

MEDIOBANCA



*Annual Accounts and Report
as at 30 June 2013*

MEDIOBANCA

LIMITED COMPANY

SHARE CAPITAL PAID UP €430.564.606.00

HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

REGISTERED AS A BANK.

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



Annual General Meeting
28 October 2013

www.mediobanca.it

translation from the Italian original which remains the definitive version

BOARD OF DIRECTORS

		Term expires
* Renato Pagliaro	Chairman	2014
Dieter Rampf	Deputy Chairman	2014
* Alberto Nagel	Chief Executive Officer	2014
* Francesco Saverio Vinci	General Manager	2014
Tarak Ben Ammar	Director	2014
Gilberto Benetton	»	2014
Pier Silvio Berlusconi	»	2014
Roberto Bertazzoni	»	2014
* Angelo Caso*	»	2014
* Maurizio Cereda	»	2014
Christian Collin	»	2014
Alessandro Decio	»	2014
* Massimo Di Carlo	»	2014
Bruno Ermolli	»	2014
Giorgio Guazzaloca	»	2013
Anne Marie Idrac	»	2014
* Vanessa Labérenne	»	2014
Elisabetta Magistretti	»	2014
Alberto Pecci	»	2014
Carlo Pesenti	»	2014
* Eric Strutz	»	2014

* Member of Executive Committee

STATUTORY AUDIT COMMITTEE

Natale Freddi	Chairman	2014
Maurizia Angelo Comneno	Standing Auditor	2014
Gabriele Villa	» »	2014
Mario Busso	Alternate Auditor	2014
Guido Croci	» »	2014

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

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CONSOLIDATED ACCOUNTS



REVIEW OF GROUP OPERATIONS



REVIEW OF GROUP OPERATIONS

The twelve months under review were marked by an economic downturn that affected the sales, employment, profits and credit standing of corporates focused primarily on the domestic Italian market and households. At the same time, banks' refinancing costs remained at high levels, against a backdrop of historically low interest rates. Despite the difficult scenario, the Group's revenues from banking activities declined by just 11.7%, from €1,820.1m to €1,606.6m, due to the diversification of its income sources: top-line growth in retail and private banking, up from €963.5m to €992.9m, in part offset the sharp reduction in corporate and investment banking revenues (from €913.6m to €671.2m), which derived from the contraction in business volumes due to reduced corporate activity. The overall results were significantly impacted by the negative contribution from equity investments and AFS shares, in respect of which charges of €403.1m were taken, partly as a result of the decision to transfer all shareholdings (apart from the Assicurazioni Generali investment) to the AFS segment, marking them to market prices current at the reporting date. This decision was taken as part of the three-year plan approved by the Board of Directors on 20 June 2013, which aims to reduce the Group's equity exposure significantly. The contribution from Assicurazioni Generali itself also fell sharply, from €145.9m to €16.8m, as a result of adjustments taken by the company. Overall a net loss of €179.8m was recorded, compared with an €80.9m profit last year.

The main income items performed as follows:

- a slight, 3.9% reduction in net interest income, from €1,069.8m to €1,028m. The increase in retail and private banking (where net interest income was up 4.2%, from €707.2m to €737.2m) partly offset the reduction in corporate and investment banking (from €331.6m to €300.6m), hit harder by the reduction in market interest rates, the increased cost of funding, and the need to retain large supplies of liquidity;
- a reduction of 36.7% in net trading income, from €266.8m to €168.9m, more pronounced in the fourth quarter (falling €11.9m in the three months), linked to the less favourable trend in the fixed-income segment which last year was boosted by the volatility in spreads on Italian government securities, in the second and third quarters particularly;

- a 15.3% reduction in net fee and commission income, from €483.5m to €409.7m, which was largely due to the lower levels of activity in corporate and investment banking and the anticipated reduction in consumer business;
- the equity-accounted companies' contribution was negative, at minus €9.5m, compared with a positive contribution of €169.5m last year, due to the operating loss posted by RCS MediaGroup (€53.3m), the reduction in profits earned by Assicurazioni Generali (its contribution for the year totalled €16.8m, reflecting the €139.5m loss reported in the third quarter), and also, conversely, the positive result posted by Gemina (€25.8m).

The trend towards cost control continued, with operating costs down 4.1%, from €789m to €756.9m, helped by the reduction in labour costs (down 2.4%, concentrated in the wholesale segment) and administrative expenses (down 5.8%, chiefly in the area of retail marketing expenses).

Loan loss provisions grew from €468.3m to €506.5m, a rise of 8.2%, with virtually equivalent increases in both the wholesale and household components (12.1% and 8.9% respectively).

The securities portfolio shows a net loss of €356.2m, reflecting the balance between €48m in net gains on disposals and €404.2m in adjustments. Transfers to the AFS segment in particular – in line with the new strategy adopted in accordance with the three-year plan – and their being marked to market as at the reporting date generated profits on the holdings in Gemina (€23m) and Pirelli (€65.6m), and losses on those in Telco (€319.7m) and RCS MediaGroup (€38.5m). These were compounded by the writedowns to other listed AFS equities (€29.1m) and the charges taken against the unlisted investments in Burgo (€44.8m), Sintonia (€33.4m) and Santé (€25.2m); the other items (bonds and minor equity investments) jointly contributed €45.9m (€46.9m in the case of the former, and minus €1m in the case of the latter).

Turning now to the individual areas of the Group's activities:

- Corporate and investment banking (CIB) posted a higher net profit of €160.9m (€19.7m), following the transfer of holdings to the AFS segment (which therefore grew by €88.6m), and despite core revenues falling by 26.5% (from €913.6m to €671.2m) and higher loan loss provisions (up from €134.2m to €145.4m);

- Retail and private banking (RPB) recorded a net profit of €80.4m, up slightly on last year's normalized profit of €76.9m, helped by the 3.1% increase in revenues, from €963.5m to €992.9m, and a 2.8% reduction in costs, which offset the 8.5% rise in loan loss provisions. In detail, consumer credit showed stable revenues of €713.2m, costs up slightly (by 1.9%) as a result of the launch of the CompassPay project, and higher adjustments (up from €311.3m to €335m), with net profit falling from €92.8m to €66.6m. The loss incurred by CheBanca! was cut from €42.1m to €27.3m, due to the reduction in costs (from €168.3m to €143.8m), in particular marketing expenses. Profits earned by private banking increased, from €26.2m (net of the one-off, €44.3m gain realized by CMB on its property disposal last year) to €41.1m, as a result of a general increase in revenues (from €109.9m to €123.3m);
- Principal investing (PI) showed a loss of €422.6m, compared with the €63.5m loss last year, reflecting the writedown charged to the Telco investment (€319.7m), the losses incurred by RCS MediaGroup (€91.8m), and the reduced contribution of Assicurazioni Generali (down from €145.9m to €16.8m).

Total assets declined from €63.8m to €59.7bn, with reductions in loans and advances to customers (down from €36.3bn to €33.5bn), treasury assets (down from €9.3bn to €8.2bn), and equity investments (down from €4.3bn to €4.1bn), against a slight increase in the fixed-income portfolio (up from €11.8bn to €12bn); conversely, funding decreased (from €55.8bn to €51.3bn), in particular due to the debt security component (which stood at €25.9bn, compared with €30bn), while CheBanca! retail deposits grew from €11.6bn to €11.9bn. Assets under management in private banking increased from €12.6bn to €13.8bn.

The Group's main capital ratios remain at high and increasing levels, with the Core Tier 1 ratio improving further from 11.49% to 11.75%, and the Total Capital ratio from 14.16% to 15.57%.

* * *

Significant events that have taken place during the twelve months under review include:

- the new three-year business plan based on a simplified model, focused on three banking activities (corporate and investment banking, retail banking

and wealth management) with the potential to generate increasing and geographically diversified revenues, as well as offering greater efficiency in terms of risks and allocated costs. To achieve these objectives the plan – which assumes a gradually improving macro scenario – envisages a substantial reduction in the banks' equity exposure of some €2bn (including 3% of Assicurazioni Generali), reinforcement of the Group's corporate and investment banking activities, and development of businesses able to generate higher fees on lower capital absorption (in both retail and wealth management), while constantly preserving risk management and asset quality. In particular, the lines for development in the CIB area (target revenue CAGR: 10%) include expanding the customer base to reach customers not yet adequately covered, strengthening the international dimension of the Bank's current operations through the existing branch offices and entering developing markets (such as Turkey, Mexico and China), and bolstering the product range. The strategy in consumer credit is geared towards sustainable income growth and further improvement in profitability (ROAC: 13-14%) via growth in traditional business lines (loans to household customers) while preserving a rigorous approach to risk; and launch of new transactional products in order to access new client segments (CompassPay). CheBanca! aims to becoming a leading multichannel bank in terms of technology, with a full, profitable range of product and services, including by developing asset management business (target deposits: €2bn), while at the same time reducing the average cost of funding. The bank is expected to become profitable in 2016, including as a result of the anticipated group-wide synergies. At Group level the targets are banking revenues of €2.1bn, ROE of 10-11%, and a Core Tier I ratio of 11-12%;

- transfer of the holdings in Telco, RCS MediaGroup, Gemina and Pirelli to the AFS portfolio, in accordance with the new strategic guidance;
- completion of two buy-backs (of senior unsecured bonds expiring in 2014, and a £200m subordinated bond issue falling due in 2018 with a call date anticipated in October 2013), involving a total outlay of €2bn;
- issue of a new, subordinated Lower Tier II €500m bond, with maturity in 2023;
- strengthening of Mediobanca's international corporate and investment banking franchise, with the opening of an office in Istanbul headed up by Sinan Ozman, and the appointment of Adam Bolek as Frankfurt branch manager, with Ulrich Paefgen working alongside him in the role of senior advisor;

- appointment of Gian Luca Sichel as CEO of CheBanca!, with operating responsibilities also for Compass, as part of a Group reorganization intended to improve coverage of retail customers and generate increased synergies between Compass and CheBanca!;
- the self-assessment process for governing bodies was carried out by the Board of Directors, at a meeting held on 5 September 2012, as required by the Bank of Italy memo issued on 11 January 2012;
- appointment of PricewaterhouseCoopers to audit the accounts of Mediobanca for the 2013-2021 period;
- renewal of the authorization to the Board of Directors to increase the company’s share capital in a nominal amount of up to €40m, with option rights excluded, to be set aside for subscription by Italian and non-Italian professional investors;
- completion of the internal capital adequacy assessment procedure (ICAAP) required by the regulations in force, and disclosure of the information required under Pillar 3 of the Basel II agreements, to provide a more accurate valuation of the Group’s capital solidity and exposure to risks;
- the new “Procedure in respect of transactions with related parties and their associates” enacting Consob resolution no. 17221 on 12 March 2010 and the Bank of Italy instructions in respect of “Risk assets and conflicts of interest with related parties” issued on 15 December 2011, coming into force on 31 December 2012;
- the decision by Standard & Poor’s on 25 July 2013, following the downgrade of the republic of Italy’s credit rating, to revise the Bank’s long-term rating to BBB with negative outlook;
- start of work to develop the Mediobanca historical archive, which has been named after Vincenzo Maranghi.

Developments in capital markets

In the year ended 30 June 2013, capital raised on risk markets fell once again, by €5.9bn, to reach its lowest level for the past twenty-five years, of €3bn. Conversely, dividends distributed and public tender offers remained largely stable, at €15.7bn. The net flow of funds returned to investors thus reached €12.7bn, the highest amount since 2008/2009.

(€m)

	12 mths to 30/6/11		12 mths to 30/6/12		12 mths to 30/6/13	
Issues and placements of ^o :						
convertible ordinary and savings shares		13,404		8,887		2,562
non-convertible preference and savings shares		85		—		436
convertible and cum warrant bonds		355		—		—
Total		<u>13,844</u>		<u>8,887</u>		<u>2,998</u>
<i>of which, for rights issues:*</i>						
<i>par value</i>		7,465		8,438		1,801
<i>share premium</i>		3,616	11,081	260	8,698	945
Dividends distributed		<u>16,316</u>		<u>13,809</u>		<u>13,616</u>
Public tender offers		<u>3,053</u>		<u>1,930</u>		<u>2,034</u>
Balance		<u>(5,525)</u>		<u>(6,852)</u>		<u>(12,652)</u>

^o Excluding placements restricted to professional investors.

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

Unlike in previous years, when banks raised huge amounts of resources, the majority of the capital increases were implemented by insurance companies (four-fifths of the total). Public offerings remained at negligible levels (€52m, compared with €69m last year), while share premium reserves made up considerable ground, from 3% to 34%, a level near to that seen in 2010/11. Issues reserved for staff members, generally as part of stock option schemes, were higher at €151m, compared with €105m in 2011/12, but still relatively insignificant, involving 15 companies compared with 18 the previous year. The most recent convertible bond issues took place in 2010/11.

After the decline in 2011/12, dividends remained stable at €13.8bn (€13.6bn), the payout ratio rising from 49% to 51%. The reduction in dividends paid by industrial companies (down €0.6bn) was largely offset by the banks and insurances (which paid out aggregate dividends up €0.4bn

on last year). By percentage, the industrials, which account for 83% of all dividends distributed, lost ground to both banks (whose share rose from 10% to 12%) and insurance companies (up from 3% to 5%). More than half the listed companies failed to pay dividends; these account for barely 12% of the aggregate market capitalization (compared with 13% the previous year). The public tender offers carried out resulted in seven companies being delisted (three in 2011/12).

The net aggregate results for 2012 posted by Italian companies listed at end-June 2013 returned to positive territory, with profits of €8.8bn reported, compared with the €19.3bn loss posted in 2011. The substantial reduction in the losses incurred by banks (which improved from €26bn to €2.3bn) was matched by the improvement in the industrial companies' margins, with net profits of €10.5bn reported, as against €6bn twelve months previously; the insurance groups' results were basically stable, reflecting a profit of €0.6bn.

For the banks, the €2.2bn reduction in net revenues, due largely to the decrease in net interest income (down €2.4bn) and fee income and dividends received (which together fell by €1.4bn), was in part mitigated by a €3bn increase in trading profits. The reduced losses were essentially due to the lower writedowns to goodwill (down €25.9bn on 2011), against higher net writedowns (€1.8bn), and to the reduction in depreciation and amortization charges (which were €1.7bn lower), with the €7.8bn increase in loan loss provisions mitigating the benefit somewhat. In 2012 regulatory capital fell by 3%; while the more pronounced reduction in risk-weighted assets drove an increase in the solvency margin (from 12.9% to 13.8%). Leverage, expressed in terms of the ratio between total assets and tangible net equity (excluding the so-called Tremonti bonds) in turn fell from 23x to 20x (compared with an average for the leading European banking groups which fell to approx. 26x, down from 28x in 2011).

The insurance companies more or less repeated their 2011 result, delivering an aggregate profit of €0.6bn (ROE 2%, vs 3.4% last year). Growth in underwriting profits (€8.9bn) and gross profits from other operations (€0.6bn) was entirely swallowed up by the higher net claims (€6.8bn), increased operating costs (€1.4bn), and the heavier tax burden (€1.4bn).

Industrial groups showed an improvement in their operating profit, which increased from €6bn to €10.5bn, with the return on equity up from 3.1% to 5.4%. The growth in value added (€7.4bn) was only partly offset by the higher staffing costs (€3.6bn) and depreciation and amortization charges (€2.4bn). The higher gains on disposals (up €3.2bn on 2011), along with the €1.7bn reduction in writedowns, and net of the higher interest charges (up €0.8bn) and tax (also €1.1bn higher), were the main factors driving the increase in net profit, which was up €4.5bn. The profits earned by companies listed on the STAR segment were stable at €0.7bn, in line with 2011 (with the ROE declining from 8.4% to 7.4%).

The industrial companies' aggregate net equity showed a slight, 1.8% increase, while debt was up 5.4%; consequently, the debt/equity ratio was higher than last year, at 114% (110%).

The Mediobanca share price index gained 8% (12% in the total return version), due to the good performances by the insurance companies (whose stocks rose by 29%) and banks (15%), with the industrial companies also showing improvement but below the market average (4%). The average daily value of stocks traded on the MTA in the twelve months ended 30 June 2013 was down around 10% on the previous year (from €2.3bn to €2bn per session). The free float rose from 56% to 58%, while the turnover ratio decreased from 22% to 19%; volatility was at 2009/10 levels (2% compared with the 2.6% peak recorded last year). Since the reporting date share prices have recovered further (up 12% in the period to 9 September 2013), chiefly due to the recovery of the banking index (up 22%).

In the twelve months ended 30 April 2013, the increase in share prices on western stock markets was reflected in the changes recorded in the price/earnings ratios, most of which showed significant reductions, whereas the dividend yields moved in the opposite direction:

	Price/dividend (%)		Price/earnings (%)	
	2012	2013	2012	2013
Benelux **	3.5	3.4	8.3	6.4
France *	3.0	2.8	6.8	5.4
Germany *	2.4	2.8	6.4	5.8
Italy *	3.0	3.2	8.0	7.7
United Kingdom *	3.1	3.3	6.1	6.2
United States *	2.2	2.4	6.0	5.7
Switzerland **	3.0	3.1	5.8	5.0

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

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

NB: Median indicators based on share prices at 2 April 2013. The changes in prices on the principal stock markets between 2 April 2012 and 2 April 2013 were as follows (indexes used are in brackets): Italy down 3.4% (Mediobanca MTA), Switzerland up 24% (SMI), Netherlands up 6.7% (AEX), Germany up 8.2% (CDAX), United States up 10.1% (S&P 500), Belgium up 11% (BAS), France up 8.4% (SBF 250), United Kingdom up 10.7% (FTSE All-Share).

Assets managed by mutual funds incorporated under Italian law (including funds of funds, closed and hedge funds) showed a recovery in terms of AUM levels compared to the previous year, climbing to €152.6bn in March 2013 as compared with €144.4bn at end-June 2012. This change is largely due to the operating profits posted for the nine months, which were up €6.7bn, with net inflows of €1.5bn. The portfolio at the reporting date was basically stable in terms of composition, particularly as far as the Italian securities were concerned (equities stationary, government securities down 0.3 percentage points, and bonds up one-tenth of a point. There was, by contrast, some movement on the non-domestic side, where the shares accounted for by bonds and sovereign debt both increased (up 1 percentage points and 0.6 percentage points respectively), at the expense of equities (down 0.7 points) and the balance of other financial assets and liabilities (down 2 points), which were in part penalized by the higher liquidity (1.3 points higher).

Roundtrip funds also performed positively, which, like the Italian UCITS as well, were helped by a good operating performance (with profits of some €32.1bn) and by subscriptions outweighing redemptions (by €7.6bn); at end-March 2013 assets managed by such funds had risen to €217.9bn, from €178.2bn nine months previously.

The aggregate market capitalization of listed companies at 30 June 2013 totalled €353bn, compared with €326bn twelve months previously, with the free float increasing from €184bn to €204bn; the €21bn increase, net of rights issues and changes to the stock market composition, is due to the changes in market prices.

* * *

The Italian consumer credit market reported a negative performance for the fourth year running in 2012, with volumes disbursed 20.7% lower than the levels seen in 2008.

The trend continued in the first six months of 2013, with a 7.5% Y.o.Y. contraction reported. The largest reductions in the six months include those recorded by the vehicle credit segment, down 7%, due among other things to the reduction in new car manufactures, and personal loans, which were down 14%. Conversely, the salary-backed finance segment recovered slightly, posting growth of 2.1%.

	2009		2010		2011		2012		1H 2013	
	€m	%	€m	%	€m	%	€m	%	€m	%
Vehicle credit	15,501	28.0	13,671	26.1	12,217	23.6	9,934	20.7	5,014	21.4
Personal loans	19,431	35.1	19,232	36.7	19,882	38.4	17,131	35.6	8,264	35.2
Specific-purpose loans	4,236	7.6	4,222	8.1	3,980	7.7	3,878	8.1	1,858	7.9
Credit cards	10,605	19.2	10,350	19.7	11,152	21.6	13,064	27.2	6,157	26.2
Salary-backed finance	5,617	10.1	4,920	9.4	4,507	8.7	4,067	8.4	2,190	9.3
	55,390	100.0	52,395	100.0	51,738	100.0	48,074	100.0	23,483	100.0

Source: Assofin

The real estate market in 2012 showed a substantial, 25.8% reduction in the number of properties traded, with a far more pronounced effect in terms mortgage financed disbursed, down 49.3%, with new loans halving from €48.9bn to €24.8bn.

The Italian leasing market, too, which has been in decline since 2010, saw a further sharp, 32% reduction in volumes in 2012. With a 17% decrease recorded in the first half of 2013, moreover, the sector shows no signs of recovering.

	2009		2010		2011		2012		1H 2013	
	€m	%	€m	%	€m	%	€m	%	€m	%
Vehicles	5,704	21.9	5,777	21.1	5,679	23.1	4,855	29.2	2,345	32.3
Core goods	8,539	40.5	11,584	42.4	11,120	45.2	7,829	47.0	3,409	46.9
Property	10,586	32.7	8,898	32.6	7,024	28.5	3,587	21.5	1,418	19.5
Yachts	1,288	4.9	1,077	3.9	783	3.2	385	2.3	96	1.3
	26,117	100.0	27,336	100.0	24,606	100.0	16,656	100.0	7,268	100.0

Source: Assilea

Consolidated financial statements *

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	(€m)		
	30/6/12	30/6/13	Y.o.Y. chg. (%)
Profit-and-loss data			
Net interest income	1,069.8	1,028.0	-3.9
Net trading income	266.8	168.9	-36.7
Net fee and commission income	483.5	409.7	-15.3
Equity-accounted companies	169.5	(9.5)	n.m.
Total income	1,989.6	1,597.1	-19.7
Labour costs	(393.3)	(384.0)	-2.4
Administrative expenses	(395.7)	(372.9)	-5.8
Operating costs	(789.0)	(756.9)	-4.1
Gain (loss) on AFS, HTM and L&R	32.4	48.0	+48.1
Loan loss provisions	(468.3)	(506.5)	+8.2
Provisions for other financial assets	(604.0)	(404.2)	-33.1
Other gains (losses)	45.2	(4.8)	n.m.
Profit before tax	205.9	(27.3)	n.m.
Income tax for the period	(125.5)	(156.8)	+24.9
Minority interest	0.5	4.3	n.m.
Net profit	80.9	(179.8)	n.m.

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

RESTATED BALANCE SHEET

		(€m)
	30/6/12	30/6/13
Assets		
Net treasury assets	9,330.4	8,199.7
AFS securities	10,552.1	11,489.8
<i>of which: fixed-income</i>	<i>9,447.1</i>	<i>9,967.1</i>
<i>equities</i>	<i>1,090.8</i>	<i>1,507.8</i>
Fixed financial assets (HTM & LR)	2,328.1	2,053.5
Loans and advances to customers	36,309.5	33,455.4
Equity investments	3,165.5	2,586.9
Tangible and intangible assets	718.1	707.7
Other assets	1,355.6	1,247.3
<i>of which: tax assets</i>	<i>1,036.1</i>	<i>896.1</i>
Total assets	<u>63,759.3</u>	<u>59,740.3</u>
Liabilities and net equity		
Funding	55,788.0	51,287.8
<i>of which: debt securities in issue</i>	<i>30,004.2</i>	<i>25,856.4</i>
<i>retail deposits</i>	<i>11,634.1</i>	<i>11,874.2</i>
Other liabilities	1,177.2	1,312.1
<i>of which: tax liabilities</i>	<i>494.1</i>	<i>608.0</i>
Provisions	185.1	192.2
Net equity	6,528.1	7,128.0
<i>of which: share capital</i>	<i>430.6</i>	<i>430.6</i>
<i>reserves</i>	<i>5,988.1</i>	<i>6,589.9</i>
<i>minority interest</i>	<i>109.4</i>	<i>107.5</i>
Profit for the period	80.9	(179.8)
Total liabilities and net equity	<u>63,759.3</u>	<u>59,740.3</u>
<i>Tier 1 capital</i>	<i>6,338.9</i>	<i>6,153.2</i>
<i>Regulatory capital</i>	<i>7,810.0</i>	<i>8,155.4</i>
<i>Tier 1 capital/RWAs</i>	<i>11.49%</i>	<i>11.75%</i>
<i>Regulatory capital/RWAs</i>	<i>14.16%</i>	<i>15.57%</i>
<i>No. of shares in issue (millions)</i>	<i>861.1</i>	<i>861.1</i>

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

	(€m)			
30/6/13	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
Profit-and-loss data				
Net interest income	300.6	(7.8)	737.2	1,028.0
Net trading income	167.6	6.3	11.6	168.9
Net fee and commission income	203.0	—	244.1	409.7
Equity-accounted companies	30.9	(40.9)	—	(9.5)
Total income¹	702.1	(42.4)	992.9	1,597.1
Labour costs	(188.0)	(4.9)	(205.5)	(384.0)
Administrative expenses	(111.0)	(3.4)	(291.2)	(372.9)
Operating costs	(299.0)	(8.3)	(496.7)	(756.9)
Gain (loss) on AFS, HTM & LR disposals	45.5	—	3.1	48.0
Loan loss provisions	(145.4)	—	(361.5)	(506.5)
Provisions for other financial assets	(27.8)	(375.5)	(4.0)	(404.2)
Other gains (losses)	(4.4)	—	(5.2)	(4.8)
Profit before tax	271.0	(426.2)	128.6	(27.3)
Imposte sul reddito	(114.4)	3.6	(48.2)	(156.8)
Minority interest	4.3	—	—	4.3
Net profit	160.9	(422.6)	80.4	(179.8)
Cost/income ratio (%)	42.6	n.m.	50.0	47.4
Balance-sheet figures				
Net treasury assets	9,204.6	—	9,949.2	8,199.7
AFS securities	10,073.8	245.5	1,454.7	11,489.8
Fixed financial assets (HTM & LR)	5,004.3	—	1,922.6	2,053.5
Equity investments	19.0	2,481.1	—	2,586.9
Loans and advances to customers	26,196.9	—	14,947.4	33,455.4
<i>of which: to Group companies</i>	<i>7,241.4</i>	—	—	—
Funding	(47,962.1)	(259.8)	(26,602.0)	(51,287.8)
Risk-weighted assets	37,193.3	2,804.8	12,339.7	52,372.1
No. of employees	944	—	2,690 *	3,505

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

¹ Of which Group banking revenues €1,606.6m (CIB €671.2m; PI minus €1.5m; RPB €992.9m).

Notes:

1) Divisions comprise:

- *CIB (Corporate and investment banking)*: comprises corporate and investment banking, including leasing, plus the Group's trading investments. The companies which form part of this division are Mediobanca, Mediobanca International, MB Securities USA, Consortium, MB Turkey, Prominvestment, SelmaBipiemme Leasing, Palladio Leasing and Teleleasing;
- *Principal investing*: comprises the Group's shareholdings in Assicurazioni Generali, RCS MediaGroup and Telco, plus stakes acquired as part of merchant banking activity and investments in private equity funds;
- *Retail and private banking*: businesses targeting retail customers via consumer credit products, mortgages, deposit accounts, private banking and fiduciary activities. The companies which make up this division are: Compass, CheBanca!, Cofactor, Futuro, Compass RE and Creditech (consumer credit); and Compagnie Monégasque de Banque, Spafid and Prudentia Fiduciaria, plus 50% of Banca Esperia pro-forma (private banking).

2) Sum of divisional data differs from Group total due to:

- Banca Esperia being consolidated pro-rata (50%) rather than equity-accounted;
- adjustments/differences arising on consolidation between business areas (€1.6m as at 30 June 2013 and €3.5m as at 30 June 2012).

	(€m)			
30/6/12	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
Profit-and-loss data				
Net interest income	381.6	(8.8)	707.2	1,069.8
Net trading income	256.4	—	9.9	266.8
Net fee and commission income	275.6	—	246.4	483.5
Equity-accounted companies	19.7	147.8	—	169.5
Total income ¹	933.3	139.0	963.5	1,989.6
Labour costs	(202.2)	(5.6)	(199.4)	(393.3)
Administrative expenses	(110.9)	(2.8)	(311.6)	(395.7)
Operating costs	(313.1)	(8.4)	(511.0)	(789.0)
Gain (loss) on AFS, HTM and L&R	23.8	—	1.5	32.4
Loan loss provisions	(134.2)	—	(333.3)	(468.3)
Provisions for other financial asset	(405.5)	(197.8)	(0.7)	(604.0)
Other gains (losses)	—	—	47.5	45.2
Profit before tax	104.3	(67.2)	167.5	205.9
Income tax for the period	(85.1)	3.7	(46.3)	(125.5)
Minority interest	0.5	—	—	0.5
Net profit	19.7	(63.5)	121.2	80.9
Cost/income ratio (%)	33.5	6.0	53.0	39.7
Balance-sheet data				
Net treasury assets	10,641.7	—	8,816.5	9,330.4
AFS securities	9,210.3	146.3	1,694.6	10,552.1
Fixed financial assets (HTM & LR)	4,013.4	—	2,731.4	2,328.1
Equity investments	385.8	2,696.4	—	3,165.5
Loans and advances to customers	30,519.7	—	14,661.0	36,309.5
<i>of which: to Group companies</i>	<i>8,493.3</i>	<i>—</i>	<i>—</i>	<i>—</i>
Funding	(52,552.8)	(259.8)	(26,574.1)	(55,788.0)
Risk-weighted assets	39,939.6	3,093.7	12,103.7	55,164.0
No. of employees	973	—	2,665 *	3,506

* Includes 132 staff employed by Banca Esperia pro-forma, not included in the Group total.

¹ Of which Group banking revenues €1,820.1m (CIB €913.6m; PI minus €8.8m; RPB €963.5m).

Balance sheet

The main balance-sheet items, to which Mediobanca contributes almost 60%, showed the following trends for the twelve months under review (comparative data as at 30 June 2012):

Funding – this item fell by 8.1%, chiefly due to the redemption (and in part early redemption) of debt securities (€7bn), offset only in part by new issues totalling €2.8bn. The other funding sources reflect an increase in the CheBanca! retail component (from €11.6bn to €11.9bn), and a reduction in funds sourced via the interbank channel (from €3.3bn to €2.7bn).

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
Debt securities	30,004.2	54%	25,856.4	50%	-13.8%
CheBanca! retail funding	11,634.1	21%	11,874.2	23%	+2.1%
Interbank funds	3,284.8	6%	2,718.3	5%	-17.2%
LTROs	7,500.0	13%	7,500.0	15%	-
Other funds	3,364.9	6%	3,338.9	7%	-0.8%
Total funding	55,788.0	100%	51,287.8	100%	-8.1%

Loans and advances to customers – the 7.9% reduction in this item is due to the lower corporate demand for both wholesale loans (down 13.4%) and leasing (down 16.2%). Retail loans remained largely stable (up 1.5%), with a slight increase in consumer finance (up 2.5%) despite the stricter scoring criteria. The difficult economic conditions was reflected in 9.4% growth in net impaired assets, which now account for 2.9% of the total loan book, as opposed to 2.5%. The coverage ratio also increased, from 39% to 45%. Net non-performing loans totalled €262.7m (€242m), and account for 0.78% (0.67%) of total lendings.

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
Corporate and investment banking	22,028.3	61%	18,958.2	57%	-13.9%
– of which: <i>wholesale</i>	17,909.2	49%	15,505.2	46%	-13.4%
<i>leasing</i>	4,119.1	11%	3,453.0	10%	-16.2%
Retail and private banking	14,281.2	39%	14,497.2	43%	+1.5%
– of which: <i>consumer credit</i>	9,197.7	25%	9,427.7	28%	+2.5%
<i>mortgage lending</i>	4,310.8	12%	4,266.5	13%	-1.0%
<i>private banking</i>	772.7	2%	803.0	2%	+3.9%
Total loans and advances to customers	36,309.5	100%	33,455.4	100%	-7.9%

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
Corporate and investment banking	409.2	45%	488.7	49%	+19.4%
– of which: leasing	210.7	23%	234.1	24%	+11.1%
wholesale	198.5	22%	254.6	26%	+28.3%
Retail and private banking	495.2	55%	500.5	51%	+1.1%
– of which: consumer credit	362.6	40%	368.7	37%	+1.7%
mortgage lending	104.4	12%	121.9	12%	+16.8%
private banking	28.2	3%	9.9	1%	-64.9%
Total net impaired assets	904.4	100%	989.2	100%	+9.4%
– of which: non-performing	242.0		262.7		+8.6%

At the reporting date there were a total of eight significant exposures to groups of customers (including market risk and equity investments), i.e. above 10% of regulatory capital (one fewer than at 30 June 2012), corresponding to a gross exposure of €12,043.5m (€12,579.3m).

Equity investments – these fell from €3,165.5m to €2,586.9m, largely due to transfer to the AFS portfolio of the investments in RCS MediaGroup (book value €109.4m), Pirelli (€117.6m), Gemina (€194.1m) and Telco (€205.9m). The value of the investment in Assicurazioni Generali (which was unchanged at 13.24% of this company's share capital) rose from €2,356.3m to €2,460.7m, on profits for the period of €16.8m, an €128.8m increase in the valuation reserves, and reversal of the dividend distributed, in an amount of €41.2m; Based on prices as at 30 June 2013, the investment reflects an implicit gain of €305.1m (€590m based on current prices). The value of the holding in Burgo (22.13%) reduced to €19m (down from €74.1m), with a €54.9m charge being taken through the profit and loss account (€10.1m of which in respect of the company's loss for the period). Finally, the value of the Athena shareholding (24.27%) decreased from €24m to €19.8m, after a €4m writedown to reflect to adjustments to the value to some of the company's investments.

	Percentage shareholding *	Book value	Market value at 30/6/13	Plus/(Minus)
Assicurazioni Generali	13.24	2,460.7	2,765.8	305.1
Banca Esperia	50.0	86.7		
Burgo Group	22.13	19.0		
Athena Private Equity	24.27	19.8		
Fidia	25.0	0.7		
Total equity investments		2,586.9	2,765.8	305.1

* Percentage of entire share capital.

The valuations made in the course of the impairment tests and transfer of the shareholdings to the AFS segment are described in part B, section 10 of the notes to the accounts (see p. 122-123).

Fixed financial assets – the reduction in this item, from €2,328.1m to €2,053.5m, chiefly reflects repayment of the €203.3m Telco bond issue, which was renewed for a like amount by a new issue subscribed for by the shareholders and accounted for among the AFS securities.

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
Financial assets held to maturity	1,723.3	74%	1,447.8	71%	-16.0%
Unlisted debt securities (stated at cost)	604.8	26%	605.7	29%	+0.1%
Total fixed financial assets	2,328.1	100%	2,053.5	100%	-11.8%

	30/6/12		30/6/13		Chg.
	Book value	%	Book value	%	
Italian government securities	351.6	15%	359.9	18%	+2.4%
Bonds issued by financial institutions	1,260.9	54%	1,252.3	61%	-0.7%
- of which: Italian	414.6	18%	414.7	20%	-
Corporate bonds	715.6	31%	441.3	21%	-33.3%
Total debt securities	2,328.1	100%	2,053.5	100%	-11.8%

AFS securities – the value of the AFS securities portfolio rose from €10,552.1m to €11,489.8m, as a result of the Telco, RCS MediaGroup, Gemina and Pirelli holdings being transferred to it, and the new €203.3m Telco bond issue being accounted for under this heading as well. The assets were recognized at fair value as measured at the reporting date, which resulted in a €269.6m charge to the profit and loss account representing the balance between the writedowns to the Telco (totalling €319.7m, including €125m in respect of the shareholders' loan, which too was adjusted to reflect the Telecom Italia shares' value) and RCS MediaGroup (€38.5m) investments on the one hand, and writebacks to €65.6m for the Pirelli and €23m for the Gemina investments on the other. During the period under review this segment saw an increase in its exposure to Italian government securities (from €6.4bn to €7.2bn) as a result of their reduction in the trading portfolio (from €759.2m to €166.1m), upward adjustments to reflect fair value amounting to €472.1m (which the balance of asset reserves from minus €349.5m to a positive figure of €181.7m), and other adjustments totalling €108m (€33.4m in respect of Sintonia and €25.2m in respect of Santé).

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
Debt securities	9,447.1	90%	9,967.1	87%	+5.5%
Equities	1,090.8	10%	1,507.8	13%	+38.2%
Others	14.2	–	14.9	–	+4.9%
Total AFS securities	10,552.1	100%	11,489.8	100%	+8.9%

(€m)

	Percentage shareholding *	Book value as at 30/6/13	Adjustment to fair value	Impairment charges to P&L	Aggregate AFS reserve
LISTED EQUITIES					
Pirelli & C.	4.61 – 4.49	195.0	–	–	–
Gemina	10.01 – 10.03	203.1	10.0	–	10.0
Cashes UCI		148.2	11.8	–	11.8
Italmobiliare	9.5 – 5.47	34.6	8.7	–	–
RCS MediaGroup	14.93	20.3	–	–	–
SAKS INC.	3.46	54.9	11.1	–	22.2
Other listed equities		142.8	13.6	(29.1)	16.9
Total listed equities		798.9	55.2	(29.1)	60.9
UNLISTED EQUITIES					
Sintonia S.p.A.	5.9	302.9	–	(33.4)	–
Edipower	4.1	60.2	–	–	–
Santé S.A.	9.92	30.0	–	(25.2)	–
Telco ¹	11.62	78.3	–	(125.0)	–
Other unlisted equities		237.5	6.8	(20.3)	17.7
Total unlisted equities		708.9	6.8	(203.9)	17.7
Total equities		1,507.8	62.0	(233.0)	78.6

* First figure refers to percentage of shares held in respective category; second figure refers to percentage of total share capital held.

¹ Shareholders' loan subscribed for pro rata by Telco shareholders.

	30/6/12			30/6/13		
	Book Value	%	AFS reserve	Book Value	%	AFS reserve
Italian government securities	6,394.6	68%	(249.6)	7,193.8	72%	41.2
Other government securities	461.0	5%	9.4	114.4	1%	2.4
Financial bonds	2,085.6	22%	(88.0)	2,111.1	21%	11.1
- of which: Italian	1,192.8	13%	(89.9)	1,180.5	12%	(5.1)
Corporate bonds	505.9	5%	(26.6)	547.8	6%	37.1
Total debt securities	9,447.1	100%	(354.8)	9,967.1	100%	91.8

The RCS MediaGroup rights issue was completed in July 2013, with a 49.2 million shares subscribed for, involving an outlay of €60.8m.

Treasury assets – this item fell, from €9,330.4m to €8,199.7m, on account of the gradual reduction of the liquidity position in connection with the reduction in funding through debt securities. The increase in equities in part offset the reduction in derivatives trades with customers. The decrease in debt securities involved chiefly Italian government securities, as part of rebalancing in favour of the AFS portfolio.

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
Debt securities	3,986.8	43%	3,507.6	43%	-12.0%
Equities	833.6	9%	1,068.2	13%	+28.1%
Derivative contract valuations	(922.4)	-10%	(460.3)	-6%	-50.1%
Others (cash, repos, time deposits)	5,432.4	58%	4,084.2	50%	-24.8%
Total net treasury assets	9,330.4	100%	8,199.7	100%	-12.1%

	30/6/12		30/6/13	
	Book Value	%	Book Value	%
Italian government securities	759.2	19.0%	166.1	4.7%
German government securities	1,041.8	26.1%	1,343.5	38.3%
Other government securities	119.1	3.0%	605.3	17.3%
Financial bonds	1,484.7	37.2%	1,199.2	34.2%
- of which: Italian	773.4	19.4%	749.0	21.4%
Corporate bonds	582.0	14.6%	193.5	5.5%
Total debt securities	3,986.8	100.0%	3,507.6	100.0%

Tangible and intangible assets – the reduction in this item, from €718.1m to €707.7m, reflects depreciation and amortization charges for the period totalling €41.3m, which were partly offset by the completion of the work on expanding the Seteci property (€5.3m) and by collection of a previously leased property (€7.8m). Goodwill and brands continue to be recognized at €365.9m and €6.3m respectively, and both passed the impairment test.

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
Land and properties	249.8	35%	256.9	36%	+2.8%
- of which: core	194.3	27%	196.5	28%	+1.1%
Other tangible assets	43.9	6%	38.5	5%	-12.3%
Goodwill	365.9	51%	365.9	52%	-
Other intangible assets	58.5	8%	46.4	7%	-20.7%
Total tangible and intangible assets	718.1	100%	707.7	100%	-1.4%

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

	Squ. m	Book value (€m)	Book value per squ. m (€'000)
Milan:			
– Piazzetta Enrico Cuccia, 1	6,874	17.4	2.5
– Via Filodrammatici, 3, 5, 7 - Piazzetta Bossi, 1	11,093	61.6	5.6
– Piazza Paolo Ferrari, 6	1,967	4.6	2.3
– Foro Buonaparte, 10	3,918	7.8	2.0
– Via Siusi, 1-7	22,608	25.1	1.1
Rome:			
– Piazza di Spagna, 15*	8,228	26.6	3.2
– Via Nomentana, 146	1,790	8.7	4.9
Vicenza:			
– Via Btg. Framarin, 4, 14	4,239	5.8	1.4
Luxembourg	442	4.4	10.0
Principality of Monaco	4,576	59.2	12.9
Other minor properties	5,608	2.0	0.4
	71,343	223.2	

* Property partially used by Mediobanca.

Provisions – these increased from €185.1m to €192.2m, on account of funds set aside to cover restructuring charges (€4.4m) and the lower actuarial valuations for the staff severance indemnity provision (down from minus €5.3m to €1.1m).

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
Provisions for risks and charges	160.4	87%	164.5	86%	+2.6%
Staff severance provision	24.7	13%	27.7	14%	+12.1%
Total provisions	185.1	100%	192.2	100%	+3.8%

Net equity – the €341.1m, 5.2% increase in net equity is entirely due to the improved valuation reserve, which grew by €420.4m overall (both the AFS securities and the cashflow hedge reserves), only part of which was offset by the loss for the year.

	30/6/13	30/6/12	(€m) Chg.
Share capital	430.6	430.6	—
Other reserves	6,280.5	6,325.2	-0.7%
Valuation reserves	309.4	(337.1)	n.m.
- of which: AFS securities	144.6	(236.1)	n.m.
cash flow hedges	(81.3)	(121.0)	-32.8%
equity investments	232.6	6.5	n.m.
Profit for the period	(179.8)	80.9	n.m.
Total Group net equity	6,840.7	6,499.6	5.2%

Of the AFS reserve, €78.6m involves equities, €103.1m bonds and other debt securities (€41.2m of which Italian government securities), net of the €37.1m tax effect.

	30/6/12	30/6/13	(€m)
Equities	(6.2)	78.6	
Bonds and other debt securities	(343.3)	103.1	
Tax effect	113.4	(37.1)	
Total AFS reserve	(236.1)	144.6	

Profit and loss account

Net interest income – in a scenario marked by interest rates near their lowest-ever levels and the high financing costs faced by banks, the slight, 3.9% reduction in net interest income reflects the resilient margins in consumer business and the reduced expense of the retail channel; conversely, the 21.7% reduction in net interest income in wholesale banking reflects the market trends, the decrease in corporate loans and the need to maintain a substantial liquidity position.

	30/6/12	30/6/13	(€m) Chg.
Corporate and investment banking	381.6	300.6	-21.2%
- of which: wholesale banking	324.2	254.0	-21.7%
Retail and private banking	707.2	737.2	4.2%
- of which: consumer credit	540.4	554.6	2.6%
retail	132.8	141.9	6.9%
Others (including intercompany accounts)	(19.0)	(9.8)	-48.4%
Net interest income	1,069.8	1,028.0	-3.9%

Net trading income – the decline in net trading income reflects the financial markets’ performance, with the equity component performing well, while the greater stability in terms of spreads and market interest rates reduced opportunities to make profits in the fixed-income segment.

	30/6/12	30/6/13	(€m) Chg.
Dividends	17.6	17.9	+1.7%
Fixed-income trading profit	239.4	90.5	-62.2%
Equity trading profit	9.8	60.5	n.m.
Net trading income	266.8	168.9	-36.7%

Net fee and commission income – net fee and commission income fell by 15.3%, due to a reduced contribution from corporate and investment banking (down 25.8%), reflecting the reduction in corporate business volumes; consumer fees were also down 8.9%, due to a commercial policy which pays closer attention to customers’ requirements; there were, however, increases in the fees earned from private banking (up 16%), helped by the growth in subscriptions to new funds, and by retail banking, up 88.9%, albeit still at fairly low levels.

	30/6/12	30/6/13	(€m) Chg.
Corporate and investment banking	274.1	201.1	-26.6%
<i>of which: wholesale banking</i>	267.7	198.6	-25.8%
Retail and private banking	208.5	206.8	-0.8%
<i>of which: consumer finance</i>	164.7	150.1	-8.9%
<i>private banking</i>	35.7	41.4	+16.0%
<i>retail banking</i>	8.1	15.3	+88.9%
Others	0.9	1.8	n.m.
Net fee and commission income	483.5	409.7	-15.3%

Equity-accounted companies – the negative contribution by this item is due to the lower profits earned by Assicurazioni Generali (which were down from €145.9m to €16.8m), and the operating losses incurred by RCS MediaGroup, Burgo and Athena (totalling €67.5m), partly offset by the good performance by Gemina (€25.8m).

Operating costs – these were down 4.1%, due to the decrease in labour costs on account of the reduction in the variable remuneration component for staff employed in wholesale banking, which more than offset the costs incurred in respect of the performance share schemes coming into operation. Administrative expenses also fell, in particular retail marketing and communication costs.

	30/6/12	30/6/13	(€m) Chg.
Labour costs	393.3	384.0	-2.4%
<i>of which: directors</i>	8.2	8.0	-2.4%
<i>stock option and performance share schemes</i>	12.8	16.9	+32.0%
Sundry operating costs and expenses	395.7	372.9	-5.8%
<i>of which: depreciation and amortization</i>	44.7	41.2	-7.8%
<i>administrative expenses</i>	348.5	328.4	-5.8%
Operating costs	789.0	756.9	-4.1%

	30/6/12	30/6/13	(€m) Chg.
Legal, tax and professional services	40.8	35.5	-13.0%
Credit recovery activities	31.7	33.4	+5.4%
Marketing and communication	60.6	47.3	-21.9%
Rent and property maintenance	40.2	36.5	-9.2%
EDP	34.7	39.1	+12.7%
Financial information subscriptions	25.6	27.0	+5.5%
Bank services, collection and payment commissions	19.6	20.4	+4.1%
Operating expenses	49.0	49.1	+0.2%
Other labour costs	21.7	18.5	-14.7%
Other costs	10.9	10.2	-6.4%
Direct and indirect taxes	13.7	11.4	-16.8%
Total administrative expenses	348.5	328.4	-5.8%

Gains and losses on disposals of AFS securities – this item includes net gains on disposals of AFS equities and bonds totalling €40.7m; and other gains on early repayments of loans and other fixed financial assets amounting to €7.3m.

	30/6/12	30/6/13	(€m) Chg.
Shares	29.5	20.1	-31.9%
Bonds	4.8	20.6	n.m.
Others	(1.9)	7.3	n.m.
Total	32.4	48.0	+48.1%

Loan loss provisions – the 8.2% increase in this item, from €468.3m to €506.5m, reflects the ongoing difficulties being encountered by both businesses and households, as well as the increase in the coverage ratios for impaired assets (from 39% to 45%). The increase in provisioning was concentrated in the wholesale banking (up 12.1%, from €107.1m to €120.1m), consumer finance (up 7.6%, from €311.3m to €335m) and mortgage lending (up 28.7%, from €19.5m to €25.1m) segments. Conversely, provisions in leasing and private banking declined, the former due to the absence

of provisions for Teleleasing (in liquidation), the latter due to improvements in bad debts. The cost of risk for the financial year grew from 129 bps to 145 bps.

	30/6/12	30/6/13	(€m) Chg.
Corporate and investment banking	134.2	145.4	+8.3%
- of which: wholesale banking	107.1	120.1	+12.1%
leasing	27.1	25.3	-6.6%
Retail and private banking	334.1	361.1	+8.1%
- of which: consumer credit	311.3	335.0	+7.6%
mortgage lending	19.5	25.1	+28.7%
private banking	3.3	1.0	-69.7%
Loan loss provisions	468.3	506.5	8.2%
Cost of risk (bps)	129	145	12.5%

Provisions for other financial assets – this item fell by 33.1%, helped by the lack of writedowns to bonds which last year included those taken in respect of Greek sovereign debt (which this year were written back in part, as to €19m, following market disposals). By contrast, the provisions for equities increased, to €423.2m, and involve, on the one hand, the effects of some of the equity investments being transferred to the AFS portfolio and marked to market at the reporting date, involving increases to the value of the stakes in Pirelli (€65.6m) and Gemina (€23m), and reductions to the values of the holdings in RCS MediaGroup (€38.5m) and Telco (€194.7m, reduced to zero after the Telecom Italia shares were marked to market); and, on the other, the writedowns to the equity investments and AFS shares themselves, totalling €278.6m, €125m of which to the Telco shareholders' loan (also recognized at market value), €44.8m for Burgo, €33.4m for Sintonia and €25.2m for Santé.

	30/6/12	30/6/13	(€m) Chg.
Equity investments	(191.0)	(189.4)	-1%
Shares	(269.7)	(233.0)	-14%
Bonds	(141.1)	19.0	n.m.
Others	(2.2)	(0.8)	-59%
Total	(604.0)	(404.2)	-33%

Income tax for the period – tax rose from €125.5m last year to €156.8m, despite the loss for the period, as a result of the impact of the higher equity writedowns, the majority of which are not tax.deductible. Mediobanca (as consolidating entity) has adopted tax consolidation, which includes Compass, SelmaBipiemme Leasing, Palladio Leasing, CheBanca!, Cofactor and Futuro. Relations between the consolidating and consolidated entities are governed by bilateral agreements regulating cash flows, exchanges of information and the individual companies' responsibilities versus the revenue authorities.

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

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

CORPORATE AND INVESTMENT BANKING (WHOLESALE BANKING AND LEASING)

	30/6/12	30/6/13	Chg. (%)
(€m)			
Profit-and-loss data			
Net interest income	381.6	300.6	-21.2
Net trading income	256.4	167.6	-34.6
Net fee and commission income	275.6	203.0	-26.3
Equity-accounted companies	19.7	30.9	+56.9
Total income	933.3	702.1	-24.8
Labour costs	(202.2)	(188.0)	-7.0
Administrative expenses	(110.9)	(111.0)	+0.1
Operating costs	(313.1)	(299.0)	-4.5
Gain (loss) on AFS, HTM & LR disposals	23.8	45.5	n.m.
Loan loss provisions	(134.2)	(145.4)	+8.3
Provisions for other financial assets	(405.5)	(27.8)	n.m.
Other gains (losses)	—	(4.4)	n.m.
Profit before tax	104.3	271.0	n.m.
Income tax for the period	(85.1)	(114.4)	+34.4
Minority interest	0.5	4.3	n.m.
Net profit	19.7	160.9	n.m.
Cost/income ratio (%)	33.5	42.6	
	30/6/12	30/6/13	
Balance-sheet figures			
Net treasury assets	10,641.7	9,204.6	
AFS securities	9,210.3	10,073.8	
Fixed financial assets (HTM & LR)	4,013.4	5,004.3	
Equity investments	385.8	19.0	
Loans and advances to customers	30,519.7	26,196.9	
<i>of which: to Group companies</i>	<i>8,493.3</i>	<i>7,241.4</i>	
Funding	(52,552.8)	(47,962.1)	

	(€m)		
Corporate and investment banking 30/6/13	Wholesale	Leasing	Total
Net interest income	254.0	46.6	300.6
Net trading income	167.8	(0.2)	167.6
Net fee and commission income	201.4	1.6	203.0
Equity-accounted companies	30.9	—	30.9
Total income	654.1	48.0	702.1
Labour costs	(171.1)	(16.9)	(188.0)
Administrative expenses	(97.6)	(13.4)	(111.0)
Operating costs	(268.7)	(30.3)	(299.0)
Gain (loss) on AFS, HTM & LR disposals	45.5	—	45.5
Loan loss provisions	(120.1)	(25.3)	(145.4)
Provisions for other financial assets	(27.8)	—	(27.8)
Other gains (losses)	—	(4.4)	(4.4)
Profit before tax	283.0	(12.0)	271.0
Income tax for the period	(115.6)	1.2	(114.4)
Minority interest	—	4.3	4.3
Net profit	167.4	(6.5)	160.9
Cost/income ratio (%)	41.1	63.1	42.6
Cost of risk (bps)	72	67	71
Other financial assets	24,184.9	116.8	24,301.7
Loans and advances to customers	22,743.9	3,453.0	26,196.9
<i>of which: to Group companies</i>	<i>7,241.4</i>	—	<i>7,241.4</i>
Net non-performing loans	—	54.2	54.2
New loans	n.a.	250.4	250.4
No. of staff	784	160	944

	(€m)		
Corporate and investment banking 30/6/12	Wholesale	Leasing	Total
Net interest income	324.2	57.4	381.6
Net trading income	256.6	(0.2)	256.4
Net fee and commission income	270.1	5.5	275.6
Equity-accounted companies	19.7	—	19.7
Total income	870.6	62.7	933.3
Labour costs	(181.2)	(21.0)	(202.2)
Administrative expenses	(98.5)	(12.4)	(110.9)
Operating costs	(279.7)	(33.4)	(313.1)
Gain (loss) on AFS, HTM & LR	23.8	—	23.8
Loan loss provisions	(107.1)	(27.1)	(134.2)
Provisions for other financial assets	(405.5)	—	(405.5)
Other gains (losses)	—	—	—
Profit before tax	102.1	2.2	104.3
Income tax for the period	(81.3)	(3.8)	(85.1)
Minority interest	—	0.5	0.5
Net profit	20.8	(1.1)	19.7
Cost/income ratio (%)	32.1	53.3	33.5
Cost of risk (bps)	60	63	60
Other financial assets	24,093.8	157.4	24,251.2
Loans and advances to customers	26,400.5	4,119.2	30,519.7
<i>of which: to other Group companies</i>	<i>8,493.3</i>	—	<i>8,493.3</i>
Net non-performing loans	—	58.0	58.0
New loans	n.a.	800.9	800.9
No. of staff	788	185	973

This division showed a significant improvement in its results, with net profit up from €19.7m to €160.9m, reflecting, on the one hand, core revenues down some 25% due to the difficult operating scenario already mentioned, but also, on the other, a positive, €17.7m contribution from the securities portfolio, following the hefty €381.7m loss posted last year. In particular:

- net interest income fell from €381.6m to €300.6m, due to lower interest receivable due to the reduction in loans as a result of the need to preserve ample liquidity, and also as a result of the high cost of funding;
- net trading income declined from €256.4m to €167m, following a less favourable result in fixed-income trading than last year, when results were boosted by the volatility in spreads on Italian sovereign debt;
- net fee and commission income decreased from €275.6m to €203m, with reductions in all segments: advisory fees fell from €73m to €48.9m, and capital market fees from €73.5m to €55.8m, while lending activity fell

because of the reduction in new loan volumes in wholesale banking (down from €101.7m to €80.1m) and leasing (down from €5.5m to €1.6m).

