2%	
Bad loans (sofferenze)/loans ratio (%)	1.1	0.9	

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9.1 CheBanca!- Affluent/Premier

CheBanca! - Affluent/Premier (€m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg. (%)
Net interest income	205.3	212.0	3.3%
Net treasury income	0.4	0.8	n.m.
Net fee and commission income	68.9	79.7	15.7%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**274.6**	**292.5**	**6.5%**
Labour costs	(101.5)	(102.6)	1.1%
Administrative expenses	(135.5)	(132.7)	-2.1%
Operating costs	**(237.0)**	**(235.3)**	**-0.7%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(19.4)	(16.5)	-14.9%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	15.2	0.0	n.m.
Profit before tax	**33.4**	**40.7**	**21.9%**
Income tax for the period	(6.5)	(13.0)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	**26.9**	**27.7**	**3.0%**
Loans and advances to customers	7,513.2	8,107.1	7.9%
New loans	1,240.9	1,594.0	28.5%
Total Financial Assets (TFA)	20,432.3	22,598.1	10.6%
- AUM/AUA	7,079.0	8,435.1	19.2%
-Asset under custody	0.0	0.0	n.m.
- Deposits	13,353.3	14,163.0	6.1%
No. of branches	141	111	-21.3%
No. of staff	1,401	1,321	-5.7%
RWAs	3,498.9	3,713.8	6.1%
Cost/income ratio (%)	86.3%	80.4%	
Bad loans (*sofferenze*)/loans ratio (%)	1.4	1.1	

9.2 Private Banking

Private Banking (€m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg. (%)
Net interest income	38.8	43.2	11.3%
Net treasury income	11.9	11.3	-5.0%
Net fee and commission income	134.2	179.0	33.4%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**184.9**	**233.5**	**26.3%**
Labour costs	(85.5)	(98.5)	15.2%
Administrative expenses	(53.8)	(83.0)	54.3%
Operating costs	**(139.3)**	**(181.5)**	**30.3%**
Gains (losses) on AFS equity	7.6	2.0	-73.7%
Loan loss provisions	(0.7)	0.1	n.m.
Provisions for other financial assets	(1.9)	0.0	n.m.
Other income (losses)	(17.2)	(0.6)	n.m.
Profit before tax	**33.4**	**53.5**	**60.2%**
Income tax for the period	(5.3)	(11.4)	n.m.
Minority interest	0.0	(0.6)	n.m.
Net profit	**28.1**	**41.5**	**47.7%**
Loans and advances to customers	2,172.9	2,252.1	3.6%
Total Financial Assets (TFA)	39,434.7	41,253.1	4.6%
-AUM/AUA	22,926.4	28,876.6	26.0%
- Asset under custody	12,106.0	7,583.3	-37.4%
-Deposits	4,402.3	4,793.2	8.9%
No. of staff	622	567	-8.8%
RWA	2,291.7	2,043.4	-10.8%
Cost/income ratio (%)	75.3%	77.7%	
Bad loans (*sofferenze*)/loans ratio (%)	0.1	0.1	

10. Principal Investing

PI (€m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg. (%)
Net interest income	(7.1)	(7.2)	1.4%
Net treasury income	16.7	21.9	31.1%
Net fee and commission income	0.0	0.0	n.m.
Equity-accounted companies	263.6	280.3	6.3%
Total income	**273.2**	**295.0**	**8.0%**
Labour costs	(3.8)	(3.8)	0.0%
Administrative expenses	(0.8)	(1.0)	25.0%
Operating costs	**(4.6)**	**(4.8)**	**4.3%**
Gains (losses) on AFS equity	161.6	96.3	-40.4%
Loan loss provisions	0.0	0.0	n.m.
Provisions for other financial assets	(0.9)	(1.8)	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	**429.3**	**384.7**	**-10.4%**
Income tax for the period	(7.2)	(10.9)	51.4%
Minority interest	0.0	0.0	n.m.
Net profit	**422.1**	**373.8**	**-11.4%**
AFS securities	659.5	746.8	13.2%
Equity investments	3,036.5	3,210.9	5.7%
RWA	7,714.9	6,256.68	-18.9%