Operating costs fell 4.5%, from €313.1m to €299m, in particular due to the reduction in the staff variable remuneration component.

Loan loss provisions of €145.4m were higher than the €134.2m set aside last year, in wholesale banking in particular, reflecting the deterioration in the credit standing of certain performing loans.

Securities and investments added €17.7m, which includes €88.6m in gains on transfers from the equity investment portfolio, €38.2m in gains on disposals of AFS equities and bonds, and €7.3m in early repayments of loans and securities; conversely, writedowns of €116.4m were also recorded, €44.8m of which in respect of Burgo, €33.4m of Sintonia, and €25.2m of Santé.

Wholesale Banking

Wholesale banking, which is the major component of corporate and investment banking business, showed a significant improvement in net profit, which was up from €20.8m to €167.4m, boosted by writebacks to securities and investments, which added €17.7m (compared with a €381.7m charge last year). This core business performed in line with the trends already described, with total revenues down from €870.6m to €654.1m, split between lending (57%), investment banking (17%) and treasury activities (26%) including the banking book. Loan loss provisions rose from €107.1m to €120.1m.

Corporate lending, excluding accounts with Group companies, fell from €17.9m to €15.5bn, as a result of early redemptions and a generalized reduction in the demand for credit, and remain concentrated on the Italian domestic market (63.1%) and those countries where Mediobanca has branches of its own (25.4%). Non-performing accounts (non-performing, sub-standard and restructured items, and items more than 90 days' overdue) totalled €254.6m (€198.5m), net of provisions totalling €159.9m (€107.9m), and together represent 1.61% (1.11%) of the total loans. The coverage ratio rose from 35% to 39%.

	30/6/12		30/6/13	
	€m	%	€m	%
Italy	10,709.8	59.8%	9,776.4	63.1%
Germany	1,926.3	10.8%	819.9	5.3%
France	1,900.4	10.6%	1,378.0	8.9%
Spain	1,309.0	7.3%	1,101.1	7.1%
U.K.	592.6	3.3%	637.8	4.1%
Other non-resident customers	1,469.1	8.2%	1,789.3	11.5%
Total loans and advances to customers	17,907.2	100.0%	15,502.5	100.0%

Funding fell by 8.3%, from €50.8bn to €46.6bn, due to the reduction in debt securities, in part offset by an increase in the CheBanca! retail funding channel (up from €8.5bn to €9.7bn).

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
Debt securities	33,090.1	65%	27,749.2	60%	-16.1%
Interbank funding	9,298.3	18%	10,035.9	22%	+7.9%
- of which: intercompany (CheBanca!)	8,529.9	17%	9,660.6	21%	+13.3%
LTRO	7,500.0	15%	7,500.0	16%	-
Securitized and other funds	912.5	2%	1,303.6	2%	+42.9%
Total funding	50,800.9	100%	46,588.7	100%	-8.3%

Bonds held as part of the banking book rose from €12.3bn to €13.8bn, as a result of expansion of the Compass securitization (which was increased from €1.7bn to €3bn) and an increase in the position held in Italian government securities (from €6bn to €6.6bn).

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
AFS debt securities	8,281.6	67%	8,825.5	64%	+6.6%
Financial assets held to maturity	1,716.1	14%	1,434.1	10%	-16.4%
Unlisted debt securities (stated at cost)	2,297.3	19%	3,570.2	26%	+55.4%
Total fixed and AFS securities	12,295.0	100%	13,829.8	100%	+12.5%

	30/6/12			30/6/13		
	Book Value	%	AFS reserve	Book Value	%	AFS reserve
Italian government securities	5,957.6	48%	(171.3)	6,647.6	48%	53.6
Other government securities	452.6	4%	9.3	94.7	1%	2.2
Financial bonds	4,680.1	38%	(83.1)	5,970.4	43%	5.9
- of which: Italian	3,240.8	26%	(85.2)	4,591.0	33%	(5.5)
Corporate bonds	1,204.7	10%	(14.7)	1,117.1	8%	43.6
Total fixed and AFS debt securities	12,295.0	100%	(259.8)	13,829.8	100%	105.3

Conversely, treasury assets fell, from €10.5bn to €9.1bn, in order cover movements in the other balance-sheet aggregates, in particular the reduction in funding.

	30/6/12		30/6/13		Chg.
	€m	%	€m	%	
Cash and cash equivalents	253.1	2%	201.0	2%	-20.6%
Debt securities	3,578.3	34%	2,837.4	31%	-20.7%
Equities	548.8	5%	1,034.7	11%	+88.5%
Derivative contract valuations	(772.4)	-7%	(385.3)	-4%	-50.1%
Others (repos, time deposits, derivatives etc.)	6,876.5	66%	5,400.0	60%	-21.5%
Total net treasury assets	10,484.3	100%	9,087.8	100%	-13.3%

* * *

The European investment banking market has seen a gradual reduction in volumes over the last three years, in M&A business in particular which has seen volumes contract by over 30% in Italy and France; while equity capital market business has seen a generalized reduction in volumes of some 10%.

Against this backdrop, the Group's advisory business has seen fees drop from €73m to €50m in respect of some thirty deals, some of the most important of which include the sale of Valentino to Mayoola, the disposal of La7 by Telecom Italia, the sale of a 30% stake in SNAM to Cassa Depositi and Prestiti, the acquisition of Oystar North America by the Coesia group, the disposal of Biverbanca by the MPS group, the purchase of Marcolin by the PAI fund and advising the Gavio group on the Impregilo takeover. Among the non-domestic transactions, the following are worth noting: the acquisition by French group Kering (formerly PPR) of a majority stake in Italian luxury operator Pomellato, the German group Fiège's disposal of its southern European activities to French transport and logistics group Norbert Dentressangle, acquisition by German real estate company Patrizia Immobilien (head of a consortium of investors) of 92% of GBW, disposal of the investment held by German group Müller in Douglas Holding, the sale by Spanish group ACS of its electricity grid in Brazil, advisory services in respect of the Spanish group NCG Banco's recapitalization, and the advisory mandate performed in connection with the reorganization of the shareholdings owned by Endesa (Enel group) in Latin America.

The capital market side was more dynamic in terms of the number of deals followed, which nearly doubled, despite fees falling from €74m to €56m. In debt

capital market transactions, the Bank played a senior role in the subordinated issues by Assicurazioni Generali and SNAM (the latter involving a total of four separate issues), Enel, Atlantia, Telefonica, Terna, A2A, Enagas, Rottapharm and Banca Cividale. In equity capital market activity, the most significant deals were the Fondiaria-SAI, UGF and Banco Popular rights issues, plus ENI disposing of its stake in Galp via a placement with institutional investors and a convertible bond.

Leasing

This business reported a loss for the year of €6.5m, compared with €1.1m, reflecting a 23.4% reduction in revenues, from €62.7m to €48m) linked to the higher cost of funding, loan loss provisions totalling €25.3m (€27.1m), and operating costs down 9.3% (from €33.4m to €30.3m), not including the €4.4m in one-off staff restructuring costs. During the twelve months loans and advances to customers fell from €4,119.2m to €3,453m, with a substantial reduction in new loans for the period (€250.4m, compared with €800.9m).

* * *

Turning now to the individual Group companies included in this division:

- *Mediobanca International (Luxembourg) S.A.*, Luxemburgo (*wholesale banking; 99%-owned by Mediobanca; 1%-owned by Compass*): this company reported a profit of €14.8m for the period, virtually half the 28.4m recorded last year, as a result of the reductions in net interest income (from €30.3m to €19m) and net fee and commission income (from €11m to €7.6m). Loans and advances to customers fell to €2,743m (€3,839.7m), and were financed by intercompany loans (€952.5m, as against €2,070.7m), debt securities (€1,423.3m, vs €1,679.5m), and customer deposits (€1,049m, vs €716.5m). The company's net equity stood at €231.1m (€202.6m).

Mediobanca International (Luxembourg) SA employs 8 staff at its offices in Luxembourg, two of whom are seconded from Mediobanca S.p.A.

- *MB Securities USA LLC.*, New York (*securities brokerage; 100%-owned by Mediobanca*): the company, which collects orders from customers, made a profit of \$65,000, compared with \$182,000 last year: fees remained virtually stable, declining from \$2m to \$1.9m, with operating costs also down slightly, from \$1.9m to \$1.8m.

The company employs 4 staff.

- *SelmaBipiemme Leasing S.p.A.*, Milan (leasing; 60%-owned by Mediobanca): this company made a loss of €12.8m (€8.3m), due to the reduction in net interest income (from €25m to €22.3m), and €4.4m in non-recurring costs linked to staff cuts.

During the period under review, the company executed 1,861 leases for goods worth a total of €106.8m, compared with 5,381 leases worth €399.6m last year. At the reporting date, amounts leased to customers totalled €1,859.1m, down 18.1% on the figure recorded last year (€2,270.8m).

The company employs a total of 103 staff.

- *Palladio Leasing S.p.A.*, Vicenza (leasing; 95%-owned via SelmaBipiemme Leasing, the other shares being held by Palladio itself): Palladio Leasing's accounts for the twelve months ended 30 June 2013 show a net profit of €448,000 (€3.2m), down sharply due to the reduction in net interest income (from €21.4m to €18.2m); indeed, operating costs and adjustments to receivables remained virtually unchanged (at €7.7m and €8.9m, versus €7.8m and €8.9m respectively).

Palladio executed 1,213 leases during the period worth a total of €129.1m, compared with 1,490 leases worth €223.3m the previous year. At the reporting date, amounts leased to customers were down 8.1% on the figure recorded one year previously, at €1,489m (from €1,620m).

The company employs a total of 58 staff.

- *Teleleasing in liquidation S.p.A.*, Milan (leasing; 80%-owned by SelmaBipiemme): the second set of accounts for the company in liquidation show a profit of €1.1m, after drawing on some of the €164,000 surplus arising on liquidation.

The leases executed during the period were arranged prior to liquidation, totaling €14.5m, €12.9m of which through the Telecom Italia channel. At the reporting date, amounts leased to customers were down 41% (from €396.4m to €233.5m). New business in the operating leasing sector has been gradually taken over by parent company SelmaBipiemme.

The company employs a total of 2 staff.

- *Prominvestment in liquidation*, Rome (100%-owned by Mediobanca): Prominvestment recorded a loss of €224,000 (€670,000) for the year, on net fee income of €603,000, €319,000 of which in expenses recovered in connection with services performed on behalf borrower banks during the period.

The company employs a total of 6 staff.

PRINCIPAL INVESTING

	30/6/12	30/6/13	(€m) Chg. (%)
Profit-and-loss data			
Net interest income	(8.8)	(7.8)	-11.4
Dividendi	—	6.3	n.m.
Equity-accounted companies	147.8	(40.9)	n.m.
Total income	139.0	(42.4)	n.m.
Labour costs	(5.6)	(4.9)	-12.5
Administrative expenses	(2.8)	(3.4)	+21.4
Operating costs	(8.4)	(8.3)	-1.2
Gain (loss) on AFS, HTM & LR disposals	—	—	n.m.
Provisions for other financial assets	(197.8)	(375.5)	n.m.
Other gains (losses)	—	—	n.m.
Profit before tax	(67.2)	(426.2)	n.m.
Income tax for the period	3.7	3.6	-2.7
Net profit	(63.5)	(422.6)	n.m.
	30/6/12	30/6/13	
AFS securities	146.3	245.5	
Equity investments	2.696.4	2.481.1	

This division's results for the twelve months reflect a loss of €422.6m (€63.5m), after writedowns to securities totalling €375.5m (€197.8m), and a negative result from equity consolidation amounting to €40.9m (compared with a €147.8m gain last year), reflecting the strong reduction in the contribution from Assicurazioni Generali (which fell from €145.9m to €16.8m). The writedowns involved the Telco investment, as to €319.7m (€125m of which in respect of the shareholders' loan), RCS MediaGroup as to €38.5m, and the other shares (merchant banking and private equity) as to €17.3m.

RETAIL AND PRIVATE BANKING

	30/6/12	30/6/13	(€m) Chg. (%)
Profit-and-loss data			
Net interest income	707.2	737.2	+4.2
Net trading income	9.9	11.6	+17.2
Net fee and commission income	246.4	244.1	-0.9
Total income	963.5	992.9	+3.1
Labour costs	(199.4)	(205.5)	+3.1
Administrative expenses	(311.6)	(291.2)	-6.5
Operating costs	(511.0)	(496.7)	(2.8)
Gain (loss) on AFS, HTM & LR disposals	1.5	3.1	n.m.
Loan loss provisions	(333.3)	(361.5)	+8.5
Provisions for other financial assets	(0.7)	(4.0)	n.m.
Other gains (losses)	47.5	(5.2)	n.m.
Profit before tax	167.5	128.6	-23.2
Income tax for the period	(46.3)	(48.2)	+4.1
Net profit	121.2	80.4	-33.7
	30/6/12	30/6/13	
Balance-sheet figures			
Net treasury assets	8,816.5	9,949.2	
AFS securities	1,694.6	1,454.7	
Fixed financial assets (HTM & LR)	2,731.4	1,922.6	
Equity investments	—	—	
Loans and advances to customers	14,661.0	14,947.4	
Funding	(26,574.1)	(26,602.0)	

This division reported a profit for the twelve months of €80.4m, representing a slight improvement on the €76.9m posted last year (net of the €44.3m gain realized on a property disposal by CMB). The result was boosted by the resilience of the revenues, up 3.1%, and 2.8% reduction in costs, which offset the 8.5% increase in loan loss provisions and €5.2m in one-off costs. Net interest income rose in all three segments, while fees remained virtually stable, and operating costs, which were down from €511m to €496.7m, benefited from the lower marketing and communications expenses incurred by CheBanca!; meanwhile, the negative contribution from securities, of minus €0.9m, reflects the difference between the losses incurred by CheBanca! (€15.5m), the profits made in private banking (€18.6m), and other negative adjustments of €4m.

Consumer credit

In particularly challenging operating conditions, the revenues generated by this business segment were stable, due to net interest income rising from €540.4m to €554.6m, as a result of the resilience of lending rates, which offset the reduction in fee income (from €171.9m to €158.6m). Growth in costs, from €260.3m to €265.3m, was the result of plans for development (CompassPay, a digital platform which pairs a consumer loan with a payment account). The difficult scenario was reflected in an increase in loan loss provisions, which were up from €311.3m to €335m, and the cost of risk (up from 344 to 360 bps). Net profit thus fell from €92.8m to €66.6m, including as a result of the tax burden which, at €46.3m, was higher in relative if not absolute terms than last year (€48.3m), in particular the Italian tax on regional production (IRAP). New financed disbursed for the year totalled €5,006.5m, up 1.8% on last year (€4,918m), despite the stricter scoring criteria and the general downturn on the market. Loans and advances outstanding to customers at the reporting date were up 2.5%, from €9,197.7m to €9,427.7m. Net impaired assets (i.e. non-performing, sub-standard, restructured and items more than 90 days' overdue) rose from €328.3m to €368.7m, and and account for 3.7% (3.6%) of the total loan book; the coverage ratio increased from 46% to 56%.

Retail Banking

Retail banking showed a net loss of €27.3m, representing an improvement on the result posted last year (€42.1m), due to the increase in revenues (up from €140.9m to €156.4m) which reflect higher net interest income of €141.9m (€132.8m) and higher fees (up from €8.1m to €14.8m, in particular placement fees). The reduction in operating costs, from €168.3m to €143.8m, chiefly regards lower advertising expenses. Loan loss provisions on mortgages rose from €19.5m to €25.1m. Loans and advances to customers were largely stable, down just 1.1%, from €4,310.8m to €4,266.5m, with a substantial, 48.6% decrease in new loans, from €561.8m to €289m. Net impaired assets (i.e. non-performing, sub-standard, restructured and items more than 90 days' overdue) increased from €104.4m to €121.9m, reflecting the challenging operating conditions, and account for 2.9% (2.4%) of total loans, with the coverage ratio unchanged at 47%. Retail funding totalled €11,874.2m, up 2% on the figure recorded twelve months previously (€11,634.1m) plus €718m in assets managed on a non-discretionary basis (€332m).

Private Banking

Private banking recorded a profit of €41.1m (€26.2m last year, net of the €44.3m gain realized on the property disposal by CMB), on higher revenues of €123.3m (€109.9m), driven by the core items (net interest income and fees), a slight increase in operating costs (from €82.4m to €87.6m), and higher profits earned on the securities portfolio (up €18.6m). Assets under management at the year-end amounted to €13.8bn (€12.6bn), €6.7bn (€6bn) of which for CMB and €7.1bn (€6.6bn) for Banca Esperia.

A breakdown of this division's results by business segment is provided below:

	(€m)			
Retail and private banking 30/6/13	Consumer credit	Retail Banking	Private Banking	Total
Net interest income	554.6	141.9	40.7	737.2
Net trading income	—	(0.3)	11.9	11.6
Net fee and commission income	158.6	14.8	70.7	244.1
Total income	713.2	156.4	123.3	992.9
Labour costs	(91.1)	(59.8)	(54.6)	(205.5)
Administrative expenses	(174.2)	(84.0)	(33.0)	(291.2)
Operating costs	(265.3)	(143.8)	(87.6)	(496.7)
Gain (loss) on AFS, HTM & LR disposals	—	(15.5)	18.6	3.1
Loan loss provisions	(335.0)	(25.1)	(1.4)	(361.5)
Provisions for other financial assets	—	—	(4.0)	(4.0)
Other gains (losses)	—	(0.5)	(4.7)	(5.2)
Profit before tax	112.9	(28.5)	44.2	128.6
Income tax for the period	(46.3)	1.2	(3.1)	(48.2)
Minority interest	—	—	—	—
Net profit	66.6	(27.3)	41.1	80.4
Cost/income ratio (%)	37.2	n.m.	71.0	50.0
Cost of risk (bps)	360	59	13	251
Other financial assets	490.3	11,156.8	1,679.4	13,326.5
Loans and advances to customers	9,427.7	4,266.5	1,253.2	14,947.4
<i>of which: net non-performing loans</i>	368.7	121.9	9.9	500.5
New loans	5,006.5	289.0	—	5,295.5
No. of branches	163	45	—	208
No. of staff	1,435	911	344	2,690

	(€m)			
Retail and private banking 30/6/12	Consumer credit	Retail Banking	Private Banking	Total
Net interest income	540.4	132.8	34.0	707.2
Net trading income	0.4	—	9.5	9.9
Net fee and commission income	171.9	8.1	66.4	246.4
Total income	712.7	140.9	109.9	963.5
Labour costs	(86.2)	(61.6)	(51.6)	(199.4)
Administrative expenses	(174.1)	(106.7)	(30.8)	(311.6)
Operating costs	(260.3)	(168.3)	(82.4)	(511.0)
Gain (loss) on AFS, HTM & LR	—	0.4	1.1	1.5
Loan loss provisions	(311.3)	(19.5)	(2.5)	(333.3)
Provisions for other financial assets	—	—	(0.7)	(0.7)
Other gains (losses)	—	—	47.5	47.5
Profit before tax	141.1	(46.5)	72.9	167.5
Income tax for the period	(48.3)	4.4	(2.4)	(46.3)
Minority interest	—	—	—	—
Net profit	92.8	(42.1)	70.5	121.2
Cost/income ratio (%)	36.5	119.4	75.0	53.0
Cost of risk (bps)	344	46	44	238
Other financial assets	490.9	11,135.2	1,616.4	13,242.5
Loans and advances to customers	9,197.7	4,310.8	1,152.5	14,661.0
<i>of which: net non-performing loans</i>	<i>328.3</i>	<i>104.4</i>	<i>28.2</i>	<i>460.9</i>
New loans	4,918.0	561.8	—	5,479.8
No. of branches	158	44	—	202
No. of staff	1,396	927	342	2,665

	(€m)			
Private banking 30/6/13	CMB	Banca Esperia 50%	Others	Total
Net interest income	31.7	8.4	0.6	40.7
Net trading income	12.8	(1.0)	0.1	11.9
Net fee and commission income	38.7	26.7	5.3	70.7
Equity-accounted companies	—	—	—	—
Total income	83.2	34.1	6.0	123.3
Labour costs	(26.4)	(23.3)	(4.9)	(54.6)
Administrative expenses	(18.7)	(12.9)	(1.4)	(33.0)
Operating costs	(45.1)	(36.2)	(6.3)	(87.6)
Gain (loss) on AFS, HTM & LR disposals	5.1	13.4	0.1	18.6
Loan loss provisions	(1.0)	(0.4)	—	(1.4)
Provisions for other financial assets	(0.9)	(3.2)	0.1	(4.0)
Other gains (losses)	—	(4.7)	—	(4.7)
Profit before tax	41.3	3.0	(0.1)	44.2
Income tax for the period	—	(2.6)	(0.5)	(3.1)
Minority interest	—	—	—	—
Net profit	41.3	0.4	(0.6)	41.1
Cost/income ratio (%)	54.2	n.m.	n.m.	71.0
Assets under management	6,673.0	7,098.5	—	13,771.5
Securities held on a fiduciary basis	n.a.	n.a.	1,357.7	1,357.7

	(€m)			
Private banking 30/6/12	CMB	Banca Esperia 50%	Others	Total
Net interest income	28.1	5.3	0.6	34.0
Net trading income	9.6	(0.1)	—	9.5
Net fee and commission income	32.9	27.8	5.7	66.4
Equity-accounted companies	—	—	—	—
Total income	70.6	33.0	6.3	109.9
Labour costs	(27.2)	(21.0)	(3.4)	(51.6)
Administrative expenses	(18.5)	(11.0)	(1.3)	(30.8)
Operating costs	(45.7)	(32.0)	(4.7)	(82.4)
Gain (loss) on AFS, HTM & LR	0.1	1.0	—	1.1
Loan loss provisions	(3.2)	0.7	—	(2.5)
Provisions for other financial assets	(0.8)	—	0.1	(0.7)
Other gains (losses)	45.3	2.1	0.1	47.5
Profit before tax	66.3	4.8	1.8	72.9
Income tax for the period	—	(2.8)	0.4	(2.4)
Minority interest	—	—	—	—
Net profit	66.3	2.0	2.2	70.5
Cost/income ratio (%)	64.7	97.0	74.6	75.0
Assets under management	6,028.0	6,612.5	—	12,640.5
Securities held on a fiduciary basis	n.a.	n.a.	1,383.5	1,383.5

Turning now to the results of the individual companies:

- *Compass S.p.A., Milan (consumer credit; 100%-owned by Mediobanca):* this company's accounts for the period ended 30 June 2013 show a net profit of €49.3m (€76.5m), after revenues totalling €653.4m (€654.8m), costs of €237.2m (€234.8m), and loan loss provisions amounting to €330.2m (€304.5 m).

During the period under review Compass disbursed 1,280,052 new loans worth a total of €4,742m, up 11.7% in terms of number and 1.8% in terms of value compared to the previous year (when 1,146,435 loans worth €4,660m were executed). Loans and advances to customers outstanding at the reporting date were up 0.5% compared to one year previously, at €8,546m (€8,507.7m).

The company employs a total of 1,228 staff, between head office and its regional network which consists of 158 branches.

- *Futuro S.p.A., Milan (salary-backed finance; 100%-owned by Compass):* this company posted a net profit for the twelve months of €5m (€7.2m), on revenues of €18.8m (€22.6m), costs totalling €9.9m (€9.2m) and value adjustments amounting to €1.1m (€2m).

During the period under review, the company granted 17,156 loans worth a total of €264.6m (versus 16,038 worth €257.9m) last year, largely through

financial advisors. Loans and advances to customers outstanding at the reporting date were up 15.4% on the total recorded one year previously, from €822.2m to €948.9m.

The company employs a total of 65 staff.

- *CheBanca! S.p.A.*, Milan (*retail banking; 100%-owned by Mediobanca*): the company's accounts for the twelve months ended 30 June 2013 show a net loss of €28.4m, representing an improvement on the €42.8m loss posted last year, due to a positive, €11.5m operating performance driven by higher revenues (which rose from €140.6m to €155.8m) and lower operating costs (down from €168.6m to €144.4m). Loan loss provisions were virtually stable, at €19.6m (€20.8m).

Retail deposits at the reporting date were up slightly, at €11,886.9m (€11,651m), and over 90% consists of tied deposit accounts. Funds managed on a non-discretionary basis were up 216%, to €718m, all of which were securities managed on behalf of customers. Loans and advances to customers at the reporting date were down slightly on last year, from €4,310.7m to €4,266.5m, and consist almost entirely of mortgages granted to households (€4,256.7m, as against €4,304.3m). A total of 2,310 contracts worth a total of €289m were executed during the twelve months, compared with 3,692 mortgages worth €561.8m last year, reflecting the negative trend on the real estate market and in related volumes of credit.

At 30 June 2013 the company's headcount numbered 912 staff, distributed between headquarters and the 45 branch offices.

- *Cofactor S.p.A.*, Milan (*non-recourse factoring; 100%-owned by Compass*): this company recorded a net profit for the twelve months ended 30 June 2013 of €704,000 (€614,000), on gross ordinary profit of €4.7m (€5.9m) and income tax for the period of €286,000 (€472,000).

The value of the non-performing loans held was €92.3m (€98.7m) corresponding to a nominal value of €2,580.3m (€2,466.7m). Performing receivables worth a nominal value of €43.9m were also acquired on a non-recourse basis during the twelve months, involving an outlay of €38.8m.

The company employs a total of 55 staff.

- *Creditech S.p.A.*, Milan (*credit management; 100%-owned by Compass*): Creditech delivered a net profit of €4.7m (€4m), on fees of €26.1m (€23.3m), reflecting the gradual increase in orders from outside the Group (which were up 19%, from €10.1m to €12.1m).

The company employs a total of 90 staff.

- *Compass RE S.A.*, Luxembourg (*reinsurance; 100%-owned by Compass*): this year the company reinsured a total of €46.2m in premiums (compared with €63m last year), corresponding to net premiums of €32m (€22.1m). The company recorded an even balance for the twelve months, having set aside €19.6m (€12.8m) to the reserves.
- *Compagnie Monégasque de Banque*, Monaco (*private banking; 100%-owned by Mediobanca*): CMB's consolidated accounts for the year ended 31 December 2012 show a profit of €48.7m (compared with €18.9m last year, net of the one-off property gain and the charge taken to the general banking risks provision), after net fees totalling €38.1m (€34.5m) and net interest income of €38.3m (€20.4m). Loans and advances to customers for the year stood at €843m (€795m) and funding at €1,339m (€1,519m). Assets under management on a discretionary/non-discretionary basis totalled €6.6bn (€6.2bn). In the six months ended 30 June 2013, CMB posted a net profit of €19m (€17.8m, net of €4m drawn from the general banking risks provision), on higher brokerage fees of €19m (€17m), in part offset by the reduction in net interest income (from €18m to €16m); assets under management/administration totalled €6.7bn.

At 30 June 2013, the employee headcount comprised 190 staff.

- *Banca Esperia S.p.A.*, Milan (*private banking; 50%-owned by Mediobanca*): in the year ended 31 December 2012, the Esperia group recorded a net profit of €5.1m, up on the €1.6m reported one year earlier, due to an increase in total revenues (from €64m to €90.4m) boosted by higher treasury revenues, the increase in loans disbursed to customers, and resilient fee income (€59.6m, vs €59.3m last year). Operating costs were up from €63.6m to €76.4m, due to €11m in non-recurring expenses.

In the six months ended 30 June 2013, the Esperia group posted a net profit of €0.5m (€3.8m): the growth in revenues (from €38.1m to €43.2m) linked to treasury activity (up from €3.2m to €15.2m) was offset by the higher costs (which rose from €31.8m to €38.9m, €6.6m of which were non-recurring).

At 30 June 2013 assets under management totalled €14.2bn, higher than the €13.8bn reported at end-December 2012, as a result of the improved performance of financial markets during the reference period.

The employee headcount comprises 257 staff.

- *Spafid - Società per Amministrazioni Fiduciarie S.p.A.*, Milan (*fiduciary business; 100%-owned by Mediobanca*): in the twelve months ended 30 June 2013, Spafid made a profit of €10,000 (versus €2.1m last year, net of the €11.5m writedown to the Assicurazioni Generali shareholding), after net fees totalling €3.3m (€3.5m) and costs of €4.4m (€3.1m). The sale of the Assicurazioni Generali investment generated a €664,000 gain. Securities and value items held on a fiduciary basis at the reporting date were worth €1,803.5m (€1,989.2m).

The company employs a total of 18 staff.

- *Prudentia Fiduciaria S.p.A.*, Milan (*fiduciary business; 100%-owned by Mediobanca*): in the twelve months ended 30 June 2012, this company earned a profit of €246,000 (€521,000), after net fees of €3.2m (€3.3m) and costs totalling €2.8m (€2.6m). Securities held on a fiduciary basis at the reporting date were worth €62.1m (€66.8m).

The company employs a total of 17 staff.

Other information

Related party disclosure

Financial accounts outstanding as at 30 June 2013 between companies forming part of the Mediobanca Group and related parties, and transactions undertaken between such parties during the financial year, are illustrated in Part H of the notes to the accounts, along with all the information required in respect of transparency pursuant to Consob resolution 17221 issued on 12 March 2010.

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

Article 36 of Consob's market regulations

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

Principal risks facing the Group

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

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

Tax litigation

As at 30 June 2013 the Mediobanca Group had a total of 24 cases pending, in respect of higher tax worth a notified amount of €103.4m, plus interest and fines. All the cases involve disputes with the Italian tax revenue authority and regard:

- 14 claims in respect of allegedly non-existent leasing transactions, involving higher tax worth a notified amount of €35.7m (€31.8m by way of VAT and €3.8m IRES/IRAP); €24.2m of this amount involves leases on yachts, while the remainder involves real estate and brands;
- 2 claims regarding the deductibility of the losses arising on the non-recourse disposal of receivables by Compass in the 2006/07 and 2007/08 financial years, involving higher tax worth a notified amount of €64m;
- 3 claims in respect of the application of withholding and registration tax upon the disbursement of loans to Italian companies by Mediobanca, involving higher tax worth a notified amount of €2.1m;
- 5 claims in respect of other items, involving higher tax worth a notified amount of €1.4m.

The companies concerned have appealed against all the above rulings in the conviction that their actions were correct. For this reason no amounts have been set aside to the provision for risks and charges, including in view of how the legal process is progressing, and the indemnity clauses contained in the agreements with the customers regarding the withholding and registration taxes. This decision will not be altered even if the first-degree rulings should go against the companies.

Against all cases of tax litigation outstanding as at 30 June 2013, an amount of €743,000 has been booked to the accounts, as an asset, in respect of SelmaBipiemme, representing the total amount paid by way of provisional collection.

Outlook

Estimates for the current financial year continue to be impacted by the macro environment, which remains especially weak in Italy, as well as by the instability in the Eurozone which could again affect the spreads on EU member states' sovereign debt and banks' costs of funding. Against this backdrop, the Group confirms the targets presented in three-year plan for the present financial year, which include reducing equity investments, a resumption in corporate lending following the reduction last year, and a decrease in the less profitable treasury assets. On the earnings side, it is expected that net interest income will recover, and that the contribution from Assicurazioni Generali this year will be positive. The cost/income ratio is expected to remain stable, and the growth in the cost of risk in all segments to remain limited.

Reconciliation of shareholders' equity and net profit

		(€'000)
	Shareholders' equity	Net profit (loss)
Balance at 31/12 as per Mediobanca S.p.A. accounts	4,727,245	(234,998)
Net surplus over book value for consolidated companies	14,757	94,184
Other adjustments and restatements on consolidation, including the effects of accounting for companies on an equity basis	2,278,489	(39,011)
Dividends received during the period	—	—
TOTAL	7,020,491	(179,825)

Milan, 17 September 2013

THE BOARD OF DIRECTORS

**DECLARATION BY HEAD
OF COMPANY FINANCIAL REPORTING**



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

1. The undersigned Alberto Nagel and Massimo Bertolini, in their respective capacities as Chief Executive Officer and Head of Company Financial Reporting of Mediobanca, hereby declare and in view *inter alia* of the provisions contained in Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58/98, that the administrative and accounting procedures used in the preparation of the consolidated financial statements:
 - were adequate in view of the company’s characteristics are adequate; and
 - were effectively applied during the year ended 30 June 2013.
2. Assessment of the adequacy of said administrative and accounting procedures for the preparation of the consolidated financial statements as at 30 June 2013 was based on a model defined by Mediobanca in accordance with benchmark standards for internal control systems which are widely accepted at an international level (i.e. the CoSO and CobiT frameworks).
3. It is further hereby declared that
 - 3.1 the consolidated financial statements:
 - have been drawn up in accordance with the International Financial Reporting Standards adopted by the European Union pursuant to CE regulation no. 1606/02 issued by the European Parliament and Council on 19 July 2002;
 - correspond to the data recorded in the company’s books and accounts ledgers;
 - are adequate for the purpose of providing a truthful and accurate representation of the capital, earnings and financial situation of the issuer and the group of companies included within its area of consolidation.
 - 3.2 the review of operations contains reliable analysis of the Group’s operating performance and results, and of the situation of Mediobanca S.p.A. and the group of companies comprised within its area of consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Milan, 17 September 2013

Chief Executive Officer
Alberto Nagel

Head of Company
Financial Reporting
Massimo Bertolini

EXTERNAL AUDITORS' REPORT





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

To the shareholders of
Mediobanca SpA

- 1 We have audited the consolidated financial statements of Mediobanca SpA and its subsidiaries ("Mediobanca Group") of Mediobanca SpA as of 30 June 2013 which comprise the balance sheet, the profit and loss account, the comprehensive profit and loss account, the statement of changes to net equity, the cash flows statement and the related notes to the accounts. The directors of Mediobanca SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to the report issued by other auditors on 28 September 2012.

- 3 In our opinion, the consolidated financial statements of the Mediobanca Group as of 30 June 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the Mediobanca Group for the period then ended.

PricewaterhouseCoopers SpA

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- 4 The directors of Mediobanca SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of Mediobanca SpA as of 30 June 2013.

Milan, 1st October 2013

PricewaterhouseCoopers SpA

Signed by

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(Partner)

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

NEW SEGMENTAL REPORTING STRUCTURE EFFECTIVE FROM 1 JULY 2013

The new 2014-16 strategic plan envisages a new sub-division of the Group's activities into three banking divisions and one corporate centre, as follows:

- **Corporate & Private Banking** – (CPB) consisting of:
 - Wholesale Banking (WB): this includes lending, structured finance and investment banking activity (corporate finance, debt advisory, restructuring, ECM, DCM and capital market solutions, proprietary and client trading, and merchant banking).
 - Private Banking (PB): this includes Compagnie Monégasque de Banque, Spafid, Prudentia and 50% of Banca Esperia on a pro forma basis.
- **Retail and Consumer Banking:** this division brings together consumer credit and retail banking, and includes Compass, Futuro, Compass RE, Cofactor, Creditech and CheBanca!.
- **Principal Investing** this division brings together all investments in associates (IAS28) and AFS assets.
- **Corporate Centre:** the corporate centre includes all other Group companies (including leasing) plus certain central Group costs (including those in respect of the Board of Directors).

The financial statements as at 30 June 2013 based on a divisional split according to the new business lines, which will form the comparison base in future years, are shown below.

BALANCE-SHEET/PROFIT-AND-LOSS DATA BY BUSINESS LINE

(€m)

30 June 2013	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Corporate center	Group
Profit-and-loss data					
Net interest income	286.9	—	696.5	46.4	1,028.0
Net trading income	168.1	17.9	(0.3)	(0.2)	168.9
Net fee and commission income	268.3	—	173.4	9.1	409.7
Equity-accounted companies	—	(10.0)	—	—	(9.5)
Total income	723.3	7.9	869.6	55.3	1,597.1
Labour costs	(209.2)	(9.6)	(148.7)	(33.8)	(384.0)
Administrative expenses	(125.5)	(1.6)	(255.4)	(23.7)	(372.9)
Operating costs	(334.7)	(11.2)	(404.1)	(57.5)	(756.9)
Gain (loss) on disposals of AFS, HTM and LR	47.4	16.7	(15.5)	—	48.0
Loan loss provisions	(121.5)	—	(360.1)	(25.3)	(506.5)
Provisions for other financial assets					
Other gains (losses)	15.0	(422.3)	—	—	(404.2)
Profit before tax	(4.7)	—	(0.5)	(4.4)	(4.8)
Income tax for the period	324.8	(408.9)	89.4	(31.9)	(27.3)
Minority interest	(122.4)	1.8	(46.6)	8.1	(156.8)
Profit (loss) for the period	—	—	—	4.3	4.3
Cost/income ratio (%)	202.4	(407.1)	42.8	(19.5)	(179.8)
Cost/Income (%)	46.3	n.m.	46.5	n.m.	47.4
Balance-sheet figures					
Net treasury assets	10,008.6	—	9,028.4	117.4	8,199.7
AFS securities	9,408.4	1,493.8	871.8	—	11,489.8
Fixed financial assets (HTM & LR)	5,179.9	—	1,747.0	—	2,053.5
Equity investments	—	2,500.1	—	—	2,586.9
Loans and advances to customers	25,802.9	—	13,694.2	3,453.0	33,455.4
<i>of which: to Group companies</i>	<i>9,047.2</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Funding	(49,066.3)	—	(24,384.2)	(3,215.3)	(51,287.8)
Risk-weighted assets	34,151.9	4,470.2	10,570.6	3,179.4	52,372.1
No. of staff	980 *	—	2,346	308	3,505

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

	(€m)				
30 June 2012	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Corporate center	Group
Profit-and-loss data					
Net interest income	349.4	—	673.2	57.1	1,069.8
Net trading income	248.5	17.6	0.4	(0.2)	266.8
Net fee and commission income	332.0	0.5	180.0	12.1	483.5
Equity-accounted companies	—	167.5	—	—	169.5
Total income	929.9	185.6	853.6	69.0	1,989.6
Labour costs	(217.2)	(10.3)	(145.2)	(36.0)	(393.3)
Administrative expenses	(122.3)	(1.7)	(278.7)	(23.1)	(395.7)
Operating costs	(339.5)	(12.0)	(423.9)	(59.1)	(789.0)
Gain (loss) on disposals of AFS, HTM and LR	(4.4)	29.3	0.4	—	32.4
Loan loss provisions	(109.6)	—	(330.8)	(27.1)	(468.3)
Provisions for other financial assets					
Other gains (losses)	(143.3)	(460.7)	—	—	(604.0)
Profit before tax	47.5	—	—	(0.1)	45.2
Income tax for the period	380.6	(257.8)	99.3	(17.3)	205.9
Minority interest	(86.0)	1.0	(45.3)	2.4	(125.5)
Profit (loss) for the period	—	—	—	0.5	0.5
Cost/income ratio (%)	294.6	(256.8)	54.0	(14.4)	80.9
Cost/Income (%)	36.5	6.5	49.7	85.7	39.7
Balance-sheet figures					
Net treasury assets	11,576.5	—	7,724.3	157.9	9,330.4
AFS securities	8,796.5	1,075.0	1,179.8	—	10,552.1
Fixed financial assets (HTM & LR)	4,022.8	—	2,722.0	—	2,328.1
Equity investments	—	3,082.2	—	—	3,165.5
Loans and advances to customers	29,521.0	—	13,508.5	4,119.2	36,309.5
<i>of which: to Group companies</i>	<i>10,461.3</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Funding	(53,231.4)	—	(24,403.3)	(3,751.5)	(55,788.0)
Risk-weighted assets	36,501.1	4,578.0	10,351.7	3,739.2	55,164.0
No. of staff	992 *	—	2,323	323	3,506

* Includes 132 staff employed by Banca Esperia pro-forma, not included in the Group total.

Balance-sheet/profit-and-loss data by business line

A review of the Group's performance according to business line is provided below, based on the new segmentation.

Corporate and private banking

CORPORATE AND PRIVATE BANKING *

	30/6/12	30/6/13	(€m) % chg.
Profit-and-loss data			
Net interest income	349.4	286.9	-17.9
Net trading income	248.5	168.1	-32.4
Net fee and commission income	332.0	268.3	-19.2
Total income	929.9	723.3	-22.2
Labour costs	(217.2)	(209.2)	-3.7
Administrative expenses	(122.3)	(125.5)	2.6
Operating costs	(339.5)	(334.7)	-1.4
Gain (loss) on disposals of AFS, HTM and LR	(4.4)	47.4	n.m.
Loan loss provisions	(109.6)	(121.5)	10.9
Provisions for other financial assets	(143.3)	15.0	-110.4
Other gains (losses)	47.5	(4.7)	n.m.
Profit before tax	380.6	324.8	-14.7
Income tax for the period	(86.0)	(122.4)	42.3
Minority interest	—	—	n.m.
Profit (loss) for the period	294.6	202.4	-31.3
Cost/income ratio (%)	36.5	46.3	
	30/6/12	30/6/13	
Balance-sheet figures			
Net treasury assets	11,576.5	10,008.6	
AFS securities	8,796.5	9,408.4	
Fixed financial assets (HTM & LR)	4,022.8	5,179.9	
Loans and advances to customers	29,521.0	25,802.9	
<i>of which: to Group companies</i>	<i>10,461.3</i>	<i>9,047.2</i>	
Funding	53,231.4	49,066.3	

* Unlike previously, Wholesale Banking (WB) no longer includes equity investments (IAS 28 equity investments and AFS assets) or certain costs now allocated to the Corporate Centre.

CORPORATE AND PRIVATE BANKING

(€m)

30 June 2013	Wholesale Banking	Private Banking	Total
Profit-and-loss data			
Net interest income	246.2	40.7	286.9
Net trading income	156.2	11.9	168.1
Net fee and commission income	197.6	70.7	268.3
Total income	600.0	123.3	723.3
Labour costs	(154.6)	(54.6)	(209.2)
Administrative expenses	(92.5)	(33.0)	(125.5)
Operating costs	(247.1)	(87.6)	(334.7)
Gain (loss) on disposals of AFS, HTM and LR	28.8	18.6	47.4
Loan loss provisions	(120.1)	(1.4)	(121.5)
Provisions for other financial assets	19.0	(4.0)	15.0
Other gains (losses)	—	(4.7)	(4.7)
Profit before tax	280.6	44.2	324.8
Income tax for the period	(119.3)	(3.1)	(122.4)
Minority interest	—	—	—
Profit (loss) for the period	161.3	41.1	202.4
Cost/income ratio (%)	41.2	71.0	46.3
Balance-sheet figures			
Net treasury assets	9,087.8	920.8	10,008.6
AFS securities	8,825.5	582.9	9,408.4
Fixed financial assets (HTM & LR)	5,004.3	175.6	5,179.9
Loans and advances to customers	24,549.7	1,253.2	25,802.9
<i>of which: to Group companies</i>	<i>9,047.2</i>	—	—
Funding	(46,848.5)	(2,217.8)	(49,066.3)

CORPORATE AND PRIVATE BANKING

(€m)

30 June 2012	Wholesale Banking	Private Banking	Total
Profit-and-loss data			
Net interest income	315.4	34.0	349.4
Net trading income	239.0	9.5	248.5
Net fee and commission income	265.6	66.4	332.0
Total income	820.0	109.9	929.9
Labour costs	(165.6)	(51.6)	(217.2)
Administrative expenses	(91.5)	(30.8)	(122.3)
Operating costs	(257.1)	(82.4)	(339.5)
Gain (loss) on disposals of AFS, HTM and LR	(5.5)	1.1	(4.4)
Loan loss provisions	(107.1)	(2.5)	(109.6)
Provisions for other financial assets	(142.6)	(0.7)	(143.3)
Other gains (losses)	—	47.5	47.5
Profit before tax	307.7	72.9	380.6
Income tax for the period	(83.6)	(2.4)	(86.0)
Minority interest	—	—	—
Profit (loss) for the period	224.1	70.5	294.6
Cost/income ratio (%)	31.4	75.0	36.5
Balance-sheet figures			
Net treasury assets	10,484.3	1,092.1	11,576.5
AFS securities	8,281.7	514.8	8,796.5
Fixed financial assets (HTM & LR)	4,013.4	9.4	4,022.8
Loans and advances to customers	28,368.5	1,152.5	29,521.0
<i>of which: to Group companies</i>	<i>10,461.3</i>	—	—
Funding	(51,060.6)	(2,170.7)	(53,231.4)

Principal Investing*

	30/6/12	30/6/13	(€m) % chg.
Profit-and-loss data			
Net trading income	17.6	17.9	+1.7
Net fee and commission income	0.5	—	-100.0
Total income	185.6	7.9	-95.7
Labour costs	(10.3)	(9.6)	-6.8
Administrative expenses	(1.7)	(1.6)	-5.9
Operating costs	(12.0)	(11.2)	-6.7
Gain (loss) on disposals of AFS, HTM and LR	29.3	16.7	-43.0
Provisions for other financial assets	(460.7)	(422.3)	-8.3
Profit before tax	(257.8)	(408.9)	+58.6
Income tax for the period	1.0	1.8	+80.0
Profit (loss) for the period	(256.8)	(407.1)	+58.5
Balance-sheet figures			
AFS securities	1,075.0	1,493.8	+39.0
Equity investments	3,082.2	2,500.1	-18.9

* Principal Investing (PI) brings together all equity investments (IAS 28 equity investments and all AFS assets), including those previously allocated to Wholesale Banking and financed entirely from economic capital.

Retail and Consumer Banking

RETAIL & CONSUMER BANKING *

	30/6/12	30/6/13	(€m) Chg.
Profit-and-loss data			
Net interest income	673.2	696.5	+3.5
Net trading income	0.4	(0.3)	n.m.
Net fee and commission income	180.0	173.4	-3.7
Total income	853.6	869.6	+1.9
Labour costs	(145.2)	(148.7)	+2.4
Administrative expenses	(278.7)	(255.4)	-8.4
Operating costs	(423.9)	(404.1)	-4.7
Gain (loss) on disposals of AFS, HTM and LR	0.4	(15.5)	n.m.
Loan loss provisions	(330.8)	(360.1)	+8.9
Provisions for other financial assets	—	—	n.m.
Other gains (losses)	—	(0.5)	n.m.
Profit before tax	99.3	89.4	-10.0
Income tax for the period	(45.3)	(46.6)	+2.9
Profit (loss) for the period	54.0	42.8	-20.7
Cost/income ratio (%)	49.7	46.5	
Balance-sheet figures			
Net treasury assets	7,724.3	9,028.4	+16.9
AFS securities	1,179.8	871.8	-26.1
Fixed financial assets (HTM & LR)	2,722.0	1,747.0	-35.8
Loans and advances to customers	13,508.5	13,694.2	+1.4
Funding	(24,403.3)	(24,384.2)	-0.1

* Consumer & Retail shows no difference from the previous segmental division, save for certain costs which have been allocated to the Corporate Centre.

This division's results by area of activity are stated below:

	(€m)		
Retail & Consumer banking 30 June 2013	Consumer	Retail Banking	Total
Net interest income	554.6	141.9	696.5
Net trading income	—	(0.3)	(0.3)
Net fee and commission income	158.6	14.8	173.4
Total income	713.2	156.4	869.6
Labour costs	(88.2)	(60.5)	(148.7)
Administrative expenses	(171.4)	(84.0)	(255.4)
Operating costs	(259.6)	(144.5)	(404.1)
Utili (perdite) da AFS, HTM e L&R	—	(15.5)	(15.5)
Loan loss provisions	(335.0)	(25.1)	(360.1)
Provisions for other financial assets	—	—	—
Other gains (losses)	—	(0.5)	(0.5)
Profit before tax	118.6	(29.2)	89.4
Income tax for the period	(48.0)	1.4	(46.6)
Minority interest	—	—	—
Profit (loss) for the period	70.6	(27.8)	42.8
Cost/income ratio (%)	36.4	92.4	46.5
Balance-sheet figures			
Net treasury assets	429.5	8,598.9	9,028.4
AFS securities	60.2	811.6	871.8
Fixed financial assets (HTM & LR)	0.6	1,746.4	1,747.0
Loans and advances to customers	9,427.7	4,266.5	13,694.2
Funding	(9,301.7)	(15,082.5)	(24,384.2)

	(€m)		
Retail & Consumer banking 30 June 2012	Consumer	Retail Banking	Total
Net interest income	540.4	132.8	673.2
Net trading income	0.4	—	0.4
Net fee and commission income	171.9	8.1	180.0
Total income	712.7	140.9	853.6
Labour costs	(82.9)	(62.3)	(145.2)
Administrative expenses	(172.0)	(106.7)	(278.7)
Operating costs	(254.9)	(169.-)	(423.9)
Gain (loss) on disposals of AFS, HTM and LR	—	0.4	0.4
Loan loss provisions	(311.3)	(19.5)	(330.8)
Provisions for other financial assets	—	—	—
Other gains (losses)	—	—	—
Profit before tax	146.5	(47.2)	99.3
Income tax for the period	(49.9)	4.6	(45.3)
Minority interest	—	—	—
Profit (loss) for the period	96.6	(42.6)	54.0
Cost/income ratio (%)	35.8	n.m.	49.7
Balance-sheet figures			
Net treasury assets	421.3	7,303.0	7,724.3
AFS securities	68.8	1,111.0	1,179.8
Fixed financial assets (HTM & LR)	0.7	2,721.3	2,722.0
Loans and advances to customers	9,197.7	4,310.8	13,508.5
Funding	(9,127.2)	(15,276.1)	(24,403.3)

Corporate Center

(€m)

Corporate Center *	30/6/12	30/6/13	% chg.
Profit-and-loss data			
Net interest income	57.1	46.4	-18.7
Net trading income	(0.2)	(0.2)	n.m.
Net fee and commission income	12.1	9.1	-24.8
Total income	69.0	55.3	-19.9
Labour costs	(36.0)	(33.8)	-6.1
Administrative expenses	(23.1)	(23.7)	+2.6
Operating costs	(59.1)	(57.5)	-2.7
Gain (loss) on disposals of AFS, HTM and LR	—	—	n.m.
Loan loss provisions	(27.1)	(25.3)	-6.6
Provisions for other financial assets	—	—	n.m.
Other gains (losses)	(0.1)	(4.4)	n.m.
Profit before tax	(17.3)	(31.9)	+84.4
Income tax for the period	2.4	8.1	n.m.
Minority interest	0.5	4.3	n.m.
Profit (loss) for the period	(14.4)	(19.5)	+35.5
Balance-sheet figures			
Net treasury assets	157.9	117.4	-0.3
Loans and advances to customers	4,119.2	3,453.0	-0.2
Funding	(3,751.5)	(3,215.3)	-0.1

* The Corporate Centre division (CC) brings together leasing and all the Group's service activities (Seteci and Ricerche & Studi) plus all costs relating to the service units (including the Board of Directors) and all expenses and revenues reconciling the Group totals with those of the other business areas.

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated balance sheet

(€'000)

Assets	30/6/13	30/6/12
10. Cash and cash equivalents	28,842	29,741
20. Financial assets held for trading	13,047,073	13,838,216
40. Financial assets available for sale	11,489,762	10,552,149
50. Financial assets held to maturity	1,447,817	1,723,279
60. Due from banks	4,854,958	3,962,850
70. Due from customers	36,413,851	41,871,148
80. Hedging derivatives	1,105,948	1,571,778
100. Equity investments	2,586,899	3,165,512
120. Property, plant and equipment	295,420	293,680
130. Intangible assets	412,320	424,373
<i>of which:</i>		
<i>goodwill</i>	365,934	365,934
140. Tax assets:	896,292	1,037,078
<i>a) current</i>	246,846	299,590
<i>b) advance</i>	649,446	737,488
<i>of which pursuant to Italian law 214/11</i>	447,576	413,266
160. Other assets	262,124	209,324
TOTAL ASSETS	72,841,306	78,679,128

(€'000)

Liabilities and net equity	30/6/13	30/6/12
10. Due to banks	12,366,182	12,000,012
20. Due to customers	16,175,810	17,149,027
30. Debt securities in issue	26,695,279	31,300,331
40. Trading liabilities	8,850,000	9,935,010
60. Hedging derivatives	336,419	364,954
80. Tax liabilities:	608,041	492,370
<i>a) current</i>	<i>267,504</i>	<i>196,252</i>
<i>b) deferred</i>	<i>340,537</i>	<i>296,118</i>
100. Other liabilities	551,814	544,094
110. Staff severance indemnity provision	27,701	24,652
120. Provisions:	164,523	160,471
<i>b) other provisions</i>	<i>164,523</i>	<i>160,471</i>
130. Insurance reserve	117,405	99,282
140. Revaluation reserves	309,397	(337,118)
170. Reserves	4,374,230	4,418,901
180. Share premium reserve	2,120,143	2,120,143
190. Share capital	430,565	430,565
200. Treasury shares	(213,844)	(213,844)
210. Minority interest	107,466	109,391
220. Profit for the period	(179,825)	80,887
TOTAL LIABILITIES AND NET EQUITY	72,841,306	78,679,128

Consolidated profit and loss account

(€'000)

Item	12 mths to 30/6/13	12 mths to 30/6/12
10. Interest and similar income	2,726,732	3,037,190
20. Interest expense and similar charges	(1,660,404)	(1,949,111)
30. Net interest income	1,066,328	1,088,079
40. Fee and commission income	354,201	438,596
50. Fee and commission expense	(46,152)	(47,288)
60. Net fee and commission income	308,049	391,308
70. Dividends and similar income	46,371	90,819
80. Net trading income	41,892	116,798
90. Net hedging income (expense)	4,074	4,065
100. Gain (loss) on disposal/repurchase of:	90,979	69,939
<i>a) loans and advances</i>	5,962	(5)
<i>b) AFS securities</i>	40,726	34,368
<i>c) financial assets held to maturity</i>	1,311	(1,946)
<i>d) financial liabilities</i>	42,980	37,522
120. Total income	1,557,693	1,761,008
130. Adjustments for impairment to:	(721,416)	(881,333)
<i>a) loans and advances</i>	(510,040)	(454,943)
<i>b) AFS securities</i>	(214,886)	(411,515)
<i>c) financial assets held to maturity</i>	304	(1,320)
<i>d) financial liabilities</i>	3,206	(13,555)
140. Net income from financial operations	836,277	879,675
150. Premiums earned (net)	32,011	22,094
160. Other income (net) from insurance activities	(15,325)	(9,698)
170. Net profit from financial and insurance activities	852,963	892,071
180. Administrative expenses:	(774,557)	(784,283)
<i>a) personnel costs</i>	(388,356)	(393,312)
<i>b) other administrative expenses</i>	(386,201)	(390,971)
190. Net transfers to provisions	(3,239)	(4,014)
200. Net adjustments to tangible assets	(19,131)	(18,866)
210. Net adjustments to intangible assets	(22,036)	(25,801)
220. Other operating income (expense)	138,058	123,033
230. Operating costs	(680,905)	(709,931)
240. Gain (loss) on equity investments	(198,873)	(21,491)
270. Gain (loss) on disposal of investments in:	(502)	45,214
<i>a) property</i>	(8)	44,295
<i>b) other assets</i>	(494)	919
280. Profit (loss) on ordinary activities before tax	(27,317)	205,863
290. Income tax for the year on ordinary activities	(156,774)	(125,504)
300. Profit (loss) on ordinary activities after tax	(184,091)	80,359
320. Net profit (loss) for the period	(184,091)	80,359
330. Net profit (loss) for the period attributable to minorities	4,266	528
340. Net profit (loss) for the period attributable to Mediobanca	(179,825)	80,887

Consolidated comprehensive profit and loss account

(€'000)

Headings	30/6/13	30/6/12
10. Gain (loss) for the period	(184,091)	80,359
Other income items net of tax		
20. AFS securities	380,696	(214,129)
30. Property, plant and equipment	—	—
40. Intangible assets	—	—
50. Foreign investment hedges	—	—
60. Cash flow hedges	42,028	(135,575)
70. Exchange rate differences	—	(3,909)
80. Non-current assets being sold	—	—
90. Actuarial gains (losses) on defined-benefit pension schemes	—	—
100. Share of valuation reserves for equity-accounted companies	226,132	4,993
110. Total other income items net of tax	648,856	(348,620)
120. Aggregate profit (Heading 10 + Heading 110)	464,765	(268,261)
130. Overall consolidated profit attributable to minorities	(1,925)	(5,354)
140. Overall consolidated profit attributable to Mediobanca	466,690	(262,907)

Statement of changes to consolidated net equity

(€'000)

	Previously reported balance at 30/6/12		Allocation of profit for previous period		Changes during the reference period					Overall consolidated profit 2013 30/06/2013	Total net equity at attributable group at 30/6/2013	Net equity attributable to the minorities at 30/6/2013
	Reserves	Dividends and other fund applications	Changes to reserves	New shares issued	Treasury shares acquired	Extra-ordinary dividend payouts	Transactions involving net equity					
							Changes to equity instruments	Treasury shares derivatives	Stock options ¹			
Share capital:	455,513	—	—	—	—	—	—	—	—	455,513	430,565	24,948
a) ordinary shares	455,513	—	—	—	—	—	—	—	—	455,513	430,565	24,948
b) other shares	—	—	—	—	—	—	—	—	—	—	—	—
Share premium reserve	2,127,359	—	—	—	—	—	—	—	—	2,127,359	2,120,143	7,216
Reserves:	4,502,779	80,359	(42,206)	(100,208)	—	—	16,856	—	—	4,457,580	4,374,230	83,350
a) retained earnings	4,433,857	80,359	(42,206)	(100,208)	—	—	—	—	—	4,371,802	4,288,452	83,350
b) others	68,922	—	—	—	—	—	16,856	—	—	85,778	85,778	—
Valuation reserves	(343,241)	—	—	—	—	—	—	—	—	648,856	309,397	(3,782)
Equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Treasury shares	(213,844)	—	—	—	—	—	—	—	—	(213,844)	(213,844)	—
Profit (loss) for the period	80,359	(80,359)	—	—	—	—	—	—	(184,091)	(184,091)	(179,825)	(4,266)
Total net equity	6,608,925	—	(42,206)	(100,208)	—	—	16,856	—	464,765	6,948,132	—	—
Net equity attributable to the group	6,499,534	—	(42,206)	(100,208)	—	—	16,856	—	466,690	—	6,840,666	—
Net equity attributable to minorities	109,391	—	—	—	—	—	—	—	(1,925)	—	—	107,466

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

Statement of changes to consolidated net equity

	Previously reported		Changes during the reference period				Overall consolidated profit 2012	Total net equity at attributable group at 30/6/2012	Net equity attributable to the minorities at 30/6/2012	
	Allocation of profit for previous period		Changes to reserves		Transactions involving net equity					
	balance at 30/6/11	Reserves	Dividends and other applications	Changes to reserves	New shares issued	Treasury shares acquired				Extra-ordinary dividend payouts
Share capital:	455,513	—	—	—	—	—	455,513	430,565	24,948	
a) ordinary shares	455,513	—	—	—	—	—	455,513	430,565	24,948	
b) other shares	—	—	—	—	—	—	—	—	—	
Share premium reserve	2,127,359	—	—	—	—	—	2,127,359	2,120,143	7,216	
Reserves:	4,279,846	246,191	(16,123)	(19,951)	—	—	4,502,779	4,418,901	83,878	
a) retained earnings	4,223,740	246,191	(16,123)	(19,951)	—	—	4,433,857	4,349,979	83,878	
b) others	56,106	—	—	—	—	—	68,922	68,922	—	
Valuation reserves	5,379	—	—	—	—	—	(348,620)	(337,118)	(6,123)	
Equity instruments	—	—	—	—	—	—	—	—	—	
Treasury shares	(213,844)	—	—	—	—	—	(213,844)	(213,844)	—	
Profit (loss) for the period	373,567	(246,191)	(127,376)	—	—	—	80,359	80,359	80,387	(528)
Total net equity	7,027,820	—	(143,499)	(19,951)	—	—	6,608,925	6,608,925	—	
Net equity attributable to the group	6,913,075	—	(143,499)	(19,951)	—	—	6,499,534	6,499,534	—	
Net equity attributable to minorities	114,745	—	—	—	—	—	(5,354)	—	109,391	

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

Consolidated cash flow statement direct method

(€'000)

	Amounts	
	30/6/13	30/6/12
A. Cash flow from operating activities		
1. Operating activities	131,688	321,886
- interest received	4,460,645	5,694,789
- interest paid	(3,459,354)	(4,716,862)
- dividends and similar income	100,427	120,570
- net fees and commission income	135,245	271,021
- cash payments to employees	(295,953)	(313,913)
- net premium income	51,210	66,556
- other premium from insurance activities	(73,589)	(94,234)
- other expenses paid	(1,567,897)	(1,650,788)
- other income received	884,025	1,025,408
- income taxes paid	(103,071)	(80,661)
- net expense/income from groups of assets being sold	—	—
2. Cash generated/absorbed by financial assets	7,250,375	(2,293,652)
- financial assets held for trading	990,820	2,194,694
<i>financial assets recognized at fair value</i>	—	—
- AFS securities	(211,722)	(3,432,578)
- due from customers	5,199,354	(2,471,413)
- due from banks: on demand	2,220,894	2,170,685
- due from banks: other	(823,464)	(691,208)
- other assets	(125,507)	(63,832)
3. Cash generated/absorbed by financial liabilities	(7,327,927)	2,207,143
- due to banks: on demand	(230,785)	(456,589)
- due to banks: other	(236,347)	5,283,829
- due to customers	(659,399)	3,166,176
- debt securities	(5,656,698)	(6,026,074)
- trading liabilities	(563,889)	231,496
- financial liabilities assets recognized at fair value	—	—
- other liabilities	19,191	8,305
Net cash flow (outflow) from operating activities	54,136	235,377
B. Investment activities		
1. Cash generated from	326,878	232,210
- disposals of shareholdings	—	—
- dividends received in respect of equity investments	49,071	47,688
- disposals/redemptions of financial assets held to maturity	277,796	73,616
- disposals of tangible assets	11	110,232
- disposals of intangible assets	—	674
- disposals of subsidiaries or business units	—	—
2. Cash absorbed by	(339,707)	(325,838)
- acquisitions of shareholdings	(31)	(94,727)
- acquisitions of held-to-maturity investments	(314,528)	(160,311)
- acquisitions of tangible assets	(16,727)	(57,336)
- acquisitions of intangible assets	(8,421)	(13,464)
- acquisitions of subsidiaries or business units	—	—
- Net cash flow (outflow) from investment/servicing of finance	(12,829)	(93,628)
C. Funding activities		
- issuance/acquisition of treasury shares	—	—
- issuance/acquisitions of equity instruments	—	—
- dividends payout and other applications of funds	(42,206)	(143,500)
Net cash flow (outflow) from funding activities	(42,206)	(143,500)
Net cash flow (outflow) during period	(899)	(1,751)

Reconciliation of movements in cash flow during the period

(€'000)

Headings	Amounts	
	30/6/13	30/6/12
Cash and cash equivalents: balance at start of period	29,741	31,492
Total cash flow (outflow) during period	(899)	(1,751)
Cash and cash equivalents: exchange rate effect	—	—
Cash and cash equivalents: balance at end of period	28,842	29,741

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Part A - Accounting policies

A.1 - General

SECTION 1

Statement of conformity with IAS/IFRS

The Mediobanca Group's consolidated financial statements for the period ended 30 June 2013 have, as required by Italian Legislative Decree 38/05, been drawn up in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), which were adopted by the European Commission in accordance with the procedure laid down in Article 6 of regulation CE 1606/02 issued by the European Parliament and Council on 19 July 2002. Adoption of the new international accounting standards with respect to financial reporting by banks is governed by Bank of Italy circular no. 262 issued on 22 December 2005 (first update 18 November 2009, with further amendments having been made through the issue of circular letters).

SECTION 2

General principles

These consolidated financial statements comprise:

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

All the statements have been drawn up in conformity with the general principles provided for under IAS and the accounting policies illustrated in section 4, and show data for the period under review compared with that for the

previous financial year in the case of balance-sheet figures or the corresponding period of the previous financial year for profit-and-loss data.

SECTION 3

Area and methods of consolidation

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

When a subsidiary is fully consolidated, the carrying amount of the parent's investment and its share of the subsidiary's equity are eliminated against the addition of that company's assets and liabilities, income and expenses to the parent company's totals. Any surplus arising following allocation of asset and liability items to the subsidiary is recorded as goodwill. Intra-group balances, transactions, income and expenses are eliminated upon consolidation.

For equity-accounted companies, any differences in the carrying amount of the investment and investee company's net equity are reflected in the book value of the investment, the fairness of which is tested at the reporting date or when evidence emerges of possible impairment. The profit made or loss incurred by the investee company is recorded pro-rata in the profit and loss account under a specific heading.

During the period under review investment banking activity was commenced in Istanbul, via the company incorporated under Turkish law as MB Danışmanlık Hizmetleri Anonim Şirketi (MB Turkey for short), and a new Luxembourg SICAV was set up under the name MB SICAV (as yet not operative). On 28 June 2013 the liquidation process of Moulins 700 S.A.M. was completed, and the companies C.M.I. Compagnie Monégasque Immobilière SCI and MONOECI Société Civile Immobilière S.A.M. were both merged into CMB Compagnie Monégasque de Banque S.A.M.

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

Name of company	Registered office	Type of relationship ¹	Shareholding		% voting rights ²
			Investor company	% interest	
A. COMPANIES INCLUDED IN AREA OF CONSOLIDATION					
A.1 Line-by-line					
1. MEDIOBANCA - Banca di Credito Finanziario S.p.A.	Milan	1	—	—	—
2. PROMINVESTMENT S.p.A. - in liquidation	Milan	1	A.1.1	100.0	100.0
3. PRUDENTIA FIDUCIARIA S.p.A.	Milan	1	A.1.1	100.0	100.0
4. SETECI - Società Consortile per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.c.p.A.	Milan	1	A.1.1	100.0	100.0
5. SPAFID S.p.A.	Milan	1	A.1.1	100.0	100.0
6. COMPAGNIE MONEGASQUE DE BANQUE - CMB S.A.M.	Monte Carlo	1	A.1.1	100.0	100.0
7. C.M.G. COMPAGNIE MONEGASQUE DE GESTION S.A.M.	Monte Carlo	1	A.1.6	99.89	99.89
8. SMEF SOCIETE MONEGASQUE DES ETUDES FINANCIERE S.A.M.	Monte Carlo	1	A.1.6	99.96	99.96
9. CMB ASSET MANAGEMENT S.A.M.	Monte Carlo	1	A.1.6	99.30	99.30
10. MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.	Luxembourg	1	A.1.1	99.0	99.0
			1	A.1.11	1.0
11. COMPASS S.p.A.	Milan	1	A.1.1	100.0	100.0
12. CHEBANCA! S.p.A.	Milan	1	A.1.1	100.0	100.0
13. COFACTOR S.p.A.	Milan	1	A.1.11	100.0	100.0
14. SELMABIPIEMME LEASING S.p.A.	Milan	1	A.1.1	60.0	60.0
15. PALLADIO LEASING S.p.A.	Vicenza	1	A.1.14	95.0	100.0
			A.1.15	5.0	
16. TELELEASING S.p.A. - in liquidation	Milan	1	A.1.14	80.0	80.0
17. SADE FINANZIARIA - INTERSOMER S.r.l.	Milan	1	A.1.1	100.0	100.0
18. RICERCHE E STUDI S.p.A.	Milan	1	A.1.1	100.0	100.0
19. CREDITECH S.p.A.	Milan	1	A.1.11	100.0	100.0
20. MEDIOBANCA SECURITIES USA LLC	New York	1	A.1.1	100.0	100.0
21. CONSORTIUM S.r.l.	Milan	1	A.1.1	100.0	100.0
22. QUARZO S.r.l.	Milan	1	A.1.11	90.0	90.0
23. QUARZO LEASE S.r.l.	Milan	1	A.1.14	90.0	90.0
24. FUTURO S.p.A.	Milan	1	A.1.11	100.0	100.0
25. MEDIOBANCA COVERED BOND S.r.l.	Milan	1	A.1.12	90.0	90.0
26. COMPASS RE (Luxembourg) S.A.	Luxembourg	1	A.1.11	100.0	100.0
27. MEDIOBANCA INTERNATIONAL IMMOBILIARE S. a r.l.	Luxembourg	1	A.1.10	100.0	100.0
28. MB ADVISORY KURUMSAL DANISMANLIK HIZMETLERI ANONIM SIRKETI	Istanbul	1	A.1.1	100.0	100.0
29. MEDIOBANCA SICAV	Luxembourg	1	A.1.1	100.0	100.0

Legend

1 Type of relationship:

- 1 = majority of voting rights in ordinary AGMs
- 2 = dominant influence in ordinary AGMs
- 3 = agreements with other shareholders
- 4 = other forms of control

5 = unity of direction as defined in Article 26, paragraph 1 of Italian Legislative Decree 87/92

6 = unity of direction as defined in Article 26, paragraph 2 of Italian Legislative Decree 87/92

7 = joint control

2. Effective and potential voting rights in ordinary AGMs.

SECTION 4

Events subsequent to the reporting date

On 24 September 2013 Mediobanca, along with the other Italian shareholders in Telco, signed an agreement with Telefonica to amend the shareholders' agreement in respect of this company, whereby Telefonica subscribed for a rights issue and acquired – at nominal value, from the Italian shareholders pro rata – a part of the bond issued by Telco. Mediobanca's investment in the share capital of Telco has therefore reduced from 11.6% to 7.3% and the book value of its portion of the shareholders' loan has decreased from €78m to €43m, realizing a gain of approx. €60m to be recorded in the first quarter of the 2013/14 financial year.

The other most significant events to have taken place since the reporting date have been described at length in the Review of Operations, and are not such as to cause the results shown in the consolidated financial statements for the period ended 30 June 2013 to be altered significantly.

A.2 – Significant accounting policies

Financial assets held for trading

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

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

After initial recognition they continue to be measured at fair value, which for listed instruments is calculated on the basis of market prices ruling at the reporting date (Level 1 assets). If no market prices are available, other valuation models are used (Level 2 assets) based on market-derived data, e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions, or alternatively valuations based on internal estimates (Level 3 assets). Equities

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

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

AFS securities

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

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

Assets are subjected to impairment tests at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. For shares, in particular, the criteria used to determine impairment are a reduction in fair value of over 30%¹ or for longer than twenty-four months, compared to the initial recognition value. If the reasons for which the loss was recorded subsequently cease to apply, the impairment is written back to the profit and loss account for debt securities to and net equity for shares.

¹ The threshold of significance has been reduced from 50% to 30%, to reflect the market benchmark; this change has not, however, impacted on the accounts for the year under review.

Financial assets held to maturity

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

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

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

Loans and receivables

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

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

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

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

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

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

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

Leasing

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

In accordance with this principle, in the event of changes to contracts one these have become effective, any difference arising from comparison between the outstanding principal amount prior to renegotiation and the value of the new future flows discounted at the original interest rate have been taken through the profit and loss account for the period².

Hedges

There are two types of hedge:

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

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

Hedge derivatives are recognized at fair value as follows:

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

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

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

A hedge is considered to be effective when the changes in fair value or cash flow of the hedging instrument offset those of the hedged item within a range of 80-125%. The effectiveness of a hedge is assessed both *prospectively* and *retrospectively* at annual and interim reporting dates, the former to show expectations regarding effectiveness, the latter to show the degree of effectiveness actually achieved by the hedge during the period concerned. If an instrument proves to be ineffective, hedge accounting is discontinued and the derivative concerned is accounted for under trading securities.

Equity investments

This heading consists of investments in:

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

Where there is objective evidence that the value of an investment may be impaired, estimates are made of its current value using market prices if possible, and of the present value of estimated cash flows generated by the investment, including its terminal value. Where the value thus calculated is lower than the asset's carrying amount, the difference is taken through the profit and loss account.

Property, plant and equipment

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

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

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

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

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

Intangible assets

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

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

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

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

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

Derecognition of assets

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

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

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

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

Payables, debt securities in issue and subordinated liabilities

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

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

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

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

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

Trading liabilities

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

Staff severance indemnity provision

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

All actuarial profits and/or losses are included under labour costs.

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

Provisions for liabilities and charges

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

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

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

Foreign currency transactions

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

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

Tax assets and liabilities

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

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

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

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

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

Stock options and performance shares

The stock option and performance share schemes operated on behalf of Group staff members and collaborators are treated as a component of labour

costs. The fair value of the instruments is measured and recognized in net equity at the grant date using a share/option pricing method adjusted to reflect historical series for previous financial years. The value thus determined is taken to the profit and loss account pro-rata to the vesting period for the individual awards.

Treasury shares

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

Dividends and commissions

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

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

Related parties

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

- a) individuals or entities which directly or indirectly:
 - 1. are subject to joint control by Mediobanca;
 - 2. hold an interest in Mediobanca which allows them to exert a significant influence over Mediobanca; the scope of this definition includes parties to the Mediobanca shareholders' agreement with interests of over 5% of the company's share capital, along with the entitlement to appoint at least one member of the Board of Directors, and the entities controlled by them;
- b) associate companies, joint ventures and entities controlled by them³;
- c) management with strategic responsibilities, that is, individuals with powers and responsibilities, directly or indirectly, for the planning, direction and control of the parent company's activities, including the members of the Board of Directors and Statutory Audit Committee;
- d) entities controlled or jointly controlled by one or more of the individuals listed under the foregoing letter c);
- e) close family members of the individuals referred to in letter c) above, that is, individuals who may be expected to influence them or be influenced by them in their relations with Mediobanca (this category includes partners, children, partners' children, dependents and partners' dependents) as well as any entities controlled, jointly controlled or subject to significant influence by such individuals;
- f) pension funds for employees of the parent company or any other entity related to it.

³ Includes Telco, RCS MediaGroup, Pirelli and Gemina.

A.3 - Information on fair value

A.3.1 Transfers between portfolios

A.3.1.1 Reclassified financial assets: book value, fair value and effects on overall profitability

(€'000)

Type of instrument	Transferred from	Transferred to	Book value at 30/6/13	Fair value at 30/6/13	Additions to P&L if assets not transferred (pre-tax)		Additions to P&L made during the year (pre-tax)	
					Valuation	Other	Valuation	Other
Debt securities ¹ (ABS)	Financial assets held for trading	Due from customers	144,824	131,078	11,507	2,749	—	2,749
Debt securities ¹ (ABS)	AFS securities	Due from customers	48,972	46,133	2,673	935	—	935
Debt securities ²	AFS securities	Financial assets held to maturity	448,675	471,178	25,059	22,437	—	22,437
Total			642,471	648,389	39,239	26,121	—	26,121

¹ Made during FY 08/09.

² Made during FY 10/11.

A.3.2 Fair value ranking

A.3.2.1 Asset portfolios by fair value ranking

(€'000)

Financial assets/Liabilities measured at fair value	30/6/13			30/6/12		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	6,689,339	5,507,732	850,002 ¹	7,253,842	5,643,274	941,100 ¹
2. Financial assets recognized at fair value	—	—	—	—	—	—
3. AFS securities	9,589,715	1,039,783	860,264 ²	8,800,953	906,415	844,781 ²
4. Hedge derivatives	—	1,105,948	—	—	1,571,778	—
Total	16,279,054	7,653,463	1,710,266	16,054,795	8,121,467	1,785,881
1. Financial liabilities held for trading	(3,601,877)	(4,202,961)	(1,045,162) ¹	(3,826,564)	(4,955,828)	(1,152,618) ¹
2. Financial liabilities recognized at fair value	—	—	—	—	—	—
3. Hedge derivatives	—	(336,419)	—	—	(364,954)	—
Total	(3,601,877)	(4,539,380)	(1,045,162)	(3,826,564)	(5,320,782)	(1,152,618)

¹ Includes market value of options covering those attached to bond issues by Mediobanca and Mediobanca International (€234.3m as at 30/6/13 and €208m as at 30/6/12) as well as options traded (€563.4m and €679m respectively), the values of which are recorded as both assets and liabilities for the same amount.

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

A.3.2.2 Annual changes in financial liabilities recognized at fair value (level 3 assets)

(€'000)

	FINANCIAL ASSETS			
	Held for trading ¹	Recognized at fair value	AFS ²	Hedges
1. Balance at start of period	53,464	—	844,781	—
2. Additions	38,551	—	248,261	—
2.1 Purchases	19,570	—	220,590	—
2.2 Profits recognized in:	18,698	—	26,237	—
2.2.1 profit and loss	18,698	—	5,851	—
- of which, gains	17,742	—	—	—
2.2.2 net equity	X	X	20,386	—
2.3 Transfers from other levels	—	—	—	—
2.4 Other additions	283	—	1,434	—
3. Reductions	39,750	—	232,778	—
3.1 Disposals	23,749	—	19,924	—
3.2 Redemptions	88	—	—	—
3.3 Losses recognized in:	15,597	—	209,455	—
3.3.1 profit and loss	15,597	—	207,704	—
- of which, losses	15,597	—	207,624	—
3.3.2 net equity	X	X	1,751	—
3.4 Transfers to other levels	—	—	—	—
3.5 Other reductions	316	—	3,399	—
4. Balance at end of period	52,265	—	860,264	—

¹ Includes market value of options covering those attached to bond issues by Mediobanca and Mediobanca International (€234.3m as at 30/6/13 and €208m as at 30/6/12) as well as options traded (€563.4m and €679m respectively), the values of which are recorded as both assets and liabilities for the same amount.

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

For highly complex level 3 instruments, the valuation models used incorporate parameter calibration (so-called “reserve model”) which reduces the initial mark-to-market to zero, with this value instead being released pro rata over the life of the contract. This technique has only been used for one contract (reserve of €0.9m), the other two contracts of this kind having been wound up during the year under review (at a gain of €2.2m to the profit and loss account).

A.3.2.3 Annual changes in financial liabilities recognized at fair value (level 3 liabilities)

(€'000)

	FINANCIAL LIABILITIES		
	Held for trading ¹	Recognized at fair value	Hedges
1. Balance at start of period	264,980	—	—
2. Additions	183,839	—	—
2.1 Issues	65,923	—	—
2.2 Losses recognized in:	117,651	—	—
2.2.1 profit and loss	117,651	—	—
- of which, losses	117,651	—	—
2.2.2 net equity	X	X	—
2.3 Transfers from other levels	—	—	—
2.4 Other additions	265	—	—
3. Reductions ²	197,990	—	—
3.1 Redemptions	170,377	—	—
3.2 Buybacks	—	—	—
3.3 Profits recognized in:	27,613	—	—
3.3.1 profit and loss	27,613	—	—
- of which, gains	15,738	—	—
3.3.2 net equity	X	X	—
3.4 Transfers to other levels	—	—	—
3.5 Other reductions	—	—	—
4. Balance at end of period	250,829	—	—

¹ Includes market value of options covering those attached to bond issues by Mediobanca and Mediobanca International (€234.3m as at 30/6/13 and €208m as at 30/6/12) as well as options traded (€563.4m and €679m respectively), the values of which are recorded as both assets and liabilities for the same amount.

² The reductions involve almost exclusively options on listed indexes forming part of delta hedging strategies, the values of which are booked for the same amounts as both assets and liabilities with instruments classified according to different fair value rankings.

Part B - Notes to Consolidated Balance Sheet *

Assets

SECTION 1

Heading 10: Cash and cash equivalents

1.1 Cash and cash equivalents

	30/6/13	30/6/12
a) Cash	26,707	26,307
b) Demand deposits held at central banks	2,135	3,434
Total	28,842	29,741

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

SECTION 2

Heading 20: Financial assets held for trading

2.1 Financial assets held for trading: composition

Derivative products	30/6/13			30/6/12		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	4,015,282	1,343,050	1	3,831,088	1,197,361	1
1.1 Structured	41,276	106,896	—	139,556	67,838	—
1.2 Other debt securities	3,974,006	1,236,154	1	3,691,532	1,129,523	1
2. Equities ¹	1,037,078	—	15,343	536,817	—	26,800
3. UCITS units	105,187	26,328	6,947	215,943	292,206	20,006
4. Loans and advances	—	81,512	—	—	5,180	—
4.1 Repos	—	—	—	—	—	—
4.2 Others	—	81,512	—	—	5,180	—
Total A	5,157,547	1,450,890	22,291	4,583,848	1,494,747	46,807
B. Derivative products						
1. Financial derivatives	871,461	3,933,290	827,711	1,104,548	3,925,776	894,293
1.1 Trading	871,461	3,745,030	578,386 ²	1,104,548	3,745,183	685,476 ²
1.2 Linked to fair value options	—	—	—	—	—	—
1.3 Others	—	188,260	249,325 ³	—	180,593	208,817 ³
2. Credit derivatives	660,331	123,552	—	1,565,446	222,751	—
2.1 Trading	660,331	123,552	—	1,565,446	222,751	—
2.2 Linked to fair value options	—	—	—	—	—	—
2.3 Others	—	—	—	—	—	—
Total B	1,531,792	4,056,842	827,711	2,669,994	4,148,527	894,293
Total (A+B)	6,689,339	5,507,732	850,002	7,253,842	5,643,274	941,100

¹ Equities as at 30/6/13 include shares committed in securities lending transactions totalling €139,622,000 (30/6/12: €145,435,000).

² Respectively €563,420,000 and €679,392,000 in respect of options traded, with the equivalent amount being recorded as trading liabilities.

³ Includes the market value of options (€234.3m) covering those linked with bonds issued by Mediobanca S.p.A. and Mediobanca International, with the equivalent amount being recorded as trading liabilities.

2.2 Financial assets held for trading: by borrower/issuer

Item/value	30/6/13	30/6/12
A. CASH ASSETS		
1. Debt securities	5,358,333	5,028,450
a. Governments and central banks	3,745,027	2,915,493
b. Other public agencies	78,603	85,057
c. Banks	482,845	572,383
d. Other issuers	1,051,858	1,455,517
2. Equities	1,052,421	563,617
a. Banks	114,601	68,525
b. Other issuers	937,820	495,092
- insurances	66,949	41,046
- financial companies	6,948	17,915
- non-financial companies	859,637	432,577
- others	4,286	3,554
3. UCITS units	138,462	528,155
4. Loans and advances	81,512	5,180
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	7,629	—
d. Other entities	73,883	5,180
Total A	6,630,728	6,125,402
B. DERIVATIVE PRODUCTS		
a. Banks	3,884,005	5,680,659
- fair value	3,884,005	5,680,659
b. Customers	2,532,340	2,032,155
- fair value	2,532,340	2,032,155
Total B	6,416,345	7,712,814
Total A+B	13,047,073	13,838,216

2.3 Financial assets held for trading: movements during the period

	Debt securities	Equities	UCITS units	Loans and advances	Total
A. Balance at start of period	5,028,450	563,617	528,155	5,180	6,125,402
B. Additions	34,828,097	6,245,106	384,452	237,124	41,694,779
B.1 Acquisitions	33,665,222	6,058,860	376,187	234,804	40,335,073
B.2 Increases in fair value	135,702	52,446	3,451	1,108	192,707
B.3 Other additions	1,027,173	133,800	4,814	1,212	1,166,999
C. Reductions	34,498,214	5,756,302	774,145	160,792	41,189,453
C.1 Disposals	33,346,116	5,465,340	765,132	160,463	39,737,051
C.2 Redemptions	938,230	—	—	60	938,290
C.3 Reductions in fair value	71,880	87,044	3,335	156	162,415
C.4 Transfers to other portfolios	—	—	—	—	—
C.5 Other reductions	141,988	203,918	5,678	113	351,697
D. Balance at end of period	5,358,333	1,052,421	138,462	81,512	6,630,728

SECTION 4

Heading 40: Available for sale (AFS) securities

4.1 AFS securities: composition

Item/value	30/6/13			30/6/12		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3*
1. Debt securities	8,938,677	1,028,470	—	8,540,602	896,810	9,713
1.1 Structured	—	—	—	—	—	—
1.2 Other debt securities	8,938,677	1,028,470	—	8,540,602	896,810	9,713
2. Equities	650,672	643	753,553	260,002	643	737,357
2.1 Recognized at fair value	650,672	643	753,501	260,002	643	737,305
2.2 Recognized at cost	—	—	52	—	—	52
3. UCITS units	366	10,670	106,711	349	8,962	97,711
4. Loans and advances	—	—	—	—	—	—
Total	9,589,715	1,039,783	860,264	8,800,953	906,415	844,781

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

4.2 AFS securities: by borrower/issuer

Item/value	30/6/13	30/6/12
1. Debt securities	9,967,147	9,447,125
a. Governments and central banks	7,266,991	6,794,826
b. Other public agencies	—	—
c. Banks	1,571,184	1,609,372
d. Other issuers	1,128,972	1,042,927
2. Equities	1,404,868	998,002
a. Banks	208,409	189,883
b. Other issuers	1,196,459	808,119
- insurances	—	—
- financial companies	63,677	87,481
- non-financial undertakings	1,118,849	704,847
- others	13,933	15,791
3. UCITS units	117,747	107,022
4. Loans and advances	—	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other issuers	—	—
Total	11,489,762	10,552,149

4.3 AFS securities: assets subject to specific hedging

Item/value	30/6/13	30/6/12
1. Financial assets subject to specific fair value hedges:	—	343,519
a. interest rate risk	—	343,519
b. price risk	—	—
c. exchange rate risk	—	—
d. credit risk	—	—
e. more than one risk	—	—
2. Financial assets subject to specific cash flow hedges:	77,183	—
a. interest rate risk	77,183	—
b. exchange rate risk	—	—
c. other	—	—
Total	77,183	343,519

4.4 AFS securities: movements during the period

	Debt securities	Equities	UCITS units	Loans and advances	Total
A. Balance at start of period	9,447,125	998,002	107,022	—	10,552,149
B. Additions	6,512,990	860,869	24,987	—	7,398,846
B.1 Acquisitions	5,974,274	295,714	16,205	—	6,286,193
B.2 Increases in fair value	423,114	57,423	8,198	—	488,735
B.3 Writebacks	18,983	30,717	327	—	50,027
- recognized in profit and loss account	18,983	X	—	—	18,983
- recognized in net equity	—	30,717	327	—	31,044
B.4 Transfers from other asset classes	—	457,006	—	—	457,006
B.5 Other additions ¹	96,619	20,009	257	—	116,885
C. Reductions	5,992,968	454,003	14,262	—	6,461,233
C.1 Disposals	2,852,743	220,825	3,519	—	3,077,087
C.2 Redemptions	3,124,642	—	—	—	3,124,642
C.3 Reductions in fair value	13,047	310	1,748	—	15,105
C.4 Writedowns due to impairment	—	230,308	8,019	—	238,327
- taken to profit and loss account	—	225,925	7,944	—	233,869
- taken to net equity	—	4,383	75	—	4,458
C.5 Transfers to other asset classes	—	—	892	—	892
C.6 Other reductions	2,536	2,560	84	—	5,180
D. Balance at end of period	9,967,147	1,404,868	117,747	—	11,489,762

¹ Refers to transfer of equity investments (as defined under IAS 28) in Telco, RCS MediaGroup, Pirelli and Gemina.

SECTION 5

Heading 50: Financial assets held to maturity

5.1 Financial assets held to maturity: composition

Type of transactions/ group components	30/6/13				30/6/12			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	1,447,817	1,495,852	7,396	12,226	1,723,279	1,472,810	218,713	22,305
1.1 Structured	—	—	—	—	—	—	—	—
1.2 Other debt securities	1,447,817	1,495,852	7,396	12,226	1,723,279	1,472,810	218,713	22,305
2. Loans and advances	—	—	—	—	—	—	—	—
Total	1,447,817	1,495,852	7,396	12,226	1,723,279	1,472,810	218,713	22,305

5.2 Assets held to maturity: by borrower/issuer

Type of transactions/value	30/6/13	30/6/12
1. Debt securities	1,447,817	1,723,279
a. Governments and central banks	360,597	352,297
b. Other public agencies	—	—
c. Banks	391,559	399,133
d. Other entities	695,661	971,849
2. Loans and advances	—	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	—
Total	1,447,817	1,723,279
Total fair value	1,515,474	1,713,828

5.4 Assets held to maturity: movements during the period

	Debt securities	Loans and advances	Total
A. Balance at start of period	1,723,279	—	1,723,279
B. Additions	9,326	—	9,326
B.1 Acquisitions	7,024	—	7,024
B.2 Writebacks	543	—	543
B.3 Transfers from other asset classes	—	—	—
B.4 Other additions	1,759	—	1,759
C. Reductions	284,788	—	284,788
C.1 Disposal	—	—	—
C.2 Redemptions	277,796	—	277,796
C.3 Value adjustments	239	—	239
C.4 Transfers to other asset classes	—	—	—
C.5 Other reductions	6,753	—	6,753
D. Balance at end of period	1,447,817	—	1,447,817

SECTION 6

Heading 60 - Due from banks

6.1 Due from banks: composition

Type of transactions/value	30/6/13	30/6/12
A. Due from central banks	77,843	133,774
1. Term deposits	—	—
2. Compulsory reserves	77,843	133,774
3. Amounts due under repo agreements	—	—
4. Other amounts due	—	—
B. Due from banks	4,777,115	3,829,076
1. Current accounts and demand deposits	2,749,533	2,229,732
2. Term deposits	30,097	121,538
3. Other receivables:	1,997,485	1,477,806
3.1 amounts due under repo agreements	893,024	177,119
3.2 amounts due under finance leases	4,371	8,604
3.3 other amounts due	1,100,090	1,292,083
4. Debt securities	—	—
4.1 structured	—	—
4.2 other debt securities	—	—
Total (book value)	4,854,958	3,962,850
Total (fair value)	4,768,589	3,959,793

6.3 Due under finance leases

Loan term *	TOTAL 30/6/2013					
	Impaired exposures	Minimum payments			Gross investment	
		Equity share	of which outstanding amount guaranteed	Gross investment	of which outstanding amount not guaranteed	
Up to 3 months	—	718	—	98	816	4
Between 3 months and 1 year	—	1,471	—	148	1,619	11
Between 1 year and 5 years	—	2,396	—	114	2,506	83
Over 5 years	—	—	—	—	—	—
Unspecified	—	—	—	—	—	—
Total	—	4,585	—	360	4,941	98

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

SECTION 7

Heading 70: Due from customers

7.1 Due from customers: composition

Type of transactions/amounts	30/6/13			30/6/12		
	Performing	Impaired		Performing	Impaired	
		Acquired	Others		Acquired	Others
1. Current accounts	201,648	—	34	69,478	—	55
2. Repos	2,115,338	—	—	4,585,819	—	—
3. Mortgages	18,370,309	—	376,462	20,772,946	—	302,766
4. Credit cards, personal loans and salary-backed finance	9,029,571	92,310	275,275	8,840,762	98,719	262,508
5. Finance leases	3,214,082	—	232,359	3,898,907	—	208,537
6. Factoring	38,792	—	—	—	—	—
7. Other loans	1,849,229	—	12,747	2,194,010	—	31,789
8. Debt securities	605,695	—	—	604,852	—	—
8.1 Structured instruments	—	—	—	—	—	—
8.2 Other debt securities	605,695	—	—	604,852	—	—
Total (book value)	35,424,664	92,310	896,877	40,966,774	98,719	805,655
Total (fair value)		36,320,316			40,583,672	

7.2 Due from customers: by borrower/issuer

Type of transactions/value	30/6/13			30/6/12		
	Performing	Impaired		Performing	Impaired	
		Acquired	Other		Acquired	Other
1. Debt securities	605,695	—	—	604,852	—	—
a) Governments	—	—	—	—	—	—
b) Other public entities	—	—	—	—	—	—
c) Other issuers:	605,695	—	—	604,852	—	—
non-financial undertakings	15,480	—	—	—	—	—
financial companies	590,215	—	—	604,852	—	—
insurances	—	—	—	—	—	—
others	—	—	—	—	—	—
2. Loans to:	34,818,969	92,310	896,877	40,361,922	98,719	805,655
a) Governments	3,737	—	—	22,380	—	—
b) Other public entities	73,918	—	337	96,115	—	1
c) Other parties:	34,741,314	92,310	896,540	40,243,427	98,719	805,654
non-financial undertakings	13,711,951	—	411,721	16,269,501	—	350,078
financial companies	5,031,484	—	54,810	8,085,268	—	55,394
insurances	1,977,371	—	—	1,993,542	—	—
others	14,020,508	92,310	430,009	13,895,116	98,719	400,182
Total	35,424,664	92,310	896,877	40,966,774	98,719	805,655

7.3 Due from customers: assets subject to specific hedging

Type of transactions/value	30/6/13	30/6/12
1. Items subject to specific fair value hedges for :	261,611	491,396
a) interest rate risk	261,611	491,396
b) exchange rate risk	—	—
c) credit risk	—	—
d) more than one risk	—	—
2. Items subject to specific cash flow hedges:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—
Total	261,611	491,396

7.4 Due under finance leases

Loan term*	Total 30/6/13					
	Impaired Exposures	Minimum payments		Gross investment		
		Equity share	Interest share	of which outstanding amount guaranteed	of which outstanding amount not guaranteed	
Up to 3 months	12,127	146,458	—	17,190	175,775	4,411
Between 3 months and 1 year	60,780	387,256	—	54,026	498,998	20,750
Between 1 year and 5 years	153,297	981,115	300	140,541	1,187,001	81,313
Over 5 years	6,154	1,083,215	—	215,649	1,305,016	168,133
Unspecified	—	604,916	—	119,619	724,535	148,337
Total	232,358	3,202,960	300	547,025	3,891,325	422,944

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

SECTION 8

Heading 80: Hedging derivatives

8.1 Hedging derivatives: by hedge type and level

	30/6/13			Notional value	30/6/12			Notional value
	Fair value				Fair value			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	—	1,105,948	—	19,637,292	—	1,571,778	—	22,071,789
1) Fair value	—	1,105,948	—	19,637,292	—	1,571,778	—	22,071,789
2) Cash flow	—	—	—	—	—	—	—	—
3) Non-Italian investments	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flow	—	—	—	—	—	—	—	—
Total	—	1,105,948	—	19,637,292	—	1,571,778	—	22,071,789

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

Operations/type of hedging	Fair value					Cash flow hedges		Non-Italian investments	
	Specific					General	Specific		General
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More risk than one risk				
1. AFS securities	—	—	—	—	—	X	5,315	X	X
2. Loans and advances	—	—	—	X	—	X	—	X	X
3. Financial assets held to maturity	X	—	—	X	—	X	—	X	X
4. Portfolio	X	X	X	X	X	—	X	—	X
5. Non-Italian investments	—	—	—	—	—	X	—	X	—
Total assets	—	—	—	—	—	—	5,315	—	—
1. Financial liabilities	1,100,633	—	—	X	—	X	—	X	X
2. Portfolio	X	X	X	X	X	—	X	—	X
Total liabilities	1,100,633	—	—	X	—	—	—	—	X
1. Estimated transactions	X	X	X	X	X	X	—	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	—	X	—	—

SECTION 10

Heading 100: Equity investments

10.1 Investments in subsidiaries, jointly-controlled companies and companies subject to significant influence: disclosures on shareholdings

Name	Registered office	Type of relationship	Shareholding		% of voting rights
			Investor company	% interest	
COMPANIES					
1. Banca Esperia S.p.A.	Milan	1	Mediobanca	50.0	50.0
2. Assicurazioni Generali S.p.A.	Trieste	2	Mediobanca	13.24	13.24
3. Burgo Group S.p.A.	Altavilla Vicentina (VI)	2	Mediobanca	22.13	22.13
4. Athena Private Equity S.A.	Luxembourg	2	Mediobanca	24.27	24.27
5. Fidia S.p.A. (in liquidation)	Milan	2	Mediobanca	25.0	25.0

Legend:

1= Joint control.

2= Subject to significant influence.

3= Exclusively controlled and not consolidated.

10.2 Investments in subsidiaries, jointly-controlled companies and companies subject to significant influence: financial information

Name	Key financial data ¹		Data for consolidation ²			
	Total assets (€m)	Total income (€m)	Net equity	Of which: net profit (loss)	Book value	Fair value
A. EQUITY-ACCOUNTED COMPANIES						
A.1 JOINTLY-CONTROLLED COMPANIES (IAS 31)						
1. Banca Esperia S.p.A.	1,603,863	116,631	169,754	758	86,710 ³	—
A.2 COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE (IAS 28)						
1. Assicurazioni Generali S.p.A.	441,744,506	88,547,413	18,395,547	125,580	2,460,651	2,765,796
2. Burgo Group S.p.A.	2,151,793	2,609,603	288,204	(45,540)	19,000	—
3. Athena Private Equity S.A.	94,788	6,080	84,417	(16,580)	19,820	—
4. Fidia S.p.A. (in liquidation)	5,063	159	2,543	(1,093)	636	—
A.3 OTHER INVESTMENTS						
1. Other minor investments	—	—	—	—	82	—
Total					2,586,899	

¹ Based on most recent approved individual or consolidated financial statements, as the case may be.

² Calculated pro-forma based on financial situation as at 31/3/13 or 30/6/13.

³ Includes goodwill of €4,781,000.

The three-year strategic plan approved by the Board of Directors on 21 June 2013 included, among other things, a significant reduction in the Group's equity investments, including those syndicated to shareholders' agreements.

Accordingly, given that the relation between the companies concerned had ceased to exist, the Board adopted a resolution to transfer the Group's holdings in Telco, RCS MediaGroup, Pirelli and Gemina to the AFS securities portfolio, which have therefore been recognized at fair value¹.

The difference between fair value and book value (calculated according to the equity method²) gave rise to a net loss³ of €144.6m, representing the balance between losses in respect of the Telco and RCS MediaGroup investments (€194.7m and €38.5m respectively) and gains on both Pirelli and Gemina (€65.6m in the case of the former, and €23m in the case of the latter).

The Group's interests in Assicurazioni Generali, Banca Esperia, Athena and Fidia continue to be accounted for as equity investments. Following an impairment test, the Burgo Group stake was adjusted to reflect its net present value of €19m (resulting in a €44.8m charge being taken through the profit and loss account); this value was calculated using a discounted cash flow model applied to earnings and financial projections based on a plan prepared by the company's management.

10.3 Equity investments: movements during the period

Type of transactions/value	30/6/13	30/6/12
A. Balance at start of period	3,165,512	3,156,142
B. Additions	278,756	278,669
B.1 Acquisitions	31	94,727
B.2 Value adjustments	—	—
B.3 Revaluations	—	—
B.4 Other adjustments	278,725	183,942
C. Reductions	857,369	269,299
C.1 Disposals	—	—
C.2 Value adjustments for impairment	139,796	191,037
C.3 Other reductions	717,573	78,262
D. Balance at end of period	2,586,899	3,165,512
E. Total revaluations	—	—
F. Total adjustments	714,737	574,941

¹ Represented by the stock market price prevailing at 30/6/13; Telco has been recognized based on the price of the Telecom Italia stock, on a look-through basis.

² Calculated as at 30/6/13, with the exception of Gemina (31/3/13), the shareholders' agreement having been wound up on 30 April 2013.

³ IAS28 – par. 19.

SECTION 12

Heading 120: Property, plant and equipment

12.1 Tangible assets stated at cost

Assets/value	30/6/13	30/6/12
A. Core assets		
1.1 owned by the Group	235,041	238,191
a) land	84,883	84,883
b) buildings	111,658	109,428
c) furniture	14,447	17,686
d) electronic equipment	10,186	11,119
e) other assets	13,867	15,075
1.2 acquired under finance leases:	—	—
a) land	—	—
b) buildings	—	—
c) furniture	—	—
d) electronic equipment	—	—
e) other assets	—	—
Total A	235,041	238,191
B. Assets held for investment purposes		
2.1 owned by the Group:	60,379	55,489
a) land	23,739	23,038
b) buildings	36,640	32,451
2.2 acquired under finance leases:	—	—
a) land	—	—
b) buildings	—	—
Total B	60,379	55,489
Total (A+B)	295,420	293,680

For a breakdown of the item *Core assets – Buildings*, see the table on p. 32 of the Review of Operations.

12.3 Core tangible assets: movements during the period

	Land	Buildings	Furniture	Electronic equipment	Other assets	Total
A. Gross opening balance	84,883	139,489	45,293	33,204	57,325	360,194
A.1 Total net value reductions	—	(30,061)	(27,607)	(22,085)	(42,250)	(122,003)
A.2 Net opening balance	84,883	109,428	17,686	11,119	15,075	238,191
B. Additions:	—	5,731	1,719	1,735	4,519	13,704
B.1 Purchases	—	5,514	1,711	1,642	4,517	13,384
B.2 Improvement expenses, capitalized	—	217	8	23	—	248
B.3 Writebacks	—	—	—	—	—	—
B.4 Increases in fair value recognized in:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
B.5 Increases arising due to exchange rates	—	—	—	—	—	—
B.6 Transfers from properties held for investment purposes	—	—	—	—	—	—
B.7 Other additions	—	—	—	70	2	72
C. Reductions:	—	3,501	4,958	2,668	5,727	16,854
C.1 Disposals	—	—	505	65	7	577
C.2 Depreciation charges	—	3,500	4,453	2,596	5,718	16,267
C.3 Value adjustments for impairment taken to:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
C.4 Reductions in fair value charged to:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
C.5 Reductions due to exchange rates	—	—	—	—	—	—
C.6 Transfers to:	—	—	—	—	—	—
a) assets held for investment purposes	—	—	—	—	—	—
b) assets being sold	—	—	—	—	—	—
C.7 Other reductions	—	1	—	7	2	10
D. Net closing balance	84,883	111,658	14,447	10,186	13,867	235,041
D.1 Total net value reductions	—	(33,561)	(31,314)	(24,263)	(47,281)	(136,419)
D.2 Gross closing balance	84,883	145,219	45,761	34,449	61,148	371,460
E. Stated at cost	—	—	—	—	—	—

12.4 Tangible assets held for investment purposes: movements during the period

	Total	
	Land	Buildings
A. Opening balance	23,038	32,451
B. Additions	701	7,053
B.1 Purchases	701	7,053
B.2 Improvement expenses, capitalized	—	—
B.3 Net increases in fair value	—	—
B.4 Writebacks	—	—
B.5 Increases arising due to exchange rates	—	—
B.6 Transfers from core assets	—	—
B.7 Other additions	—	—
C. Reductions	—	2,864
C.1 Disposals	—	—
C.2 Depreciation charges	—	2,864
C.3 Reductions in fair value	—	—
C.4 Value adjustments for impairment	—	—
C.5 Reductions arising due to exchange rates	—	—
C.6 Transfers to other asset portfolios	—	—
a) core assets	—	—
b) non-current assets being sold	—	—
C.7 Other reductions	—	—
D. Closing balance	23,739	36,640
E. Stated at fair value	90,013	63,111

SECTION 13

Heading 130: Intangible assets

13.1 Intangible assets

Assets/ amounts	30/6/13		30/6/12	
	Limited useful life	Unlimited useful life	Limited useful life	Unlimited useful life
A.1 Goodwill	X	365,934	X	365,934
A.1.1 attributable to the Group	X	365,934	X	365,934
A.1.2 attributable to third parties	X	—	X	—
A.2 Other intangible assets	40,086	6,300	52,139	6,300
A.2.1 Recognized at cost:	40,086	6,300	52,139	6,300
a) intangible assets generated internally	—	—	—	—
b) other assets	40,086	6,300	52,139	6,300
A.2.2 Recognized at fair value:	—	—	—	—
a) intangible assets generated internally	—	—	—	—
b) other assets	—	—	—	—
Total	40,086	372,234	52,139	372,234

13.2 Intangible assets: movements during the period

	Other intangible assets: generated internally			Other intangible assets: other		Total
	Goodwill	Limited useful life	Unlimited useful life	Limited useful life	Unlimited useful life	
A. Balance at start of period	365,934	—	—	134,552	6,300	506,786
A.1 Total net value reductions	—	—	—	(82,413)	—	(82,413)
A.2 Net opening balance	365,934	—	—	52,139	6,300	424,373
B. Additions	—	—	—	9,983	—	9,983
B.1 Purchases	—	—	—	9,983	—	9,983
B.2 Increases in internally generated assets	X	—	—	—	—	—
B.3 Revaluations	X	—	—	—	—	—
B.4 Increases in fair value taken to:	X	—	—	—	—	—
– net equity	X	—	—	—	—	—
– profit and loss account	X	—	—	—	—	—
B.5 Increases arising on exchange rates	—	—	—	—	—	—
B.6 Other additions	—	—	—	—	—	—
C. Reductions	—	—	—	22,036	—	22,036
C.1 Disposals	—	—	—	—	—	—
C.2 Value adjustments	—	—	—	22,036	—	22,036
– amortization	X	—	—	22,036	—	22,036
– writedowns	—	—	—	—	—	—
+ net equity	X	—	—	—	—	—
+ profit and loss account	—	—	—	—	—	—
C.3 Reductions in fair value charged to:	—	—	—	—	—	—
– net equity	X	—	—	—	—	—
– profit and loss account	X	—	—	—	—	—
C.4 Transfers to non-current assets being sold	—	—	—	—	—	—
C.5 Reductions due to exchange rate differences	—	—	—	—	—	—
C.6 Other reductions	—	—	—	—	—	—
D. Balance at end of period	365,934	—	—	40,086	6,300	412,320
D.1 Total net value adjustments	—	—	—	(104,449)	—	(104,449)
E. Gross closing balance	365,934	—	—	144,535	6,300	516,769
F. Stated at cost	—	—	—	—	—	—

SECTION 14

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

For information on the tax rates, see part C, “Notes to the consolidated profit and loss account”, p. 160.