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11. Holding Functions

Holding Functions (€m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg. (%)
Net interest income	(76.3)	(37.5)	-50.9%
Net treasury income	3.3	13.1	n.m.
Net fee and commission income	16.5	15.5	-6.1%
Equity-accounted companies	0.0	0.0	n.m.
Total income	**(56.5)**	**(8.9)**	**-84.2%**
Labour costs	(113.8)	(118.2)	3.9%
Administrative expenses	(52.4)	(55.1)	5.2%
Operating costs	**(166.2)**	**(173.3)**	**4.3%**
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(12.0)	(7.2)	-40.0%
Provisions for other financial assets	(4.0)	(0.3)	n.m.
Other income (losses)	(103.0)	(49.3)	-52.1%
Profit before tax	**(341.7)**	**(239.0)**	**-30.1%**
Income tax for the period	92.0	83.3	-9.5%
Minority interest	7.9	(3.2)	n.m.
Net profit	**(241.8)**	**(158.9)**	**-34.3%**
Loans and advances to customers	2,273.5	2,116.7	-6.9%
Banking book securities	7,624.5	6,487.2	-14.9%
RWA	4,315.8	4,016.0	-6.9%
No. of staff	769	801	4.2%

12. Statement of comprehensive income

		12 mths 30/06/2017	12 mths 30/06/2018
10,	**Gain (loss) for the period**	**742.2**	**867.7**
	Other income items net of tax without passing through profit and loss	**3.9**	**(1.1)**
20,	Property, plant and equipment	0.0	0.0
30,	Intangible assets	0.0	0.0
40,	Defined benefit schemes	1.1	(0.4)
50,	Non-current assets being sold	0.0	0.0
60,	Share of valuation reserves for equity-accounted companies	2.8	(0.7)
	Other income items net of tax passing through profit and loss	**(276.0)**	**(105.4)**
70,	Foreign investment hedges	0.0	0.0
80,	Exchange rate differences	(2.7)	(2.8)
90,	Cash flow hedges	(26.5)	29.3
100,	AFS securities	(63.5)	(197.8)
110,	Non-current assets being sold	0.0	0.0
120,	Share of valuation reserves attributable to equity-accounted companies	(183.3)	65.9
130,	**Total other income items net of tax**	**(272.1)**	**(106.5)**
140,	**Comprehensive income (Heading 10 + Heading 130)**	**470.1**	**761.2**
150,	Minority interest in consolidated comprehensive income	(6.5)	4.4
160,	**Consolidated comprehensive income attributable to Mediobanca S.p.A.**	**476.6**	**756.8**

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13. Parent company's reclassified P&L and A&L

Mediobanca S.p.A. (€ m)	12 mths 30/06/2017	12 mths 30/06/2018	Chg.%
Net interest income	84.6	95.1	12.4%
Net treasury income	116.3	146.8	26.2%
Net fee and commission income	211.7	270.7	27.9%
Dividends	162.2	177.5	9.4%
Total income	**574.8**	**690.1**	**20.1%**
Labour costs	(198.9)	(237.8)	19.6%
Administrative expenses	(149.4)	(177.0)	18.5%
Operating costs	**(348.3)**	**(414.8)**	**19.1%**
Gains (losses) on AFS equity & IAS 28	161.6	96.3	-40.4%
Loan loss provisions	13.0	44.3	n.m.
Provisions for other financial assets	(4.1)	1.1	n.m.
Impairments on stakes	(0.9)	(0.3)	-66.7%
Other income (losses)	(47.8)	(32.7)	-31.6%
Profit before tax	**348.3**	**384.0**	**10.2%**
Income tax for the period	(30.0)	(47.0)	56.7%
Net profit	**318.3**	**337.0**	**5.9%**

Mediobanca S.p.A. (€ m)	30/06/2017	30/06/2018
Assets		
Financial assets held for trading	7,271.3	8,211.9
Treasury financial assets	10,031.8	9,236.0
AFS equities	659.5	746.8
Banking book securities	10,764.3	11,454.9
Customer loans	25,226.7	25,745.1
Equity investments	3,057.0	3,084.2
Tangible and intangible assets	132.2	155.4
Other assets	766.1	600.0
Total assets	**57,908.9**	**59,234.3**
Liabilities		
Funding	41,038.2	39,173.0
Treasury financial liabilities	4,451.3	7,287.4
Financial liabilities held for trading	5,859.2	6,510.5
Other liabilities	1,136.4	872.4
Provisions	105.7	105.5
Net equity	4,999.8	4,948.5
Profit for the period	318.3	337.0
Total liabilities	**57,908.9**	**59,234.3**

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

Emanuele Flappini