14.1 Advance tax assets: composition

	30/6/13	30/6/12
Corporate income tax (IRES)	598,194	662,943
Regional production tax (IRAP)	51,252	74,545
Total	649,446	737,488

14.2 Deferred tax liabilities

	30/6/13	30/6/12
Corporate income tax (IRES)	325,848	289,557
Regional production tax (IRAP)	14,689	6,561
Total	340,537	296,118

14.3 Changes in advance tax during the period

	30/6/13	30/6/12
1. Opening balance	528,382	522,367
2. Additions	112,860	69,113
2.1 Advance tax originating during the period	112,860	69,113
a) for previous years	708	5
b) due to changes in accounting policies	—	—
c) amounts written back	53	99
d) other additions	112,099	69,009
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	54,670	63,098
3.1 Advance tax reversed during the period	46,541	49,992
a) reclassifications	46,069	48,409
b) amounts written off as unrecoverable	—	—
c) due to changes in accounting policies	—	—
d) other	472	1,583
3.2 Reductions in tax rates	—	—
3.3 Other reductions	8,129	13,106
a) amounts converted into tax credits pursuant to Italian Law 214/11	8,082	2,823
b) other reductions	47	10,283
4. Balance at end of period	586,572	528,382

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

	30/6/13	30/6/12
1. Balance at start of period	413,266	20,047
2. Increases	74,221	427,635
3. Reductions	39,911	34,416
3.1 Transfers	31,860	31,594
3.2 Conversion to tax credit deriving from	8,034	2,822
a) operating loss for the period	—	—
b) tax losses	8,034	2,822
3.3 Other reductions	17	—
4. Balance at end of period	447,576	413,266

14.4 Changes in deferred tax during the period

	30/6/13	30/6/12
1. Opening balance	274,814	270,701
2. Additions	10,483	6,548
2.1 Deferred tax originating during period	8,994	6,523
a) relating to previous years	16	—
b) due to changes in accounting policies	—	—
c) others	8,978	6,523
2.2 New taxes or increases in tax rates	13	—
2.3 Other additions	1,476	25
3. Reductions	958	2,435
3.1 Deferred tax reversed during period	823	2,432
a) reclassifications	531	2,377
b) due to changes in accounting policies	—	—
c) others	292	55
3.2 Reductions in tax rates	—	—
3.3 Other reductions	135	3
4. Balance at end of period	284,339	274,814

14.5 Changes in advance tax during the period ¹

	30/6/13	30/6/12
1. Opening balance	209,106	69,084
2. Additions	31,751	195,722
2.1 Advance tax originating during period	31,751	195,722
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) others	31,751	195,722
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	177,983	55,700
3.1 Advance tax reversed during period	177,983	55,661
a) reclassifications	140,076	55,410
b) writedowns of non-recoverable items	—	—
c) due to changes in accounting policies	—	—
d) others	37,907	251
3.2 Reductions in tax rates	—	—
3.3 Other reductions	—	39
4. Balance at end of period	62,874	209,106

¹ Taxes on cash flow hedges and AFS securities valuations.

14.6 Changes in deferred tax during the period ¹

	30/6/13	30/6/12
1. Opening balance	21,304	42,360
2. Additions	56,058	21,288
2.1 Deferred tax originating during period	56,058	21,288
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) others	56,058	21,288
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	21,164	42,344
3.1 Advance tax reversed during the period	21,146	42,310
a) reclassifications	21,041	39,235
b) due to changes in accounting policies	—	—
c) others	105	3,075
3.2 Reductions in tax rates	—	—
3.3 Other reductions	18	34
4. Balance at end of period	56,198	21,304

¹ Taxes on cash flow hedges and AFS securities valuations.

SECTION 16

Heading 160: Other assets

16.1 Other assets: composition

	30/6/13	30/6/12
1. Gold, silver and precious metals	695	695
2. Accrued income other than capitalized income from financial assets	8,234	8,223
3. Trade receivables or invoices to be issued	57,975	53,023
4. Amounts due from tax revenue authorities (not recorded under Heading 140)	103,349	58,457
5. Other items	91,871	88,924
- bills for collection	13,030	16,648
- amounts due in respect of premiums, grants, indemnities and other items in respect of lending transactions	55,884	51,444
- futures and other securities transactions	746	1,058
- advance payments on deposit commissions	7,043	6,728
- other items in transit	9,753	7,795
- exchange rate adjustments on transactions in foreign currencies	—	—
- amounts due to staff	282	241
- downpayments made on derivative contracts	—	—
- sundry other items	5,133	5,010
6. Adjustment arising on consolidation	—	2
Total	262,124	209,324

Liabilities

SECTION 1

Heading 10: Due to banks

1.1 Due to banks: composition

Type of transaction/amounts	30/6/13	30/6/12
1. Due to central banks	7,586,807	7,531,506
2. Due to banks	4,779,375	4,468,506
2.1 Current accounts and demand deposits	2,425,824	1,731,667
2.2 Term deposits	—	4,405
2.3 Borrowings	2,336,799	2,637,259
2.3.1 Reverse repos	40,359	8,492
2.3.2 Others	2,296,440	2,628,767
2.4 Liabilities in respect of assets sold but not derecognized	—	—
2.5 Other amounts due	16,752	95,175
Total	12,366,182	12,000,012
Fair value	12,366,182	11,972,463

1.2 Breakdown of heading 10 “Due to banks”: subordinated liabilities

Subordinated liabilities included under the heading Due to banks amount to €43,380,000, and refer to amounts payable by Linea to its former shareholders.

1.4 Due to banks: items subject to specific hedges

	30/6/13	30/6/12
1. Items subject to specific fair value hedges for:	228,451	237,488
a) interest rate risk	228,451	237,488
b) exchange rate risk	—	—
c) more than one risk	—	—
2. Items subject to specific cash flow hedges for:	535,500	843,500
a) interest rate risk	535,500	843,500
b) exchange rate risk	—	—
c) other	—	—
Total	763,951	1,080,988

SECTION 2

Heading 20: Due to customers

2.1 Due to customers: composition

Type of transaction/amounts	30/6/13	30/6/12
1. Current accounts and demand deposits	3,449,989	3,050,765
2. Term deposits	10,220,714	10,680,682
3. Borrowings	2,504,941	3,417,479
3.1 Reverse repos	784,740	1,501,521
3.2 others	1,720,201	1,915,958
4. Liabilities in respect of assets sold but not derecognized	—	—
5. Other amounts due	166	101
Total	16,175,810	17,149,027
Fair value	16,175,810	17,149,027

2.4 Due to customers: items subject to specific hedges

	30/6/13	30/6/12
1. Items subject to specific fair value hedges for:	93,497	97,011
a) interest rate risk	93,497	97,011
b) exchange rate risk	—	—
c) more than one risk	—	—
2. Items subject to specific cash flow hedges for:	—	103,373
a) interest rate risk	—	103,373
b) exchange rate risk	—	—
c) other	—	—
Total	93,497	200,384

SECTION 3

Heading 30: Debt securities in issue

3.1 Debt securities in issue: composition

Type of transaction/ amounts	30/6/13				30/6/12			
	Book value	Fair value*			Book value	Fair value*		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Listed securities								
1. bonds	26,680,386	1,808,540	25,276,319	—	31,279,519	3,297,251	28,354,327	—
1.1 structured	11,348,926	492,551	11,033,346	—	14,199,132	1,209,423	13,142,904	—
1.2 others	15,331,460	1,315,989	14,242,973	—	17,080,387	2,087,828	15,211,423	—
2. other securities	14,893	—	—	14,893	20,812	—	—	20,812
2.1 structured	—	—	—	—	—	—	—	—
2.2 others	14,893	—	—	14,893	20,812	—	—	20,812
Total	26,695,279	1,808,540	25,276,319	14,893	31,300,331	3,297,251	28,354,327	20,812

* The fair values are shown net of Mediobanca issuer risk; if this item is included, the fair value at 30 June 2013 would show a gain of €201m (€959m).

The book value of bonds fell from €31,279,519,000 to €26,680,386,000 following new issuance totalling €2.8bn, redemptions amounting to €4bn, buybacks on the market worth €2.9bn (generating gains totalling €43m), and other downward adjustments (to reflect exchange rates, amortized cost and hedging effects) of €311.4m.

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

Debt securities in issue include the following four subordinated, lower tier 2 issues in an aggregate amount of €1,838,251,000, issued by Mediobanca S.p.A.:

Issue	30/6/13		
	ISIN code	Nominal value	Book value
MB GBP Lower Tier II Fixed/Floating Rate Notes 2018	XS0270002669	27,554	29,065
MB Secondo Atto 5% 2020 Lower Tier 2	IT0004645542	742,926	835,482
MB Quarto Atto a Tasso Variabile 2021 Lower Tier 2	IT0004720436	491,285	484,032
MB CARATTERE 5,75% 2023 Lower Tier 2	IT0004917842	494,503	489,672
Total subordinated debt securities		1,756,268	1,838,251

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

	30/6/13	30/6/12
1. Securities subject to specific fair value hedges	19,635,236	25,099,096
a) interest rate risk	19,635,236	25,099,096
b) exchange rate risk	—	—
c) other	—	—
2. Securities subject to specific cash flow hedges	4,587,688	4,606,407
a) interest rate risk	4,587,688	4,606,407
b) exchange rate risk	—	—
c) other	—	—
Total	24,222,924	29,705,503

SECTION 4

Heading 40: Trading liabilities

4.1 Trading liabilities: composition

Type of transaction/ amounts	30/6/13					30/6/12				
	Nominal value	Fair value			Fair Value *	Nominal value	Fair value			Fair Value *
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Cash liabilities										
1. Due to banks	994,209	1,007,172	—	—	1,007,172	398,563	393,112	—	—	393,112
2. Due to customers	953,761	966,197	—	—	966,197	919,249	906,677	—	—	906,677
3. Debt securities	—	—	—	—	X	—	—	—	—	X
3.1 Bonds	—	—	—	—	X	—	—	—	—	X
3.1.1 Structured	—	—	—	—	X	—	—	—	—	X
3.1.2 Other	—	—	—	—	X	—	—	—	—	X
3.2 Other securities	—	—	—	—	X	—	—	—	—	X
3.2.1 Structured	—	—	—	—	X	—	—	—	—	X
3.2.2 Other	—	—	—	—	X	—	—	—	—	X
Total A	1,947,970	1,973,369	—	—	1,973,369	1,317,812	1,299,789	—	—	1,299,789
B. Derivative products										
1. Financial derivatives	X	971,695	3,803,955	1,045,162	X	X	1,048,006	4,374,553	1,152,220	X
1.1 Trading	X	971,695	3,615,742	791,614 ¹	X	X	1,048,006	4,195,419	940,567 ¹	X
1.2 Linked to fair value options	X	—	—	—	X	X	—	—	—	X
1.3 Other	X	—	188,213	253,548 ²	X	X	—	179,134	211,653 ²	X
2. Credit derivatives	X	656,813	399,006	—	X	X	1,478,769	581,275	398	X
2.1 Trading	X	656,813	399,006	—	X	X	1,478,769	581,275	398	X
2.2 Linked to fair value options	X	—	—	—	X	X	—	—	—	X
2.3 Other	X	—	—	—	X	X	—	—	—	X
Total B	X	1,628,508	4,202,961	1,045,162	X	X	2,526,775	4,955,828	1,152,618	X
Total (A+B)	X	3,601,877	4,202,961	1,045,162	X	X	3,826,564	4,955,828	1,152,618	X

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

¹ Respectively €563,420,000 and €679,392,000 in respect of options traded, matching the amount recorded among assets held for trading.

² Includes the market value of options covering options matched with bonds issued by Mediobanca and Mediobanca International, against the same amount recorded among assets held for trading.

SECTION 6

Heading 60: Hedging derivatives

6.1 Hedging derivatives: by type of product/underlying asset

Items/amounts	30/6/13 Fair value			Nominal value	30/6/12 Fair value			Nominal value
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	—	336,419	—	7,632,787	—	364,954	—	9,896,258
1) Fair value	—	303,299	—	7,000,287	—	318,737	—	9,118,258
2) Cash flow	—	33,120	—	632,500	—	46,217	—	778,000
3) Non-Italian investments	—	—	—	—	—	—	—	—
B. Financial derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flow	—	—	—	—	—	—	—	—
Total	—	336,419	—	7,632,787	—	364,954	—	9,896,258

6.2 Hedging derivatives: by portfolio hedged/hedge type

Operations/type of hedging	Fair value hedges					General	Cash flow hedges		Non-Italian investments
	Specific						Specific	General	
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risk				
1. AFS securities	—	—	—	—	—	X	—	X	X
2. Loans and advances	37,190	—	—	X	—	X	—	X	X
3. Financial assets held to maturity	X	—	—	X	—	X	—	X	X
4. Portfolio	X	X	X	X	X	—	X	—	X
5. Other operations	—	—	—	—	—	X	—	X	—
Total assets	37,190	—	—	—	—	—	—	—	—
1. Financial liabilities	266,109	—	—	X	—	X	33,120	X	X
2. Portfolio	X	X	X	X	X	—	X	—	X
Total liabilities	266,109	—	—	X	—	—	33,120	—	X
1. Expected transactions	X	X	X	X	X	X	—	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	—	X	—	—

SECTION 8

Heading 80 - Deferred liabilities

Please see asset section 14.

SECTION 10

Heading 100: Other liabilities

10.1 Other liabilities: composition

	30/6/13	30/6/12
1. Payment agreements (IFRS 2)	9	9
2. Impaired endorsements	13,764	16,969
3. Working capital payables and invoices pending receipt	190,909	191,826
4. Amounts due to revenue authorities	113,713	89,528
5. Amounts due to staff	127,796	131,338
6. Other items:	105,620	114,424
- bills for collection	25,563	27,908
- coupons and dividends pending collection	2,217	2,212
- available sums payable to third parties	22,730	36,474
- premiums, grants and other items in respect of lending transactions	32,129	27,528
- credit notes to be issued	16,935	13,948
- other	6,046	6,354
7. Adjustments upon consolidation	3	—
Total	551,814	544,094

SECTION 11

Heading 110: Staff severance indemnity provision

11.1 Staff severance indemnity provision: changes during the period

	30/6/13	30/6/12
A. Balance at start of period	24,652	26,036
B. Additions	14,281	12,951
B.1 Transfers during period	8,882	12,030
B.2 Other additions	5,399	921
C. Reductions	11,232	14,335
C.1 Indemnities paid out	2,045	2,910
C.2 Other reductions ¹	9,187	11,425
D. Balance at end of period	27,701	24,652

¹ Includes €7,110,000 in transfers to external, defined contribution pension schemes (30/6/12: €9,067,000).

SECTION 12

Heading 120: Provisions

12.1 Provisions: composition

Item/amounts	30/6/13	30/6/12
1. Company post-employment benefit provision	—	—
2. Other provisions	164,523	160,471
2.1 litigation	3,931	2,546
2.2 staff-related	3,288	468
2.3 other	157,304	157,457
Total	164,523	160,471

12.2 Provisions: movements during the period

Item/amounts	Post-employment benefit provision	Litigation	Charges relating to staff ¹	Other provisions	Total
A. Balance at start of period	—	2,546	468	157,457	160,471
B. Additions	—	1,927	3,288	1,509	6,724
B.1 Transfers during period	—	1,730	3,288	1,509	6,527
B.2 Changes due to passing of time	—	14	—	—	14
B.3 Additions due to changes in discount rate	—	5	—	—	5
B.4 Other additions	—	178	—	—	178
C. Reductions	—	542	468	1,662	2,672
C.1 Transfers during period	—	542	164	1,484	2,190
C.2 Reductions due to changes in discount rate	—	—	—	—	—
C.3 Other reductions	—	—	304	178	482
D. Balance at end of period	—	3,931	3,288	157,304	164,523

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

SECTION 13

Heading 130: Technical reserves

13.1 Technical reserves: composition

	Direct business	Indirect business	30/6/13	30/6/12
A. Non-life business				
A.1 Reserves for premiums	—	107,019	107,019	93,042
A.2 Reserves for claims	—	10,386	10,386	6,240
A.3 Other reserves	—	—	—	—
B. Life business				
B.1 Mathematical reserves	—	—	—	—
B.2 Reserves for sums to be paid out	—	—	—	—
B.3 Other reserves	—	—	—	—
C. Technical reserves where risk of investment is borne by insured parties				
C.1 Reserves for contracts in which performance is related to investment funds and market indexes	—	—	—	—
C.2 Reserves deriving from pension fund management	—	—	—	—
D. Total technical reserves	—	117,405	117,405	99,282

13.2 Technical reserves: movements during the year

	30/6/13	30/6/12
A. Non-life business		
Balance at start of period	99,282	54,828
Combinations involving group companies	—	—
Changes to reserves (+/-)	18,123	30,235
Other additions	—	14,219
Balance at end of period	117,405	99,282
B. Life business and other reserves		
Balance at start of period	—	14,219
Combinations involving group companies	—	—
Changes due to premiums	—	—
Changes due to sums to be paid out	—	—
Changes due to payments	—	—
Changes due to incomes and other bonuses recognized to insured parties (+/-)	—	—
Changes to other technical reserves (+/-)	—	—
Other reductions	—	(14,219)
Balance at end of period	—	—
C. Total technical reserves	117,405	99,282

SECTION 15

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

15.1 “Capital” and “treasury shares”: composition

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

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

Item/type	Ordinary
A. Shares in issue at start of period	861,129,212
– entirely unrestricted	861,129,212
– with restrictions	—
A.1 Treasury shares (-)	(17,010,000)
A.2 Shares in issue: balance at start of period	844,119,212
B. Additions	—
B.1 New share issuance as a result of:	—
– rights issues	—
– business combinations	—
– bond conversions	—
– exercise of warrants	—
– others	—
– bonus issues	—
– to staff members	—
– to Board members	—
– others	—
B.2 Treasury share disposals	—
B.3 Other additions	—
C. Reductions	—
C.1 Cancellations	—
C.2 Treasury share buybacks	—
C.3 Disposals of businesses	—
C.4 Other reductions	—
D. Shares in issue: balance at end of period	844,119,212
D.1 Add: treasury shares	(17,010,000)
D.2 Shares in issue at end of period	861,129,212
– entirely unrestricted	861,129,212
– with restrictions	—

15.4 Profit reserves: other information

Item	30/6/13	30/6/12
1. Legal reserve	86,113	86,113
2. Statutory reserves	1,077,282	1,077,282
3. Treasury shares	213,844	213,844
4. Others	2,996,991	3,041,662
Total	4,374,230	4,418,901

SECTION 16

Heading 210: Net equity attributable to minorities

16.1 Net equity attributable to minorities: composition

Item/amounts	30/6/13	30/6/12
1. Share capital	24,948	24,948
2. Share premium reserve	7,216	7,216
3. Reserves	83,350	83,878
4. Treasury shares	—	—
5. Valuation reserves ¹	(3,782)	(6,123)
6. Equity instruments	—	—
7. Profit (loss) for the period attributable to minorities	(4,266)	(528)
Total	107,466	109,391

¹ Cash flow hedge reserve.

Other information

1. Guarantees and commitments

Transactions	30/6/13	30/6/12
1. Financial guarantees given to:	216,477	259,912
a) Banks	34,527	29,631
b) Customers	181,950	230,281
2. Commercial guarantees given to:	286	—
a) Banks	—	—
b) Customers	286	—
3. Irrevocable commitments to lend funds to:	10,124,430	14,571,200
a) Banks	167,258	65,699
i) specific	167,258	65,699
ii) standby basis	—	—
b) Customers	9,957,172	14,505,501
i) specific	8,334,066	10,351,135
ii) standby basis	1,623,106	4,154,366
4. Commitments underlying credit derivatives: hedge sales ¹	44,607,720	82,916,472
5. Assets pledged as collateral for customer obligations	—	—
6. Other commitments	5,713,610	6,243,498
Total	60,662,523	103,991,082

¹ Includes transactions fully matched by hedge buys (€41,113,241,000 and €72,496,783,000 respectively).

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

Portfolios	30/6/13	30/6/12
1. Financial assets held for trading	697,990	267,389
2. Financial assets recognized at fair value	—	—
3. AFS securities	1,336,603	1,844,350
4. Financial assets held to maturity	809,759	988,201
5. Due from banks	777,925	755,000
6. Due from customers	3,784,739	5,047,990
7. Property, plant and equipment	—	—

* As at 30/6/13 includes assets on deposit with the Bank of Italy in respect of the ECB long-term financing operation, some €3.5bn of which are free.

5. Assets managed and traded on behalf of customers

Type of service	30/6/13	30/6/12
1. Securities traded on behalf of customers	29,831,725	16,964,927
a) Purchases	13,491,101	8,268,052
1. settled	13,393,630	8,219,503
2. pending settlement	97,471	48,549
b) Disposals	16,340,624	8,696,875
1. settled	16,243,153	8,648,326
2. pending settlement	97,471	48,549
2. Asset management ¹	3,245,000	3,038,000
a) individuals	861,000	809,000
b) groups	2,384,000	2,229,000
3. Securities under custody/managed on a non-discretionary basis	54,675,354	58,585,764
a) customers' securities held on deposit: in connection with the Bank's activity as deposit bank (not including asset management) ²	7,367,483	9,751,031
1. securities issued by bank drawing up financial statements	2,504,283	3,109,620
2. other securities	4,863,200	6,641,411
b) other customers' securities held on deposit (not including asset management): others	6,751,314	6,151,229
1. securities issued by bank drawing up financial statements	34	34
2. other securities	6,751,280	6,151,195
c) customers' securities held on deposit with customers	10,856,772	12,330,553
d) own securities held on deposit with customers	29,699,785	30,352,951
4. Other transactions	—	—

¹ The Esperia group has assets under management totalling €6,496,000 (30/6/12: €6,840,000).

² The Esperia group manages assets on a non-discretionary basis worth €6,928,000 (30/6/12: €5,995,000).

Part C - Notes to consolidated profit and loss account

SECTION 1

Headings 10 and 20: Net interest income

1.1 Interest and similar income: composition

Line items/technical forms	Debt securities	Loans and advances	Other transactions	12 mths ended 30/6/13	12 mths ended 30/6/12
1. Financial assets held for trading	102,540	708	—	103,248	183,089
2. Financial assets recognized at fair value	—	—	—	—	—
3. AFS securities	289,363	—	—	289,363	284,593
4. Financial assets held to maturity	76,853	—	—	76,853	76,148
5. Due from banks	123	49,972	—	50,095	182,916
6. Due from customers	14,805	1,521,989	—	1,536,794	1,781,127
7. Hedge derivatives	X	X	668,159	668,159	525,358
8. Other assets	X	X	2,220	2,220	3,959
Total	483,684	1,572,669	670,379	2,726,732	3,037,190

1.2 Interest and similar income: differences arising on hedging transactions

Items/sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
A. Positive differences on transactions	975,648	1,147,913
B. Negative differences on transactions	(307,489)	(622,555)
C. Balance of differences arising on hedges	668,159	525,358

1.3 Interest and similar income: other information

Items/sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
1.3.1 Interest receivable on financial assets denominated in currencies other than the Euro	149,272	186,300
1.3.2 Interest receivable in respect of finance leasing transactions	121,229	167,474
1.3.3 Interest income on receivables involving customers' funds held on a non-discretionary basis	—	—
Total	270,501	353,774

1.4 Interest expense and similar charges: composition

Line items/technical forms	Accounts payable	Securities	Other liabilities	12 mths ended 30/6/13	12 mths ended 30/6/12
1. Due to central banks	(55,317)	X	—	(55,317)	(37,451)
2. Due to banks	(45,630)	X	—	(45,630)	(97,302)
3. Due to customers	(409,134)	X	—	(409,134)	(364,120)
4. Debt securities in issue	—	(1,150,316)	—	(1,150,316)	(1,450,232)
5. Trading liabilities	X	—	—	—	—
6. Financial liabilities recognized at fair value	—	—	—	—	—
7. Other liabilities	X	X	(7)	(7)	(6)
8. Hedging derivatives	X	X	—	—	—
Total	(510,081)	(1,150,316)	(7)	(1,660,404)	(1,949,111)

1.6 Interest expense and similar charges: other information

Items/sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
1.6.1 Interest payable on liabilities denominated in currencies other than the Euro	(28,695)	(54,902)
1.6.2 Interest payable on liabilities in respect of finance leasing transactions	—	—
1.6.3 Interest payable on customers' funds held on a non-discretionary basis	—	—
Total	(28,695)	(54,902)

SECTION 2

Headings 40 and 50: Net fee and commission income

2.1 Fee and commission income: composition

Type of service/sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
a) guarantees given	1,507	2,703
b) credit derivatives	—	—
c) management, trading and advisory services:	160,610	192,842
1. securities trading	7,342	7,379
2. foreign currency trading	—	—
3. asset management	5,598	5,978
3.1 individuals	5,598	5,978
3.2 groups	—	—
4. securities under custody and non-discretionary management	7,181	6,030
5. deposit bank services	7,994	8,739
6. securities placement	49,858	57,805
7. procurement of orders	6,252	6,181
8. advisory services	—	—
8.1 investment advisory services	—	—
8.2 structured finance advisory services	—	—
9. agency fees	76,385	100,730
9.1 asset management	22,768	17,419
9.1.1 individuals	22,768	17,419
9.1.2 groups	—	—
9.2 insurance products	53,617	83,311
9.3 other products	—	—
d) collection and payment services	14,720	12,468
e) securitization services	—	—
f) factoring services	—	—
g) tax collection and receipt services	—	—
h) multilateral trading systems activity	—	—
i) current account keeping and management	1,056	743
j) other services	176,308	229,840
Total	354,201	438,596

2.2 Fee and commission expense: composition

Services/amounts	12 mths ended 30/6/13	12 mths ended 30/6/12
a) guarantees received	—	—
b) credit derivatives	—	—
c) management and trading services:	(11,699)	(10,862)
1. securities trading	(4,192)	(3,296)
2. foreign currency trading	—	—
3. asset management:	—	—
3.1 proprietary	—	—
3.2 on behalf of customers	—	—
4. securities under custody/held on a non-discretionary basis	(2,784)	(2,784)
5. securities placement	(4,723)	(4,782)
6. door-to-door sales of securities, products and services	—	—
d) collection and payment services	(5,653)	(5,347)
e) other services	(28,800)	(31,079)
Total	(46,152)	(47,288)

SECTION 3

Heading 70: Dividends and similar income

3.1 Dividends and similar income: composition

Line items/income	12 mths ended 30/6/13		12 mths ended 30/6/12	
	Dividends	Income from UCITS units	Dividends	Income from UCITS units
A. Financial assets held for trading	28,497	—	73,181	—
B. AFS securities	17,874	—	17,638	—
C. Financial assets recognized at fair value	—	—	—	—
D. Equity investments	—	X	—	X
Total	46,371	—	90,819	—

SECTION 4

Heading 80: Net trading income

4.1 Net trading income: composition

Transactions/income elements	Gains (A)	Dealing profits (B)	Value reductions (C)	Dealing losses (D)	Net trading income [(A+B)-(C+D)]
1. Trading assets	184,876	367,828	(159,001)	(183,267)	210,436
1.1 Debt securities	130,950	224,207	(80,173)	(110,410)	164,574
1.2 Equities	51,519	137,465	(75,587)	(71,965)	41,432
1.3 UCITS units	1,455	4,859	(3,241)	(892)	2,181
1.4 Loans and advances	952	1,297	—	—	2,249
1.5 Others	—	—	—	—	—
2. Trading liabilities	—	—	—	—	—
2.1 Debt securities	—	—	—	—	—
2.2 Debts	—	—	—	—	—
2.3 Others	—	—	—	—	—
3. Other assets and liabilities: differences arising on exchange rates	X	X	X	X	(6,039)
4. Derivative products	5,554,895	3,206,470	(5,317,374)	(3,641,454)	(162,505)
4.1 Financial derivatives:	3,725,346	2,040,851	(3,478,024)	(2,463,611)	(140,480)
– debt securities and interest rates ¹	1,437,106	479,536	(1,473,684)	(604,761)	(161,803)
– equities and stock market indexes	1,972,596	1,551,210	(1,943,889)	(1,611,948)	(32,031)
– foreign currency and gold	X	X	X	X	34,958
– others	315,644	10,105	(60,451)	(246,902)	18,396
4.2 Credit derivatives	1,829,549	1,165,619	(1,839,350)	(1,177,843)	(22,025)
Total	5,739,771	3,574,298	(5,476,375)	(3,824,721)	41,892

¹ Of which €42,410,000 in negative margins on interest rate derivatives (30/6/12: €22,618,000).

SECTION 5

Heading 90: Net hedging income (expense)

5.1 Net hedging income (expense): composition

Income elements/amounts	12 mths ended 30/6/13	12 mths ended 30/6/12
A. Income from:		
A.1 Fair value hedge derivatives	191,419	1,255,873
A.2 Financial assets hedged (fair value)	—	139,665
A.3 Financial liabilities hedged (fair value)	366,255	110,225
A.4 Cash flow hedge derivatives	9,194	29
A.5 Assets and liabilities in foreign currencies	—	—
Total hedging income (A)	566,868	1,505,792
B. Expense related to:		
B.1 Fair value hedge derivatives	(419,143)	(143,263)
B.2 Financial assets hedged (fair value)	(17,482)	(20,344)
B.3 Financial liabilities hedged (fair value)	(126,126)	(1,338,084)
B.4 Cash flow hedge derivatives	(43)	(36)
B.5 Assets and liabilities in foreign currencies	—	—
Total hedging expense (B)	(562,794)	(1,501,727)
Net hedging income (A–B)	4,074	4,065

SECTION 6

Heading 100: Gains (losses) on disposals/repurchases

6.1 Gains (losses) on disposals/repurchases: composition

Line items/income elements	12 mths ended 30/6/13			12 mths ended 30/6/12		
	Gains	Losses	Net profit (loss)	Gains	Losses	Net profit (loss)
Financial assets						
1. Due from banks	—	—	—	—	—	—
2. Due from customers	15,887	(9,925)	5,962	1,186	(1,191)	(5)
3. AFS securities	68,608	(27,882)	40,726	141,191	(106,823)	34,368
3.1 Debt securities	33,459	(12,833)	20,626	35,270	(30,639)	4,631
3.2 Equities	35,012	(14,991)	20,021	105,916	(76,176)	29,740
3.3 UCITS units	137	(58)	79	5	(8)	(3)
3.4 Loans and advances	—	—	—	—	—	—
4. Financial assets held to maturity	1,311	—	1,311	989	(2,935)	(1,946)
Total assets	85,806	(37,807)	47,999	143,366	(110,949)	32,417
Financial liabilities						
1. Due to banks	—	—	—	3,875	—	3,875
2. Due to customers	—	—	—	229	—	229
3. Debt securities in issue	43,114	(134)	42,980	34,021	(603)	33,418
Total liabilities	43,114	(134)	42,980	38,125	(603)	37,522

SECTION 8

Heading 130: Adjustments for impairment

8.1 Adjustments for impairment: composition

	Value adjustments			Reversals				FY 2012/13	FY 2011/12
	Specific		Collective	Specific		Collective			
	Writeoffs	Others		A	B	A	B		
A. Amounts due from banks	—	—	(30,488)	—	694	—	—	(29,794)	(2,570)
- Loans	—	—	(30,488)	—	694	—	—	(29,794)	(2,570)
- Debt securities	—	—	—	—	—	—	—	—	—
B. Amounts due from customers	(136,698)	(460,775)	(19,200)	4,535	96,790	—	35,102	(480,246)	(452,373)
Impaired assets acquired	(6,090)	(1,852)	X	—	3,901	—	X	(4,041)	(5,059)
- Loans	(6,090)	(1,852)	X	—	3,901	—	X	(4,041)	(5,059)
- Debt securities	—	—	X	—	—	—	X	—	—
Other receivables	(130,608)	(458,923)	(19,200)	4,535	92,889	—	35,102	(476,205)	(447,314)
- Loans	(130,608)	(458,923)	(19,200)	4,535	92,889	—	35,102	(476,205)	(447,314)
- Debt securities	—	—	—	—	—	—	—	—	—
C. Total	(136,698)	(460,775)	(49,688)	4,535	97,484	—	35,102	(510,040)	(454,943)

Legend

A = interest

B = other amounts recovered

8.2 Net value adjustments for impairment to AFS securities: composition

Transactions/income elements	Value adjustments		Amounts recovered		12 mths ended 30/6/13	12 mths ended 30/6/12
	Specific		Specific			
	Writeoffs	Others	A	B		
A. Debt securities	—	—	—	18,983	18,983	(141,060)
B. Equities	—	(225,925)	X	X	(225,925)	(267,262)
C. UCITS units	—	(7,944)	X	—	(7,944)	(3,193)
D. Loans and advances to banks	—	—	—	—	—	—
E. Loans and advances to customers	—	—	—	—	—	—
F. Total	—	(233,869)	—	18,983	(214,886)	(411,515)

Legend

A = interest

B = other amounts recovered

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

Transactions/income elements	Value adjustments			Amounts recovered				12 mths ended 30/6/13	12 mths ended 30/6/12
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Others		A	B	A	B		
A. Debt securities	—	(239)	—	269	274	—	—	304	(1,320)
B. Loans and advances to banks	—	—	—	—	—	—	—	—	—
C. Loans and advances to customers	—	—	—	—	—	—	—	—	—
D. Total	—	(239)	—	269	274	—	—	304	(1,320)

Legend

A = interest

B = other amounts recovered

8.4 Adjustments for impairment to other financial transactions: composition

Transactions/income-linked components	Value adjustments			Amounts recovered				12 mths ended 30/6/13	12 mths ended 30/6/12
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Others		A	B	A	B		
A. Guarantees given	—	(2,445)	—	—	—	—	1,041	(1,404)	(14,645)
B. Credit derivatives	—	—	—	—	—	—	—	—	—
C. Commitments	—	—	(322)	—	1,523	—	3,409	4,610	1,090
D. Other transactions	—	—	—	—	—	—	—	—	—
E. Total	—	(2,445)	(322)	—	1,523	—	4,450	3,206	(13,555)

Legend

A = interest

B = other amounts recovered

SECTION 9

Heading 150: Net premium income

9.1 Net premium income: composition

Premium income from insurance operations	Direct business	Indirect business	12 mths ended 30/6/13	12 mths ended 30/6/12
A. Life business				
A.1 Gross premiums written (+)	—	—	—	—
A.2 Premiums ceded to reinsurers (-)	—	X	—	—
A.3 Total	—	—	—	—
B. Non-life business				
B.1 Gross premiums written (+)	—	45,989	45,989	62,698
B.2 Premiums ceded to reinsurers (-)	—	X	—	—
B.3 Changes in gross amount of reserve for premiums (+/-)	—	(13,978)	(13,978)	(40,604)
B.4 Changes in reserve for premiums payable by reinsurers (- /+)	—	—	—	—
B.5 Total	—	32,011	32,011	22,094
D. Total net premium income	—	32,011	32,011	22,094

SECTION 10

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

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

Items	12 mths ended 30/6 /13	12 mths ended 30/6/12
1. Net change in technical reserves	—	—
2. Claims paid out during the year	(9,916)	(5,969)
3. Other income (expenses) from insurance operations	(5,409)	(3,729)
Total	(15,325)	(9,698)

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

Claims expenses	12 mths ended 30/6/13	12 mths ended 30/6/12
Life business: expenses for claims net of amounts ceded to reinsurers		
A. Amounts paid	—	—
A.1 Gross annual amount	—	—
A.2 (-) Share payable by reinsurers	—	—
B. Changes to reserve due to sums to be paid	—	—
B.1 Gross annual amount	—	—
B.2 (-) Share payable by reinsurers	—	—
Total claims life business	—	—
Non-life business: expenses for claims net of amounts recovered and ceded to reinsurers		
C. Amounts paid	(5,770)	(2,120)
C.1 Gross annual amount	(5,770)	(2,120)
C.2 (-) Share payable by reinsurers	—	—
D. Changes to amounts recovered net of shares payable by reinsurers	—	—
E. Changes to reserve for claims	(4,146)	(3,849)
E.1 Gross annual amount	(4,146)	(3,849)
E.2 Share payable by reinsurers	—	—
Total claims non-life business	(9,916)	(5,969)

SECTION 11

Heading 180: Administrative expenses

11.1 Personnel costs: composition

Type of expense/sectors	12 months ended 30/6/13	12 months ended 30/6/12
1. Employees	(370,886)	(375,533)
a) wages and salaries	(249,572)	(262,850)
b) social security contributions	(59,027)	(60,737)
c) severance indemnities	—	—
d) pension contributions	—	—
e) transfers to severance indemnity provisions	(12,458)	(11,673)
f) transfers to post-employment and similar benefits provisions:	—	—
– defined benefit	—	—
– defined contribution	—	—
g) amounts paid to external complementary pension schemes:	(10,819)	(11,525)
– defined benefit	(10,819)	(11,525)
– defined contribution	—	—
h) expenses incurred in connection with share payment schemes	(16,975)	(12,844)
– stock options	(5,253)	(5,572)
– performance shares	(11,722)	(7,272)
i) other staff benefits	(22,035)	(15,904)
2. Other staff	(8,158)	(8,278)
3. Board members	(7,951)	(8,180)
4. Expenses incurred in connection with staff retiring	(1,361)	(1,321)
Total	(388,356)	(393,312)

11.2 Average number of staff by category

	12 mths ended 30/6/13	12 mths ended 30/6/12
Employees:		
a) Senior executives	191	185
b) Executives	1,178	1,157
c) Other employees	2,099	2,097
Other staff	205	213
Total	3,673	3,652

11.5 Other administrative expenses: composition

	12 months ended 30/6/13	12 months ended 30/6/12
OTHER ADMINISTRATIVE EXPENSES		
– legal, tax and professional services	(36,911)	(42,214)
– loan recovery activity	(46,487)	(45,453)
– marketing and communications	(47,258)	(60,606)
– property	(36,488)	(40,220)
– EDP	(39,122)	(34,656)
– info-provider	(26,987)	(25,588)
– bank charges, collection and payment fees	(20,363)	(19,612)
– operating expenses	(49,147)	(48,961)
– other staff expenses	(18,455)	(21,669)
– other costs	(9,723)	(8,838)
– indirect and other taxes	(55,260)	(43,154)
Total other administrative expenses	(386,201)	(390,971)

SECTION 12

Heading 190: Net transfers to provisions

12.1 Heading 190: Net transfers to provisions

	12 mths ended 30/6/13	12 mths ended 30/6/12
TRANSFERS MADE TO COVER:		
– litigation	—	—
– advertising expenses	—	—
– certain or probable exposures or commitments ¹	(3,239)	(4,014)
Total net transfers to provisions	(3,239)	(4,014)

¹ Includes the effect of discounting such items.

SECTION 13

Heading 200: Net adjustments to tangible assets

13.1 Net adjustments to tangible assets: composition

Assets/income elements	Depreciation (a)	Value adjustments for impairment (b)	Amounts recovered (c)	Net result (a+b-c)
A. Tangible assets				
A.1 Owned	(19,131)	—	—	(19,131)
– core	(16,267)	—	—	(16,267)
– for investment purposes	(2,864)	—	—	(2,864)
A.2 Acquired under finance leases	—	—	—	—
– core	—	—	—	—
– for investment purposes	—	—	—	—
Total	(19,131)	—	—	(19,131)

SECTION 14

Heading 210: Net adjustments to intangible assets

14.1 Net adjustments to intangible assets: composition

Assets/income elements	Amortization (a)	Value adjustments for impairment (b)	Amounts recovered (c)	Net result (a+b-c)
A. Intangible assets				
A.1 Owned	(22,036)	—	—	(22,036)
– software	(15,251)	—	—	(15,251)
– other	(6,785)	—	—	(6,785)
A.2 Acquired under finance leases	—	—	—	—
Total	(22,036)	—	—	(22,036)

SECTION 15

Heading 220: Other operating income (expense)

15.1 Other operating expense: composition

Income-based components/values	12 mths ended 30/6/13	12 mths ended 30/6/12
a) Leasing activity	(21,534)	(22,966)
b) Sundry costs and expenses	(6,374)	(4,510)
Total	(27,908)	(27,476)

15.2 Other operating income: composition

Income-based components/values	12 mths ended 30/6/13	12 mths ended 30/6/12
a) Amounts recovered from customers	62,389	45,980
b) Leasing activity	21,813	26,274
c) Other income	81,764	78,255
Total	165,966	150,509

SECTION 16

Heading 240: Gains (losses) on equity investments

16.1 Gains (losses) on equity investments: composition

Income-based components/values	12 mths ended 30/6/13	12 mths ended 30/6/12
1. Jointly-controlled companies		
A. Income	—	—
1. Revaluations	—	—
2. Gains on disposals	—	—
3. Amounts recovered	—	—
4. Other increases	—	—
B. Expenses	—	—
1. Writedowns	—	—
2. Adjustments for impairment	—	—
3. Losses from disposals	—	—
4. Other reductions	—	—
Net income	—	—
2. Companies subject to significant influence		
A. Income	146,831	173,546
1. Revaluations	58,192	173,546
2. Gains on disposals	—	—
3. Amounts recovered	—	—
4. Other increases	88,639	—
B. Expenses	(345,704)	(195,037)
1. Writedowns	(67,724)	(4,000)
2. Adjustments for impairment	(139,796)	(191,037)
3. Losses from disposals	—	—
4. Other reductions ¹	(138,184)	—
Net income	(198,873)	(21,491)
Total	(198,873)	(21,491)

¹ These items include the effects of certain equity investments being transferred to the AFS securities portfolio and recognized at fair value, namely the investments in: Pirelli (increase of €65,637,000), Gemina (increase of €23,002,000), RCS MediaGroup (reduction of €38,482,000), and Telco (reduction of €99,702,000).

SECTION 19

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

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

Income elements/sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
A. Properties	(8)	44,295
– gains on disposals	—	44,295
– losses on disposals	(8)	—
B. Other assets	(494)	919
– gains on disposals	10	1,046
– losses on disposals	(504)	(127)
Net gain (loss)	(502)	45,214

SECTION 20

Heading 290: Income tax on ordinary activities

20.1 Income tax on ordinary activities: composition

Income elements/sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
1. Current taxes	(204,229)	(141,525)
2. Changes in current taxes for previous financial years	(1,338)	(723)
3. Reductions in current tax for the period	353	317
3bis. Reduction in current tax for the year due to tax credits under Italian Law 214/11	8,190	—
4. Changes in advance tax	49,644	19,050
4bis. Changes in advance tax for the year due to tax credits under Italian Law 214/11	(1,921)	—
5. Changes in deferred tax	(7,473)	(2,623)
Income tax for the year	(156,774)	(125,504)

20.2 Reconciliation between theoretical and effective tax burden

	12 mths ended 30/6/12	
	Amounts %	Absolute values
Total profit or loss before tax from current operations	100.0%	(27,317)
Theoretical tax rate	27.50%	X
Theoretical computed taxes on income	27.50%	7,512
Dividends (-)	56.98%	15,566
Gains on disposals of equity investments (PEX) (-)	27.58%	7,534
Gains on equity-accounted investments (-)	—	—
Changes in deferred tax for previous years (-)	0.83%	226
Other taxes (non-Italian companies) (-)	1.19%	326
Non-taxable income 10 % IRAP (-)	19.61%	5,356
Interest on exempt securities (-)	1.58%	432
Tax losses (-)	—	—
Tax sparing credit	3.18%	868
Non-deductible interest expense 3 % (+)	101.76%	(27,798)
Benefit from tax consolidation (-)	31.82%	8,692
Impairment (+/-)	-562.30%	(153,597)
Extraordinary items (rate adjustments, ...)	39.39%	10,760
Other differences	59.0%	16,117
TOTAL IRES	-395.39%	(108,006)
IRAP	-178.53%	(48,768)
TOTAL FOR HEADING ¹	-573.93%	(156,774)

¹ Compared with a tax rate of 60.96% in the previous financial year.

SECTION 22

Heading 330: Net profit (loss) attributable to minorities

22.1 and 22.2 Breakdown of Heading 330, “Net profit (loss) for the year attributable to minorities”

	12 mths ended 30/6/13	12 mths ended 30/6/12
Palladio Leasing S.p.A.	179	1,278
SelmaBipiemme Leasing S.p.A.	(5,128)	(3,306)
Teleleasing S.p.A.	683	1,500
Other companies	—	—
Adjustments on consolidation	—	—
Total	(4,266)	(528)

SECTION 24

Earnings per share

24.1 Average number of ordinary shares on a diluted basis

	12 mths ended 30/6/13	12 mths ended 30/6/12
Net profit	(179,825)	80,887
Avg. no. of shares in issue	844,119,212	844,119,212
Avg. no. of potentially diluted shares	47,639,477	48,997,918
Avg. no. of diluted shares	891,758,689	893,165,380
Earnings per share	(0.21)	0.10
Earnings per share, diluted	(0.20)	0.09

Part D - Comprehensive consolidated profit and loss account

Breakdown of consolidated comprehensive profit and loss constituents

Items	Before tax effect	Tax effect	After tax effect
10. Net profit (loss)	X	X	(184,091)
Other comprehensive income			
20. AFS securities:	528,632	147,936	380,696
a) changes in fair value:	466,920	135,404	331,516
b) reclassifications through profit or loss account	61,712	12,532	49,180
- due to impairment	26,586	1,420	25,166
- gain/losses on disposals	35,126	11,112	24,014
c) other variations	—	—	—
30. Property, plant and equipment	—	—	—
40. Intangible assets	—	—	—
50. Hedges of non-Italian investments:	—	—	—
a) changes in fair value:	—	—	—
b) reclassifications through profit or loss account	—	—	—
c) other variations	—	—	—
60. Cash flow hedges:	62,804	20,776	42,028
a) changes in fair value:	62,804	20,776	42,028
b) reclassifications through profit or loss account	—	—	—
c) other variations	—	—	—
70. Exchange differences:	—	—	—
a) changes in fair value:	—	—	—
b) reclassifications through profit or loss account	—	—	—
c) other variations	—	—	—
80. Non-current assets classified as held for sale:	—	—	—
a) changes in fair value:	—	—	—
b) reclassifications through profit or loss account	—	—	—
c) other variations	—	—	—
90. Actuarial gains (losses) on defined benefits schemes	—	—	—
100. Valuation reserves from equity-accounted investments:	226,132	—	226,132
110. Total other comprehensive income after tax	817,568	168,712	648,856
120. Comprehensive income after tax (10 + 110)	X	X	464,765
130. Consolidated comprehensive income attributable to minorities	X	X	(1,925)
140. Consolidated comprehensive income attributable to parent company	X	X	466,690

Part E - Information on risks and related hedging policies

SECTION 1

Banking Group risks

1.1 CREDIT RISK

QUALITATIVE INFORMATION

Basel II project

In compliance with the Basel II New Capital Accord transposed into the Italian regulatory framework under Bank of Italy circular no. 263 issued on 27 December 2006 (“New regulations on capital requirements for banks”), the Mediobanca Group has set itself the objective of measuring credit risk using internal ratings.

A specific project has therefore been launched with a view to obtaining ratification by the Bank of Italy of the internal rating models to be used in calculating the capital requirements for credit risk. The internal rating models regard the following customer segments: Banks, Insurances, Large corporate, and Holding companies (customers mostly targeted by Mediobanca S.p.A.), Mid corporate and Small businesses (customers targeted mostly by the leasing companies) and Private individuals (targeted by Compass for consumer credit and CheBanca! for mortgage lending).

Given the above, the timeframe for submitting the application for the IRB system to be validated to the Bank of Italy is still being reviewed; and until the system has been validated, the Mediobanca Group will continue to use the standardized methodology it has adopted since 1 January 2008.

Corporate banking (Mediobanca)

The Group’s internal system for managing, evaluating and controlling credit risk reflects its traditional policy based on a prudent and highly selective approach. Lending decisions are based on individual analysis,

which builds on adequate and often extensive knowledge of the borrower's business, assets and management, as well as the macro-economic framework in which it operates. Where possible, covenants are incorporated into the terms and conditions of the loan (having regard *inter alia* to the maturity and average size of the facilities concerned) in order to provide for protection against impairment. Applications for finance are processed through the different operating levels, and, if successful, are submitted for approval to the relevant bodies, i.e. the Risks Committee and Executive Committee, depending on the amount required and the credit rating of the counterparty involved, including both internal and external ratings. Once the finance has been disbursed the account is monitored on an ongoing basis, via analysis of published financial statements and a series of other controls to ensure that the covenants have not been breached. Any deterioration in the risk profile of a loan is brought swiftly to the attention of the Bank's operating unit's management.

Leasing

Individual applications are processed using similar methods to those described above for corporate banking. Applications for leases below a predetermined limit received via banks with which Mediobanca has agreements in place are approved by the banks themselves, against written guarantees from them covering a portion of the risk. At SelmaBipiemme and Teleleasing, applications for assets worth less than €75,000 are approved using a credit scoring system developed on the basis of historical series of data, tailored to both asset type and the counterparty's legal status (type of applicant company).

Sub-standard accounts are managed in a variety of ways which prioritize either recovery of the amount owed or the asset under lease, according to the specific risk profile of the account concerned. All non-performing, sub-standard and restructured accounts plus impaired, overdue exposures are tested analytically to establish the relative estimated loss against the value of the security provided and/or any other form of real or personal guarantees issued. Other performing accounts are measured individually on the basis of statistics.

Consumer credit (Compass)

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

From the first instance of non-payment, accounts are managed using the entire range of recovery procedures, including postal and telephone reminders, external recovery agents, etc. After six rate overdue instalments (or four in particular cases, such as credit cards), accounts are held to be officially in default, and the client is deemed to have lapsed from the time benefit allowed under Article 1186 of the Italian Civil Code. Between the ninth and the twelfth overdue instalment such accounts are usually sold to Cofactor or to other factoring companies for a percentage of the value of the principal outstanding, which reflects their estimated realizable value.

Mortgage lending (CheBanca!)

Mortgage applications are processed and approved centrally at head office. Approval depends partly on the outcome of a credit scoring system, which is largely determined through individual appraisal of the applicant's income and maximum borrowing levels, as well as the value of the property itself. Risks are monitored on a monthly basis, ensuring the company's loan book is regularly appraised in view of a wide range of indicators, such as amount, sales channel, loan-to-value, etc.

Irregular accounts are managed through monthly reports analysing the commercial, personal and financial aspects of the accounts in order to flag up promptly any potential problem areas using advanced early warning systems linked to public and private databases. Procedurally mortgage loans with four or more unpaid instalments are designated as sub-standard accounts, and generally after the eighth or ninth unpaid instalment become non-performing. Impaired accounts are managed, for out-of-court credit recovery procedures, by a dedicated organizational structure with the help

of external collectors. If further signs of deterioration are noted, property enforcement procedures are instigated through external lawyers.

QUANTITATIVE INFORMATION

Credit Quality

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

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

Portfolio/quality	Banking Group ¹					Others ²		Total
	Non-performing	Potential problem	Restructured	Overdue	Other assets	Overdue	Other assets	
1. Financial assets held for trading	—	—	—	—	11,946,844	—	—	11,946,844
2. AFS securities	—	—	—	—	10,156,863	—	51,840	10,208,703
3. Financial assets held to maturity	—	—	—	—	1,447,817	—	—	1,447,817
4. Due from banks	—	—	—	—	4,738,519	—	72,116	4,810,635
5. Due from customers	262,744	298,838	236,804	191,832	35,858,004	—	15,507	36,863,729
6. Financial assets recognized at fair value	—	—	—	—	—	—	—	—
7. Financial assets being sold	—	—	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	—	1,105,949	—	—	1,105,949
Total at 30/6/13	262,744	298,838	236,804	191,832	65,253,996	—	139,463	66,383,677
Total at 30/6/12	241,982	271,847	203,108	206,280	70,843,090	—	112,146	71,878,453

¹ Includes pro-rata consolidation of Banca Esperia.

² Includes Compass RE (reinsurance company), Creditech, R&S and Sade (other companies).

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

Portfolio/quality	Impaired assets			Performing			Total net exposure
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
A. Banking group							
1. Financial assets held for trading	—	—	—	X	X	11,946,844	11,946,844
2. AFS securities	—	—	—	10,156,863	—	10,156,863	10,156,863
3. Financial assets held to maturity	—	—	—	1,458,845	(11,028)	1,447,817	1,447,817
4. Due from banks ¹	—	—	—	4,775,600	(37,081)	4,738,519	4,738,519
5. Due from customers ²	1,719,999	(729,781)	990,218	36,149,006	(291,002)	35,858,004	36,848,222
6. Financial assets recognized at fair value	—	—	—	X	X	—	—
7. Financial assets being sold	—	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	X	X	1,105,949	1,105,949
Total A	1,719,999	(729,781)	990,218	52,540,314	(339,111)	65,253,996	66,244,214
B. Others							
1. Financial assets held for trading	—	—	—	X	X	—	—
2. AFS securities	—	—	—	51,840	—	51,840	51,840
3. Financial assets held to maturity	—	—	—	—	—	—	—
4. Due from banks	—	—	—	72,116	—	72,116	72,116
5. Due from customers	—	—	—	15,507	—	15,507	15,507
6. Financial assets recognized at fair value	—	—	—	X	X	—	—
7. Financial assets being sold	—	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	X	X	—	—
Total B	—	—	—	139,463	—	139,463	139,463
Total at 30/6/13	1,719,999	(729,781)	990,218	52,679,777	(339,111)	65,393,459	66,383,677
Total at 30/6/12	1,467,954	(544,737)	923,217	56,910,151	(333,559)	70,955,236	71,878,453

¹ The gross exposures include €17.3m versus Iranian counterparties, with unpaid instalments amounting to €7.2m.

² The performing assets include €43.4m in unpaid instalments, corresponding to a gross exposure (i.e. including the share not yet overdue) of €727.3m (equal to 2% of the performing assets), of which €253.5m is attributable to leasing (8% of the performing loans in this segment), €292.1m to consumer credit (3%), and €151.8m to CheBanca! mortgage receivables (4%). Gross exposures being renegotiated under the terms of collective agreements amount to €6.7m, all of which are attributable to mortgage loans granted by CheBanca!.

Information on sovereign debt exposures

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

Asset portfolio/ quality	Impaired assets				Performing assets			Total net exposure ¹
	Gross exposure	Specific adjustments	Collective adjustments	Net exposure	Gross exposure	Collective adjustments	Net exposure	
1. Financial assets held for trading	—	—	—	—	—	—	2,199,583	2,199,583
Italy	—	—	—	—	—	—	250,764	250,764
Germany	—	—	—	—	—	—	1,343,513	1,343,513
France	—	—	—	—	—	—	259,529	259,529
Finland	—	—	—	—	—	—	158,085	158,085
Netherlands	—	—	—	—	—	—	93,836	93,836
Others	—	—	—	—	—	—	93,856	93,856
2. AFS securities	—	—	—	—	7,512,097	—	7,512,097	7,512,097
Italy	—	—	—	—	7,398,997	—	7,398,997	7,398,997
Germany	—	—	—	—	52,098	—	52,098	52,098
France	—	—	—	—	19,752	—	19,752	19,752
European Union	—	—	—	—	41,250	—	41,250	41,250
3. Financial assets held to maturity	—	—	—	—	360,597	—	360,597	360,597
Italy	—	—	—	—	359,937	—	359,937	359,937
Others	—	—	—	—	660	—	660	660
Total at 30/6/13	—	—	—	—	7,872,694	—	10,072,277	10,072,277

* Does not include financial and credit derivatives.

¹ The net exposure includes positions in securities (long and short) recognized at fair value (including the outstanding accrual) except for assets held to maturity which are stated at amortized cost, the implied fair value of which is €30m.

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

Asset portfolio/quality	Trading book ¹			Banking book ²			
	Nominal value	Book value	Duration	Nominal value	Book value	Fair value	Duration
Italy	192,677	250,764	8.61	7,666,127	7,758,934	7,774,631	2.24
Germany	1,308,555	1,343,513	4.10	50,000	52,098	52,098	0.52
France	249,405	259,529	0.03	20,400	19,752	19,752	0.85
Finland	150,000	158,085	0.01	—	—	—	—
Netherlands	90,000	93,836	0.04	—	—	—	—
European Union	—	—	—	40,349	41,250	41,250	1.13
Others	94,403	93,856	—	12,751	660	14,942	—
Total at 30/6/13	2,085,040	2,199,583	—	7,789,627	7,872,694	7,902,673	—

¹ Does not include sales of €1.5bn on the *Bund/Schatz* future (Germany) or of €0.2bn on the *Oat* future (France), which have fair values of €3.7m and €3m respectively; or buys on the *T-note future* (United States) with a fair value of minus €2.8m. Net hedge buys of €392m (with a positive fair value of €15.7m) have also not been included.

² Item does not include Greek GDP-linkers securities in a notional amount of €127m recorded at a fair value of €1.3m.

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

Type of exposure/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing	—	—	X	—
b) Potential problem	—	—	X	—
c) Restructured	—	—	X	—
d) Overdue	—	—	X	—
e) Other assets	7,230,026	X	(37,082)	7,192,944
Total A	7,230,026	—	(37,082)	7,192,944
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	—	—	X	—
b) Other assets ¹	59,375,389	X	—	59,375,389
Total B	59,375,389	—	—	59,375,389
Total (A + B)	66,605,415	—	(37,082)	66,568,333

¹ The balance as at 30/6/13 includes €41,113,241,000 in deals matched 100% by hedge buys.

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

Type of exposure/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing ¹	601,040	(338,296)	X	262,744
b) Potential problem	532,615	(233,777)	X	298,838
c) Restructured	320,626	(83,822)	X	236,804
d) Overdue	265,718	(73,886)	X	191,832
e) Other assets	50,840,373	X	(302,030)	50,538,343
Total A	52,560,372	(729,781)	(302,030)	51,528,561
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	8,771	(534)	X	8,237
b) Other assets	18,361,495	X	(13,229)	18,348,266
Total B	18,370,266	(534)	(13,229)	18,356,503
Total (A+B)	70,930,638	(730,315)	(315,259)	69,885,064

¹ Includes accounts acquired from third parties as part of Cofactor's business.

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

Description/category	Non-performing	Potential problem	Restructured	Overdue
A. Gross exposure at start of period	463,406	445,637	294,658	264,255
<i>of which: accounts sold but not derecognized</i>	<i>20,400</i>	<i>9,306</i>	<i>10,945</i>	<i>11,083</i>
B. Additions	331,266	663,560	121,840	596,054
B.1 transfers from performing loans	29,687	190,050	81,148	563,113
B.2 transfers from other categories of impaired assets	277,025	452,182	20,115	11,089
B.3 other additions	24,554	21,328	20,577	21,852
C. Reductions	(193,632)	(576,582)	(95,872)	(594,591)
C.1 transfers to performing loans	(11,085)	(48,000)	(468)	(85,668)
C.2 amounts written off	(108,419)	(100,092)	(1)	(1,645)
C.3 amounts collected	(45,694)	(69,358)	(11,888)	(48,562)
C.4 gains realized on disposals	(1,576)	(35,990)	(58,552)	(15)
C.5 transfers to other categories of impaired assets	(10,492)	(293,802)	(4,652)	(451,465)
C.6 other reductions	(16,366)	(29,340)	(20,311)	(7,236)
D. Gross exposure at end of period	601,040	532,615	320,626	265,718
<i>of which: accounts sold but not derecognized</i>	<i>10,750</i>	<i>21,337</i>	<i>4,959</i>	<i>21,941</i>

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

Description/category	Non-performing	Potential problem	Restructured	Overdue
A. Aggregate adjustments at start of period	(221,424)	(173,790)	(91,550)	(57,975)
<i>of which: exposures sold but not derecognized</i>	<i>(4,208)</i>	<i>(1,315)</i>	<i>(1,836)</i>	<i>(3,740)</i>
B. Additions	(242,891)	(238,996)	(40,057)	(72,670)
B.1 value adjustments	(148,233)	(170,959)	(18,102)	(70,237)
B.1.bis losses following disposals	(41,460)	(44,195)	—	(294)
B.2 transfers from other categories of impaired exposures	(51,152)	(22,521)	(14,524)	(1,234)
B.3 other increases	(2,046)	(1,321)	(7,431)	(905)
C. Reductions	126,019	179,009	47,785	56,759
C.1 writebacks to value adjustments	16,383	22,213	799	8,537
C.2 writebacks following collection	13,663	8,365	18,994	2,566
C.2.bis gains on disposals	—	—	446	—
C.3 writeoffs	44,876	49,566	1	9,805
C.4 transfers to other categories of impaired exposures	3,556	51,764	—	34,111
C.5 other reductions	47,541	47,101	27,545	1,740
D. Aggregate adjustments at end of period	(338,296)	(233,777)	(83,822)	(73,886)
<i>of which: exposures sold but not derecognized</i>	<i>(4,976)</i>	<i>(4,370)</i>	—	<i>(185)</i>

A.2 Exposures by internal and external ratings

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

Exposures	External rating class						Unrated	Total
	AAA / AA-	A+ / A-	BBB+ / BBB-	BB+ / BB-	B+ / B-	Below B-		
A. Cash exposures	2,561,337	3,357,355	17,339,709	1,521,379	555,973	1,170	33,383,033	58,719,956
B. Derivatives	84,688	45,906,272	12,066,636	211,854	245,923	—	7,825,079	66,340,452
B.1 Financial derivatives	84,688	3,610,467	11,066,373	211,854	245,923	—	7,185,114	22,404,419
B.2 Credit derivatives ¹	—	42,295,805	1,000,263	—	—	—	639,965	43,936,033
C. Guarantees released	2,727	—	—	10,374	70	—	262,915	276,086
D. Commitments to disburse funds	9,980	1,260,930	4,445,968	686,260	68,871	—	4,643,346	11,115,355
E. Others	—	—	—	—	—	—	1,549	1,549
Total at 30/6/13	2,658,732	50,524,557	33,852,313	2,429,867	870,837	1,170	46,115,922	136,453,398
Total at 30/6/12	2,649,255	105,087,550	22,605,372	2,109,108	1,927,728	61,545	52,757,506	187,198,064

¹ The balance as at 30/6/13 includes €41,113,241,000 in deals matched 100% by hedge buys.

A.3 Secured exposures by type of security

A.3.1 Banking Group – secured cash exposures to banks

	Amount		Real guarantees (1)				Personal guarantees (2)				Total (1) + (2)		
			Properties		Securities		Other assets		Endorsements				
			Credit derivatives		Governmentments		Other public agencies		Banks	Other public agencies		Banks	Others
			Governmentments	Other public agencies	Governmentments	Other public agencies	Governmentments	Other public agencies					
1. Secured balance sheet credit exposures:													
1.1 completely secured	2,834,511	—	3,426,643	—	—	—	—	—	25,295	108,903	13,379	591	3,574,811
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—	—
1.2 partly secured	710,769	—	648,251	—	—	—	—	—	26,737	—	—	3,248	678,236
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Secured off balance sheet credit exposures:													
2.1 completely secured	—	—	—	—	—	—	—	—	—	—	—	—	—
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—	—
2.2 partly secured	—	—	—	—	—	—	—	—	—	—	—	—	—
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—	—

A.3.2 Banking Group – secured cash exposures to customers

	Amount		Real guarantees (1)				Personal guarantees (2)				Total (1)+(2)	
			Properties		Other assets	Credit derivatives		Endorsements		Banks		Others
			Securities	CLN		Other credit derivatives	Government public agencies	Government public agencies	Banks			
1. Secured balance sheet credit exposures:												
1.1 completely secured	11,681,822	9,257,162	5,864,140	393,250	—	—	—	37,998	120,927	637,677	3,428,489	19,739,643
- of which impaired	382,611	477,907	10,330	9,268	—	—	—	—	—	74,611	88,458	660,574
1.2 partly secured	5,466,996	414,764	1,426,220	402,804	—	—	—	2,013	97	892,995	999,737	4,138,630
- of which impaired	180,447	10,578	10,549	369	—	—	—	—	—	—	88,778	110,274
2. Secured off balance sheet credit exposures:												
2.1 completely secured	637,836	43,363	12,752	4,905	—	—	—	—	77,258	496,056	11,294	645,628
- of which impaired	5,079	2,746	—	—	—	—	—	—	—	2,628	45	5,419
2.2 partly secured	441,206	15,373	977	15,358	—	—	—	—	—	303,295	—	335,003
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—

B. Loan distribution and concentration

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

Exposures/counterparts	Governments	Other public agencies	Financial companies	Insurances	Non-financial undertakings	Other entities
A. Cash exposures						
A.1 Non-performing						
Net exposure	—	—	—	—	57,314	205,430
Value adjustments to gross exposure	—	—	(11,472)	—	(54,074)	(272,750)
Value adjustments to portfolio	X	X	X	X	X	X
A.2 Potential problem						
Net exposure	—	10	962	—	101,833	196,033
Value adjustments to gross exposure	—	—	(115)	—	(82,964)	(150,699)
Value adjustments to portfolio	X	X	X	X	X	X
A.3 Restructured						
Net exposure	—	—	54,686	—	179,211	2,907
Value adjustments to gross exposure	—	—	(11,380)	—	(71,874)	(567)
Value adjustments to portfolio	X	X	X	X	X	X
A.4 Overdue						
Net exposure	—	327	123	7	73,368	118,007
Value adjustments to gross exposure	—	(29)	—	—	(14,982)	(58,875)
Value adjustments to portfolio	X	X	X	X	X	X
A.5 Other exposures						
Net exposure	11,668,266	153,532	6,937,933	2,549,126	14,786,371	14,443,115
Value adjustments to gross exposure	X	X	X	X	X	X
Value adjustments to portfolio	(3,590)	(3,197)	(34,478)	(4,759)	(216,026)	(39,982)
Total A						
Net exposure	11,668,266	153,869	6,993,704	2,549,133	15,198,097	14,965,492
Value adjustments to gross exposure	—	(29)	(22,967)	—	(223,894)	(482,891)
Value adjustments to portfolio	(3,590)	(3,197)	(34,478)	(4,759)	(216,026)	(39,982)
B. Off-balance sheet exposures						
B.1 Non-performing						
Net exposure	—	—	—	—	—	—
Value adjustments to gross exposure	—	—	—	—	—	—
Value adjustments to portfolio	X	X	X	X	X	X
B.2 Potential problem						
Net exposure	—	—	—	—	—	209
Value adjustments to gross exposure	—	—	—	—	—	—
Value adjustments to portfolio	X	X	X	X	X	X
B.3 Other impaired assets						
Net exposure	—	—	—	—	7,973	55
Value adjustments to gross exposure	—	—	—	—	(534)	—
Value adjustments to portfolio	X	X	X	X	X	X
B.4 Other exposures						
Net exposure	2,273,038	2,452	7,404,598	152,568	7,367,177	1,148,433
Value adjustments to gross exposure	X	X	X	X	X	X
Value adjustments to portfolio	—	—	(2,397)	—	(10,832)	—
Total B						
Net exposure	2,273,038	2,452	7,404,598	152,568	7,375,150	1,148,697
Value adjustments to gross exposure	—	—	—	—	(534)	—
Value adjustments to portfolio	—	—	(2,397)	—	(10,832)	—
Total at 30/6/13						
Net exposure	13,941,304	156,321	14,398,302	2,701,701	22,573,247	16,114,189
Value adjustments to gross exposure	—	(29)	(22,967)	—	(224,428)	(482,891)
Value adjustments to portfolio	(3,590)	(3,197)	(36,875)	(4,759)	(226,858)	(39,982)
Total at 30/6/12						
	14,057,944	181,400	13,952,230	3,066,431	26,773,352	17,557,532

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

Exposure/geographical areas	Italy		Other European countries		United States		Asia		Rest of world	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A) Cash exposures										
A.1 Non-performing	247,525	(311,058)	8,952	(23,801)	5,000	(1,212)	—	—	1,267	(2,225)
A.2 Potential problem	283,516	(203,722)	14,417	(29,320)	905	(735)	—	—	—	—
A.3 Restructured	176,704	(45,882)	60,075	(37,940)	25	—	—	—	—	—
A.4 Overdue	179,428	(64,213)	11,608	(9,673)	282	—	—	—	514	—
A.5 Other exposures	38,866,146	(248,879)	10,179,025	(51,534)	1,266,119	(1,440)	8,992	(11)	218,061	(166)
Total A	39,753,319	(873,754)	10,274,077	(152,268)	1,272,331	(3,387)	8,992	(11)	219,842	(2,391)
B) Off-balance-sheet exposures										
B.1 Non-performing	—	—	—	—	—	—	—	—	—	—
B.2 Potential problem	209	—	—	—	—	—	—	—	—	—
B.3 Other impaired assets	5,400	(155)	2,628	(379)	—	—	—	—	—	—
B.4 Other exposures	8,956,029	(6,014)	9,085,552	(5,887)	291,511	(1,328)	400	—	14,774	—
Total B	8,961,638	(6,169)	9,088,180	(6,266)	291,511	(1,328)	400	—	14,774	—
Total at 30/6/13	48,714,957	(879,923)	19,362,257	(158,534)	1,563,842	(4,715)	9,392	(11)	234,616	(2,391)
Total at 30/6/12	56,159,764	(664,996)	17,124,556	(212,516)	1,758,396	(7,248)	195,521	(48)	350,652	(3,750)

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

Exposure/geographical areas	Italy		Other European countries		United States		Asia		Rest of world	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A) Cash exposures										
A.1 Non-performing	—	—	—	—	—	—	—	—	—	—
A.2 Potential problem	—	—	—	—	—	—	—	—	—	—
A.3 Restructured	—	—	—	—	—	—	—	—	—	—
A.4 Overdue	—	—	—	—	—	—	—	—	—	—
A.5 Other exposures	3,637,617	(349)	3,323,327	(35,970)	160,120	—	24,522	(763)	47,358	—
Total A	3,637,617	(349)	3,323,327	(35,970)	160,120	—	24,522	(763)	47,358	—
B) Off-balance-sheet exposures										
B.1 Non-performing	—	—	—	—	—	—	—	—	—	—
B.2 Potential problem	—	—	—	—	—	—	—	—	—	—
B.3 Other impaired assets	—	—	—	—	—	—	—	—	—	—
B.4 Other exposures ¹	2,302,759	—	56,585,084	—	487,546	—	—	—	—	—
Total B	2,302,759	—	56,585,084	—	487,546	—	—	—	—	—
Total at 30/6/13	5,940,376	(349)	59,908,411	(35,970)	647,666	—	24,522	(763)	47,358	—
Total at 30/6/12	5,723,040	(604)	102,368,952	(5,281)	3,371,213	—	41,888	(825)	104,172	—

¹ The balance as at 30/6/13 includes €41,113,241,000 (30/6/12: €72,496,733,000) in deals matched 100% by hedge buys.

B.4a Credit risk indicators

	30/6/13	30/6/12
a) Gross NPLs/total loans	1.30%	0.95%
b) Irregular items/cash exposures	3.22%	2.47%
c) Net NPLs/regulatory capital	3.22%	3.10%

B.4b Large risks

	30/6/13	30/6/12
a) Book value	12,043,542	12,579,265
b) Weighted value	10,869,923	12,364,283
c) No. of exposures	8	9
d) Large risks/regulatory capital	1.5	1.6

Leveraged finance transactions

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

As at 30 June 2013, commitments to deals of this nature amounted to €1,239.7m, down significantly on the figure reported one year previously (€2,023.9m). Such deals represented less than 8% of the corporate portfolio, around 40% of which in relation to domestic transactions, one deal with a US client, and the remainder deals within the confines of the Eurozone. Movements during the period under review involved repayments totalling €1,147m, with a total of nine deals being wound up, against increases of €362.8m (virtually all of which in respect of five new transactions).

C. Securitizations and asset disposals

C.1 Securitizations

Qualitative information

The Group's portfolio of securities deriving from securitizations by other issuers declined from €326.7m at the same time last year to €272.8m, after disposals and repayments totalling €72.3m (generating gains of €4.6m), acquisitions of €11.9m (collateralized loan obligations with investment-grade ratings held as part of the trading portfolio), upward adjustments to reflect fair value totalling €1.4m (€0.6m of which taken to net equity), and €0.6m in adjustments to reflect amortized cost. During the period under review trading involving a total of €42.2m took place, generating a profit of €0.6m.

Two-thirds of the portfolio valuations are made based on prices supplied by the leading financial information providers, i.e. Reuters, Bloomberg and Mark-it; the remainder, virtually all of which is held as part of the banking book, has been valued using fair value models, mostly provided by a leading rating agency. The implicit losses on the fixed portfolio fell from €42.4m to €38.6m.

Over 90% of the portfolio consists of senior-ranking securities, and has a rating commensurate with securities of high credit standing issued by at least one of the leading agencies (Standard & Poors, Moody's e Fitch). The only positions which are unrated involve deals where Mediobanca has played an active role in the securitization process, e.g. as sponsor, manager, etc. Half of the portfolio is eligible for refinancing transactions with the European Central Bank.

Mediobanca does not have on its books, and indeed never has had, any credit exposures backed by US subprime or Alt-A mortgages; the only credit default swap position it has, with MBIA (Municipal Bond Insurance Association) for a nominal amount of \$10m, has recently been closed at a small gain.

The ABS market, like those for other credit products, benefited from a widespread increase in prices due to expectations of less restrictive regulations on capital absorption with the advent of Basel II/Solvency 2, and improved conditions of acceptance as collateral for transactions with the European Central Bank. An upturn in issuance is therefore likely, with significant benefits for

yields as well. The Group's portfolio remains concentrated on domestic stocks with property assets as underlying instrument (mortgage receivables and state-owned properties); while the other deals involve CLOs, synthetic securities (Entasi and ELM) and other European (UK and German) mortgage receivables; in particular:

- Italian mortgage loans: these are now treated as covered bonds, given their secured nature. Even those with domestic underlying assets show declining yields in accordance with the repayment schemes, even with slightly increasing delinquency and default rates due to the still challenging economic conditions; S&P's downgrade of the republic of Italy has impacted the ratings of the individual issues without, however, affecting their performance. The UK and German markets continue to show signs of improvement, with the fall in interest rates facilitating affordability for borrowers;
- Italian state-owned and commercial properties: this sector performed unevenly linked to the sticky property market and tensions over issuers' credit risk (in particular the republic of Italy and Telecom Italia).

Quantitative information

C.1.1 Banking Group – exposures deriving from securitizations by underlying asset

Type of underlying asset/ exposures	Cash exposure ¹					
	Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A) Using own underlying assets	—	—	—	—	—	—
a) Impaired	—	—	—	—	—	—
b) Other	—	—	—	—	—	—
B) Using customers' underlying assets	243,669	243,669	24,470	24,470	4,709	4,709
a) Impaired	72,572	72,572	—	—	—	—
b) Other	171,097	171,097	24,470	24,470	4,709	4,709

¹ No off-balance-sheet exposure.

*C.1.3 Banking Group – exposures deriving from main customer securitizations by asset type/
exposure*

Type of securitized asset/exposure	Cash exposures ¹					
	Senior		Mezzanine		Junior	
	Book value	Writedowns/ writebacks	Book value	Writedowns/ writebacks	Book value	Writedowns/ writebacks
A. Mortgage loans on Italian properties						
A.1 Fip Fund-23 A2 FRN IT0003872774	94,418	—	—	—	—	—
A.2 Velah 4 A2 IT0004102007	26,806	—	—	—	—	—
A.3 Zeus F07-25 A FRN IT0004306186	18,858	—	—	—	—	—
A.4 Imser21(ST18) 5.830 IT0003382972	—	—	18,192	—	—	—
A.5 Bp mortg-43 A2 ind IT0004215320	5,793	264	—	—	—	—
A.6 E-mac XS0475282322	5,668	4	—	—	—	—
A.7 Casaforte srl 30/06 IT0004644677	—	—	—	—	2,403	—
A.8 Other	4,833	70	6,278	713	2,306	317
TOTAL MORTGAGE LOANS ON PROPERTIES	156,376	338	24,470	713	4,709	317
B. Other receivables						
B.1 Entasi 16/08/16 IT0003142996	53,714	—	—	—	—	—
B.2 Elm BB.V. FL XS0247902587	22,499	—	—	—	—	—
B.3 EELF2006-1A1 MTC XS0244738646	7,487	—	—	—	—	—
B.4 Other	3,593	7	—	—	—	—
TOTAL OTHER RECEIVABLES	87,293	7	—	—	—	—
Total as at 30/6/13	243,669	345	24,470	713	4,709	317
Total as at 30/6/12	297,297	(3,056)	24,778	(1,550)	4,596	(505)

¹ No off-balance-sheet exposure.

C.1.4 Banking Group – exposures to securitizations by asset/portfolio type

Exposure/portfolio	Held for trading	Recognized at fair value	Available for sale	Held to maturity	Loans and advances	30/6/13	30/6/12
1. Cash exposures	26,775	—	11,586	40,691	193,796	272,848	326,671
- Senior	18,191	—	9,183	22,499	193,796	243,669	297,297
- Mezzanine	6,278	—	—	18,192	—	24,470	24,778
- Junior	2,306	—	2,403	—	—	4,709	4,596
2. Off-balance-sheet exposures	—	—	—	—	—	—	—
- Senior	—	—	—	—	—	—	—
- Mezzanine	—	—	—	—	—	—	—
- Junior	—	—	—	—	—	—	—

C.1.5 Banking Group – total amount of securitized assets underlying junior securities or other forms of financing

Assets/amounts	Traditional securitizations	Synthetic securitizations
A. Own underlying assets:		
A.1 Fully derecognized	—	X
1. Non-performing	—	X
2. Potential problem	—	X
3. Restructured	—	X
4. Overdue	—	X
5. Other assets	—	X
A.2 Partly derecognized	—	X
1. Non-performing	—	X
2. Potential problem	—	X
3. Restructured	—	X
4. Overdue	—	X
5. Other assets	—	—
A.3 Not derecognized	—	—
1. Non-performing	—	—
2. Potential problem	—	—
3. Restructured	—	—
4. Overdue	—	—
5. Other assets	—	—
B. Customer underlying assets:		
B.1 Non-performing	—	—
B.2 Potential problem	—	—
B.3 Restructured	—	—
B.4 Overdue	—	—
B.5 Other assets	3,357	—

C.1.6 Banking Group – Interests in vehicle companies

Name	Head office	% shareholding
Quarzo S.r.l.	Milan	90%
Quarzo Lease S.r.l.	Milan	90%

C.1.7 Banking Group: servicing – collecting securitized receivables and redeeming securities issued by vehicle companies

Servicer	Vehicle company	Securitized assets 30/6/13		Receivables collected during the year		Percentage share of securities repaid 30/6/13					
		Impaired	Performing	Impaired	Performing	Senior		Mezzanine		Junior	
						Impaired assets	Performing assets	Impaired assets	Performing assets	Impaired assets	Performing assets
SelmaBPM Leasing	Quarzo Lease	15,317	296,424	2,533	104,405	—	20	—	—	—	—
SelmaBPM Leasing	Quarzo Lease	19,761	248,385	4,892	105,726	—	49	—	—	—	—
SelmaBPM Leasing	Quarzo Lease	14,378	288,624	3,020	101,904	—	—	—	—	—	—
Compass	Jump	—	—	5,051	112,308	—	100	—	100	77	23
Compass	Jump	—	—	40,100	2,048,943	—	100	—	—	9	91
Compass	Quarzo	5,071	3,583,997	—	188,875	—	—	—	—	—	—

C.1.8 Banking Group – SPVs owned

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

This special purpose vehicle company currently has three securitizations outstanding, all with SelmaBipiemme receivables as the underlying instruments, with the junior tranches underwritten by SelmaBipiemme itself and the senior tranches by the EIB:

- the first involved the issue of 350 million senior securities and 36.9 million junior securities against €386.9m in performing receivables; the securitization was completed on 25 July 2007, and the repayment phase commenced on 25 April 2013 (during the current year a further €39m in receivables were sold); at 30 June 2013 the senior securities amounted to €280.4m, against leases sold totalling €316.3m;
- the second deal involved the issue of 350 million senior securities and 100 million junior securities, against performing leases worth €450m; the repayment phase commenced in July 2012, and at 30 June 2013 the senior securities amounted to €177.2m, against leases sold totalling €276m;
- the third deal involved the issue of 202 million senior and 123.1 million junior securities, against performing leases worth €325m; the securitization was completed on 18 July 2011, and the repayment phase will commence on 25 August 2014 (during the current financial year a further €93m in receivables were sold); at 30 June 2013 the amount outstanding on the leases sold was €307.1m.

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

2007 securitization:

Amounts collected on behalf of Quarzo Lease	€ 121 m
Servicing fee	€ 0.07 m
Interest accruing on junior	€ 10.27 m

May 2009 securitization:

Amounts collected on behalf of Quarzo Lease	€ 124 m
Servicing fee	€ 0.08 m
Interest accruing on junior	€ 7.13 m

July 2011 securitization:

Amounts collected on behalf of Quarzo Lease	€ 120 m
Servicing fee	€ 0.07 m
Interest accruing on junior	€ 8.95 m

Quarzo S.r.l. (Compass)

In May 2013, following the start of the repayment phase, the two securitizations which Compass had outstanding were closed; at the same time, a new securitization of performing consumer credit receivables was structured.

The new deal was completed in May, with the non-recourse disposal of an initial portfolio of performing receivables worth approx. €3,500m to Quarzo S.r.l., and consists of a senior issue in an amount of €2,960m fully subscribed for by Mediobanca S.p.A., and junior securities worth €540m subscribed for by Compass; the securitization involves monthly revolving periods which began in July 2013 and will continue until December 2015.

Accounts between Compass and vehicle company Quarzo, taking in to account the transactions described above, were as follows:

Collections on behalf of Quarzo:	€ 1,242.1m
Servicing fees collected:	€ 10.5m
Interest accruing on class B notes:	€ 15.0m
Additional return accrued:	€ 84.8m

Jump S.r.l. (formerly Linea)

This special purpose vehicle issued two series of notes against two disposals of performing receivables by Linea:

- the first deal (launched in April 2005) involved class A securities worth €526.8m, class B securities worth €40.1m, and junior notes worth €5.7m;
- the second deal (launched in October 2006) involved class A securities worth €368.6m, class B securities worth €30.6m, and junior notes worth €0.8m, subscribed for by Linea and maturing on 27 April 2026.

On 29 October 2012, as permitted by the general regulations on securities, Jump exercised its right of early redemption for all securities issued.

Subsequently the originator Compass S.p.A., as approved by its own Board of Directors at a meeting held on 12 September 2012, exercised its option to buy back all receivables sold and not yet collected. On 28 January 2013, Jump therefore proceeded to pay back the notes in full and to pay both interest accrued and all charges/costs connected with the securitization, which was closed definitively.

Accounts between Linea and Jump for the year were as follows:

Amounts collected on behalf of Jump:	€ 54.3m
Servicing fee:	€ 0.308m
Interest accruing on notes subscribed for by Compass:	€ 0.131m
Additional return:	€ -m

C.2 Asset disposals

A. Financial assets sold but not derecognized

QUANTITATIVE INFORMATION

C.2.1 Banking Group – Financial assets sold but not derecognized: book value and full value

Type/portfolio	Financial assets held for trading	Financial assets at fair value through profit and loss account	AFS securities	Financial assets held to maturity	Due from banks	Due from customers	Total	
							30/6/13	30/6/12
A. Cash assets								
1. Debt securities								
a) Financial assets sold but recorded in full (book value)	179,752	—	1,460,540	145,175	—	—	1,785,467	1,641,856
2. Equities	—	—	—	X	X	X	—	—
3. UCITS units	—	—	—	X	X	X	—	—
4. Loans and advances								
a) Financial assets sold but recorded in full (book value)	—	—	—	—	—	501,452	501,452	135,662
B. Derivative products	—	X	X	X	X	X	—	—
Total at 30/6/13	179,752	—	1,460,540	145,175	—	501,452	2,286,919	X
a) Financial assets sold but recorded in full (book value)	179,752	—	1,460,540	145,175	—	501,452	2,286,919	X
- of which impaired	—	—	—	—	—	—	—	X
Total at 30/6/12	254,973	—	1,213,541	173,342	—	135,662	X	1,777,518
a) Financial assets sold but recorded in full (book value)	254,973	—	1,213,541	173,342	—	135,662	X	1,777,518
- of which impaired	—	—	—	—	—	84	X	84

C.2.2 Banking Group – financial liabilities in respect of financial assets sold but not derecognized: book value

Liabilities/asset portfolios	Financial assets held for trading	Financial assets at fair value through profit and loss account	AFS securities	Financial assets held to maturity	Due from banks	Due from customers	Total
1. Due to customers	118,737	—	573,420	107,677	—	300,952	1,100,786
a) in respect of fully recognized assets	118,737	—	573,420	107,677	—	—	799,834
b) in respect of partly recognized assets	—	—	—	—	—	300,952	300,952
2. Due to banks	36,589	—	—	3,767	971,966	135,788	1,148,110
a) in respect of fully recognized assets	36,589	—	—	3,767	971,966	135,788	1,148,110
b) in respect of partly recognized assets	—	—	—	—	—	—	—
3. Debt securities in issue	—	—	—	—	—	—	—
a) in respect of fully recognized assets	—	—	—	—	—	—	—
b) in respect of partly recognized assets	—	—	—	—	—	—	—
Total at 30/6/13	155,326	—	573,420	111,444	971,966	436,740	2,248,896
Total at 30/6/12	209,761	—	1,096,169	115,451	—	115,025	1,536,406

C.3 Banking Group – covered bond issues

No new deals were executed during the period under review. The only deal still outstanding is therefore the €1.5bn Mediobanca covered bond expiring in December 2015 and with €1.7bn in CheBanca! mortgage loans as the underlying instrument, subscribed for entirely by Mediobanca for use as collateral in transactions with the European Central Bank.

As part of ordinary activities, two further non-recourse tranches were sold during the period, in December 2012 and June 2013, consisting of a total of 2,211 mortgage loans worth an aggregate €285.8m.

This transaction forms part of a ten-year, €5bn programme in which Mediobanca acts as issuer and swap counterparty and CheBanca! sells the underlying assets to the SPV which in turn establishes them as security for the bondholders (with first-ranking, unconditional and irrevocable guarantee). When the disposal takes place, CheBanca! disburses a subordinated loan to the SPV, thus ensuring it has sufficient funds to acquire the assets. The amount of the subordinated loan granted by CheBanca! to the SPV is usually higher than the amount of the covered bond issued, to ensure the SPV has the

means to acquire enough assets to meet the over-collateralization requirement often set by ratings agencies or to set up cash reserves. CheBanca! also acts as servicer on the transaction. For each covered bond issue, Mediobanca assesses, in view of the Group's liquidity situation, whether or not to credit the proceeds back to CheBanca! in the form of an intercompany loan.

To implement the programme, Mediobanca has retained an auditor to act as independent asset monitor, carrying out controls to ensure the deal is regular and to check the integrity of the guarantee issued by the SPV to the bondholders. As required by the regulations, to ensure the programme is implemented properly, the objectives of the deal and related risks were identified and assessed beforehand, allowing the appropriate control procedures to be developed.

1.2 BANKING GROUP – MARKET RISK

1.2.1 INTEREST RATE RISK AND PRICE RISK – TRADING BOOK

QUALITATIVE INFORMATION

The market risks facing the Group are concentrated at the Mediobanca S.p.A. level, apart from a marginal exposure at the level of CMB, and are measured via calculation of the so-called value at risk.

Mediobanca monitors interest rate risk on its trading book on a daily basis, by calculating two main indicators:

- sensitivity to 1 basis-point changes in the interest rate curve;
- the share of the value-at-risk¹ linked to interest rates as part of the global measurement of market risks.

Such analysis regards not just the trading book but the Bank's entire asset structure, i.e. banking book as well, and is not limited to the measurement of risks deriving from changes in market interest rates but factors in exposures to loan spreads as well.

In order to regulate the various business units' operations, limits have been introduced on sensitivities (known as the "Greeks") to movements of different factors (1 basis point for interest rates and loan spreads, 1 percentage points for shares, exchange rates and volatility).

VaR is still calculated based on expected volatility and the correlation between risk factors concerned, assuming a disposal period of a single trading day and based on a 99% confidence level. The indicator used to check the limits is calculated by using Monte Carlo simulations, along with historical simulations for indicative purposes². This measurement is also used to calculate the expected shortfall, which measures average loss in 1% of the most unfavourable scenarios.

In addition to these indicators, stress tests are also carried out weekly on the main risk factors, to show the impact which significant movements in the main market data (such as share prices and interest or exchange rates) might have, calibrated on the basis of the most pronounced historical oscillations.

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

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

Despite the many sources of instability which continue to affect both the international and domestic markets, the fact that the ten-year BTP-*Bund* spread remained between 250 and 300 basis points, along with the recovery in stock market prices, led to a reduction in risk levels.

The aggregate VaR reading, which includes available-for-sale assets, recorded a low of €30.3m at the start of May 2013, climbing to €46.7m at end-June, in addition to the increase in volatility in part due to the transfer of some of the equity investments to the AFS portfolio. The average reading for the year was thus €53.5m, significantly lower than the €77.7m reported the previous financial year.

Interest rates in particular showed an average reading of €45.5m, down 25% on last year, with a low of €24m in December 2012 due to the reduction in the diversification effect between the generic risk (which includes government risk) and the specific risk component. The latter in particular halved as a result of the sharp drop in volatility on corporate paper. The contribution from share prices fell by over 50% (from €21.3m), with a low of €6.2m. The exchange rate component also declined significantly, with the average VaR reading declining from €3.8m to €2.4m, bearing out the strategic decision to reduce exposure to this risk. The volatility component was also down, despite an increase in options trading which caused the exposure to this risk to rise in the final months of the financial year. VaR linked to inflation bucked the general trend, albeit while remaining at low levels, due to increased activity on such markets.

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

Risk factors (€'000)	12 mths to 30/6/13				12 mths to 30/6/12
	28/6	Min.	Max.	Avg.	Avg.
Interest rates	39,340	24,000	111,286	45,515	60,038
- of which: specific risk	16,107	8,567	29,817	16,125	33,879
Share prices	13,889	6,221	18,218	10,384	21,293
Exchange rates	1,561	360	9,082	2,393	3,816
Inflation	1,938	439	3,618	1,262	942
Volatility	3,879	1,511	5,431	3,113	4,334
<i>Diversification effect*</i>	<i>(13,916)</i>	<i>(2,385)</i>	<i>(26,060)</i>	<i>(9,143)</i>	<i>(12,697)</i>
TOTAL	46,690	30,298	124,947	53,524	77,739
Expected shortfall	108,550	94,153	128,147	110,788	108,962

* Due to mismatch between risk factors.

The expected shortfall remained at the levels seen last year (€109m), as a result of the high weight of exposure to the Italy country risk (in particular due to the number of government bonds in the AFS portfolio), the stress scenario for which continues to be based on the 2011 sovereign debt crisis.

The value-at-risk for the trading book showed a similar reduction to that seen for the aggregate figure, although there were differences: the lower weight of the debt security component drove a reduction of 50% in the total VaR, from €17.4m to €8.9m, with a low of €3.6m recorded in mid-March. Here too, the main contribution came from the interest rate component, in particular the specific risk on positions in corporate and financial bonds (the average reading for which fell from €13.2m to €4.9m), due to the limited presence of Italian government securities. The share price component performed more unevenly: some new positions generated an increase in VaR in the first months of the year, while their gradual reduction drove the decline to a low of €1.6m in mid-May; whereas the recovery in stock markets and trading caused a new increase in the final weeks of the year (to around €4m). The trend in volatility was not dissimilar, declining at the start of 2013 and then rising again in the last months on account of the increased market activity.

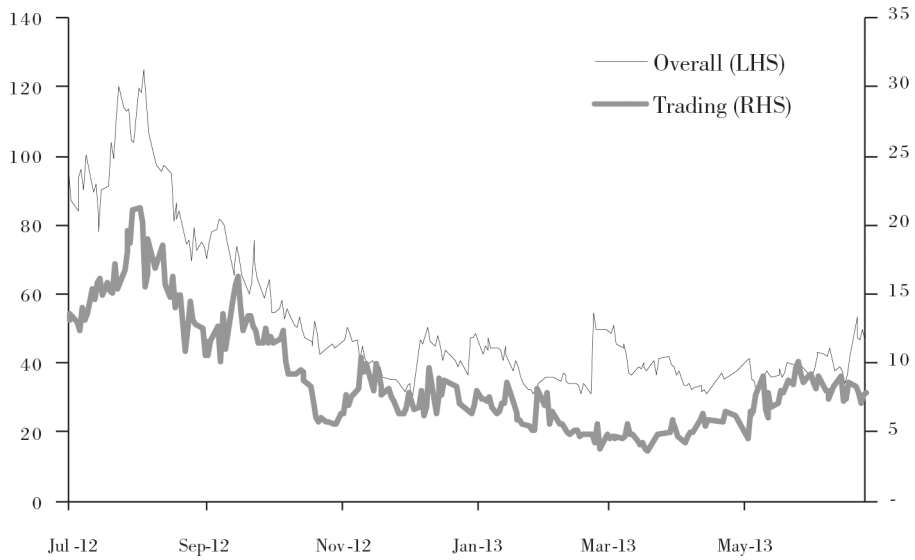
Table 2: Value at risk and expected shortfall: trading book

Risk factors (€'000)	12 mths to 30/6/13				12 mths to 30/6/12
	28/6	Min.	Max.	Avg.	Avg.
Interest rates	3,610	2,543	20,681	6,484	14,780
- of which: specific risk	2,581	1,298	8,574	3,865	13,184
Share prices	3,150	1,660	8,576	3,869	4,561
Exchange rates	3,123	659	11,315	3,716	4,240
Inflation	227	200	2,335	1,030	1,209
Volatility	4,496	1,595	5,431	3,255	4,289
<i>Diversification effect*</i>	<i>(7,990)</i>	<i>(3,139)</i>	<i>(20,401)</i>	<i>(9,475)</i>	<i>(11,664)</i>
TOTAL	6,616	3,603	21,241	8,878	17,415
Expected Shortfall	15,195	6,698	19,497	11,952	25,499

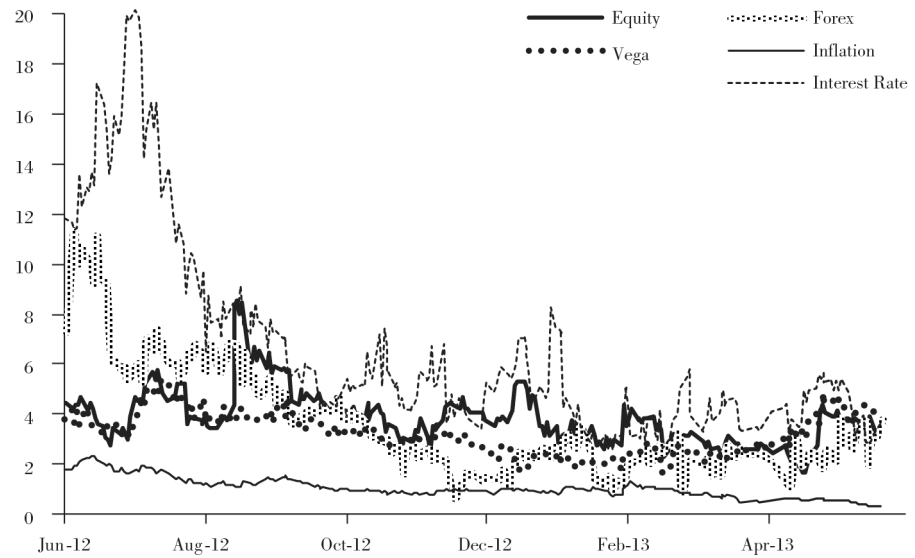
* Due to mismatches between risk factors.

Unlike for the aggregate portfolio, where the weight of Italian government securities caused the expected shortfall to remain largely unchanged, the reading for the trading book reflects an even sharper reduction in VaR (from €25.5m to €12m), as a result of the reduction in the risk associated with trading positions.

Trends in VaR



Trends in VaR constituents



This year too, the results of the daily back-testing based on calculations of theoretical profits and losses³ confirm the effectiveness of VaR as a measurement of risk. For the aggregate portfolio including the AFS positions, losses greater than the VaR readings were recorded on just two days (perfectly in line with the theoretical level of 1% of the readings). The same applies to the trading book, where again there were just the two breaches recorded, due to international situations (for example the Cyprus crisis in March).

Leaving aside Mediobanca S.p.A., the exposure to market risks for Group companies affects only Compagnie Monégasque de Banque, which had an average VaR reading of €356,000, up on the €209,000 recorded last year, but with an overall high of just €477,000, far lower than the figure recorded for Mediobanca.

With reference to the sensitivity of net interest income, the trading book (Mediobanca only) as at 30 June 2013 showed a gain of €35m in the event of a 100 bps rise in interest rates, and a loss of €18m in the opposite scenario (100 bps reduction).

Data at 30/6/13		(€/m)
		Trading Book
Net interest income sensitivity	+100bps	34.99
	-100bps	(17.85)
Discounted value of cash flows sensitivity	+100bps	(34.84)
	-100bps	5.30

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

QUANTITATIVE INFORMATION

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

Currency of denomination: EURO

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	462,011	999,839	634,450	727,727	1,363,280	527,212	308,051	—
1.1 Debt securities	462,011	999,839	634,450	727,727	1,363,280	527,212	308,051	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	462,011	999,839	634,450	727,727	1,363,280	527,212	308,051	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	689,192	176,421	12,501	661,421	147,572	163,621	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	689,192	176,421	12,501	661,421	147,572	163,621	—
3. Financial derivatives	584,582	128,615,665	75,806,352	38,986,186	77,520,692	23,780,516	9,009,766	—
3.1 With underlying securities	—	4,431,918	218,370	—	—	—	—	—
– Options	—	5,888	5,886	—	—	—	—	—
+ long positions	—	2,944	2,943	—	—	—	—	—
+ short positions	—	2,944	2,943	—	—	—	—	—
– Others	—	4,426,030	212,484	—	—	—	—	—
+ long positions	—	2,213,015	106,242	—	—	—	—	—
+ short positions	—	2,213,015	106,242	—	—	—	—	—
3.2 Without underlying securities	584,582	124,183,747	75,587,982	38,986,186	77,520,692	23,780,516	9,009,766	—
– Options	—	54,017,712	42,905,974	23,778,736	20,718,000	1,380,000	1,972,000	—
+ long positions	—	27,008,856	21,452,987	11,889,368	10,359,000	690,000	986,000	—
+ short positions	—	27,008,856	21,452,987	11,889,368	10,359,000	690,000	986,000	—
– Others	584,582	70,166,035	32,682,008	15,207,450	56,802,692	22,400,516	7,037,766	—
+ long positions	70,000	38,055,659	15,749,706	7,483,178	26,266,502	11,178,260	3,632,407	—
+ short positions	514,582	32,110,376	16,932,302	7,724,272	30,536,190	11,222,256	3,405,359	—

Currency of denomination: US DOLLARS

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	82,146	549	8,266	170,887	59,258	15,175	—
1.1 Debt securities	—	82,146	549	8,266	170,887	59,258	15,175	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	82,146	549	8,266	170,887	59,258	15,175	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	109,300	5,806,104	2,022,866	55,707	1,688,210	2,269,281	104,784	—
3.1 With underlying securities	—	703,872	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	703,872	—	—	—	—	—	—
+ long positions	—	351,936	—	—	—	—	—	—
+ short positions	—	351,936	—	—	—	—	—	—
3.2 Without underlying securities	109,300	5,102,232	2,022,866	55,707	1,688,210	2,269,281	104,784	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	109,300	5,102,232	2,022,866	55,707	1,688,210	2,269,281	104,784	—
+ long positions	54,650	2,562,998	1,025,208	12,129	757,328	1,213,779	49,811	—
+ short positions	54,650	2,539,234	997,658	43,578	930,882	1,055,502	54,973	—

Currency of denomination: OTHER

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	47,870	5,625	36,230	—	—	—	—
1.1 Debt securities	—	47,870	5,625	36,230	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	47,870	5,625	36,230	—	—	—	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	209,986	4,202,203	217,483	638,120	6,235,565	213,874	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	209,986	4,202,203	217,483	638,120	6,235,565	213,874	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	209,986	4,202,203	217,483	638,120	6,235,565	213,874	—	—
+ long positions	104,993	2,002,999	217,483	319,060	3,112,243	106,937	—	—
+ short positions	104,993	2,199,204	—	319,060	3,123,322	106,937	—	—

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

Type of exposure/Amounts	Book value		
	Level 1	Level 2	Level 3
A. Equities ¹			
A.1 Shares	914,435	—	—
A.2 Innovative equity instruments	—	—	—
A.3 Other equity instruments	—	—	15,343
B. UCITS units			
B.1 Italian	—	—	—
- harmonized open	—	—	—
- non-harmonized open	—	—	—
- closed	—	—	—
- reserved	—	—	—
- speculative	—	—	—
B.2 Other EU states	105,187	26,328	6,947
- harmonized	104,269	—	4,969
- non-harmonized open	918	26,328	1,978
- non-harmonized closed	—	—	—
B.3 Non-EU states	—	—	—
- open	—	—	—
- closed	—	—	—
Total	1,019,622	26,328	22,290

¹ Net mismatch between trading assets and technical shortfalls booked as trading liabilities; over 96% of the net exposure regards other European countries (of which Italy 30%).

1.2.2 INTEREST RATE RISK AND PRICE RISK – BANKING BOOK

QUALITATIVE INFORMATION

The Mediobanca Group monitors and manages interest rate risk by analysing the sensitivity of net interest income and cash flow to interest rate changes. The first type of sensitivity analysis quantifies the impact of a parallel, instantaneous 100 basis point change in the interest rate curve, over a time horizon of twelve months. The second type of sensitivity is calculated by comparing the discounted value of estimated cash flows obtained with the return curve at the current date and the value obtained using a return curve increased or reduced by 100 basis points (“parallel shock”); the difference is then compared with the Group’s net equity to assess the degree of capital absorption, as required by the Bank of Italy’s supervisory provisions (circular no. 263, title III, annex C, standard methodology).

A positive, 100 basis-point shock on the discounted value of future cash flows from Mediobanca’s banking book as at 30 June 2013 would generate a €7.6m increase, evident of the balanced nature of the Bank’s asset structure. However, the effect of the parent company’s stability would be offset by the results of the Group companies under such circumstances, notably Compass (€11.1m) and in particular CheBanca!⁴ (€16.3m), which historically have both shown higher exposure to fixed interest rates. Conversely, a 100 bps reduction in interest rates would generate a loss of €22.5m at the Mediobanca S.p.A. level, offset by the gains that would be recorded by Compass and CheBanca! (€6.1m and €6.8m respectively).

A positive, 100 basis-point shock on the discounted value of future cash flows from Mediobanca’s banking book would generate a €88m increase, on account of the better distribution of durations at the asset level and a shallower interest rate curve on maturities up to two years, mitigated by the effects of the portfolios held by Compass (€29.2m) and CheBanca! (€164.2m). Conversely, a reduction in interest rates would generate a €20.4m reduction for Mediobanca, against increases for both the consumer and retail divisions, of €43.1m and €113.4m respectively. Both scenarios entail limited capital absorption for the Group, well within the limits set by the Bank of Italy.

⁴ For the purpose of this calculation, a model has been used to estimate the stickiness of direct deposits.

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

Data at 30/6/13 €/m	Banking Book			
	Mediobanca SpA	CheBanca!	Compass	
	+ 100 bps	7.61	(16.33)	(11.10)
Net interest income sensitivity	— 100 bps	(22.48)	6.79	6.10
	+ 100 bps	88.29	(164.17)	(29.19)
Discounted value of cash flows sensitivity	— 100 bps	(20.44)	113.35	43.06

At Group level, the values obtained in both scenarios continue to remain within the limits set by both the monitoring regulations and operational controls, which are respectively 7.5% (net interest income sensitivity (including trading book ⁵)/regulatory capital) and 15% (economic value sensitivity/regulatory capital).

Hedging

Hedges are intended to neutralize possible losses that may be incurred on a given asset or liability, due to the volatility of a certain financial risk factor (interest rate, exchange rate, credit or some other risk parameter), through the gains that may be realized on a hedge instrument which allow the changes in fair value or cash flows to be offset. For fair value hedges in particular, the Group seeks to minimize the financial risk on interest rates by bringing the entire interest-bearing exposure in line with Euribor (generally Euribor 3 months)⁶.

B. Fair value hedges

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

⁵ See p. 188.

⁶ This target is maintained even in the presence of hedging contracts with market counterparties with netting agreements and CSAs (collateralized standard agreements) have been entered into, the valuation of which is made on the basis of Eonia interest rates.

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

C. Cash flow hedges

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

Mediobanca S.p.A. implemented some cash flow hedges of future transaction flows during the period under review (AFS securities disposals hedged through forward contracts).

Counterparty risk

This is measured in terms of expected potential market value, thus doing away with the need to set arbitrary weightings for each type of fund employed. As far as regards derivatives and loan collateralization products (repos and securities lending), the calculation is based on determining the maximum potential exposure (assuming a 95% confidence level) at various points on a time horizon that reaches up to 30 years. The scope of application regards all groups of counterparties which have relations with Mediobanca, taking into account the existence or otherwise of netting agreements (e.g. ISDA, GMSLA or GMRA) and collateralization (e.g. CSA), plus exposures deriving from interbank market transactions. For each type of operations there are different ceilings split by counterparty and/or group.

QUANTITATIVE INFORMATION

1. Banking book by outstanding maturity (repricing date) of cash assets and liabilities - Currency of denomination: EURO

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	7,466,649	22,627,024	5,519,511	3,252,195	10,442,566	2,243,617	329,956	30,149
1.1 Debt securities	512,919	3,742,626	1,059,629	1,649,131	3,931,662	1,165,416	89,126	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	512,919	3,742,626	1,059,629	1,649,131	3,931,662	1,165,416	89,126	—
1.2 Loans to banks	2,502,112	1,472,749	434,014	16,069	96,699	640	—	1,689
1.3 Loans to customers	4,451,618	17,411,649	4,025,868	1,586,995	6,414,205	1,077,561	240,830	28,460
– current accounts	583,139	—	—	—	—	—	—	—
– other loans	3,868,479	17,411,649	4,025,868	1,586,995	6,414,205	1,077,561	240,830	28,460
– with early repayment option	944,146	2,977,085	27,466	45,889	166,513	90,877	203,938	—
– others	2,924,333	14,434,564	3,998,402	1,541,106	6,247,692	986,684	36,892	28,460
2. Cash liabilities	6,157,141	21,349,026	5,141,301	12,287,337	6,770,331	1,851,249	504,215	39,396
2.1 Due to customers	3,746,383	4,488,019	2,801,010	4,711,733	65,280	2,893	93,119	36,467
– current accounts	1,562,821	242,021	—	—	—	—	—	—
– other amounts due	2,183,562	4,245,998	2,801,010	4,711,733	65,280	2,893	93,119	36,467
– with early repayment option	—	659,644	—	—	—	—	—	—
– others	2,183,562	3,586,354	2,801,010	4,711,733	65,280	2,893	93,119	36,467
2.2 Due to banks	2,389,026	9,583,554	130,721	7,533	75,572	1,023	273,018	2,822
– current accounts	2,370,406	3	—	—	—	—	—	—
– other amounts due	18,620	9,583,551	130,721	7,533	75,572	1,023	273,018	2,822
2.3 Debt securities	21,732	7,277,453	2,209,570	7,568,071	6,629,479	1,847,333	138,078	47
– with early repayment option	—	—	—	—	—	—	—	—
– others	21,732	7,277,453	2,209,570	7,568,071	6,629,479	1,847,333	138,078	47
2.4 Other liabilities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	28,580,806	4,950,088	9,765,101	8,582,966	1,808,635	684,419	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	28,580,806	4,950,088	9,765,101	8,582,966	1,808,635	684,419	—
– Options	—	—	—	—	—	—	516,794	—
+ long positions	—	—	—	—	—	—	258,397	—
+ short positions	—	—	—	—	—	—	258,397	—
– Others	—	28,580,806	4,950,088	9,765,101	8,582,966	1,808,635	167,625	—
+ long positions	—	7,737,133	1,748,100	9,615,251	6,166,866	1,492,635	167,625	—
+ short positions	—	20,843,673	3,201,988	149,850	2,416,100	316,000	—	—
4. Other OTC trades	6,230,265	8,789,927	940,512	541,954	4,413,980	1,620,456	1,423,466	—
+ long positions	1,929,788	6,098,619	514,262	400,206	1,715,153	666,554	655,698	—
+ short positions	4,300,477	2,691,308	426,250	141,748	2,698,827	953,902	767,768	—

Currency of denomination: US DOLLARS

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	165,311	769,192	74,970	8,476	21,412	15,611	323	—
1.1 Debt securities	—	58,487	161	26	19,786	15,611	102	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	58,487	161	26	19,786	15,611	102	—
1.2 Loans to banks	146,880	58,608	—	270	1,626	—	—	—
1.3 Loans to customers	18,431	652,097	74,809	8,180	—	—	221	—
– current accounts	26	—	—	—	—	—	—	—
– other loans	18,405	652,097	74,809	8,180	—	—	221	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	18,405	652,097	74,809	8,180	—	—	221	—
2. Cash liabilities	374,738	296,984	33,956	17,306	15,847	—	—	7
2.1 Due to customers	282,456	116,180	9,264	5,256	—	—	—	7
– current accounts	282,456	34,316	—	—	—	—	—	—
– other amounts due	—	81,864	9,264	5,256	—	—	—	7
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	81,864	9,264	5,256	—	—	—	7
2.2 Due to banks	92,278	312	—	—	—	—	—	—
– current accounts	92,277	—	—	—	—	—	—	—
– other amounts due	1	312	—	—	—	—	—	—
2.3 Debt securities	4	180,492	24,692	12,050	15,847	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	4	180,492	24,692	12,050	15,847	—	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	20,182	—	12,538	—	—	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	20,182	—	12,538	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	20,182	—	12,538	—	—	—	—
+ long positions	—	3,822	—	12,538	—	—	—	—
+ short positions	—	16,360	—	—	—	—	—	—
4. Other OTC trades	221,349	—	77,305	—	144,043	—	—	—
+ long positions	—	—	77,305	—	144,043	—	—	—
+ short positions	221,349	—	—	—	—	—	—	—

Currency of denomination: OTHER

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	116,990	335,755	495	—	798	—	360	—
1.1 Debt securities	—	17,533	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	17,533	—	—	—	—	—	—
1.2 Loans to banks	45,522	41,950	—	—	—	—	—	—
1.3 Loans to customers	71,468	276,272	495	—	798	—	360	—
– current accounts	13	—	—	—	—	—	—	—
– other loans	71,455	276,272	495	—	798	—	360	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	71,455	276,272	495	—	798	—	360	—
2. Cash liabilities	134,262	36,417	33,936	25,185	210,596	—	—	2,113
2.1 Due to customers	132,565	33,116	5,180	7,501	—	—	—	2,113
– current accounts	132,140	1,450	—	—	—	—	—	—
– other amounts due	425	31,666	5,180	7,501	—	—	—	2,113
– with early repayment option	—	—	—	—	—	—	—	—
– others	425	31,666	5,180	7,501	—	—	—	2,113
2.2 Due to banks	1,697	3,301	—	—	—	—	—	—
– current accounts	1,697	—	—	—	—	—	—	—
– other amounts due	—	3,301	—	—	—	—	—	—
2.3 Debt securities	—	—	28,756	17,684	210,596	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	28,756	17,684	210,596	—	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	324,185	116,659	—	207,526	—	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	324,185	116,659	—	207,526	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	324,185	116,659	—	207,526	—	—	—
+ long positions	—	—	116,659	—	207,526	—	—	—
+ short positions	—	324,185	—	—	—	—	—	—
4. Other OTC trades	325,689	108,597	—	—	187,928	29,165	—	—
+ long positions	—	108,597	—	—	187,928	29,165	—	—
+ short positions	325,689	—	—	—	—	—	—	—

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

Type of exposure/Amounts	Book value		
	Level 1	Level 2	Level 3
A. Equities ¹			
A.1 Shares	650,672	643	526,956
A.2 Innovative equity instruments	—	—	—
A.3 Other equity instruments	—	—	226,544
B. UCITS units			
B.1 Italian	—	—	93,482
- harmonized open	—	—	—
- non-harmonized open	—	—	—
- closed	—	—	82,939
- reserved	—	—	4,741
- speculative	—	—	5,802
B.2 Other EU states	366	10,670	3,790
- harmonized	366	—	3,790
- non-harmonized open	—	10,670	—
- non-harmonized closed	—	—	—
B.3 Non-EU states	—	—	9,439
- open	—	—	1,338
- closed	—	—	8,101
Total	651,038	11,313	860,211

¹ Of which 90% Italian.

1.2.3 EXCHANGE RATE RISK

QUALITATIVE INFORMATION

A. General aspects, operating processes and measurement techniques

B. Hedging activity

Risks deriving from movements in exchange rates for all the Bank's positions (trading and banking books), are managed by the Financial Markets division. The degree of risk in this area is thus effectively represented by the respective VaR component as shown on p. 188.

Compared to last year, the initial presence of directional positions on exchange rates held for macro-hedging purposes in respect of the other positions in the portfolio, drove the VaR on exchange rates to over €9m. Thereafter, the gradual but continuous reduction of such positions reduced the overall risk to a low of some €400,000, recorded in mid-March 2013, and a reading at the reporting date of €1.6m. The average VaR for the period was €2.4m, down sharply on the €3.8m reading recorded in 2011-2012.

QUANTITATIVE INFORMATION

1. Assets, liabilities and derivatives by currency

Line items	Currency				
	US dollars	Pounds sterling	Japanese yen	Swiss francs	Other
A. Financial assets	1,431,771	369,439	12,568	119,934	78,548
A.1 Debt securities	467,803	39,819	8,537	38,461	44,585
A.2 Equities	84,235	3,116	—	27,654	1,309
A.3 Loans and advances to banks	143,633	23,530	990	43,272	16,707
A.4 Loans and advances to customers	734,122	302,974	3,041	10,547	15,947
A.5 Other financial assets	1,978	—	—	—	—
B. Other assets	—	—	—	—	—
C. Financial liabilities	(708,590)	(287,936)	(3,458)	(89,819)	(69,818)
C.1 Due to banks	(15,545)	(69)	(3,246)	(48)	(1,538)
C.2 Due to customers	(443,518)	(63,085)	(212)	(78,898)	(38,460)
C.3 Debt securities	(249,527)	(224,782)	—	(10,873)	(29,820)
C.4 Other financial liabilities	—	—	—	—	—
D. Other liabilities	—	—	—	—	—
E. Financial derivative products	(594,015)	(54,575)	(45,006)	(44,690)	57,969
- Options	—	—	—	—	—
+ Long positions	—	—	—	—	—
+ Short positions	—	—	—	—	—
- Other derivatives	(594,015)	(54,575)	(45,006)	(44,690)	57,969
+ Long positions	972,813	720,658	70,177	373,684	587,562
+ Short positions	(1,566,828)	(775,233)	(115,183)	(418,374)	(529,593)
Total assets	2,404,584	1,090,097	82,745	493,618	666,110
Total liabilities	(2,275,418)	(1,063,169)	(118,641)	(508,193)	(599,411)
Difference (+/-)	129,166	26,928	(35,896)	(14,575)	66,699

1.2.4 FINANCIAL DERIVATIVE PRODUCTS

A. FINANCIAL DERIVATIVES

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

Type of transaction	30/6/13		30/6/12	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	111,360,707	68,684,370	109,668,791	13,473,584
a) Options	5,887	56,849,325	—	4,225,500
b) Swaps	97,089,820	—	99,892,289	—
c) Forwards	—	—	—	—
d) Futures	—	11,835,045	—	9,248,084
e) Others	14,265,000	—	9,776,502	—
2. Equities and share indexes	27,901,604	29,840,092	43,946,742	31,844,057
a) Options	26,525,407	29,694,729	40,775,779	31,649,118
b) Swaps	1,376,197	—	3,170,842	—
c) Forwards	—	—	121	—
d) Futures	—	145,363	—	194,939
e) Others	—	—	—	—
3. Exchange rates and gold	8,993,545	—	9,522,300	132
a) Options	1,271,886	—	59,161	—
b) Swaps	1,881,230	—	1,498,372	—
c) Forwards	5,840,429	—	7,964,767	—
d) Futures	—	—	—	132
e) Others	—	—	—	—
4. Commodities	—	—	—	1,264
5. Other assets	—	—	—	—
Total	148,255,856	98,524,462	163,137,833	45,319,037
Average values	158,568,866	71,921,750	163,236,379	53,094,119

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

A.2.1 Hedge derivatives

Type of transaction	30/6/13		30/6/12	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	27,511,264	—	30,998,853	—
a) Options	—	—	—	—
b) Swaps	27,252,867	—	30,807,897	—
c) Forwards	—	—	10,956	—
d) Futures	—	—	—	—
e) Others	258,397	—	180,000	—
2. Equities and share indexes	2,436	—	2,560	—
a) Options	59	—	183	—
b) Swaps	—	—	—	—
c) Forwards	2,377	—	2,377	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Exchange rates and gold	15,289	—	33,539	—
a) Options	—	—	—	—
b) Swaps	15,289	—	33,539	—
c) Forwards	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other assets	—	—	—	—
Total	27,528,989	—	31,034,952	—
Average values	29,702,791	—	32,744,916	—

A.2.2 Other derivatives

Type of transaction	30/6/13		30/6/12	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	537,251	—	12,251	—
a) Options	—	—	—	—
b) Swaps	537,251	—	12,251	—
c) Forwards	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
2. Equities and share indexes	6,723,608	—	8,240,895	—
a) Options	6,723,608	—	8,240,895	—
b) Swaps	—	—	—	—
c) Forwards	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Exchange rates and gold	2,302	—	10,613	—
a) Options	—	—	10,613	—
b) Swaps	2,302	—	—	—
c) Forwards	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other assets	—	—	—	—
Total	7,263,161	—	8,263,759	—
Average values	7,631,974	—	8,783,947	—

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

Type of transactions	Positive fair value			
	30/6/13		30/6/12	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading book	4,320,377	867,425	4,412,338	1,096,518
a) Options	1,315,270	853,684	1,302,514	1,082,876
b) Interest rate swaps	2,778,379	—	2,939,169	—
c) Cross currency swaps	59,329	—	52,725	—
d) Equity swaps	63,358	—	41,738	—
e) Forwards	104,041	—	76,192	—
f) Futures	—	13,741	—	13,642
g) Others	—	—	—	—
B. Banking book: hedge derivatives	1,298,768	—	1,735,298	—
a) Options	—	—	—	—
b) Interest rate swaps	1,129,576	—	1,586,718	—
c) Cross currency swaps	1,373	—	1,619	—
d) Equity swaps	—	—	—	—
e) Forwards	—	—	—	—
f) Futures	—	—	—	—
g) Others	167,819	—	146,961	—
C. Banking book: other derivatives	144,996	—	131,863	—
a) Options	130,763	—	127,912	—
b) Interest rate swaps	14,233	—	3,951	—
c) Cross currency swaps	—	—	—	—
d) Equity swaps	—	—	—	—
e) Forwards	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
Total	5,764,141	867,425	6,279,499	1,096,518

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

Type of transaction	Negative fair value			
	30/6/13		30/6/12	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading book	(4,414,620)	(968,447)	(5,136,695)	(1,044,228)
a) Options	(1,150,278)	(958,955)	(1,408,537)	(1,025,783)
b) Interest rate swaps	(2,955,097)	—	(3,273,728)	—
c) Cross currency swaps	(57,235)	—	(108,589)	—
d) Equity swaps	(147,017)	—	(264,259)	—
e) Forwards	(104,993)	—	(81,582)	—
f) Futures	—	(9,492)	—	(18,445)
g) Others	—	—	—	—
B. Banking book: hedge derivatives	(503,207)	(1)	(507,544)	—
a) Options	(167,843)	—	(147,056)	—
b) Interest rate swaps	(335,211)	—	(357,861)	—
c) Cross currency swaps	(150)	—	(2,526)	—
d) Equity swaps	—	—	—	—
e) Forwards	(3)	(1)	(101)	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
C. Banking book: other derivatives	(177,176)	—	(119,069)	—
a) Options	(171,230)	—	(119,069)	—
b) Interest rate swaps	(5,946)	—	—	—
c) Cross currency swaps	—	—	—	—
d) Equity swaps	—	—	—	—
e) Forwards	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
Total	(5,095,003)	(968,448)	(5,763,308)	(1,044,228)

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

Contracts not forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional value	—	—	855,965	2,140,825	—	6,784,966	—
- positive fair value	—	—	40,231	70,412	—	201,212	—
- negative fair value	—	—	(9,252)	(19,389)	—	(290,611)	—
- future exposure	—	—	9,415	9,851	—	52,332	—
2. Equities and share indexes							
- notional value	—	—	18,721	646,782	35,513	543,827	6,009
- positive fair value	—	—	232	45,758	—	42,395	—
- negative fair value	—	—	—	(79,474)	—	(47,052)	(128)
- future exposure	—	—	1,150	38,807	3,551	36,417	—
3. Exchange rates and gold							
- notional value	—	—	6,868	234,154	—	327,325	—
- positive fair value	—	—	36	1,248	—	18,416	—
- negative fair value	—	—	(3)	(191)	—	(8,893)	—
- future exposure	—	—	69	7,205	—	18,317	—
4. Other assets							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—

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

Contracts forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional value	—	—	82,685,305	16,635,993	1,731,351	526,302	—
- positive fair value	—	—	2,093,857	352,080	176,892	66,283	—
- negative fair value	—	—	(2,360,501)	(381,135)	—	—	—
2. Equities and share indexes							
- notional value	—	—	10,392,157	16,099,806	158,664	125	—
- positive fair value	—	—	364,216	692,531	7,255	—	—
- negative fair value	—	—	(327,238)	(728,827)	(5,674)	(3,011)	—
3. Exchange rates and gold							
- notional value	—	—	7,088,831	1,183,461	—	152,905	—
- positive fair value	—	—	110,831	36,491	—	—	—
- negative fair value	—	—	(127,424)	(1,881)	—	(23,938)	—
4. Other assets							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

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

Contracts forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional value	—	—	542,548	—	—	—	—
- positive fair value	—	—	169,286	—	—	—	—
- negative fair value	—	—	(12,108)	—	—	—	—
- future exposure	—	—	1,236	—	—	—	—
2. Equities and share indexes							
- notional value	—	—	—	—	—	2,377	59
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	(24)
- future exposure	—	—	—	—	—	—	4
3. Exchange rates and gold							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
4. Other assets							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—

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

Contracts forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional value	—	—	25,663,378	1,305,338	—	—	—
- positive fair value	—	—	1,090,691	37,417	—	—	—
- negative fair value	—	—	(470,845)	(20,078)	—	—	—
2. Equities and share indexes							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
3. Exchange rates and gold							
- notional value	—	—	15,289	—	—	—	—
- positive fair value	—	—	1,373	—	—	—	—
- negative fair value	—	—	(150)	—	—	—	—
4. Other assets							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

A.9 OTC financial derivatives by maturity: notional values

Underlying/residual maturity	Up to 1 year	From 1 to 5 years	Over 5 years	Total
A. Regulatory trading book				
A.1 Financial derivatives on debt securities and interest rates	20,375,023	58,700,760	32,284,924	111,360,707
A.2 Financial derivatives on equities and share indexes	8,639,640	18,603,219	658,745	27,901,604
A.3 Financial derivatives on foreign currency and gold	4,656,451	4,019,289	317,805	8,993,545
A.4 Financial derivatives on other assets	—	—	—	—
B. Banking book:				
B.1 Financial derivatives on debt securities and interest rates	8,586,088	16,768,934	2,693,493	28,048,515
B.2 Financial derivatives on equities and share indexes	2,746,204	3,969,265	10,575	6,726,044
B.3 Financial derivatives on foreign currency and gold	9,787	7,804	—	17,591
B.4 Financial derivatives on other assets	—	—	—	—
Total at 30/6/13	45,013,193	102,069,271	35,965,542	183,048,006
Total at 30/6/12	55,124,265	110,864,911	36,447,366	202,436,542

B. CREDIT DERIVATIVES

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

Transaction categories	Regulatory trading book		Other transactions	
	Individual assets	Baskets	Individual assets	Baskets
1. Hedge buys				
a) Credit default products	1,901,362	42,469,017	346,386	74,735
b) Credit spread products	—	—	—	—
c) Total rate of return swaps	—	—	—	—
d) Others	—	—	—	—
Total A at 30/6/13	1,901,362	42,469,017	346,386	74,735
Average values	1,699,177	60,754,734	329,431	64,631
Total A at 30/ 6/ 12	1,439,830	79,058,450	446,498	40,525
2. Hedge sales				
a) Credit default products	1,325,915	41,767,315	124,987	1,403,963
b) Credit spread products	—	—	—	—
c) Total rate of return swaps	—	—	—	—
d) Others	—	—	—	—
Total B at 30/6/13	1,325,915	41,767,315	124,987	1,403,963
Average values	1,437,802	60,937,414	70,926	1,295,332
Total B at 30/6/12	1,485,945	79,485,412	110,114	1,835,000

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

Portfolio/derivative instrument type	Positive fair value	
	30/6/13	30/6/12
A. Regulatory trading book	754,633	1,717,268
a) Credit default products	754,633	1,717,268
b) Credit spread products	—	—
c) Total rate of returns swaps	—	—
d) Others	—	—
B. Banking book	28,349	70,901
a) Credit default products	28,349	70,901
b) Credit spread products	—	—
c) Total rate of returns swaps	—	—
d) Others	—	—
Total	782,982	1,788,169

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

Portfolios/derivative instruments type	Negative fair value	
	30/6/13	30/6/12
A. Regulatory trading book	(699,513)	(1,723,332)
a) Credit default products	(699,513)	(1,723,332)
b) Credit spread products	—	—
c) Total rate of returns swaps	—	—
d) Others	—	—
B. Banking book	(18,354)	(34,915)
a) Credit default products	(18,354)	(34,915)
b) Credit spread products	—	—
c) Total rate of returns swaps	—	—
d) Others	—	—
Total	(717,867)	(1,758,247)

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

Contracts not forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
Regulatory trading book							
1. Hedge buys							
- notional value	—	—	—	50,000	—	50,000	—
- positive fair value	—	—	—	—	—	2,583	—
- negative fair value	—	—	—	(657)	—	—	—
- future exposure	—	—	—	2,500	—	2,500	—
2. Hedge sales							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
Banking book *							
1. Hedge buys							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
2. Hedge sales							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

* Derivatives embedded in bonds issued not included.

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

Contracts not forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
Regulatory trading book							
1. Hedge buys							
- notional value	—	—	43,583,128	687,251	—	—	—
- positive fair value	—	—	223,028	6,967	—	—	—
- negative fair value	—	—	(493,951)	(5,003)	—	—	—
2. Hedge sales							
- notional value	—	—	42,761,598	331,632	—	—	—
- positive fair value	—	—	520,176	1,878	—	—	—
- negative fair value	—	—	(195,332)	(4,569)	—	—	—
Banking book *							
1. Hedge buys							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
2. Hedge sales							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

* Derivatives embedded in bonds issued not included.

B.6 Credit derivatives: outstanding life – notional values

Underlying/residual maturity	Up to 1 year	From 1 year to 5 years	Over 5 years	Total
A. Regulatory trading book	11,757,401	73,801,908	1,904,300	87,463,609
A.1 Credit derivatives with “qualified” reference obligation	1,219,228	1,301,026	261,150	2,781,404
A.2 Credit derivatives with “unqualified” reference obligation	10,538,173	72,500,882	1,643,150	84,682,205
B. Banking book	183,484	1,342,824	423,763	1,950,071
B.1 Credit derivatives with “qualified” reference obligation	83,300	177,156	2,500	262,956
B.2 Credit derivatives with “unqualified” reference obligation	100,184	1,165,668	421,263	1,687,115
Total at 30/6/13	11,940,885	75,144,732	2,328,063	89,413,680
Total at 30/6/12	48,443,752	97,126,923	18,331,102	163,901,777

C. CREDIT AND FINANCIAL DERIVATIVES

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

	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non- financial companies	Other counterparties
1) Financial derivatives bilateral agreements							
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
- net counterparty risk	—	—	—	—	—	—	—
2) Credit derivatives bilateral agreements							
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
- net counterparty risk	—	—	—	—	—	—	—
3) "Cross product" agreements*							
- positive fair value	—	—	782,801	140,364	184,801	44,788	—
- negative fair value	—	—	(315,778)	(95,594)	(5,651)	(5,636)	—
- future exposure	—	—	773,675	326,914	17,204	8,462	—
- net counterparty risk	—	—	810,526	444,747	178,275	53,250	—

* Represents the sum between positive fair value and future exposure. Net of cash collateral received amounting to €792,830,000, €746,570,000 of which relating to banks, €22,530,000 to financial companies and €23,730,000 to insurances; conversely, in respect of negative fair values cash collateral totalling €447,940,000 was paid, €324,430,000 to banks, €115,660,000 to financial companies, €5,820,000 to insurances and €2,030,000 to non-financial undertakings.

1.3 BANKING GROUP: LIQUIDITY RISK

QUALITATIVE INFORMATION

The Mediobanca Group monitors and manages liquidity risk in accordance with the Liquidity risk management policy (the “Policy”) and Contingency funding plan (“CFP”), documents approved in December 2011 in accordance with Bank of Italy circular no. 263/06 (“New supervisory regulations for banks”). The basic principles on which the Policy is based are as follows:

- identifying the parties, responsibilities and duties for controlling liquidity risk for the Group as a whole and for the individual Group companies;
- defining and monitoring the short-term risk limits (operating liquidity), which considers events that would impact on the Bank’s liquidity position within a time frame of up to 12 months;
- monitoring medium-/long-term liquidity (structural liquidity), which considers events that would impact on the Bank’s liquidity position within a time frame of more than 12 months;
- defining a pricing system of internal fund transfers between the Group’s various units and companies.

The Group’s objective is to maintain a level of liquidity that will allow it to meet the payment obligations it has undertaken, ordinary and extraordinary, while at the same time keeping the costs involved to a minimum.

In particular, monitoring operating liquidity management guarantees an adequate ratio between counterbalancing capacity (defined principally as cash and securities eligible for refinancing with the ECB available post-haircut) and net cash outflows as calculated in stress scenarios. Monitoring structural liquidity, meanwhile, analyses the maturity profiles for both assets and liabilities, checking that inflows cover 100% of outflows for maturities of more than one year, and at least 90% of outflows for maturities of more than five years.

In addition to the monitoring described above, the ALM Monitoring and Risk Management units carry out weekly stress tests, assuming certain extraordinary factors such as: a) drawdowns on committed lines granted to customers, b) reduction in the debt securities funding channel, and c) partial renewal of retail funding falling due.

The Group has also prepared a plan for managing the possibility of liquidity crises which identifies parties, responsibilities and reporting procedures for dealing with emergency situations (the contingency liquidity funding plan).

To this end, a dashboard has been developed which, in conjunction with the stress tests, provides a system of Early Warning Indicators (EWI). This dashboard is a useful instrument to help management to monitor those situations which could generate a deterioration in the Group's liquidity position deriving from external factors (e.g. market or sector) or from developments that are specific to the Group.

A steering committee monitors fortnightly both the Bank's liquidity and the sustainability of the business development on the Bank's asset structure.

During the year under review, the retention of a substantial portfolio of securities has ensured that the balance of estimated net outflows has always been far below the counterbalance capacity, in both situations (i.e. normal business and stressed conditions). All the supervisory limits/thresholds set down in the liquidity risk management policy have also been complied with.

As at 30 June 2013, the stock of bonds available for cash delivery to the ECB (net of haircuts) amounted to approx. €13bn (30/6/12: €15.5bn), while the liquidity reserves held with the ECB stood at around €8.3bn (€9.3bn), €0.7bn (€1.7bn) of which available in cash and not drawn.

The regulatory indicators provided for under Basel III, as defined in the new version dated January 2013, were complied with (LCR and NSFR >100%).

QUANTITATIVE INFORMATION

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

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets										
A.1 Government securities	5,754,835	713,999	996,706	1,767,571	4,424,031	3,450,324	6,017,249	23,548,397	11,109,981	67,425
A.2 Other debt securities	243,815	158,086	350,314	9,996	1,228,268	356,892	1,592,402	4,784,543	1,055,629	—
A.3 Other debt securities	1,937	98,675	41,758	92,047	148,272	283,407	1,682,167	2,699,487	2,018,263	—
A.4 UCITS units	—	—	—	—	—	—	—	—	—	31,558
A.5 Loans and advances	5,509,083	457,238	604,634	1,665,528	3,047,491	2,810,025	2,742,680	16,064,367	8,036,089	35,867
– to banks	2,502,017	122,123	97,293	96,360	758,221	340,782	32,667	426,437	195,640	7,405
– to customers	3,007,066	335,115	507,341	1,569,168	2,289,270	2,469,243	2,710,013	15,637,930	7,840,449	28,462
Cash liabilities	6,141,880	1,534,874	637,143	1,553,716	3,166,308	4,193,355	11,264,412	22,907,187	4,222,007	39,336
B.1 Deposits and current accounts	6,140,016	724,291	601,727	1,381,313	1,874,430	3,018,095	5,074,663	8,481,806	1,045,491	39,289
– to banks	2,373,792	273,078	209,196	913,508	153,954	170,718	89,955	7,846,699	296,992	2,822
– to customers	3,766,224	451,213	392,531	467,805	1,720,476	2,847,377	4,984,708	635,107	748,499	36,467
B.2 Debt securities	1,864	7,684	4,782	29,498	530,723	1,071,697	6,189,749	14,425,381	3,176,516	47
B.3 Other liabilities	—	802,899	30,634	142,905	761,155	108,563	—	—	—	—
Off-balance-sheet transactions	13,030,883	4,557,152	321,061	1,050,180	8,326,003	2,042,378	1,602,729	8,547,946	4,242,538	528
C.1 Financial derivatives with exchange of principal	—	1,375	16,685	481,136	5,213,332	888,780	89,130	370,529	274,596	—
– long positions	—	464	1,209	187,998	2,582,133	436,017	23,584	92,195	137,298	—
– short positions	—	911	15,476	293,138	2,631,199	452,763	65,546	278,334	137,298	—
C.2 Financial derivatives without principal exchange of	7,345,220	5,641	8,185	37,529	116,323	199,904	445,180	9,905	—	—
– long positions	3,592,712	5,446	3,306	21,972	75,081	124,994	322,697	1,052	—	—
– short positions	3,752,508	195	4,879	15,557	41,242	74,910	122,483	8,853	—	—
C.3 Deposits and loans for collection	1,914,007	2,426,687	112,291	297,367	1,447,794	465,399	227,648	2,698,827	1,721,670	—
– long positions	1,914,007	2,426,687	112,291	297,367	780,443	39,149	85,900	—	—	—
– short positions	—	—	—	—	667,351	426,250	141,748	2,698,827	1,721,670	—
C.4 Irrevocable commitments to disburse funds *	3,011,554	2,108,449	183,900	214,148	928,254	322,198	314,471	1,618,414	1,343,342	528
– long positions	13,148	84,490	183,900	214,148	928,254	322,198	314,471	1,618,414	1,343,342	264
– short positions	2,998,406	2,023,959	—	—	—	—	—	—	—	264
C.5 Financed guarantees issued	31,800	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	—	—	20,000	620,300	166,097	526,300	3,850,271	902,930	—
C.7 Credit derivatives with exchange of principal	—	15,000	—	20,000	166,550	46,531	166,550	1,949,038	701,780	—
– long positions	—	—	—	—	—	—	—	—	—	—
– short positions	—	15,000	—	20,000	166,550	46,531	166,550	1,949,038	701,780	—
C.8 Credit derivatives without exchange of principal	728,302	—	—	—	—	—	—	—	—	—
– long positions	372,568	—	—	—	—	—	—	—	—	—
– short positions	355,734	—	—	—	—	—	—	—	—	—

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

Currency of denomination: US DOLLARS

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	165,300	9,860	28,643	11,271	175,951	105,263	101,745	525,891	324,903	1,388
A.1 Government securities	—	—	3,133	1,713	27	—	7,677	8,565	394	—
A.3 Other debt securities	—	—	22,928	—	9,162	3,858	70,409	194,343	141,726	—
A.4 UCITS units	—	—	—	—	—	—	—	—	—	1,388
A.5 Loans and advances	165,300	9,860	2,582	9,558	166,762	101,405	23,659	322,983	182,783	—
- to banks	146,880	8,963	1,523	322	214	47,968	314	1,659	—	—
- to customers	18,420	897	1,059	9,236	166,548	53,437	23,345	321,324	182,783	—
Cash liabilities	374,737	36,096	39,519	10,806	31,318	48,490	17,424	178,646	4,468	7
B.1 Deposits and current accounts	374,733	36,009	39,519	10,760	30,206	9,264	5,256	—	—	7
- to banks	92,277	104	—	—	208	—	—	—	—	—
- to customers	282,456	36,009	39,415	10,760	29,998	9,264	5,256	—	—	7
B.2 Debt securities	4	87	—	46	1,112	39,226	12,168	178,646	4,468	—
B.3 Other liabilities	—	—	—	—	—	—	—	—	—	—
Off-balance-sheet transactions	1,313,474	10,909	232,761	11,517	801,592	1,123,788	247,614	1,271,520	366,132	—
C.1 Financial derivatives with exchange of principal	54,651	10,909	232,761	11,470	453,733	983,006	73,159	682,651	137,615	—
- long positions	19,803	659	231,889	5,000	411,452	476,671	12,538	—	—	—
- short positions	34,848	10,250	872	6,470	42,281	506,335	60,621	682,651	137,615	—
C.2 Financial derivatives without principal exchange of	401,474	—	—	47	—	21	41	—	—	—
- long positions	223,234	—	—	26	—	—	—	—	—	—
- short positions	178,240	—	—	21	—	21	41	—	—	—
C.3 Deposits and loans for collection	—	—	—	—	—	—	—	—	—	—
- long positions	—	—	—	—	—	—	—	—	—	—
- short positions	—	—	—	—	—	—	—	—	—	—
C.4 Irrevocable commitments to disburse funds *	221,349	—	—	—	—	77,305	—	144,043	—	—
- long positions	—	—	—	—	—	77,305	—	144,043	—	—
- short positions	221,349	—	—	—	—	—	—	—	—	—
C.5 Financed guarantees issued	—	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	—	—	—	—	—	—	—	—	—
C.7 Credit derivatives with exchange of principal	—	—	—	—	347,859	63,456	174,414	444,826	228,517	—
- long positions	—	—	—	—	202,599	22,936	76,891	182,691	144,419	—
- short positions	—	—	—	—	145,260	40,520	97,523	262,135	84,098	—
C.8 Credit derivatives without exchange of principal	636,000	—	—	—	—	—	—	—	—	—
- long positions	335,651	—	—	—	—	—	—	—	—	—
- short positions	300,349	—	—	—	—	—	—	—	—	—

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

Currency of denomination: OTHER

Items/instruments	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	59,035	44,581	9,829	99,230	23,463	9,253	101,083	215,455	11,371	—
A.1 Government securities	—	—	—	3,764	—	—	11,692	—	—	—
A.3 Other debt securities	—	1,934	—	38,875	23	5,648	42,543	—	3,026	—
A.4 UCITS units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	59,035	42,647	9,829	56,591	23,440	3,605	46,848	215,455	8,345	—
– to banks	45,523	41,557	74	318	—	—	—	—	—	—
– to customers	13,512	1,090	9,755	56,591	23,122	3,605	46,848	215,455	8,345	—
Cash liabilities	133,839	3,129	2,529	24,434	6,324	7,407	15,183	227,721	27,359	2,114
B.1 Deposits and current accounts	133,839	3,129	2,529	24,434	6,324	5,180	7,501	—	—	2,114
– to banks	1,696	—	55	3,246	—	—	—	—	—	—
– to customers	132,143	3,129	2,474	21,188	6,324	5,180	7,501	—	—	2,114
B.2 Debt securities	—	—	—	—	—	2,227	7,687	227,721	27,359	—
B.3 Other liabilities	—	—	—	—	—	—	—	—	—	—
Off-balance-sheet transactions	982,408	47,906	176,484	528,538	801,672	8,734	345,402	3,505,011	209,355	—
C.1 Financial derivatives with exchange of principal	104,993	47,906	172,081	504,213	801,104	519	319,062	3,317,083	180,190	—
– long positions	104,993	44,719	169,691	270,228	400,552	512	159,531	1,591,160	—	—
– short positions	—	3,187	2,390	233,985	400,552	7	159,531	1,725,923	180,190	—
C.2 Financial derivatives without principal exchange of	607,695	—	126	—	568	8,215	1,842	—	—	—
– long positions	317,126	—	—	—	—	7,782	1,110	—	—	—
– short positions	290,569	—	126	—	568	433	732	—	—	—
C.3 Deposits and loans for collection	—	—	—	—	—	—	—	—	—	—
– long positions	—	—	—	—	—	—	—	—	—	—
– short positions	—	—	—	—	—	—	—	—	—	—
C.4 Irrevocable commitments to disburse funds *	245,695	—	4,277	24,325	—	—	—	187,928	29,165	—
– long positions	—	—	4,277	24,325	—	—	—	187,928	29,165	—
– short positions	245,695	—	—	—	—	—	—	—	—	—
C.5 Financed guarantees issued	—	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	—	—	—	—	—	—	—	—	—
C.7 Credit derivatives with exchange of principal	—	—	—	—	—	—	—	—	—	—
– long positions	—	—	—	—	—	—	—	—	—	—
– short positions	—	—	—	—	—	—	—	—	—	—
C.8 Credit derivatives without exchange of principal	24,025	—	—	—	—	—	—	—	—	—
– long positions	12,267	—	—	—	—	—	—	—	—	—
– short positions	11,758	—	—	—	—	—	—	—	—	—

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

1.4 BANKING GROUP – OPERATIONAL RISKS

QUALITATIVE INFORMATION

Definition

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

Capital requirements for operational risk

Mediobanca has decided to adopt the Basic Indicator Approach (BIA) in order to calculate the capital requirement for covering operating risk, applying a margin of 15% to the average of the last three years' readings of total income. Based on this method of calculation, the capital requirement as at 30 June 2013 was €257m (30/6/12: €265.3m).

Risk mitigation

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

In accordance with the policy adopted by the Group for managing operational risks and in line with the principle of proportionality, the processes of identifying, assessing, collecting loss data on and mitigating operational risks are defined and implemented at the level of Mediobanca S.p.A. and the main Group companies.

Such processes involve liaising with the other bodies and persons responsible for controls, such as the head of company financial reporting and the Compliance and Group Audit unit, in accordance with their respective duties and responsibilities.

With reference to the possibility of losses caused by interruptions in operations or systems being unavailable, the Group has drawn up operating continuity and disaster recovery plans to ensure that activity can continue and to limit operating losses in the event of prolonged interruptions.

Legal risk: risks deriving from litigation pending

Apart from the claim pending against Mediobanca S.p.A. described on pp. 264-265, the Group faces no legal risk worthy of note.

1.5 BANKING GROUP – OTHER RISKS

QUALITATIVE INFORMATION

As part of the Internal Capital Adequacy Assessment Process (ICAAP) required by the regulations in force, the Group has identified the following types of risk as relevant (in addition to those discussed previously, i.e. credit risk, counterparty risk, market risk, interest rate risk, liquidity risk and operational risk):

- concentration risk, i.e. risk deriving from a concentration of exposures to individual counterparties or groups of counterparties (“single name concentration risk”) or to counterparties operating in the same economic sector or which operate in the same business or belong to the same geographical area (geographical/sector concentration risk);
- strategic risk, both in the sense of risk deriving from current and future changes in profits/margins compared to estimated data, due to volatility in volumes or changes in customer behaviour (business risk), and of current and future risk of reductions in profits or capital deriving from disruption to business as a result of adopting new strategic choices, wrong management decisions or inadequate execution of decisions taken (pure strategic risk);
- compliance risk, i.e. the risk of incurring legal or administrative penalties, significant financial losses or damages to the Bank’s reputation as a result of breaches of external laws and regulations or self-imposed regulations;
- reputational risk, i.e. the current and future risk of reductions in profits or capital deriving from a negative perception of the Bank’s image by customers, counterparties, shareholders, investors or regulatory authorities;
- residual risk, i.e. the risk that the recognized techniques used by the Bank to mitigate credit risk should prove to be less effective than anticipated.

Risks are monitored and managed via the respective internal units (risk management, planning and control, compliance and Group audit units) and by specific steering committees.

Part F - Information on consolidated capital

SECTION 1

Consolidated capital

B. Quantitative information

*B.1 Consolidated net equity: breakdown by type of company**

Net equity constituents	Banking group	Insurance companies	Other companies	Elisions/ adjustments upon-consolidation	Total	Of which: minorities
Share capital	455,513	—	—	—	455,513	24,948
Share premium	2,127,359	—	—	—	2,127,359	7,216
Reserves	4,457,580	15,000	796	(15,796)	4,457,580	83,350
Equity instruments	—	—	—	—	—	—
Treasury shares	(213,844)	—	—	—	(213,844)	—
Valuation reserves:	305,615	1,353	—	(1,353)	305,615	(3,782)
- AFS securities	143,706	1,353	—	(480)	144,578	—
- Property, plant and equipment	—	—	—	—	—	—
- Intangible assets	—	—	—	—	—	—
- Foreign investment hedges	—	—	—	—	—	—
- Cash flow hedges	(86,642)	—	—	—	(86,642)	(5,374)
- Exchange rate differences	258	—	—	(258)	—	—
- Non-current assets being sold	—	—	—	—	—	—
- Actuarial gains (losses) on defined-benefit pension schemes	—	—	—	—	—	—
- Share of valuation reserves represented by equity-accounted companies	233,232	—	—	(615)	232,617	—
- Special valuation laws	15,062	—	—	—	15,062	1,592
Gain (loss) for the period attributable to the Group/minorities	(217,190)	12,076	4,908	16,115	(184,091)	(4,266)
Total	6,915,033	28,428	5,704	(1,033)	6,948,132	107,466

* Includes Banca Esperia, consolidated pro rata, plus Compass RE (insurance), Creditech, R&S and Sade (other companies), equity-consolidated.

B.2 AFS valuation reserves: composition

Assets/amounts	Banking group		Insurance companies		Other companies		Elisions/adjustments upon consolidation		Total	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	98,014	(29,697)	1,385	(33)	—	—	—	(1,409)	99,399	(31,139)
2. Equities	61,033	(1,578)	—	—	—	—	—	—	61,033	(1,578)
3. OICR units	15,936	(3)	—	—	—	—	930	—	16,866	(3)
4. Loans and advances	—	—	—	—	—	—	—	—	—	—
Total at 30/6/13	174,983	(31,278)	1,385	(33)	—	—	930	(1,409)	177,298	(32,720)
Total at 30/6/12	80,997	(320,807)	735	(1,014)	—	—	279	3,699	82,011	(318,122)

B.3 AFS valuation reserves: movements during the period

	Debt securities	Equities	OICR units	Loans	Total
1. Opening balance	(231,242)	(15,183)	10,314	—	(236,111)
2. Additions	323,077	97,028	8,306	—	428,411
2.1 Increases in fair value	282,638	53,566	7,781	—	343,985
2.2 Negative reserves charged back to profit and loss as a result of	40,439	43,462	525	—	84,426
– impairment	—	29,006	308	—	29,314
– disposals	40,439	14,456	217	—	55,112
2.3 Other additions	—	—	—	—	—
3. Reductions	23,575	22,390	1,757	—	47,722
3.1 Reductions in fair value	10,549	289	1,629	—	12,467
3.2 Adjustments for impairment	—	4,079	70	—	4,149
3.3 Positive reserves credited back to profit and loss as a result of: disposals	12,945	17,911	58	—	30,914
3.4 Other reductions	81	111	—	—	192
4. Balance at end of period	68,260	59,455	16,863	—	144,578

SECTION 2

Regulatory and supervisory capital requirements for banks

Capital is the first and most important safeguard of a bank's stability. For this reason, the international and domestic supervisory bodies have established rigorous rules for calculating regulatory capital and the minimum capital requirements with which banks are bound to comply. Once a year the supervisory authorities carry out a supervisory review and evaluation process (SREP) which includes risk profiles and the systems and controls for governing them, setting the target capitalization for the Group and its international banking subsidiaries.

Since its inception one of the distinguishing features of the Mediobanca Group has been the solidity of its financial structure, with capital ratios that have been consistently and significantly higher than those required by the regulatory guidelines, as shown by the Internal Capital Adequacy Assessment Process (ICAAP) and the information disclosed to the public as required under Pillar III of Basel II, with the latter document published on the Bank's website at www.mediobanca.it. Based on the valuations carried out in 2012, the authorities considered the capital of the Group and its non-Italian banking subsidiary to be adequate to cover the risks contemplated under Pillar I and Pillar II.

2.1 Scope of application of regulations

Regulatory capital has been calculated on the basis of Bank of Italy circulars no. 263 issued on 27 December 2006 (thirteenth update 29 May 2012) and no. 155 (fifteenth update 19 March 2013) which transpose the new prudential guidelines for banks and banking groups introduced by the New Basel Capital Accord (Basel II) into the Italian regulatory framework.

The Group has opted for the "full neutralization" permitted by the Bank of Italy in its guidance issued on 18 May 2010, whereby the valuation reserves for sovereign debt issued by EU member states and held as AFS financial assets can be neutralized for the purpose of calculating regulatory capital.

The European Council and Parliament have now, based on the European Commission's proposal, approved the new body of supervisory and corporate

governance rules for banks, which consists of a directive (“Capital Requirements Directive IV – CRD IV”) and a regulation (“Capital Requirements Regulation - CRR”). The documents incorporate the new prudential guidelines for banks known as Basel III, which require a general strengthening of the quality of regulatory capital. The new regulatory regime will come into force starting from 1 January 2014, with a period of transition in which the rules are applied gradually, until they become fully effective in 2019.

2.2 Regulatory capital requirements for banks

A. Qualitative information

1. Tier 1 and tier 2 capital

Tier 1 capital consists of the share attributable to the Group and to minority shareholders of capital paid up and reserves, net of the loss for the period (€179.8m), treasury shares (€213.8m), intangible assets (€58.4m), goodwill (€370.7m), plus 50% of the book value of the Bank’s investments in banks and financial services companies (equal to €60.2m).

Tier 2 capital includes 50% of the positive reserves for AFS securities (€208.4m), which does not include the net gain of EU member states’ government securities (minus €26.1m), reserves for property valuations (€15.1m), Tier 2 subordinated liabilities (€1,781.8m); and exchange rate differences (€57.2m). Events during the period under review include a new, ten-year issue of subordinated instruments in an amount of €504.3m, plus the buyback of another issue worth €212.4m, the early redemption of which is possible as from October 2013.

B. Quantitative information

	30/6/13	30/6/12
A. Tier 1 capital prior to application of prudential filters	6,213,415	6,230,438
B. Tier 1 prudential filters:		
B.1 IAS/IFRS positive filters	—	163,750
B.2 IAS/IFRS negative filters	—	—
C. Tier 1 capital gross of items to be deducted	6,213,415	6,394,188
D. Items for deduction from Tier 1 capital	(60,230)	(55,275)
E. Total Tier 1 capital	6,153,185	6,338,913
F. Tier 2 capital prior to application of prudential filters	2,296,884	1,529,983
G. Tier 2 prudential filters:		
G.1 IAS/IFRS positive filters	—	—
G.2 IAS/IFRS negative filters	(234,457)	(3,594)
H. Tier 2 capital gross of items to be deducted	2,062,427	1,526,389
I. Items for deduction from Tier 2 capital	(60,230)	(55,275)
L. Total Tier 2 capital	2,002,197	1,471,114
M. Items for deduction from Total Tier 1 and Tier 2 capital	—	—
N. Regulatory capital	8,155,382	7,810,027
O. Total Tier 3 capital	—	—
P. Total regulatory capital including Tier 3	8,155,382	7,810,027

2.3 Capital adequacy

A. Qualitative information

As at 30 June 2013, the Group's Tier 1 ratio, calculated as Tier 1 capital as a percentage of risk-weighted assets, amounted to 11,75%, higher than the figure posted at 30 June 2012 (11.49%), boosted by the reduction in risk-weighted assets from €55.2bn to €52.4bn, in particular loans (down €2.3bn) and despite the lower regulatory capital (down from €6.3bn to €6.2bn) due to the €179.8m loss reported for the year. The strengthening of the total capital ratio, which rose from 14.16% to 15.57%, reflected the new, €504.3m ten-year issue of tier 2 subordinated liabilities.

B. Quantitative information

Categories/amounts	Unweighted amounts		Weighted amounts/requirements	
	30/6/13	30/6/12	30/6/13	30/6/12
A. RISK ASSETS				
A.1 Credit and counterparty risk	65,930,757	70,554,508	42,594,197	44,937,731
1. Standard methodology	65,685,260	70,282,306	42,222,627	44,612,976
2. Internal rating methodology	—	—	—	—
2.1 Basic	—	—	—	—
2.2 Advanced	—	—	—	—
3. Securitization	245,497	272,202	371,570	324,755
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			3,407,536	3,595,018
B.2 Market risk			525,166	552,853
1. Standard methodology			503,482	533,792
2. Internal models			—	—
3. Concentration risk			21,684	19,061
B.3 Operational risk			257,064	265,251
1. Basic Indicator Approach (BIA)			257,064	265,251
2. Standard methodology			—	—
3. Advanced methodology			—	—
B.4 Other prudential requirements			—	—
B.5 Other calculation elements			—	—
B.6 Total prudential requirements			4,189,766	4,413,122
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			52,372,075	55,164,025
C.2 Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)			11.75%	11.49%
C.3 Regulatory capital/risk-weighted assets (total capital ratio)			15.57%	14.16%

Part G - Combinations involving Group companies or business units

SECTION 1

At the end of the 2008 financial year, Compass acquired 100% of Linea for a consideration of €405m. Linea, a leading operator in consumer credit, had a fully-owned subsidiary Futuro, which operates in salary-backed finance business.

Completion of the purchase price allocation procedure required under IFRS 3, resulted in goodwill of €365.9m and specific intangible assets, recorded separately and not recognized in the accounts of the acquired companies, worth €50.5m. The following values in particular were established:

		(€m)
Intangible assets with defined life		44.2
<i>of which: – commercial agreements</i>	19.3	
– customer relationships	24.9	
Brands		6.3
Difference between other assets/liabilities		2.7
Tax effects		(12.2)
Goodwill		365.9
Consideration paid		406.9
<i>of which: ancillary charges</i>	2.0	

The intangible assets with defined lives have an average duration of 7.8 years, and have been amortized over five years as to €29.2m; at 30 June 2013 they were valued at €15m. All brands have been considered as having indefinite lives, and involve consumer credit as to €3.6m and credit cards as to €2.7m. The goodwill has been allocated to the following cash-generating units:

		(€m)
Consumer credit		280.6
Credit cards		73.4
Salary-backed finance		11.9
Goodwill		365.9

The impairment test was passed successfully for all three segments, as the net present value (calculated using a dividend discount model) was higher than the carrying value, including goodwill and the share of associated brands. The calculation was based on the most up-to-date financial flows projected over a time horizon of five years, while reflecting both the basic assumptions of the Group's strategic plan and those underlying the most recent market scenarios (slower growth in consumer credit and credit cards, and a healthy upturn in salary-backed finance):

Cash-generating units	CAGR			Cost of borrowing
	New loans	Total loans		
		30/6/13	Avg.	
Consumer credit	2.4%	1.8%	2.-%	2.75%
Credit cards	1.6%	0.7%	1.2%	1.65%
Salary-backed finance	2.5%	6.9%	8.1%	3.55%

The terminal value has been calculated assuming a constant growth rate:

- cost of capital (Ke): 10.8%, lower than the 12.2% used last year, due to the lower risk-free rate (down from 5.7% to 4.55%), on a stable risk premium (5.6%) and levered beta (1.1%);
- growth rate (g): 2%.

These values are borne out even in a stressed scenario for both cost of capital and growth rates (+/-0.5%).

Part H - Related party disclosure

1. Related party disclosure

In January 2011 the Group adopted its own related parties procedure, in pursuance of Consob resolution no. 17221 issued on 12 March 2010. The purpose of the procedure is to ensure that transactions with related parties executed directly by Mediobanca or via subsidiaries are managed transparently and fairly. The full document is published on the Bank's website at www.mediobanca.it.

The Board of Directors of Mediobanca, having received favourable opinions from the Bank's Related Parties and Statutory Audit Committees, has incorporated the Bank of Italy's most recent instructions on this subject to this procedure, which introduce prudential limits for risk activities versus related parties. The new version of the procedure came into force on 31 December 2012.

For the definition of related parties adopted, please see part A (Accounting policies) of the notes to the accounts.

Accounts with related parties fall within the ordinary operations of the Group companies, are maintained on an arm's length basis, and are entered into in the interests of the individual companies concerned. Details of Directors' and strategic management compensation are provided in a footnote to the table.

1.1 Regular financial disclosure: most significant transactions

No transactions defined as "most significant" were executed during the period under review.

1.2 Quantitative information

The exposure (representing the sum of assets plus guarantees and commitments) declined from €4.3bn to €3.9bn. Overall, accounts with related parties represent some 6% of the total asset aggregates and 4% of interest income (less than last year).

Situation at 30 June 2013

(€m)

	Directors, statutory auditors and strategic management	Associates *	Other related parties	Total
Assets	1.0	2,152.5	1,416.9	3,570.4
<i>of which:</i>	—	891.1	413.6	1,304.7
<i>loans and advances</i>	1.0	1,261.4	1,003.3	2,265.7
Liabilities	28.1	3.6	474.0	505.7
Guarantees and commitments	—	5.8	308.9	314.7
Interest income	—	73.4	34.3	107.7
Interest expense	(1.0)	—	(4.2)	(5.2)
Net fee income	—	10.8	17.1	27.9
Other income (costs)	(30.4) ¹	39.8	97.2	106.6

* Includes accounts with Telco, RCS MediaGroup, Pirelli and Gemina.

¹ Of which: short-term benefits amounting to €28.5m, stock options worth €0.9m and performance shares worth €0.9m. The figure includes those staff comprised in the aggregate "Strategic management" during the year.

Situation at 30 June 2012

(€m)

	Directors, statutory auditors and strategic management	Associates	Other related parties	Total
Assets	0.3	2,306.0	1,045.7	3,352.0
<i>of which:</i>	—	1,027.5	315.8	1,343.3
<i>loans and advances</i>	0.3	1,278.5	729.9	2,008.7
Liabilities	28.1	26.5	68.6	123.2
Guarantees and commitments	—	152.7	772.1	924.8
Interest income	—	94.7	32.9	127.6
Interest expense	(0.8)	(3.8)	(3.3)	(7.9)
Net fee income	—	31.8	42.1	73.9
Other income (costs)	(30.6) ¹	84.0	0.6	54.0

¹ Of which: short-term benefits amounting to €28.7m, stock options worth €0.9m and performance shares worth €0.7m. The figure includes those staff comprised in the aggregate "Strategic management" during the year.

Part I - Share-based payment schemes

A. QUALITATIVE INFORMATION

1. Information on capital increases for use in share-based payment schemes using the Bank's own equity instruments

The increases in the Bank's share capital for use in connection with the stock option and performance share schemes approved reflect the following situation:

Extraordinary general meeting held on	No. of shares approved	Awards expire on	Deadline for exercising options	No. of options and performance shares awarded
29 March 1999	3,130,000	30 July 2006	31 December 2011	3,130,000
30 July 2001	50,000,000	30 July 2006	1 July 2015	48,495,250
28 October 2004	15,000,000	28 October 2009	1 July 2020	13,340,000
<i>of which to directors ¹</i>	<i>4,000,000</i>	<i>28 October 2009</i>	<i>1 July 2020</i>	<i>3,375,000 ²</i>
27 October 2007	40,000,000	27 June 2012	1 July 2022	16,266,000
TOTAL STOCK OPTIONS	108,130,000	X	X	81,231,250
28 October 2010	20,000,000	X	X	8,313,494
TOTAL PERFORMANCE SHARES	20,000,000	X	X	8,313,494

¹ At a general meeting held on 27 June 2007, shareholders approved a proposal to grant stock options to Board members.

² 2,000,000 of which granted to one former director.

2. Description of stock option schemes

The stock option schemes approved pursuant to Article 2441, paragraphs 8 and 5, of the Italian Civil Code, provide for a maximum duration of ten years and a vesting period of thirty-six months.

The schemes were launched with the dual purpose of encouraging loyalty retention among key staff members, i.e. persuading employees with essential and/or critical roles within the Group to stay with Mediobanca, and making the remuneration package offered to them more diversified and flexible.

The choice of beneficiaries and decisions as to the number of options to be allotted are taken in view of the role performed by the person concerned with the company's organization and their importance in terms of creating value.

No options awards were made in the twelve months ended 30 June 2013.

Mediobanca, along with Mediolanum, also participates in the stock option scheme operated by Banca Esperia for its staff, reserving a portion of its investment in the company for use in connection with this scheme.

3. Description of performance share scheme

As part of its use of equity instruments for staff remuneration purposes, Mediobanca has chosen to adopt a performance share scheme, which was approved by the Bank's shareholders at the annual general meeting held on 28 October 2010. Under the terms of the scheme, in certain conditions Mediobanca shares may be awarded to staff free of charge at the end of a vesting period. The rationale for the scheme is to:

- bring the Bank's remuneration structure into line with guidance issued by regulatory authorities requiring that significant percentages of the variable remuneration component annually assigned be paid in the form of equity instruments, making it consistent with results sustainable over time;
- encourage the involvement of key staff in a mechanism for co-investing in the share capital of Mediobanca;
- introduce a new instrument alongside the stock options, with a limited number of newly-issued shares and by using the treasury shares owned by the Bank, in order to limit the dilutive impact on the ownership structure.

In connection with this proposal, a resolution to increase the company's share capital was adopted by shareholders at the annual general meeting referred to above, with up to 20 million new Mediobanca shares being issued, and treasury shares owned by the Bank used for this purpose.

On 27 September 2012, as part of staff variable remuneration for the 2012 financial year, a total of 5,861,494 performance shares were awarded; the shares, which are conditional upon certain performance targets being met over a three-year time horizon, will be made available in tranches in November 2014 (up to 1,941,206), November 2015 (up to 3,347,604) and November 2016 (up to 572,684) considering the additional holding period of one year. The overall notional cost of the shares was €19.6m.

Since the reporting date, as part of staff variable remuneration for the 2013 financial year, in September 2013 a total of 1,050,801 performance shares; were awarded; the shares, which are conditional upon certain performance targets being met over a three-year time horizon, will be made available in tranches in November 2015 (up to 420,322), November 2016 (up to 420,322) and November 2017 (up to 210,157) considering the additional holding period of one year. The overall notional cost of the shares is €4.8m.

B. QUANTITATIVE INFORMATION

1. Changes to stock option scheme during the period

Headings / No. of options and strike prices	30/6/13			30/6/12		
	No. of options	Avg. price	Avg. expiry	No. of options	Avg. price	Avg. expiry
A. Balance at start of period	40,642,000	9.86	October 2016	40,355,750	9.90	September 2016
B. Additions						
B.1 New issues	—	—	X	650,000	6.43	August 2019
B.2 Other additions	—	—	X	—	—	X
C. Reductions						
C.1 Options cancelled	1,705,000	11.31	X	103,750	12.16	X
C.2 Options exercised	—	—	X	—	—	X
C.3 Options expired	—	—	X	—	—	X
C.4 Other reductions	655,000	6.54	X	260,000	6.56	X
D. Balance at end of period	38,282,000	9.85	October 2016	40,642,000	9.86	October 2016
E. Options exercisable as at reporting date	22,117,000	12.28	X	23,642,000	12.24	X

2. Changes to performance share scheme during the period

Headings / No. of performance shares	30/6/13		30/6/12	
	No. of performance shares	Avg. price	No. of performance shares	Avg. price
A. Balance at start of period	2,494,424	6.23	—	—
B. Additions				
B.1 New issues	5,861,494	3.32	2,521,697	6.23
B.2 Other additions	—	—	—	—
C. Reductions				
C.1 Options cancelled	—	—	—	—
C.2 Options exercised	—	—	—	—
C.3 Options expired	—	—	—	—
C.4 Other reductions	42,424	6.23	27,273	6.21
D. Balance at end of period	8,313,494	6.23	2,494,424	6.23
E. Performance shares exercisable as at reporting date	—	—	—	—

Part L - Segmental reporting

A. PRIMARY SEGMENTAL REPORTING

A.1 Profit-and-loss figures by business segment

	(€m)					
Profit-and-loss figures	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Others	Writeoffs ¹	Group
Net interest income	300.6	(7.8)	737.2	(0.2)	(1.8)	1,028.0
Net trading income	167.6	6.3	11.6	—	(16.6)	168.9
Net fee and commission income	203.0	—	244.1	21.9	(59.3)	409.7
Share in profits earned by equity-accounted companies	30.9	(40.9)	—	—	0.5	(9.5)
Total income	702.1	(42.4)	992.9	21.7	(77.2)	1,597.1
Personnel costs	(188.0)	(4.9)	(205.5)	(6.6)	21.0	(384.0)
Administrative expenses	(111.0)	(3.4)	(291.2)	(15.1)	47.8	(372.9)
Operating costs	(299.0)	(8.3)	(496.7)	(21.7)	68.8	(756.9)
Gain (losses) on AFS, HTM and L&R securities	45.5	—	3.1	—	(0.6)	48.0
Gain (loss) on disposal of AFS securities	(145.4)	—	(361.5)	—	0.4	(506.5)
Gain (loss) on disposal of other securities	(27.8)	(375.5)	(4.0)	—	3.1	(404.2)
Others	(4.4)	—	(5.2)	—	4.8	(4.8)
Profit before tax	271.0	(426.2)	128.6	—	(0.7)	(27.3)
Income tax for the period	(114.4)	3.6	(48.2)	(0.1)	2.3	(156.8)
Minority interest	4.3	—	—	—	—	4.3
Net profit	160.9	(422.6)	80.4	(0.1)	1.6	(179.8)
Cost/income ratio (%)	42.6%	n.m.	50.0%	n.m.	n.m.	47.4%

Divisions comprise:

- *CIB (Corporate and investment banking)*: comprises corporate and investment banking, including leasing, plus the Group's trading investments. The companies which form part of this division are Mediobanca, Mediobanca International, MB Securities USA, Consortium, MB Turkey, Prominvest, SelmaBipiemme Leasing, Palladio Leasing and Teleleasing;
- *Principal investing*: comprises the Group's shareholdings in Assicurazioni Generali, RCS MediaGroup and Telco, plus stakes acquired as part of merchant banking activity and investments in private equity funds;
- *Retail and private banking*: businesses targeting retail customers via consumer credit products, mortgages, deposit accounts, private banking and fiduciary activities. The companies which make up this division are: Compass, CheBanca!, Cofactor, Futuro, Creditech and Compass RE (consumer credit); and Compagnie Monégasque de Banque, Spafid and Prudentia Fiduciaria, plus 50% of Banca Esperia pro-forma (private banking).

¹ The column headed "Writeoffs" includes the contribution of Banca Esperia, which for operating reasons is consolidated pro rata, along with any other items recorded on consolidation (including intercompany eliminations) between the different business areas.

A.2 Balance-sheet data by business segment

	(€m)					
Balance-sheet data	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Others	Writeoffs ¹	Group
Net treasury funds	9,204.6	—	9,949.2	0.6	(10,954.7)	8,199.7
AFS securities	10,073.8	245.5	1,454.7	—	(284.2)	11,489.8
Financial assets held to maturity (HTM & LR)	5,004.3	—	1,922.6	—	(4,873.4)	2,053.5
Equity investments	19.0	2,481.1	—	—	86.8	2,586.9
Loans and advances to customers	26,196.9	—	14,947.4	—	(7,688.9)	33,455.4
Funding	(47,962.1)	(259.8)	(26,602.0)	(36.1)	23,572.2	(51,287.8)

¹ The column headed "Writeoffs" includes the contribution of Banca Esperia, which for operating reasons is consolidated pro rata, along with any other items recorded on consolidation (including intercompany eliminations) between the different business areas.

B. SECONDARY SEGMENTAL REPORTING

B.1 Profit-and-loss figures by business segment

	(€m)		
Profit-and-loss figures	Italy	Europe ¹	Group
Net interest income	975.5	52.5	1,028.0
Net trading income	155.1	13.8	168.9
Net fee and commission income	330.2	79.5	409.7
Share in profits earned by equity-accounted companies	(9.5)	—	(9.5)
Total income	1,451.3	145.8	1,597.1
Personnel costs	(306.1)	(77.9)	(384.–)
Administrative expenses	(320.5)	(52.4)	(372.9)
Operating costs	(626.6)	(130.3)	(756.9)
Gain (losses) on AFS, HTM and L&R securities	42.8	5.2	48.0
Gain (loss) on disposal of AFS securities	(504.5)	(2.0)	(506.5)
Gain (loss) on disposal of other securities	(403.3)	(0.9)	(404.2)
Others	(4.8)	—	(4.8)
Profit before tax	(45.1)	17.8	(27.3)
Income tax for the period	(142.9)	(13.9)	(156.8)
Minority interest	4.3	—	4.3
Net profit	(183.7)	3.9	(179.8)
Cost/income ratio (%)	43.2%	89.4%	47.4%

¹ This heading includes Mediobanca International, Compagnie Monégasque de Banque, Compass RE, MB Turkey, and the various Mediobanca international branches (Paris, Frankfurt, Madrid and London).

B.2 Balance-sheet data by business segment

	(€m)		
Balance-sheet data	Italy	Europe ¹	Group
Net treasury funds	7,132.1	1,067.6	8,199.7
AFS securities	11,130.9	358.9	11,489.8
Financial assets held to maturity (HTM & LR)	2,053.5	—	2,053.5
Equity investments	2,586.9	—	2,586.9
Loans and advances to customers	30,333.7	3,121.7	33,455.4
Funding	(47,405.8)	(3,882.0)	(51,287.8)

¹ This heading includes Mediobanca International, Compagnie Monégasque de Banque, Compass RE, MB Turkey, and the various Mediobanca international branches (Paris, Frankfurt, Madrid and London).

ANNUAL GENERAL MEETING,
28 OCTOBER 2013



AGENDA

- 1) Financial statements for the year ended 30 June 2013, the Board of Directors' Review of Operations, the external auditors' report and the Statutory Audit Committee's report; associated resolutions
- 2) Resolutions pursuant to Article 6 of Italian Ministerial Decree 161/98
- 3) Resolutions required under Article 15 of the company's Articles of Association: appointment of one director
- 4) Remuneration policies

ACCOUNTS OF THE BANK



REVIEW OF OPERATIONS



REVIEW OF OPERATIONS

Overview

The twelve months under review saw further deterioration in the macro scenario, which led to a significant, 23.4% drop in the Bank's revenues, from €841.6m to €644.4m, compounded once more by a negative contribution from the equity investments and AFS shares which resulted in a €425.5m charge being taken, including as a result of the decision to transfer all holdings (apart from the Assicurazioni Generali stake) to the AFS segment, which involved marking them to market at the reporting date. The decision was taken as part of the three-year plan approved by the Board of Directors on 20 June 2013, which aims to significantly reduce the Group's equity exposure over the period. As a result of the foregoing, a net loss of €235m was reported, compared with a €200.2m loss last year.

The main income items performed as follows:

- net interest income fell 17.7%, from €276.3m to €227.3m, due to the reduction in market interest rates and the increased cost of funding, with the need to preserve ample liquidity;
- net trading income (dealing profits plus dividends) decreased by 32.5%, from €253.1m to €170.9m, due to a less impressive performance in fixed-income trading, which last year was boosted by the volatility in spreads on Italian government securities;
- net fee and commission income fell by 25.6%, from €264.8m to €197.1m, reflecting the contraction in the corporate market;
- dividends on equity investments remained virtually stable at €49.1m (€47.4m), and chiefly regard Assicurazioni Generali (€41.2m) and Pirelli & C. (€7m);
- operating costs declined 3.9%, from €289m to €277.6m, helped by a further reduction in the variable component of labour costs;
- loan loss provisions, given the difficult economic situation, rose 11.5%, from €106.8m to €119.1m.

The securities portfolio reflects a net loss of €377.7m, representing the balance between €45.5m in net gains realized on market disposals and €423.2m in adjustments. In particular the transfer of holdings to the AFS segment generated gains on the investments in Gemina (€45.6m) and Pirelli (€79.2m) and losses on those in RCS MediaGroup (€89.2m) and Telco (€331.6m). There were also writedowns to the other listed AFS equities totalling €29.1m, plus those taken in respect of the investments in Burgo (€35.6m), Sintonia (€33.4m) and Santé (€25.2m); other items (bonds and minor holdings in equities) contributed €41.6m (€47.9m and minus €6.3m respectively).

Total assets fell from €55.2bn to €50.7bn, due to the reductions in loans and advances to customers (down from €27.2bn to €23bn), treasury assets (down from €10.8bn to €9.1bn), and equity investments (down from €3.2bn to €2.7bn), against an increase in AFS securities, which now total €10.3bn (€9.4bn), and fixed financial assets (€5bn, compared with €4bn); conversely, funding declined from €50.1bn to €45.4bn, the debt security segment in particular.

Financial highlights

The profit and loss account and balance sheet have been restated to provide the most accurate reflection of the Bank's operations. The results are also presented in the format recommended by the Bank of Italy in the annex, along with further details on how the various items have been restated.

RESTATED PROFIT AND LOSS ACCOUNT

	(€m)		
	30/6/12	30/6/13	Y.o.Y. chg. (%)
Net interest income	276.3	227.3	-17.7
Net trading income	253.1	170.9	-32.5
Net fee and commission income	264.8	197.1	-25.6
Dividends on investments	47.4	49.1	+3.6
Total income	841.6	644.4	-23.4
Labour costs	(188.7)	(177.3)	-6.0
Administrative expenses	(100.3)	(100.3)	—
Operating costs	(289.0)	(277.6)	-3.9
Gains (losses) on AFS, HTM and LR disposals	32.5	45.5	+40.0
Loan loss provisions	(106.8)	(119.1)	+11.5
Provisions for other financial assets	(412.3)	(214.0)	-48.1
Impairment charges to equity investments	(198.4)	(244.9)	+23.4
Other gains (losses)	(0.3)	35.7	n.m.
Profit before tax	(132.7)	(130.0)	-2.0
Income tax for the period	(67.5)	(105.0)	+55.6
Net profit	(200.2)	(235.0)	+17.4

RESTATED BALANCE SHEET

	(€m)	
	30/6/12	30/6/13
Assets		
Net treasury assets	10,760.6	9,138.6
AFS securities	9,356.7	10,319.3
Fixed financial assets	4,013.4	5,004.3
Loans and advances to customers	27,219.5	23,003.6
Equity investments	3,214.4	2,717.6
Tangible and intangible assets	138.1	131.9
Other assets	538.1	419.3
Total assets	55,240.8	50,734.6
Liabilities and net equity		
Funding	50,056.4	45,369.3
Other liabilities	602.8	712.6
Provisions	160.1	160.5
Net equity	4,621.7	4,727.2
Profit/(Loss) for the period	(200.2)	(235.0)
Total liabilities and net equity	55,240.8	50,734.6
Key indices and ratios for the period are as follows:		
Regulatory capital (€m)	5,754.5	6,022.0
Solvency margin (%)	14.88	17.11
Market capitalization (€m)	2,928.5	3,513.5
No. of shares in issue (millions)	861.1	861.1
No. of staff for the period	706	661

Review of key items

Funding – this item fell by 9.4%, from €50,056.4m to €45,369.3bn, chiefly due to the redemption and early redemption of debt securities (€7.5bn), only in part offset by new issuance totalling €2.5bn. Other sources of funding include the interbank channel, which was largely stable at €10,560m (€10,586.4m), and the share deriving from the CheBanca! retail channel (which rose from €8,529.9m to €9,660.6m).

	30/6/12		30/6/13		Chg.
	(€m)	%	(€m)	%	
Debt securities	31,561.8	63%	26,905.6	59%	-14.8%
Interbank funding	10,586.4	21%	10,560.0	23%	-0.2%
- of which: CheBanca!, intercompany	8,529.9	17%	9,660.6	21%	+13.3%
LTROs	7,500.0	15%	7,500.0	17%	n.m.
Other funding	408.2	1%	403.7	1%	-1.1%
Total funding	50,056.4	100%	45,369.3	100%	-9.4%

Loans and advances to customers – loans and advances to customers fell by 15.5%, from €27,219.5m to €23,003.6m, due to the reduction in corporate demand and the increased use of securitizations and direct funding by Group companies; loans to corporate customers continue to be concentrated on the domestic market (70%) and in countries where the Bank has branch offices of its own (19%).

	30/6/12		30/6/13		Chg.
	(€m)	%	(€m)	%	
Corporate customers	14,771.3	54.3%	13,182.4	57.3%	-10.8%
Group companies	12,448.2	45.7%	9,821.2	42.7%	-21.1%
Total loans and advances to customers	27,219.5	100.0%	23,003.6	100.0%	-15.5%
- of which: impaired assets	143.7	0.5%	181.2	0.8%	+26.1%

	30/6/12		30/6/13		Chg.
	(€m)	%	(€m)	%	
Italy	10,038.8	68%	9,201.0	70%	-8.3%
Germany	709.5	5%	261.7	2%	-63.1%
France	1,488.0	10%	954.0	7%	-35.9%
Spain	1,309.0	9%	1,101.1	8%	-15.9%
U.K.	125.0	1%	198.3	2%	+58.6%
Other non-resident	1,101.0	7%	1,466.3	11%	+33.2%
Total loans and advances to customers	14,771.3	100%	13,182.4	100%	-10.8%

	30/6/12		30/6/13		Chg.
	(€m)	%	(€m)	%	
Compass	4,332.0	35%	3,348.5	34%	-23%
CheBanca!	3,439.0	28%	3,058.1	31%	-11%
Leasing	1,967.9	16%	1,805.3	18%	-8%
Mediobanca International	1,987.3	16%	775.4	8%	-61%
Consumer	688.8	5%	796.1	8%	+16%
Others	33.2	0%	37.8	1%	+14%
Total intercompany accounts	12,448.2	100%	9,821.2	100%	-21%

Impaired assets (i.e. non-performing, sub-standard, restructured and overdue accounts) amount to €181.2m (€143.7m), and account for 1.4% (1%) of the total corporate loans; plus exposures in the form of endorsements totalling €77.4m (€77.6m); overall there are eight such positions, three more than at the same stage last year.

As at 30 June 2013 there were seventeen significant exposures, i.e. above 10% of the Bank's regulatory capital (including market risks and equity investments), unchanged from the figure as at end-June 2012, worth a nominal amount of €16,818.4m (€16,738.9m) and a weighted amount of €15,220.9m (€15,002.8m).

Equity investments – these fell from €3,214.4m to €2,717.6m, after the transfer to the AFS portfolio of the holdings in RCS MediaGroup (book value €109.4m), Pirelli (€115.7m), Gemina (€196.1m) and Telco (€206.7m). The increase in controlling interests (from €1,358.8m to €1,509.3m) chiefly involves the capital increase by CheBanca! (€150m). The stake in Assicurazioni Generali increased from 13.15% to 13.24%, after a total of 1,384,240 shares were acquired from Group company Spafid for an outlay of €18.7m; the book value of this investment rose from €1,095.9m to €1,114.6m, reflecting an implicit gain at the reporting date totalling €1,651.2m. The value of the Burgo investment fell to €19m (€54.6m), with a €35.6m charge taken through the profit and loss account.

	Percentage shareholding *	Book value	Market value based on prices at 30/6/13	Gain
Associates				
Assicurazioni Generali	13.24	1,114.6	2,765.8	1,651.2
Banca Esperia	50.0	54.3		
Burgo Group	22.13	19.0		
Athena Private Equity	24.27	19.8		
Fidia	25.0	0.6		
Total associates		1,208.3		
Total subsidiaries		1,509.3		
Total equity investments		2,717.6		

* Of entire share capital.

The criteria adopted for the valuations and impairment tests (passed by all the investments at the reporting date) are explained in section 10, part B of the notes to the accounts.

Fixed financial assets – this item increased, from €4,013.4m to €5,004.3m, due to the rollover of the Quarzo Srl securitization (with Compass receivables as the underlying instrument), the amount of which increased from €1,690m to €2,964m. During the twelve months the €203.3m Telco bond issue was redeemed and renewed with a new issue subscribed for pro rata by shareholders and recorded among the AFS securities. Based on prices and holdings at the reporting date, the portfolio reflected an implicit gain of €22.4m (€58.5m).

	30/6/12		30/6/13		Chg.
	(€m)	%	(€m)	%	
Securities held to maturity	1,716.1	43%	1,434.1	29%	-16.4%
Unlisted debt securities (stated at cost)	2,297.3	57%	3,570.2	71%	+55.4%
Total fixed financial assets	4,013.4	100%	5,004.3	100%	+24.7%

	30/6/12		30/6/13		Chg.
	Book Value	%	Book Value	%	
Italian government securities	345.2	9%	346.9	7%	+0.5%
Bonds issued by financial institutions	2,809.4	70%	4,080.8	81%	+45.3%
- of which: Italian	1,995.9	50%	3,268.7	65%	+63.8%
Corporate bonds	858.8	21%	576.6	12%	-32.9%
Total debt securities	4,013.4	100%	5,004.3	100%	+24.7%

AFS securities – this portfolio increased from €9,356.7m to €10,319.3m, as a result of the transfer of the Telco, RCS MediaGroup, Gemina and Pirelli holdings, and the inclusion of the Telco loan subscribed to pro rata by shareholders (€203.3m). The items were recognized at fair value as at the reporting date, resulting in a €295.8m charge being taken through the profit and loss account, representing the balance between the writedowns to the investments in Telco (€331.6m, including a €125m value reduction owing to the lower implicit value of the shareholders' loan based on Telecom Italia stock market prices as at the reporting date) and RCS MediaGroup (€89.2m) on the one hand, and writebacks of €79.2m to the Pirelli investment and €45.6m to Gemina on the other. During the period under review this portfolio's holdings in Italian government securities increased, from €5,612.4m to €6,300.6m, following a reduction in trading (from €759.1m to €165.8m), upward adjustments to fair value totalling €399.2m, which take the balance of the asset reserves back into positive territory, at €168.7m (compared with minus €285.2m last year), and other adjustments of €62.4m (€33.4m of which in respect of Sintonia and €25.2m of Santé).

RCS MediaGroup implemented a rights issue in July 2013, which involved a total of 49.2 million shares being subscribed for and an outlay of €60.8m.

	30/6/12		30/6/13		Chg.
	(€m)	%	(€m)	%	
Debt securities	8,281.6	89%	8,825.5	86%	+6.6%
Equities	1,075.1	11%	1,493.8	14%	+38.9%
Total AFS securities	9,356.7	100%	10,319.3	100%	+10.3%

	Percentage shareholding *	Book value as at 30/6/13	Adjustment to reflect fair value	Impairment charges to P&L	Aggregate AFS reserve
LISTED EQUITIES					
Pirelli & C.	4.61 – 4.49	195.0	—	—	—
Gemina	10.01 – 10.03	203.1	10.0	—	10.0
Cashes UCI		148.2	11.8	—	11.8
Italmobiliare	9.5 – 5.47	34.6	8.7	—	—
RCS MediaGroup	14.93	20.3	—	—	—
Saks Inc.	3.46	54.9	11.1	—	22.2
Other listed equities		142.8	13.6	(29.1)	16.9
Total listed equities		798.9	55.2	(29.1)	60.9
UNLISTED EQUITIES					
Sintonia S.p.A.	5.9	302.9	—	(33.4)	—
Edipower	4.1	60.2	—	—	—
Santé S.A.	9.92	30.0	—	(25.2)	—
Telco ¹	11.62	78.3	—	(125.0)	—
Other unlisted equities		223.4	5.5	(20.3)	11.0
Total unlisted equities		694.8	5.5	(203.9)	11.0
Total equities		1,493.8	60.7	(233.0)	71.9

* First figure refers to percentage of shares held in respective category; second figure refers to percentage of entire share capital held.

¹ Shareholders' loan subscribed for pro rata by Telco shareholders.

	30/6/12			30/6/2013			Chg.
	Book Value	%	AFS reserve	Book Value	%	AFS reserve	
Italian government securities	5,612.4	68%	(178.4)	6,300.7	71%	62.0	+12.3%
Other overnment securities	452.6	5%	9.9	94.7	1%	2.2	-79.1%
Financial bonds	1,727.6	21%	(103.7)	1,860.3	21%	7.8	+7.7%
- of which: Italian	1,133.9	14%	(93.1)	1,278.8	14%	(6.5)	+12.8%
Corporate bonds	489.0	6%	2.0	569.8	7%	24.9	+16.5%
Total debt securities	8,281.6	100%	(270.2)	8,825.5	100%	96.9	+6.6%

Net treasury assets – these fell from €10,760.6m to €9,138.6m, due to cash being used on account of the reduction in funding. The increase in equities in part offset the reduction in derivatives trades with customers. The decline in bonds involves chiefly Italian government securities, with a view to rebalancing in favour of the AFS portfolio. The compulsory reserve stood at €62m (€116.1m).

	30/6/12		30/6/13		Chg.
	(€m)	%	(€m)	%	
Debt securities	3,614.4	34%	2,898.4	32%	-19.8%
Equities	534.5	5%	924.5	10%	+73.0%
Derivative contract valuations	(769.1)	-7%	(387.9)	-4%	-49.6%
Others (cash, repos, time deposits)	7,380.8	68%	5,703.6	62%	-22.7%
Total net treasury assets	10,760.6	100%	9,138.6	100%	-15.1%

	30/6/12		30/6/13		Chg.
	Book Value	%	Book Value	%	
Italian government securities	759.1	21.0%	165.8	+5.7%	
Other government securities	1,050.6	29.1%	1,436.0	+49.5%	
Financial bonds	1,316.8	36.4%	1,108.5	+38.2%	
- of which: Italian	850.4	23.5%	697.1	+24.1%	
Corporate bonds	487.9	13.5%	188.1	+6.6%	
Total debt securities	3,614.4	100.0%	2,898.4	100.0%	

Tangible and intangible assets – the reduction from €138.1m to €131.9m in this item reflects depreciation and amortization for the period totalling €12.4m, partly offset by the investments carried out (€6.2m).

	30/6/12		30/6/13		Chg.
	(€m)	%	(€m)	%	
Land and properties	119.5	87%	118.1	90%	-1.2%
- of which: core	92.5	67%	91.4	69%	-1.2%
Other tangible assets	7.4	5%	6.7	5%	-9.5%
Other intangible assets	11.2	8%	7.1	5%	-36.6%
Total tangible and intangible assets	138.1	100%	131.9	100%	-4.5%

Provisions – these remained virtually stable at €160.5m (€160.1m), as the withdrawals from the provision for risks and charges totalling €0.9m were offset by the lower staff severance indemnity provision actuarial valuation (which declined from €2.2m to €0.5m).

	30/6/12		30/6/13		Chg.
	(€m)	%	(€m)	%	
Provisions for risks and charges	152.0	95%	151.0	94%	-0.7%
Staff severance provision	8.1	5%	9.5	6%	+17.3%
Total provisions	160.1	100%	160.5	100%	+0.2%

Net equity – the €105.5m increase in net equity, from €4,621.7m to €4,727.2m is entirely attributable to the improvement in the valuation reserve, which rose €340.9m, and was only offset in part by the loss for the year (€200.2m) and the dividend distributed (€42.2m).

	(€m)		
	30/6/12	30/6/13	Chg.
Share capital	430.6	430.6	—
Other reserves	4,387.8	4,162.4	-5.1%
Valuation reserves	(196.7)	134.2	n.m.
- of which: AFS securities	(188.7)	137.3	n.m.
cash flow hedges	(17.7)	(12.7)	n.m.
Total net equity	4,621.7	4,727.2	+2.3%

The AFS reserve is made up of €71.9m for equities and €105.3m for bonds, net of the €39.9m tax effect.

	(€m)	
	30/6/12	30/6/13
Equities	(15.0)	71.9
Bonds	(259.8)	105.3
Tax effect	86.1	(39.9)
Total AFS reserve	(188.7)	137.3

The increase in net equity due to the notional cost of stock options (including those in favour of Group company staff members) and performance shares amounts to €16.9m.

The number of treasury shares held by Mediobanca was 17.01 million, equal to 1.98% of the company's share capital, carried in the accounts at €213.4m.

Assets subject to revaluation included in the financial statements are listed in table A.

Regulatory capital and solvency margin – regulatory capital totalled €6,022m (€5,754.5m), up despite the loss for the year as a result of the new subordinated, lower tier 2 bond being issued in an amount of €504.3m, only part of which (€212.9m) was offset by the early redemption of the bond falling due in October 2013; the solvency margin increased from 14.88% to 17.11%, with a tier1 ratio of 12.13% (11.48%).

Net interest income – the 17.7% reduction in this item reflects the ongoing low interest rate scenario and banks’ high refinancing costs given the need to maintain ample liquidity positions.

	(€m)		
	30/6/12	30/6/13	Chg.
Interest income	2,006.8	1,926.1	-4.0%
(cost of funding)	(1,730.5)	(1,698.8)	-1.8%
Net interest income	276.3	227.3	-17.7%

Net trading income – the reduction in this item reflects the trends seen on financial markets, with a good performance in equity trading, and higher stability in terms of spreads and market interest rates reducing the opportunities for profit-taking in fixed-income trading.

	(€m)		
	30/6/12	30/6/13	Chg.
Dividends	17.6	17.9	+1.7%
Fixed-income trading profit	225.7	92.5	-59.0%
Equity trading profit	9.8	60.5	n.m.
Net trading income	253.1	170.9	-32.5%

Net fee and commission income – this item fell by 25.6%, from €264.8m to €197.1m, chiefly due to the contraction in business volumes as a result of the reduced corporate activity (down from €246.6m to €180.3m) in all segments (advisory, capital markets and lending). The other items are renting fees of €4.1m (€4.3m) and other income of €12.7m (€13.9m).

Operating costs – these fell by 3.9%, due to the lower labour costs on account of the reduction in the variable remuneration component, which more than offset the cost of the performance share schemes coming into operation. Administrative expenses were stable, with EDP and financial information subscription costs, which jointly were up 22%, being offset by the reduction in amortization of software programmes.

	(€m)		
	30/6/12	30/6/13	Chg.
Labour costs	188.7	177.3	-6.0%
<i>of which: directors</i>	3.8	3.6	-5.3%
<i>stock option and performance share schemes</i>	12.7	16.9	33.1%
Sundry operating costs and expenses	100.3	100.3	—
<i>of which: depreciation and amortization</i>	14.8	12.4	-16.2%
<i>administrative expenses</i>	85.5	87.9	+2.8%
Operating costs	289.0	277.6	-3.9%

	30/6/12	30/6/13	Chg.
Legal, tax and professional services	16.2	13.2	-18.5%
Marketing and communication	1.5	1.3	-13.3%
Rent and property maintenance	8.5	8.4	-1.2%
EDP	16.2	19.8	+22.2%
Financial information subscriptions	14.3	15.9	+11.2%
Bank services, collection and payment commissions	2.2	1.6	-27.3%
Operating expenses	4.3	4.4	+2.3%
Other labour costs	9.0	8.0	-11.1%
Other costs	11.2	11.7	+4.5%
Direct and indirect taxes	2.1	3.6	+71.4%
Total administrative expenses	85.5	87.9	+2.8%

Gains and losses on disposals of AFS securities and fixed financial assets – this item includes net gains on disposals of AFS equities and bonds totalling €38.2m; and other gains on early repayments of loans and other fixed financial assets amounting to €7.3m.

Loan loss provisions – the 11.5% increase in this item, from €106.8m to €119.1m, reflects the ongoing difficulties being encountered by businesses, and accordingly the cost of risk increased from 43 bps to 47 bps.

Provisions for other financial assets – this item fell, from €610.7m to €423.2m, helped by the lack of writedowns to bonds which last year included those taken in respect of Greek sovereign debt (which this year were written back in part, as to €19m, following market disposals). By contrast, the provisions for equities increased, to €442.2m, and involve, on the one hand, the effects of some of the equity investments being transferred to the AFS portfolio, notably the stakes in Pirelli (€79.2m), Gemina (€45.6m), RCS MediaGroup (€89.2m) and Telco (€206.6m), and, on the other, the writedowns to the equity investments (€271.3m), €125m of which to the Telco shareholders' loan.

Income tax for the period – income tax rose from €105m last year to €67.5m, despite the loss for the period, as a result of the higher equity writedowns, the majority of which are not tax-deductible. Mediobanca (as consolidating entity) has adopted tax consolidation, which includes Compass, SelmaBipiemme Leasing, Palladio Leasing, CheBanca!, Cofactor and Futuro.

* * *

Significant events that have taken place during the twelve months under review include:

- the new three-year business plan based on a simplified model, focused on three banking activities (corporate and investment banking, retail banking and wealth management) with the potential to generate increasing and geographically diversified revenues, as well as offering greater efficiency in terms of risks and allocated costs. To achieve these objectives the plan – which assumes a gradually improving macro scenario – envisages a substantial reduction in the banks' equity exposure of some €2bn (including 3% of Assicurazioni Generali), reinforcement of the Group's corporate and investment banking activities, and development of businesses able to generate higher fees on lower capital absorption (in both retail and wealth management), while constantly preserving risk management and asset quality. In particular, the lines for development in the CIB area (target revenue CAGR: 10%) including expanding the customer base to include customers as yet not adequately covered, strengthening the international dimension of the Bank's current operations through the existing branch offices and entering developing markets (such as Turkey, Mexico and China), and bolstering the product range. The strategy in consumer credit is geared towards sustainable income growth and further improvement in profitability (ROAC: 13-14%) via: growth in traditional business lines (loans to household customers) while preserving a rigorous approach to risk; and launch of new transactional products in order to access new client segments (CompassPay). CheBanca! aims to becoming a leading multichannel bank in terms of technology, with a full, profitable range of product and services, including by developing asset management business (target funding: €2bn), while at the same time reducing the average cost of funding. The bank is expected to become profitable in 2016, including as a result of the anticipated group-wide synergies. At Group level the targets are revenues of €2.1bn, ROE of 10-11%, and a core tier 1 ratio of 11-12%;
- completion of two buy-backs (of senior unsecured bonds expiring in 2014, and a £200m subordinated bond issue falling due in 2018 with a call date anticipated in October 2013), involving a total outlay of €2bn;
- issue of a new, subordinated lower tier II €500m bond, with maturity in 2023;

- strengthening of Mediobanca’s international corporate and investment banking franchise, with the opening of an office in Istanbul headed up by Sinan Ozman, and the appointment of Adam Bolek as Frankfurt branch manager, with Ulrich Paefgen working alongside him in the role of senior advisor;
- the self-assessment process for governing bodies was carried out by the Board of Directors, at a meeting held on 5 September 2012, as required by the Bank of Italy memo issued on 11 January 2012;
- appointment of PricewaterhouseCoopers to audit the accounts of Mediobanca for the 2013-2021 period;
- renewal of the authorization to the Board of Directors to increase the company’s share capital in a nominal amount of up to €40m, with option rights excluded, to be set aside for subscription by Italian and non-Italian professional investors;
- completion of the internal capital adequacy assessment procedure (ICAAP) required by the regulations in force, and disclosure of the information required under Pillar 3 of the Basel II agreements, to provide a more accurate valuation of the Group’s capital solidity and exposure to risks;
- the new “Procedure in respect of transactions with related parties and their associates” enacting Consob resolution no. 17221 on 12 March 2010 and the Bank of Italy instructions in respect of “Risk assets and conflicts of interest with related parties” issued on 15 December 2011, coming into force on 31 December 2012;
- the decision by Standard & Poor’s on 25 July 2013, following the downgrade of the republic of Italy’s credit rating, to revise the Bank’s long-term rating to BBB with negative outlook;
- start of work to develop the Mediobanca historical archive, which has been named after Vincenzo Maranghi.

Litigation pending – A total of fifteen claims are pending against Mediobanca, of which:

- thirteen relate to the Bank’s alleged failure, jointly with other parties, to launch a full takeover bid for La Fondiaria in 2002, involving a total amount

of some €100m plus interest; the present status of the trials in respect of these claims is as follows:

- the court of cassation has ruled against Mediobanca on three claims, which have now reverted to the court of appeals for the rulings to be prosecuted;
- four claims, in which the court of appeals has ruled in favour of Mediobanca, are pending at the court of cassation;
- for three claims, in which the court of appeals ruled in favour of Mediobanca, the term for appeal is pending at the court of cassation;
- two claims, in which the ruling went against Mediobanca, are pending before the court of appeals in Milan;
- one new claim has been lodged with the court of Milan.

Two further claims have been lodged with the court of Milan with respect to the following:

- Mediobanca and four other parties have been ordered to pay the aggregate sum of €73m in damages for their alleged failure to launch a compulsory takeover bid for Impregilo on the grounds that they were shareholders acting in concert;
- a request for indemnity totalling €134.4m in connection with the alleged involvement of Mediobanca in the bankruptcy of Burani Designer Holding NV and Mariella Burani Family Holding S.p.A..

The provision for risks and charges, which at the reporting date totalled slightly over €150m, amply covers any charges that may be payable as a result of the claims made against Mediobanca and the Group companies.

Credit rating – The rating assigned by Standard & Poor's to Mediobanca was downgraded during the twelve months under review to BBB with negative outlook for medium-/long-term debt (A-2 for short-term debt), as part of a general revision of the ratings for Italian banks following the further downgrade of the Republic of Italy.

Research – R&S has continued its analysis of companies and capital markets as in the past. R&S produced the thirty-seventh edition of its Annual Directory, which includes analysis of leading Italian listed companies, and published

the profiles of over a hundred other industrial and financial groups online. A new edition of its survey of the world's leading industrial multinationals was completed (the seventeenth), as were two updates of its survey of European banks based on interim data (the fifth edition) and annual data (the eleventh edition), the second edition of its study of European medium-sized enterprises (extended to include France) – in partnership with Confindustria and Unioncamere –, the second edition of its review of industrial companies in southern Italy on behalf of the Fondazione Ugo La Malfa, and – publication of the quarterly survey of blue chip companies' results. The company's accounts for the twelve months ended 30 June 2013 show an even balance, after charging Mediobanca €1.9m (€1.7m) for services and expenses. R&S employs 14 staff.

Related party disclosure – Financial accounts outstanding as at 30 June 2013 between companies forming part of the Mediobanca Group and related parties, and transactions undertaken between such parties during the financial year, are illustrated in Part H of the notes to the accounts, along with all the information required in respect of transparency pursuant to Consob resolution 17221 issued on 12 March 2010.

All such accounts fall within the Bank's ordinary operations, are maintained on an arm's length basis, and are entered into in the interests of the Bank itself, including in its capacity as parent company to the Mediobanca Banking Group. In this connection, certain services provided by Group companies, such as EDP, share and bond administration, and research, are paid for at cost. No atypical or unusual transactions have been entered into with these counterparties.

There are no shareholders in the Bank in a controlling position.

Other information – With regard to securities trading, a total of 31 million Mediobanca shares were traded on behalf of customers, worth a total of €120m.

The security planning document required under Italian Legislative Decree 196/03 was updated during the year, as was the Bank's organizational model instituted pursuant to Italian Legislative Decree 231/01.

Information regarding the Bank's ownership structure as required under Article 123-bis of Italian Legislative Decree 58/98 is contained in the annual report on corporate governance attached hereto and available on the Bank's website under Investor Relations.

Outlook – Estimates for the current financial year continue to be impacted by the macro environment, which remains especially weak in Italy, as well as by the instability in the Eurozone which could again affect the spreads on EU member states' sovereign debt and banks' costs of funding. Against this backdrop, the Group confirms the targets presented in three-year plan for the present financial year, which include reducing equity investments and growth in loans to customers, with revenues likely to benefit from the recovery in corporate activity. Administrative costs and the cost of risk are likely to remain stable.

Proposed coverage of loss for the year ended 30 June 2013

Dear shareholders,

The net loss for the twelve months under review totalled €234,997,660.60.

We propose to cover the loss by withdrawing the entire amount from the Other reserves, which therefore amount to €558,127,219.59.

If this proposal is approved by you, the Bank's net equity will amount to €4,492.2m.

Accordingly, you are invited to approve the following proposal:

Loss for the year	€ (234,997,660.60)
Withdrawal from Other reserves	€ 234,997,660.60
Loss outstanding	€ 0.00

Milan, 17 September 2013

THE BOARD OF DIRECTORS

**DECLARATION BY HEAD
OF COMPANY FINANCIAL REPORTING**



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

1. The undersigned Alberto Nagel and Massimo Bertolini, in their respective capacities as Chief Executive Officer and Head of Company Financial Reporting of Mediobanca, hereby declare and in view *inter alia* of the provisions contained in Article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree 58/98, that the administrative and accounting procedures used in the preparation of the individual financial statements:
 - were adequate in view of the company’s characteristics; and
 - were effectively applied during the year ended 30 June 2013.
2. Assessment of the adequacy of said administrative and accounting procedures for the preparation of the individual financial statements as at 30 June 2013 was based on a model defined by Mediobanca in accordance with benchmark standards for internal control systems which are widely accepted at an international level (i.e. the CoSO and CobiT frameworks).
3. It is further hereby declared that
 - 3.1 the individual financial statements:
 - have been drawn up in accordance with the International Financial Reporting Standards adopted by the European Union pursuant to CE regulation no. 1606/02 issued by the European Parliament and Council on 19 July 2002;
 - correspond to the data recorded in the company’s books and accounts ledgers;
 - are adequate for the purpose of providing a truthful and accurate representation of the capital, earnings and financial situation of the issuer and the group of companies included within its area of consolidation.
 - 3.2 the review of operations contains reliable analysis of the Mediobanca’s operating performance and results, and of its situation, along with a description of the main risks and uncertainties to which the bank is exposed.

Milan, 17 September 2013

Chief Executive Officer

Alberto Nagel

Head of Financial Reporting

Massimo Bertolini

STATUTORY AUDITORS' REPORT



STATUTORY AUDIT COMMITTEE’S REPORT
as required under Article 153 of Italian Legislative Decree 58/98

Dear Shareholders,

This report, which has been prepared as required under Article 153 of Italian Legislative Decree 58/98 (the “Italian Consolidated Finance Act”), refers to the activities carried out by the Statutory Audit Committee of Mediobanca S.p.A. (“Mediobanca”, the “Bank” or the “Company”) during the financial year ended 30 June 2013.

1. In performing its duties of supervision and control, the Statutory Audit Committee has:
 - a) monitored compliance with the provisions of the law, the company’s Articles of Association and deed of incorporation;
 - b) received regular information from the directors, *inter alia* through participating in Board and Executive Committee meetings, on the activities carried out and the most significant transactions in earnings, financial and capital terms approved and executed by the Bank and the other Group companies, including in compliance with Article 150, paragraph 1 of the Italian Consolidated Finance Act. Based on the information available, the Statutory Audit Committee can provide reasonable assurance that these transactions have been carried out in compliance with the provisions of the law and the company’s Articles of Association, and are not manifestly imprudent or risky or such as may compromise the integrity of the Company’s assets. Furthermore, all transactions giving rise to potential conflicts of interest have been approved in compliance with the provisions of the law, the regulations in force and the company’s Articles of Association;

Significant events during the twelve months under review include:

- approval of a new three-year business plan, the main points in which may be summarized as follows: a business model focused on Corporate and Investment Banking, Retail Banking and Wealth Management; a substantial reduction in the Bank’s equity exposure of some €2bn (including 3% of Assicurazioni Generali); reinforcement of the Group’s Corporate and Investment Banking business; development of

businesses able to generate higher fees on lower capital absorption (in both Retail Banking and Wealth Management); careful maintenance of risk management and asset quality;

- transfer of the holdings in Telco, RCS MediaGroup, Gemina and Pirelli to the AFS portfolio, in accordance with the new strategic guidance;
 - opening of a new advisory company in Istanbul, again in accordance with the new strategic guidelines which include entry to developing markets;
 - completion of two buy-backs of senior unsecured bonds expiring in 2014, and a £200m subordinated bond issue falling due in 2018 with a call date anticipated in October 2013, involving a total outlay of €2bn;
 - issue of a new, subordinated lower tier II €500m bond, with maturity in 2023;
 - appointment of a new CEO of CheBanca!, a manager already operating within the Group who has also retained operating responsibilities also for Compass, as part of a Group reorganization intended to improve coverage of retail customers and generate increased synergies between Compass and CheBanca!.
- c) noted that no atypical or unusual transactions with Group companies, third parties or related parties have taken place;
- d) monitored compliance with the in respect of transactions with related parties as required by the regulations in force and the correct application of said Procedure. The Statutory Audit Committee has taken part the meetings of the Related Parties Committee, instituted in accordance with the Related Parties procedure, and has received regular information on the transactions carried out. As far as the Statutory Audit Committee is aware, no intra-group transactions or transactions with related parties have been executed that would be in conflict with the company's interests. The Statutory Audit Committee, taking account also the results of the activities performed by the various units affected by the Procedure in respect of related parties, believes that transactions with related parties are adequately covered;
- e) considered that the Board of Directors, in its review of operations and notes to the accounts, has provided adequate information on transactions involving related parties, including in view of the requirements stipulated in the regulations presently in force;

- f) been informed regarding, and has monitored the adequacy of, the Bank's organizational structure, its compliance with the principles of proper management, and the adequacy of the instructions given by the company to its subsidiaries, as required by Article 114, paragraph 2 of Italian Legislative Decree 58/98, by acquiring information from the heads of the relevant company divisions and meetings with the External Auditors involving the mutual exchange of relevant data and information. No critical issues emerged from our review of the annual reports by the Statutory Audit Committees of the Group companies;
- g) monitored the adequacy of the risk management and control system and the internal control system, by:
 - i) holding meetings during the financial year with the Bank's senior management to examine the internal control system;
 - ii) holding regular meetings with the Group Audit, Compliance and Risk Management units (the "Control Units") to evaluate the methods used for planning activities based on an identification and assessment of the principal risks involved in the various processes and organizational units;
 - iii) review of the Control Units' reports and regular information on the outcome of monitoring activity and the status of corrective action highlighted;
 - iv) receiving information from the heads of the various divisions of the company;
 - v) meetings with the heads of the supervisory bodies of the Group companies, in accordance with the provisions of Article 151, paragraphs 1 and 2 of the Italian Consolidated Finance Act, in the course of which the Statutory Audit Committee received information on developments involving the Group companies considered to be significant;
 - vi) discussion of the results of the work performed by the External Auditors;
 - vii) taking part in meetings of the Control and Risks Committee, and dealing with issues in conjunction with it where necessary.

From a review of the reports by the Control Units and other checks and balances carried out, it emerged that the structure of controls has been consistently strengthened, with the following points in particular worthy of note:

- the continuity of the Group's risk control and containment policy, in line with the difficult economic scenario, retaining liquidity profiles considered to be satisfactory, even if these have at some points inevitably impacted on the Bank's earnings performance;
- alignment of the control structure to the changes in operations which have seen an increase in market activity and a reduction in lending to corporates, through the implementation of *ad hoc* control parameters and enhanced coverage of contractual issues and reputational risks;
- continuation of the Risk Management unit's activity of direction and co-ordination of the Basel II project, monitoring the rating models of both Mediobanca and the Group companies and revising the internal processes, procedures and policies for taking, controlling and mitigating risks;
- strengthening of controls to prevent the risk of conflicts of interest deriving from taking different roles versus the same counterparty, including through organizational changes in order to reinforce the distinction between different roles;
- ongoing attention to exposure to the risk of money-laundering and terrorist financing, both for Mediobanca itself and the Group companies, including by progressively refining the existing controls.

Meetings with the Bank's senior management and the reports submitted by the Control Units have revealed certain areas for possible improvement in the reporting on operations by the London branch and the Principal Investing area, the internal regulation of operations by the Client Risk Trading desk, and in formalizing the processes for the internal rating system in the process of being developed.

No irregularities emerged in any case from our activity which may be considered to be indicative of major inadequacies in the risk management and control systems and the internal control system;

- h) met regularly with the Head of Company Financial Reporting (the "Head of Company Financial Reporting") for exchanges of information, and reviewed the report prepared by the Group Audit unit for the Head of Company Financial Reporting, which contains an analytical indication of the tests of controls carried out and the main problems detected in the course of applying Italian law 262/05. The Statutory Audit Committee also examined the declarations made by the Chief Executive Officer and Head of Company Financial Reporting as required by the regulations

contained in Article 154-bis of the Italian Consolidated Finance Act. The Statutory Audit Committee has found no evidence of shortcomings that might affect its judgement that the Bank's administrative/accounting procedures are adequate.

Moreover, the heads of the External Auditors too, in their regular meetings with the Statutory Audit Committee, reported no critical issues that might jeopardize the internal control system regarding the administrative and accounting procedures.

The Statutory Audit Committee ascertained that the flows provided by the Group's non-EU companies are sufficient to carry out supervision of the annual and interim accounting situations, as required by Article 36 of the Regulations for Markets;

The Statutory Audit Committee, in the light of the information obtained and the meetings it has held, considers the Bank's administrative and accounting system and financial reporting process to be adequate;

- i) monitored the methods utilized in complying with the Code of Conduct issued by Borsa Italiana and adopted by Mediobanca as illustrated in the Annual Report on Corporate Governance and Ownership Structure.

This assessment was conducted on the basis of the Code of Conduct in its new version dated December 2011, adopted by the Bank during the financial year under review.

The Statutory Audit Committee also checked that the criteria and procedures adopted by the Board of Directors to ascertain the independence of its members had been applied correctly;

- j) viewed and obtained information regarding the organizational and procedural activity implemented in compliance with Italian Legislative Decree 231/01 regarding corporate administrative liability. The supervisory body reported on the activities performed by it during the year ended 30 June 2013, without highlighting any critical issues worthy of note, revealing a situation which on the whole was satisfactory and in line with the provisions set forth in the Organizational, management and control model;
- k) monitored the action taken following the inspection carried out by the Bank of Italy to assess the activities performed in order to implement a credit risk management system based on internal ratings, and check that the measures taken in response to the previous inspection were

adequate. The activities implemented were notified by the company to the Bank of Italy in two reports dated 24 July 2012 and 25 January 2013;

- l) approved the resolution to co-opt a new Director to the Board as required under Article 2386 of the Italian Civil Code, and expressed a favourable opinion on the Procedure in respect of investments in non-financial undertakings. It checked that the rules on remuneration and incentivization criteria for the heads of the Control Units and the Head of Company Financial Reporting were applied correctly.

The Statutory Audit Committee met on a total of 32 occasions, 11 of which in conjunction with the Control and Risks Committee. It also took part in 11 meetings of the Board of Directors and 10 Executive Committee meetings, and has met with the Statutory Audit Committees of the other Group companies and the supervisory body established pursuant to Italian Legislative Decree 231/01. The Chairman of the Statutory Audit Committee has also taken part in the Remunerations Committee meetings.

With regard to the information it has received, the Statutory Audit Committee considers that the Group's activities have been conducted in compliance with the principles of proper management, and that its organizational structure, its internal control system and accounting/administrative procedures as a whole are adequate for the company's requirements.

2. In accordance with the provisions of Article 19 of Italian Legislative Decree 39/10, the Statutory Audit Committee, identified therein as the "Committee for internal control and auditing", duly carried out the required activity in terms of monitoring the External Auditor's operations.

The Statutory Audit Committee met on several occasions over the course of the year with External Auditor PriceWaterhouseCoopers S.p.A. as appointed pursuant to Article 150 of the Italian Consolidated Finance Act in order to exchange information regarding the latter's activity. In such meetings the External Auditor has at no stage shown evidence of facts considered to be censurable or other irregularities such as would warrant reporting as required by Article 155, comma 2 of the Italian Consolidated Finance Act.

On 1 October 2013 the External Auditors, charged with the duties of legal audit for the company's individual and consolidated financial statements pursuant to a resolution adopted by shareholders at an ordinary general meeting held on 27 October 2012, issued the reports required by Article 14 of the Italian Legislative Decree 39/10, stating that the individual and

consolidated financial statements for the financial year ended 30 June 2013 have been drawn up transparently and constitute a truthful and proper reflection of the company's and Group's capital and financial situation, their earnings results, changes to their net equity and cash flows during the year under review. In the view of the External Auditors, the Review of Operations for the twelve months ended 30 June 2013 and the information required under para. 1, letters c), d), f), l), m) and para. 2, letter b) of Article 123-bis of the Italian consolidated finance act presented in the "Report on Corporate Governance and Ownership Structure" is consistent with the individual and consolidated financial statements as at 30 June 2013.

On the same date the External Auditors also submitted their report prepared in accordance with Article 19 of Italian Legislative Decree 39/10 to the Statutory Audit Committee, which revealed no significant shortcomings in the internal control system in relation to the financial reporting process worthy of being brought to the attention of those responsible for governance activities.

The External Auditor submitted its report on the independence of the auditor to the Statutory Audit Committee as required by Article 17 of Italian Legislative Decree 39/10, from which no situations emerged that could compromise its independence or constitute grounds for incompatibility under the terms of the aforementioned decree.

In addition to the duties prescribed by regulations for listed companies, the External Auditors and the other companies forming part of its network have received other mandates, the fees paid in respect of which have been recognized in the consolidated profit and loss as follows:

Type of service	PricewaterhouseCoopers €'000	PricewaterhouseCoopers network €'000
Statements	38	5
Other services **	53	59
Total	91	64

** €100,000 of which in respect of contracts executed prior to the ordinary annual general meeting held on 27 October 2012, at which PricewaterhouseCoopers S.p.A. was appointed as the Bank's external auditors.

Given the mandates conferred on PricewaterhouseCoopers S.p.A. and its network by Mediobanca S.p.A. and the other Group companies, the Statutory Audit Committee does not consider that there are any critical issues arising with respect to the external auditor's independence.

The Statutory Audit Committee met with the External Auditor during the year under review during the preparation of the company's interim financial statements for the period ended 31 December 2012. On this occasion, the External Auditor submitted a document summarizing its activities, with reference in particular to the most significant valuation items. On 27 February 2013 the External Auditor issued a report on the auditing of the accounts limited to only the consolidated interim financial statements, without noting any exceptions.

The External Auditors have also confirmed to the Statutory Audit Committee that no external opinions have been expressed by them as required by law in the course of the financial year under review, in the absence of any grounds for such opinions.

3. In relation to the activity performed, the Statutory Audit Committee also noted the following circumstances:
 - a) At a Board meeting held on 20 June 2013, the Directors of Mediobanca approved the impairment procedure as required by the combined Bank of Italy/Consob/ISVAP document issued on 3 March 2010. At the same meeting the Board also approved the new strategic plan described under point no. 1 of this report. In line with this strategic plan, the Board of Directors also approved a new system of classification for associate investments, which were transferred to the AFS securities portfolio, at their fair value as calculated in accordance with IAS 28, generating a charge of €144.6m taken through the profit and loss account.
 - b) On 18 July 2013, Marco Tronchetti Provera, following a first-degree ruling against him issued by the Court of Milan, informed the Chairman of the Statutory Audit Committee and the Chairman of the Board of Directors of Mediobanca that he was suspending himself from his posts as Deputy Chairman and Director of the company. On the same date the Board of Directors accordingly declared him suspended from his position as Director. The report submitted by the Board of Directors to shareholders gathered in this general meeting provides the necessary information in this respect. The Statutory Audit Committee invites shareholders in general meeting to adopt the resolutions required under Italian Ministerial Decree 161/98.
 - c) The Statutory Audit Committee checked the corporate processes leading to finalization of the Bank's remunerations policies, concluding that they were substantially in conformity with the regulations in force.

- d) In the Review of Group Operations, the company has provided a summary of the tax disputes currently outstanding with the Italian revenue authorities, which regard Group companies Compass and SelmaBipiemme in particular. The companies affected by the disputes have challenged the rulings, firm in the conviction, including on the basis of the opinions acquired, that their operations were correct, and accordingly no amounts have been set aside as provisions in the accounts. The Statutory Audit Committee obtained information regarding the contents of the disputes from the management of Mediobanca, and met with the auditors of the companies involved which had no comments to make regarding the accounting solutions adopted by the companies in making up their respective accounts.
- e) On the subject of legal risks, the Statutory Audit Committee draws shareholders' attention to the contents of the Review of Operations where the various cases pending are listed. Such cases refer primarily to claims for damages deriving from the alleged failure to launch a full takeover bid made several years ago, along with one claim for compensation following the bankruptcy of an industrial group.
4. The Statutory Audit Committee is not aware of any facts or complaints, other than those referred to above, to be reported on to shareholders in general meeting. The Statutory Audit Committee has not received any complaints from shareholders during the year pursuant to Article 2408 of the Italian Civil Code. No omissions, censurable facts, irregularities or other significant circumstances such as would require the supervisory authorities to be notified or as would warrant inclusion in this report have come to the Statutory Audit Committee's attention in the course of its activities or on the basis of the information it has received.
5. Lastly, in view of the specific duties assigned to the External Auditors in terms of auditing the Group's accounts and appraising the reliability of its financial statements, the Statutory Audit Committee has no observations to make to shareholders in general meeting, pursuant to Article 153 of the Italian Consolidated Finance Act, regarding approval of the financial statements for the year ended 30 June 2013 and the Review of Operations as presented by the Board of Directors, and the proposal to cover the loss incurred in its entirety by withdrawing the same amount from the Other reserves.

Milan, 1 October 2013

THE STATUTORY AUDIT COMMITTEE

INDEPENDENT AUDITORS' REPORT





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

To the shareholders of
Mediobanca SpA

- 1 We have audited the separate financial statements of Mediobanca SpA as of 30 June 2013, which comprise the balance sheet, the profit and loss account, the comprehensive profit and loss account, the statement of changes to net equity, the cash flow statement and the related notes to the accounts. The directors of Mediobanca SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to the report issued by other auditors on 28 September 2012.

- 3 In our opinion, the separate financial statements of Mediobanca SpA as of 30 June 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Mediobanca SpA for the period then ended.

PricewaterhouseCoopers SpA

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- 4 The directors of Mediobanca SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of Mediobanca SpA as of 30 June 2013.

Milan, 1st October 2013

PricewaterhouseCoopers SpA

Signed by

Marco Palumbo
(Partner)

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

INDIVIDUAL FINANCIAL STATEMENTS *



* Figures in Euros.

Mediobanca S.p.A. Balance Sheet

Assets	30/6/13	30/6/12
10. Cash and cash equivalents	102,854	2,117,416
20. Financial assets held for trading	12,419,130,455	13,311,580,004
40. Financial assets available for sale	10,319,344,175	9,356,652,571
50. Financial assets held to maturity	1,434,100,538	1,716,144,920
60. Due from banks	9,751,996,789	10,601,193,603
70. Due from customers	26,017,624,502	30,026,432,282
80. Hedging derivatives	1,152,218,012	1,683,830,141
100. Equity investments	2,717,613,422	3,214,440,375
110. Property, plant and equipment	124,864,718	126,860,993
120. Intangible assets	7,073,908	11,197,514
130. Tax assets:	268,860,279	405,157,957
<i>a) current</i>	<i>123,680,984</i>	<i>182,283,110</i>
<i>b) advance</i>	<i>145,179,295</i>	<i>222,874,847</i>
150. Other assets	33,342,401	22,159,761
TOTAL ASSETS	64,246,272,053	70,477,767,537

Liabilities and net equity	30/6/13	30/6/12
10. Due to banks	20,620,464,570	19,649,458,409
20. Due to customers	1,262,095,148	2,390,348,471
30. Debt securities in issue	27,582,302,167	32,731,011,013
40. Trading liabilities	8,856,757,180	9,931,782,841
60. Hedging derivatives	533,092,077	572,729,904
80. Tax liabilities:	503,616,693	389,085,827
<i>a) current</i>	<i>213,690,391</i>	<i>136,025,683</i>
<i>b) deferred</i>	<i>289,926,302</i>	<i>253,060,144</i>
100. Other liabilities	235,239,166	231,687,554
110. Staff severance indemnity provision	9,454,829	8,111,456
120. Provisions:	151,002,555	151,963,986
<i>b) other provisions</i>	<i>151,002,555</i>	<i>151,963,986</i>
130. Revaluation reserves	134,239,302	(196,767,344)
160. Reserves	2,255,708,389	2,481,208,616
170. Share premium reserve	2,120,143,393	2,120,143,393
180. Share capital	430,564,606	430,564,606
190. Treasury shares	(213,410,361)	(213,410,361)
200. Profit for the period	(234,997,661)	(200,150,834)
TOTAL LIABILITIES AND NET EQUITY	64,246,272,053	70,477,767,537

Mediobanca S.p.A. Profit and Loss Account

Item	12 mths to 30/6/13	12 mths to 30/6/12
10. Interest and similar income	1,878,977,754	1,999,519,185
20. Interest expense and similar charges	(1,701,299,034)	(1,736,687,658)
30. Net interest income	177,678,720	262,831,527
40. Fee and commission income	194,845,684	265,430,103
50. Fee and commission expense	(19,733,796)	(18,533,859)
60. Net fee and commission income	175,111,888	246,896,244
70. Dividends and similar income	95,434,976	138,221,870
80. Net trading income	120,368,550	135,430,044
90. Net hedging income (expense)	2,009,600	3,901,073
100. Gain (loss) on disposal/repurchase of:	101,984,718	70,131,402
<i>a) loans and advances</i>	5,955,809	(5,439)
<i>b) AFS securities</i>	38,273,699	34,494,395
<i>c) financial assets held to maturity</i>	1,311,345	(1,945,609)
<i>d) financial liabilities</i>	56,443,865	37,588,055
120. Total income	672,588,452	857,412,160
130. Adjustments for impairment to:	(333,104,578)	(519,074,981)
<i>a) loans and advances</i>	(86,895,156)	(67,506,020)
<i>b) AFS securities</i>	(214,010,189)	(410,721,746)
<i>c) financial assets held to maturity</i>	—	(1,564,083)
<i>d) financial liabilities</i>	(32,199,233)	(39,283,132)
140. Net income from financial operations	339,483,874	338,337,179
150. Administrative expenses:	(268,140,290)	(275,673,628)
<i>a) personnel costs</i>	(177,339,074)	(188,716,304)
<i>b) other administrative expenses</i>	(90,801,216)	(86,957,324)
160. Net transfers to provisions	—	(1,500,000)
170. Net adjustments to tangible assets	(3,672,573)	(3,413,554)
180. Net adjustments to intangible assets	(8,695,334)	(11,346,109)
190. Other operating income (expense)	20,206,101	19,629,736
200. Operating costs	(260,302,096)	(272,303,555)
210. Gain (loss) on equity investments	(209,180,715)	(198,684,018)
240. Gain (loss) on disposal of investments in:	1,276	(440)
250. Profit (loss) on ordinary activities before tax	(129,997,661)	(132,650,834)
260. Income tax for the year on ordinary activities	(105,000,000)	(67,500,000)
270. Profit (loss) on ordinary activities after tax	(234,997,661)	(200,150,834)
290. Net profit (loss) for the period	(234,997,661)	(200,150,834)

Mediobanca Comprehensive Profit and Loss Account

Headings	30/6/13	30/6/12
10. Gain (loss) for the period	(234,997,661)	(200,150,834)
Other income items net of tax		
20. AFS securities	325,947,928	(177,887,022)
30. Property, plant and equipment	—	—
40. Intangible assets	—	—
50. Foreign investment hedges	—	—
60. Cash flow hedges	5,058,719	(8,358,976)
70. Exchange rate differences	—	—
80. Non-current assets being sold	—	—
90. Actuarial gains (losses) on defined-benefit pension schemes	—	—
100. Share of valuation reserves for equity-accounted companies	—	—
110. Total other income items net of tax	331,006,647	(186,245,998)
120. Aggregate profit (Heading 10 + Heading 110)	96,008,986	(386,396,832)

Statement of Changes to Mediobanca Net Equity

	Previously reported balance at 30/6/12	Allocation of profit for previous period		Changes during the reference period					Overall consolidated profit 2013	Balance at 30/6/13	
		Reserves	Dividends and other fund applications	Changes to reserves	Transactions involving net equity						
					New shares issued	Treasury shares acquired	Extra ordinary dividend payouts	Changes to equity instruments			Treasury shares derivatives
Share capital:	430,564,606	—	—	—	—	—	—	—	—	430,564,606	
a) ordinary shares	430,564,606	—	—	—	—	—	—	—	—	430,564,606	
b) other shares	—	—	—	—	—	—	—	—	—	—	
Share premium reserve	2,120,143,393	—	—	—	—	—	—	—	—	2,120,143,393	
Reserves:	2,481,208,616	(200,150,834)	—	—	—	(42,205,961)	—	—	16,856,568	2,255,708,389	
a) retained earnings	2,412,286,984	(200,150,834)	—	—	—	(42,205,961)	—	—	—	2,169,930,189	
b) others	68,921,632	—	—	—	—	—	—	—	16,856,568	85,778,200	
Valuation reserves	(196,767,345)	—	—	—	—	—	—	—	331,006,647	134,239,302	
Equity instruments	—	—	—	—	—	—	—	—	—	—	
Treasury shares	(213,410,361)	—	—	—	—	—	—	—	—	(213,410,361)	
Profit (loss) for the period	(200,150,834)	200,150,834	—	—	—	—	—	—	(234,997,661)	(234,997,661)	
Net equity	4,421,588,075	—	—	—	—	(42,205,961)	—	—	16,856,568	96,008,986	
										4,492,247,668	

¹ Represents the effects of stock options and performance shares in connection with ESOP schemes.

Statement of Changes to Mediobanca Net Equity

	Previously reported balance at 30/6/11	Allocation of profit for previous period		Changes to reserves	Changes during the reference period					Overall consolidated profit 2012	Balance at 30/6/12
		Reserves	Dividends and other fund applications		Transactions involving net equity						
					New shares issued	Treasury shares acquired	Extra ordinary dividend payouts	Changes to equity instruments	Treasury shares derivatives		
Share capital:	430,564,606	—	—	—	—	—	—	—	—	—	430,564,606
a) ordinary shares	430,564,606	—	—	—	—	—	—	—	—	—	430,564,606
b) other shares	—	—	—	—	—	—	—	—	—	—	—
Share premium reserve	2,120,143,393	—	—	—	—	—	—	—	—	—	2,120,143,393
Reserves:	2,496,562,854	(16,124,725)	—	(2,045,169)	—	—	—	—	12,815,656	—	2,481,208,616
a) retained earnings	2,430,456,878	(16,124,725)	—	(2,045,169)	—	—	—	—	—	—	2,412,286,984
b) others	56,105,976	—	—	—	—	—	—	—	12,815,656	—	68,921,632
Valuation reserves	(12,566,516)	—	—	2,045,169	—	—	—	—	—	(186,245,998)	(196,767,345)
Equity instruments	—	—	—	—	—	—	—	—	—	—	—
Treasury shares	(213,410,361)	—	—	—	—	—	—	—	—	—	(213,410,361)
Profit (loss) for the period	127,375,541	16,124,725	(143,500,266)	—	—	—	—	—	—	(200,150,834)	(200,150,834)
Net equity	4,938,669,517	—	(143,500,266)	—	—	—	—	—	12,815,656	(386,396,832)	4,421,588,075

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

Mediobanca Cash Flow Statement Direct method

	Amounts	
	30/6/13	30/6/12
A. Cash flow from operating activities		
1. Operating activities	475,229,262	279,095,565
- interest received	4,106,080,279	5,124,679,335
- interest paid	(3,333,576,331)	(4,651,773,221)
- dividends and similar income	100,427,380	121,062,215
- net fees and commission income	89,825,966	212,243,964
- cash payments to employees	(99,960,859)	(118,785,585)
- net premium income	—	—
- other premium from insurance activities	—	—
- other expenses paid	(1,236,978,113)	(1,904,611,717)
- other income received	816,790,191	1,496,788,800
- income taxes paid	32,620,749	(508,226)
- net expense/income from groups of assets being sold	—	—
2. Cash generated/absorbed by financial assets	4,268,732,198	(7,540,206,686)
- financial assets held for trading	378,398,244	1,377,849,113
- financial assets recognized at fair value	—	—
- AFS securities	(189,410,000)	(3,263,162,921)
- due from customers	4,025,748,497	(3,384,091,546)
- due from banks: on demand	36,118,840	(66,394,108)
- due from banks: other	108,459,196	(2,092,362,958)
- other assets	(90,582,579)	(112,044,266)
3. Cash generated/absorbed by financial liabilities	(4,854,178,868)	7,546,754,181
- due to banks: on demand	501,599,535	4,107,309,196
- due to banks: other	(102,645,757)	7,564,349,499
- due to customers	(453,819,001)	808,667,612
- debt securities	(4,800,481,680)	(5,203,811,815)
- trading liabilities	(39,563,617)	261,023,089
- financial liabilities assets recognized at fair value	—	—
- other liabilities	40,731,652	9,216,600
Net cash flow (outflow) from operating activities	(110,217,408)	285,643,060
B. Investment activities		
1. Cash generated from	326,019,807	116,103,172
- disposals of shareholdings	—	—
- dividends received in respect of equity investments	49,070,807	47,411,172
- disposals/redemptions of financial assets held to maturity	276,948,000	68,503,000
- disposals of tangible assets	1,000	189,000
- disposals of intangible assets	—	—
- disposals of subsidiaries or business units	—	—
2. Cash absorbed by	(175,611,000)	(256,772,000)
- acquisitions of shareholdings	(169,362,000)	(94,727,000)
- acquisitions of held-to-maturity investments	—	(149,744,000)
- acquisitions of tangible assets	(1,678,000)	(3,530,000)
- acquisitions of intangible assets	(4,571,000)	(8,771,000)
- acquisitions of subsidiaries or business units	—	—
Net cash flow (outflow) from investment/servicing of finance	150,408,807	(140,668,828)
C. Funding activities		
- issuance/acquisition of treasury shares	—	—
- issuance/acquisitions of equity instruments	—	—
- dividends payout and other applications of funds	(42,205,961)	(143,500,266)
Net cash flow (outflow) from funding activities	(42,205,961)	(143,500,266)
Net cash flow (outflow) during period	(2,014,562)	1,473,966

Reconciliation of Movements in Cash Flow During the Period

Headings	Amounts	
	30/6/13	30/6/12
Cash and cash equivalents: balance at start of period	2,117,416	643,450
Total cash flow (outflow) during period	(2,014,562)	1,473,966
Cash and cash equivalents: exchange rate effect	—	—
Cash and cash equivalents: balance at end of period	102,854	2,117,416

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Part A - Accounting policies

A.1 – GENERAL

SECTION 1

Statement of conformity with IAS/IFRS

Mediobanca's individual financial statements for the period ended 30 June 2013 have, as required by Italian Legislative Decree 38/05, been drawn up in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), which were adopted by the European Commission in accordance with the procedure laid down in Article 6 of regulation CE 1606/02 issued by the European Parliament and Council on 19 July 2002. Adoption of the new international accounting standards with respect to financial reporting by banks is governed by Bank of Italy circular no. 262 issued on 22 December 2005 (first update 18 November 2009, with further amendments having been made through the issue of circular letters). A summary of the principles adopted is provided below.

SECTION 2

General principles

These financial statements comprise:

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

All the statements have been drawn up in conformity with the general principles provided for under IAS and the accounting policies illustrated in Section A.2, and show data for the period under review compared with that for the previous financial year.

SECTION 3

Events subsequent to the reporting date

On 24 September 2013 Mediobanca, along with the other Italian shareholders in Telco, signed an agreement with Telefonica to amend the shareholders' agreement in respect of this company, whereby Telefonica subscribed for a rights issue and acquired – at nominal value, from the Italian shareholders pro rata – a part of the bond issued by Telco. Mediobanca's investment in the share capital of Telco has therefore reduced from 11.6% to 7.3% and the book value of its portion of the shareholders' loan has decreased from €78m to €43m, realizing a gain of approx. €60m to be recorded in the first quarter of the 2013/14 financial year.

The other most significant events to have taken place since the reporting date have been described at length in the Review of Operations, and are not such as to cause the results shown in the consolidated financial statements for the period ended 30 June 2013 to be altered significantly.

A.2 – Significant accounting policies

Financial assets held for trading

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

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

After initial recognition they continue to be measured at fair value, which for listed instruments is calculated on the basis of market prices ruling at the reporting date (Level 1 assets). If no market prices are available, other valuation models are used (Level 2 assets) based on market-derived data, e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions, or alternatively valuations based on internal estimates (Level 3 assets). Equities

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

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

AFS securities

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

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

Assets are subjected to impairment tests at annual and interim reporting dates. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in the profit and loss account on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted securities. For shares, in particular, the criteria used to determine impairment are a reduction in fair value of over 30%¹ or for longer than twenty-four months, compared to the initial recognition value. If the reasons

¹ The threshold of significance has been reduced from 50% to 30%, to reflect the market benchmark; this change has not, however, impacted on the accounts for the year under review.

for which the loss was recorded subsequently cease to apply, the impairment is written back to the profit and loss account for debt securities to and net equity for shares.

Financial assets held to maturity

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

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

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

Loans and receivables

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

Loans and receivables are booked on disbursement at a value equal to the amount drawn plus (less) any income (expenses) directly attributable to individual transactions and determinable from the outset despite being payable

at a later date. The item does not, however, include costs subject to separate repayment by the borrower, or which may otherwise be accounted for as ordinary internal administrative costs. Repos and reverse repos are booked as funding or lending transactions for the spot amount received or paid. Non-performing loans acquired are booked at amortized cost on the basis of an internal rate of return calculated using estimates of expected recoverable amounts.

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

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

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

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

Accounts for which there is no objective evidence of impairment, including those involving counterparties in countries deemed to be at risk, are subject

to collective tests. Loans are grouped on the basis of similar credit risk characteristics, and the related loss percentages are estimated at the impairment date on the basis of historical series of internal and external data. Collective value adjustments are credited or charged to the profit and loss account, as appropriate. At each annual and interim reporting date, any writedowns or writebacks are remeasured on a differentiated basis with respect to the entire portfolio of loans deemed to be performing at that.

Leasing

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

In accordance with this principle, in the event of changes to contracts one these have become effective, any difference arising from comparison between the outstanding principal amount prior to renegotiation and the value of the new future flows discounted at the original interest rate have been taken through the profit and loss account for the period².

Hedges

There are two types of hedge:

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

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

Hedge derivatives are recognized at fair value as follows:

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

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

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

A hedge is considered to be effective when the changes in fair value or cash flow of the hedging instrument offset those of the hedged item within a range of 80-125%. The effectiveness of a hedge is assessed both *prospectively* and *retrospectively* at annual and interim reporting dates, the former to show expectations regarding effectiveness, the latter to show the degree of effectiveness actually achieved by the hedge during the period concerned. If an instrument proves to be ineffective, hedge accounting is discontinued and the derivative concerned is accounted for under trading securities.

Equity investments

This heading consists of investments in:

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

Where there is objective evidence that the value of an investment may be impaired, estimates are made of its current value using market prices if possible, and of the present value of estimated cash flows generated by the investment, including its terminal value. Where the value thus calculated is lower than

the asset's carrying amount, the difference is taken through the profit and loss account.

Property, plant and equipment

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

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

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

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

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

Intangible assets

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

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

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

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

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

Derecognition of assets

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

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

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

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

Payables, debt securities in issue and subordinated liabilities

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

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

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

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

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

Trading liabilities

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

Staff severance indemnity provision

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

All actuarial profits and/or losses are included under labour costs.

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

Provisions for liabilities and charges

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

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

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

Foreign currency transactions

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

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

Tax assets and liabilities

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

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

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

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

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

Stock options and performance shares

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

Treasury shares

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

Dividends and commissions

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

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

Related parties

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

- a) individuals or entities which directly or indirectly:
 - 1. are subject to joint control by Mediobanca;
 - 2. hold an interest in Mediobanca which allows them to exert a significant influence over Mediobanca; the scope of this definition includes parties to the Mediobanca shareholders' agreement with interests of over 5% of the company's share capital, along with the entitlement to appoint at least one member of the Board of Directors, and the entities controlled by them;
- b) associate companies, joint ventures and entities controlled by them³;
- c) management with strategic responsibilities, that is, individuals with powers and responsibilities, directly or indirectly, for the planning, direction and control of the parent company's activities, including the members of the Board of Directors and Statutory Audit Committee;
- d) entities controlled or jointly controlled by one or more of the individuals listed under the foregoing letter c);
- e) close family members of the individuals referred to in letter c) above, that is, individuals who may be expected to influence them or be influenced by them in their relations with Mediobanca (this category includes partners, children, partners' children, dependents and partners' dependents) as well as any entities controlled, jointly controlled or subject to significant influence by such individuals;
- f) pension funds for employees of the parent company or any other entity related to it.

³ Includes Telco, RCS, MediaGroup, Pirelli and Gemina.

A.3 - Information on fair value

A.3.1 Transfers between portfolios

A.3.1.1 Reclassified financial assets: book value, fair value and effects on overall profitability

(€'000)

Type of instrument	Transferred from	Transferred to	Book value at 30/6/13	Fair value at 30/6/13	Additions to P&L if assets not transferred (pre-tax)		Additions to P&L made during the year (pre-tax)	
					Valuation	Other	Valuation	Other
Debt securities (ABS) ¹	Financial assets held for trading	Due from customers	144,824	131,078	11,507	2,749	—	2,749
Debt securities (ABS) ¹	AFS securities	Due from customers	48,972	46,133	2,673	935	—	935
Debt securities ²	AFS securities	Financial assets held to maturity	448,675	471,178	25,059	22,437	—	22,437
Total			642,471	648,389	39,239	26,121	—	26,121

¹ Made during FY 08/09.

² Made during FY 10/11.

A.3.2 Fair value ranking

A.3.2.1 Asset portfolios by fair value ranking

(€'000)

Financial assets/liabilities measured at fair value	30/6/13			30/6/12		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	6,714,649	4,856,457	848,024 ¹	7,278,106	5,094,070	939,404 ¹
2. Financial assets recognized at fair value	—	—	—	—	—	—
3. AFS securities	8,726,006	750,206	843,132 ²	7,993,754	547,899	815,000 ²
4. Hedge derivatives	—	1,152,218	—	—	1,683,830	—
Total	15,440,655	6,758,881	1,691,156	15,271,860	7,325,799	1,754,404
1. Financial liabilities held for trading	(3,601,877)	(4,206,315)	(1,048,565) ¹	(3,826,564)	(4,952,602)	(1,152,617) ¹
2. Financial liabilities recognized at fair value	—	—	—	—	—	—
3. Hedge derivatives	—	(533,092)	—	—	(572,730)	—
Total	(3,601,877)	(4,739,407)	(1,048,565)	(3,826,564)	(5,525,332)	(1,152,617)

¹ Includes market value of options covering those attached to bond issues by Mediobanca and Mediobanca International (€234.3m as at 30/6/13 and €208m as at 30/6/12) as well as options traded (€563.4m and €679m respectively), the values of which are recorded as both assets and liabilities for the same amount.

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

A.3.2.2 Annual changes in financial assets recognized at fair value (level 3 assets)

(€'000)

	FINANCIAL ASSETS			
	Held for trading ¹	Recognized at fair value	AFS ²	Hedges
1. Balance at start of period	51,767	—	815,000	—
2. Additions	38,268	—	238,678	—
2.1 Purchases	19,570	—	218,407	—
2.2 Profits recognized in:	18,698	—	19,044	—
2.2.1 profit and loss account	18,698	—	52	—
- of which, gains	17,742	—	—	—
2.2.2 net equity	X	X	18,992	—
2.3 Transfers from other levels	—	—	—	—
2.4 Other additions	—	—	1,227	—
3. Reductions	39,750	—	210,546	—
3.1 Disposals	23,749	—	1,749	—
3.2 Redemptions	88	—	—	—
3.3 Losses recognized in:	15,597	—	208,797	—
3.3.1 profit and loss account	15,597	—	207,046	—
- of which, losses	15,597	—	207,024	—
3.3.2 net equity	X	X	1,751	—
3.4 Transfers to other levels	—	—	—	—
3.5 Other reductions	316	—	—	—
4. Balance at end of period	50,285	—	843,132	—

¹ Excludes market value of options covering those attached to bond issues by Mediobanca and Mediobanca International (€234.3m as at 30/6/13 and €208m as at 30/6/12) as well as options traded (€563.4m and €679m respectively), the values of which are recorded as both assets and liabilities for the same amount.

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

For highly complex level 3 instruments, the valuation models used incorporate parameter calibration (so-called “reserve model”) which reduces the initial mark-to-market to zero, with this value instead being released pro rata over the life of the contract. This technique has only been used for one contract (reserve of €0.9m), the other two contracts of this kind having been wound up during the year under review (at a gain of €2.2m to the profit and loss account).

A.3.2.3 Annual changes in financial liabilities recognized at fair value (level 3 liabilities)

(€'000)

	FINANCIAL LIABILITIES		
	Held for trading ¹	Recognized at fair value	Hedges
1. Balance at start of period	264,980	—	—
2. Additions	183,839	—	—
2.1 Issues	65,923	—	—
2.2 Losses recognized in:	117,651	—	—
2.2.1 profit and loss account	117,651	—	—
- of which, losses	117,651	—	—
2.2.2 net equity	X	X	—
2.3 Transfers from other levels	—	—	—
2.4 Other additions	265	—	—
3. Reductions ²	197,990	—	—
3.1 Redemptions	170,377	—	—
3.2 Buybacks	—	—	—
3.3 Profits recognized in:	27,613	—	—
3.3.1 profit and loss account	27,613	—	—
- of which, gains	15,738	—	—
3.3.2 net equity	X	X	—
3.4 Transfers to other levels	—	—	—
3.5 Other reductions	—	—	—
4. Balance at end of period	250,829	—	—

¹ Excludes market value of options covering those attached to bond issues by Mediobanca and Mediobanca International (€234.3m as at 30/6/13 and €208m as at 30/6/12) as well as options traded (€563.4m and €679m respectively), the values of which are recorded as both assets and liabilities for the same amount.

² The reductions involve almost exclusively options on listed indexes forming part of delta hedging strategies, the values of which are booked for the same amounts as both assets and liabilities with instruments classified according to different fair value rankings.

Part B - Individual balance sheet *

Assets

SECTION 1

Heading 10: Cash and cash equivalents

1.1 Cash and cash equivalents

	30/6/13	30/6/12
a) Cash	76	62
b) Demand deposits held at central banks	27	2,055
Total	103	2,117

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

SECTION 2

Heading 20: Financial assets held for trading

2.1 Financial assets held for trading: composition

Derivative products	30/6/13			30/6/12		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	4,049,514	699,567	1	3,860,608	795,439	1
1.1 Structured	75,810	117,252	—	169,366	68,039	—
1.2 Other debt securities	3,973,704	582,315	1	3,691,242	727,400	1
2. Equities ¹	1,031,827	—	15,343	531,561	—	26,800
3. UCITS units	105,187	—	4,969	215,943	—	18,310
4. Loans and advances	—	17,229	—	—	—	—
4.1 Repos	—	—	—	—	—	—
4.2 Others	—	17,229	—	—	—	—
Total A	5,186,528	716,796	20,313	4,608,112	795,439	45,111
B. Derivative products						
1. Financial derivatives	871,461	4,020,964	827,711	1,104,548	4,081,335	894,293
1.1 Trading	871,461	3,832,705	586,085 ²	1,104,548	3,902,168	685,476 ²
1.2 Linked to fair value options	—	—	—	—	—	—
1.3 Others	—	188,259	241,626 ³	—	179,167	208,817 ³
2. Credit derivatives	656,660	118,697	—	1,565,446	217,296	—
2.1 Trading	656,660	118,697	—	1,565,446	217,296	—
2.2 Linked to fair value options	—	—	—	—	—	—
2.3 Others	—	—	—	—	—	—
Total B	1,528,121	4,139,661	827,711	2,669,994	4,298,631	894,293
Total (A+B)	6,714,649	4,856,457	848,024	7,278,106	5,094,070	939,404

¹ Equities as at 30/6/13 include shares committed in securities lending transactions totalling €139,622,000 (30/6/12: €145,435,000).

² Respectively €563,420,000 and €679,392,000 in respect of options traded, with the equivalent amount being recorded as trading liabilities.

³ Includes the market value of options covering those linked with bonds issued by Mediobanca S.p.A., with the equivalent amount being recorded as trading liabilities.

2.2 Financial assets held for trading: by borrower/issuer

Item/value	30/6/13	30/6/12
A. CASH ASSETS		
1. Debt securities	4,749,082	4,656,048
a. Governments and central banks	3,228,109	2,674,948
b. Other public agencies	78,603	85,057
c. Banks	392,179	425,456
d. Other issuers	1,050,191	1,470,587
2. Equities	1,047,170	558,361
a. Banks	113,636	66,823
b. Other issuers	933,534	491,538
- insurances	66,949	41,046
- financial companies	6,948	17,915
- non-financial companies	859,637	432,577
- others	—	—
3. UCITS units	110,156	234,253
4. Loans and advances	17,229	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	17,229	—
Total A	5,923,637	5,448,662
B. DERIVATIVE PRODUCTS		
a. Banks	3,879,522	5,675,569
- fair value	3,879,522	5,675,569
b. Customers	2,615,971	2,187,349
- fair value	2,615,971	2,187,349
Total B	6,495,493	7,862,918
Total (A+B)	12,419,130	13,311,580

2.3 Financial assets held for trading: movements during the period

	Debt securities	Equities	UCITS units	Loans and advances	Total
A. Balance at start of period	4,656,048	558,361	234,253	—	5,448,662
B. Additions	21,189,961	6,226,036	192,811	48,528	27,657,336
B.1 Acquisitions	20,039,367	6,040,717	187,424	47,219	26,314,727
B.2 Increases in fair value	130,947	51,519	1,397	153	184,016
B.3 Other additions	1,019,647	133,800	3,990	1,156	1,158,593
C. Reductions	21,096,927	5,737,227	316,908	31,299	27,182,361
C.1 Disposals	19,927,698	5,446,338	313,198	31,299	25,718,533
C.2 Redemptions	974,593	—	—	—	974,593
C.3 Reductions in fair value	68,919	87,044	3,241	—	159,204
C.4 Transfers to other portfolios	—	—	—	—	—
C.5 Other reductions	125,717	203,845	469	—	330,031
D. Balance at end of period	4,749,082	1,047,170	110,156	17,229	5,923,637

SECTION 4

Heading 40: Available for sale (AFS) securities

4.1 AFS securities: composition

Item/value	30/6/13			30/6/12		
	Level 1	Level 2	Level 3 *	Level 1	Level 2	Level 3 *
1. Debt securities	8,075,334	750,206	—	7,733,752	547,899	—
1.1 Structured	—	—	—	—	—	—
1.2 Other debt securities	8,075,334	750,206	—	7,733,752	547,899	—
2. Equities	650,672	—	740,211	260,002	—	722,157
2.1 Recognized at fair value	650,672	—	740,211	260,002	—	722,157
2.2 Recognized at cost	—	—	—	—	—	—
3. UCITS units	—	—	102,921	—	—	92,843
4. Loans and advances	—	—	—	—	—	—
Total	8,726,006	750,206	843,132	7,993,754	547,899	815,000

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

4.2 AFS securities: by borrower/issuer

Item/value	30/6/13	30/6/12
1. Debt securities	8,825,540	8,281,651
a. Governments and central banks	6,354,087	5,980,893
b. Other public agencies	—	—
c. Banks	1,359,631	1,298,773
d. Other issuers	1,111,822	1,001,985
2. Equities	1,390,883	982,159
a. Banks	208,409	189,883
b. Other issuers	1,182,474	792,276
- insurances	—	—
- financial companies	63,677	87,481
- non-financial undertakings	1,118,797	704,795
- others	—	—
3. UCITS units	102,921	92,843
4. Loans and advances	—	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other issuers	—	—
Total	10,319,344	9,356,653

4.3 AFS securities: assets subject to specific hedging

Item/value	30/6/13	30/6/12
1. Financial assets subject to specific fair value hedges:	—	343,519
a. interest rate risk	—	343,519
b. price risk	—	—
c. exchange rate risk	—	—
d. credit risk	—	—
e. more than one risk	—	—
2. Financial assets subject to specific cash flow hedges:	77,183	—
a. interest rate risk	77,183	—
b. exchange rate risk	—	—
c. other	—	—
Total	77,183	343,519

4.4 AFS securities: movements during the period

	Debt securities	Equities	UCITS units	Loans and advances	Total
A. Balance at start of period	8,281,651	982,159	92,843	—	9,356,653
B. Additions	6,369,250	857,642	20,740	—	7,247,632
B.1 Acquisitions	5,910,397	293,823	13,697	—	6,217,917
B.2 Increases in fair value	351,174	56,087	6,664	—	413,925
B.3 Writebacks	18,983	30,717	327	—	50,027
- recognized in profit and loss account	18,983	X	—	—	18,983
- recognized in net equity	—	30,717	327	—	31,044
B.4 Transfers from other asset classes ¹	—	457,006	—	—	457,006
B.5 Other additions	88,696	20,009	52	—	108,757
C. Reductions	5,825,361	448,918	10,662	—	6,284,941
C.1 Disposals	2,688,413	215,740	1,749	—	2,905,902
C.2 Redemptions	3,122,604	—	—	—	3,122,604
C.3 Reductions in fair value	12,619	310	1,748	—	14,677
C.4 Writedowns due to impairment	—	230,308	7,143	—	237,451
- taken to profit and loss account	—	225,925	7,068	—	232,993
- taken to net equity	—	4,383	75	—	4,458
C.5 Transfers to other asset classes	—	—	—	—	—
C.6 Other reductions	1,725	2,560	22	—	4,307
D. Balance at end of period	8,825,540	1,390,883	102,921	—	10,319,344

¹ Refers to transfer of equity investments (as defined under IAS 28) in Telco, RCS MediaGroup, Pirelli and Gemina.

SECTION 5

Heading 50: Financial assets held to maturity

5.1 Financial assets held to maturity: composition

Type of transactions/ group components	30/6/13				30/6/12			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	1,434,101	1,467,723	7,396	12,226	1,716,145	1,449,313	218,713	22,305
1.1 Structured	—	—	—	—	—	—	—	—
1.2 Other debt securities	1,434,101	1,467,723	7,396	12,226	1,716,145	1,449,313	218,713	22,305
2. Loans and advances	—	—	—	—	—	—	—	—
Total	1,434,101	1,467,723	7,396	12,226	1,716,145	1,449,313	218,713	22,305

5.2 Assets held to maturity: by borrower/issuer

Type of transactions/value	30/6/13	30/6/12
1. Debt securities	1,434,101	1,716,145
a. Governments and central banks	346,881	345,163
b. Other public agencies	—	—
c. Banks	391,559	399,133
d. Other entities	695,661	971,849
2. Loans and advances	—	—
a. Governments and central banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	—
Total	1,434,101	1,716,145

5.4 Assets held to maturity: movements during the period

	Debt securities	Loans and advances	Total
A. Balance at start of period	1,716,145	—	1,716,145
B. Additions	1,311	—	1,311
B.1 Acquisitions	—	—	—
B.2 Writebacks	—	—	—
B.3 Transfers from other asset classes	—	—	—
B.4 Other additions	1,311	—	1,311
C. Reductions	283,355	—	283,355
C.1 Disposal	—	—	—
C.2 Redemptions	276,948	—	276,948
C.3 Value adjustments	—	—	—
C.4 Transfers to other asset classes	—	—	—
C.5 Other reductions	6,407	—	6,407
D. Balance at end of period	1,434,101	—	1,434,101

SECTION 6

Heading 60 - Due from banks

6.1 Due from banks: composition

Type of transactions/value	30/6/13	30/6/12
A. Due from central banks	61,163	116,138
1. Term deposits	—	—
2. Compulsory reserves	61,163	116,138
3. Amounts due under repo agreements	—	—
4. Other amounts due	—	—
B. Due from banks	9,690,834	10,485,056
1. Current accounts and demand deposits	2,423,370	1,976,821
2. Term deposits	112,513	113,825
3. Other receivables:	7,154,951	8,394,410
3.1 amounts due under repo agreements	2,143,148	1,583,791
3.2 amounts due under finance leases	—	—
3.3 other amounts due	5,011,803	6,810,619
4. Debt securities	—	—
4.1 structured	—	—
4.2 other debt securities	—	—
Total book value	9,751,997	10,601,194
Total fair value	9,665,637	10,598,044

SECTION 7

Heading 70: Due from customers

7.1 Due from customers: composition

Type of transactions/amounts	30/6/13			30/6/12		
	Performing	Impaired		Performing	Impaired	
		Acquired	Others		Acquired	Others
1. Current accounts	181,906	—	—	293,190	—	—
2. Repos	2,115,338	—	—	4,585,819	—	—
3. Mortgages	17,833,040	—	181,152	20,218,344	—	143,674
4. Credit cards, personal loans and salary-backed finance	—	—	—	—	—	—
5. Finance leases	—	—	—	—	—	—
6. Factoring	—	—	—	—	—	—
7. Other loans	2,135,972	—	—	2,488,142	—	—
8. Debt securities	3,570,217	—	—	2,297,263	—	—
8.1 Structured instruments	—	—	—	—	—	—
8.2 Other debt securities	3,570,217	—	—	2,297,263	—	—
Total (book value)	25,836,473	—	181,152	29,882,758	—	143,674
Total (fair value)		25,552,007			28,843,844	

¹ €2,964,522,000 of which in respect of securities issued by Quarzo, as part of a securitization of Compass receivables.

7.2 Due from customers: by borrower/issuer

Type of transactions/value	30/6/13			30/6/12		
	Performing	Impaired		Performing	Impaired	
		Acquired	Other		Acquired	Other
1. Debt securities	3,570,218	—	—	2,297,263	—	—
a) Governments	—	—	—	—	—	—
b) Other public entities	—	—	—	—	—	—
c) Other issuers:	3,570,218	—	—	2,297,263	—	—
non-financial undertakings	15,480	—	—	—	—	—
financial companies	3,554,738	—	—	2,297,263	—	—
insurances	—	—	—	—	—	—
others	—	—	—	—	—	—
2. Loans to:	22,266,255	—	181,152	27,585,495	—	143,674
a) Governments	3,736	—	—	22,380	—	—
b) Other public entities	—	—	—	—	—	—
c) Other parties:	22,262,519	—	181,152	27,563,115	—	143,674
non-financial undertakings	8,535,766	—	175,692	10,358,178	—	138,623
financial companies	11,761,507	—	5,460	15,210,132	—	5,051
insurances	1,964,820	—	—	1,978,735	—	—
others	426	—	—	16,070	—	—
Total	25,836,473	—	181,152	29,882,758	—	143,674

7.3 Due from customers: assets subject to specific hedging

Type of transactions/value	30/6/13	30/6/12
1. Items subject to specific fair value hedges for:	261,611	108,599
a) interest rate risk	261,611	108,599
b) exchange rate risk	—	—
c) credit risk	—	—
d) more than one risk	—	—
2. Items subject to specific cash flow hedges:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—
Total	261,611	108,599

SECTION 8

Heading 80: Hedging derivatives

8.1 Hedging derivatives: by hedge type and level

	30/6/13			Notional value	30/6/12			Notional value
	Fair value				Fair value			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	—	1,152,218	—	19,988,892	—	1,683,830	—	23,417,966
1) Fair value	—	1,152,218	—	19,988,892	—	1,683,830	—	23,417,966
2) Cash flow	—	—	—	—	—	—	—	—
3) Non-Italian investments	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flow	—	—	—	—	—	—	—	—
Total	—	1,152,218	—	19,988,892	—	1,683,830	—	23,417,966

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

Operations/ type of hedging	Fair value hedges					Cash flow hedges		Non-Italian investments	
	Specific					General	Specific		General
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risk				
1. AFS securities	—	—	—	—	—	X	5,315	X	X
2. Loans and advances	—	—	—	X	—	X	—	X	X
3. Financial assets held to maturity	X	—	—	X	—	X	—	X	X
4. Portfolio	X	X	X	X	X	—	X	—	X
5. Non-Italian investments	—	—	—	—	—	X	—	X	—
Total assets	—	—	—	—	—	—	5,315	—	—
1. Financial liabilities	1,146,903	—	—	X	—	X	—	X	X
2. Portfolio	X	X	X	X	X	—	X	—	X
Total liabilities	1,146,903	—	—	X	—	—	—	—	X
1. Estimated transactions	X	X	X	X	X	X	—	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	—	X	—	—

SECTION 10

Heading 100: Equity investments

10.1 Investments in subsidiaries, jointly-controlled companies and companies subject to significant influence: disclosures on shareholdings

Name	Registered office	Shareholding %	% of voting rights
A. SUBSIDIARIES			
Directly-held investments			
1. CheBanca! S.p.A., Milan Share capital €220m, in par value €0.50 shares	Milan	100.0	100.0
2. Compass S.p.A. Share capital €587.5m in par value €5 shares	Milan	100.0	100.0
3. Prominvest S.p.A. (in liquidation) Share capital €743,000, in par value €0.52 shares	Milan	100.0	100.0
4. Prudentia Fiduciaria S.p.A. Share capital €100,000, in par value €5 shares	Milan	100.0	100.0
5. Ricerche e Studi S.p.A. Share capital €100,000, in par value €5 shares	Milan	100.0	100.0
6. Sade Finanziaria - Intersomer S.r.l. Share capital €25,000	Milan	100.0	100.0
7. SelmaBipiemme Leasing S.p.A. Share capital €41.3m, in par value €0,50 shares	Milan	60.0	60.0
8. Seteci - Società Consortile per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.c.p.A. Share capital €500,000, in par value €5 shares	Milan	99.99	99.99
9. Spafid S.p.A. Share capital €100,000, in par value €10 shares	Milan	100.0	100.0
10. Compagnie Monégasque de Banque - CMB S.A.M. Share capital €111.1m, in par value €200 shares	Monte Carlo	100.0	100.0
11. Mediobanca International (Luxembourg) S.A. Share capital €10m, in par value €10 shares	Luxembourg	99.0	99.0
12. MB Securities USA LLC Share capital \$ 2.25m	New York	100.0	100.0
13. Consortium S.r.l. Share capital €100,000	Milan	100.0	100.0
14. MB ADVISORY KURUMSAL DANISMANLIK HIZMETLERI ANONIM SIRKETI Share capital TRY 4.5m, in par value TRY 45,000 shares	Istanbul	100.0	100.0
15. MB Sicav Share capital €31,000	Luxembourg	100.0	100.0
B. JOINTLY-CONTROLLED COMPANIES			
1. Banca Esperia S.p.A. Share capital €63m, in par value €0.52 shares	Milan	50.0	50.0
C. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE			
1. Assicurazioni Generali S.p.A. Share capital €1,556.9m, in par value €1 shares	Trieste	13.24	13.24
2. Burgo Group S.p.A. Share capital €205.4m, in par value €0.52 shares	Altavilla Vicentina (VI)	22.13	22.13
3. Athena Private Equity S.A. Share capital €151.1m, in par value €2 shares	Luxembourg	24.27	24.27
4. Fidia - Fondo Interbancario d'Investimento Azionario S.p.A. (in liquidation) Share capital €4.9m in par value €520 shares	Milan	25.0	25.0

10.2 Investments in subsidiaries, jointly-controlled companies and companies subject to significant influence: financial information

Name	Total assets (€'000)	Total income (€'000)	Net equity (€'000)	Net profit (loss) (€'000)	Book value (€'000)
A. Subsidiaries (IAS 27)					
Directly owned					
1. CheBanca! S.p.A. Share capital €220m, in par value € 0.50 shares	16,843,139	647,083	282,776	(28,388)	333,139
2. Compass S.p.A. Share capital €587.5m, in par value €5 shares	9,735,433	950,767	1,077,565	49,283	764,034
3. Prominvestment S.p.A. (in liquidation) Share capital €743,000, in par value €0.52 shares	4,941	755	(1,929)	(224)	—
4. Prudentia Fiduciaria S.p.A. Share capital €100,000, in par value €5 shares	3,544	3,222	2,107	246	103
5. Ricerche e Studi S.p.A. Share capital €100,000, in par value €5 shares	957	2,002	103	—	103
6. Sade Finanziaria - Intersomer S.r.l. Share capital €25,000	16	—	16	(1)	25
7. SelmaBipiemme Leasing S.p.A. Share capital €41,3m, in par value €0.50 shares	2,053,923	69,865	89,916	(12,821)	32,909
8. Seteci - Società Consortile per l'Elaborazione, Trasmissione dati, Engineering e Consulenza Informatica S.c.p.A. Share capital €500,000, in par value €5 shares	46,522	19,894	3,185	2	523
9. Spafid S.p.A. Share capital €100,000, in par value €10 shares	38,173	7,585	32,871	10	204
10. Compagnie Monegasque de Banque - CMB S.A.M. Share capital €111.1m, in par value €200 shares	2,175,818	95,747	565,160	42,570	371,512
11. Mediobanca International (Luxembourg) S.A. Share capital €10m, in par value €10 shares	4,289,722	109,793	231,051	14,750	5,942
12. MB Securities USA L.L.C. Share capital \$2.25m	3,144	1,464	953	50	209
13. Consortium S.r.l. Share capital €100,000m	228	9	233	(17)	123
14. MB Advisory Kurumsal Danismanlik Hizmetleri Anonim Sirketi Share capital TRY 4.5m, in par value TRY 45,000 shares	1,182	839	446	244	484
15. MB SICAV Share capital €31,000	—	—	31	—	31
Total subsidiaries					1,509,341

Name	Significant data ¹				Book value	Fair value
	Total assets	Total income	Net profit (loss)	Net equity		
B. Companies subject to joint control (IAS 31)						
1. Banca Esperia S.p.A.	1,603,863	116,631	5,122	171,665	54,257	—
C. Companies subject to significant influence (IAS 28)						
1. Assicurazioni Generali S.p.A.	441,744,506	88,547,413	89,573	19,737,964	1,114,559	2,765,796
2. Burgo Group S.p.A.	2,151,793	2,609,603	(40,271)	346,848	19,000	—
3. Athena Private Equity S.A.	94,788	6,080	(14,651)	98,740	19,820	—
4. Fidias S.p.A. (in liquidation)	5,063	159	(1,485)	4,260	636	—
Total					1,208,272	

¹ From most recent consolidated accounts approved.

The three-year strategic plan approved by the Board of Directors on 20 June 2013 included, among other things, a significant reduction in the Group's equity investments, including those syndicated to shareholders' agreements. Accordingly, given that the relation between the companies concerned had ceased to exist, the Board adopted a resolution to transfer the Group's holdings in Telco, RCS MediaGroup and Pirelli to the AFS securities portfolio, which have therefore been recognized at fair value¹.

The difference between fair value and book value gave rise to a net loss² of €171m, representing the balance between losses in respect of the Telco and RCS MediaGroup investments (respectively €206.7m and €89.1m) and gains on both Pirelli and Gemina (€79.2m in the case of the former, and €45.6m in the case of the latter).

The Group's interests in Assicurazioni Generali, Banca Esperia, Athena and Fidia continue to be accounted for as equity investments. Following an impairment test, the Burgo Group stake was adjusted to reflect its net present value of €19m (resulting in a €35.6m charge being taken through the profit and loss account); this value was calculated using a discounted cash flow model applied to earnings and financial projections based on a plan prepared by the company's management.

10.3 Equity investments: movements during the period

Type of transactions/value	30/6/13	30/6/12
A. Balance at start of period	3,214,440	2,670,985
B. Additions	294,240	753,712
B.1 Acquisitions	169,362	94,727
B.2 Value adjustments	—	—
B.3 Revaluations	—	—
B.4 Other adjustments	124,878	658,985
C. Reductions	791,067	210,257
C.1 Disposals	—	—
C.2 Value adjustments for impairment	137,838	198,684
C.3 Other reductions	653,229	11,573
D. Balance at end of period	2,717,613	3,214,440
E. Total revaluations	—	—
F. Total adjustments	748,419	610,581

¹ Represented by the stock market price prevailing at 30/6/13; Telco has been recognized based on the price of the Telecom Italia stock, on a look-through basis.

² IAS28 – par. 19

SECTION 11

Heading 110: Property, plant and equipment

11.1 Tangible assets stated at cost

Assets/value	30/6/13	30/6/12
A. Core assets		
1.1 owned by the Group:	98,236	99,836
a) land	67,897	67,897
b) buildings	23,535	24,572
c) furniture	1,376	1,614
d) electronic equipment	1,492	1,584
e) other assets	3,936	4,169
1.2 acquired under finance leases:	—	—
a) land	—	—
b) buildings	—	—
c) furniture	—	—
d) electronic equipment	—	—
e) other assets	—	—
Total A	98,236	99,836
B. Assets held for investment purposes		
2.1 owned by the Group:	26,629	27,025
a) land	20,350	20,350
b) buildings	6,279	6,675
2.2 acquired under finance leases:	—	—
a) land	—	—
b) buildings	—	—
Total B	26,629	27,025
Total (A+B)	124,865	126,861

11.3 Core tangible assets: movements during the period

	Land	Buildings	Furniture	Electronic equipment	Other assets	Total
A. Gross opening balance	67,897	39,602	4,539	6,062	17,401	135,501
A.1 Total net value reductions	—	(15,030)	(2,925)	(4,478)	(13,232)	(35,665)
A.2 Net opening balance	67,897	24,572	1,614	1,584	4,169	99,836
B. Additions:	—	154	45	438	1,041	1,678
B.1 Purchases	—	—	45	438	1,041	1,524
B.2 Improvement expenses, capitalized	—	154	—	—	—	154
B.3 Writebacks	—	—	—	—	—	—
B.4 Increases in fair value recognized in:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
B.5 Increases arising due to exchange rates	—	—	—	—	—	—
B.6 Transfers from properties held for investment purposes	—	—	—	—	—	—
B.7 Other additions	—	—	—	—	—	—
C. Reductions:	—	1,191	283	530	1,274	3,278
C.1 Disposals	—	—	—	1	—	1
C.2 Depreciation charges	—	1,191	283	529	1,274	3,277
C.3 Value adjustments for impairment taken to:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
C.4 Reductions in fair value charged to:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
C.5 Reductions due to exchange rates	—	—	—	—	—	—
C.6 Transfers to:	—	—	—	—	—	—
a) assets held for investment purposes	—	—	—	—	—	—
b) assets being sold	—	—	—	—	—	—
C.7 Other reductions	—	—	—	—	—	—
D. Net closing balance	67,897	23,535	1,376	1,492	3,936	98,236
D.1 Total net value reductions	—	(16,221)	(3,208)	(4,656)	(13,998)	(38,083)
D.2 Gross closing balance	67,897	39,756	4,584	6,148	17,934	136,319
E. Stated at cost	—	—	—	—	—	—

11.4 Tangible assets held for investment purposes: movements during the period

	Total	
	Land	Buildings
A. Opening balance	20,350	6,675
B. Additions	—	—
B.1 Purchases	—	—
B.2 Improvement expenses, capitalized	—	—
B.3 Net increases in fair value	—	—
B.4 Writebacks	—	—
B.5 Increases arising due to exchange rates	—	—
B.6 Transfers from core assets	—	—
B.7 Other additions	—	—
C. Reductions	—	396
C.1 Disposals	—	—
C.2 Depreciation charges	—	396
C.3 Reductions in fair value	—	—
C.4 Value adjustments for impairment	—	—
C.5 Reductions arising due to exchange rates	—	—
C.6 Transfers to other asset portfolios	—	—
a) core assets	—	—
b) non-current assets being sold	—	—
C.7 Other reductions	—	—
D. Closing balance	20,350	6,279
E. Stated at fair value	87,325	37,361

SECTION 12

Heading 130: Intangible assets

12.1 Intangible assets

Assets/ amounts	30/6/13		30/6/12	
	Limited useful life	Unlimited useful life	Limited useful life	Unlimited useful life
A.1 Goodwill	X	—	X	—
A.2 Other intangible assets	7,074	—	11,198	—
A.2.1 Recognized at cost:	7,074	—	11,198	—
a) intangible assets generated internally	—	—	—	—
b) other assets	7,074	—	11,198	—
A.2.2 Recognized at fair value:	—	—	—	—
a) intangible assets generated internally	—	—	—	—
b) other assets	—	—	—	—
Total	7,074	—	11,198	—

12.2 Intangible assets: movements during the period

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		Limited useful life	Unlimited useful life	Limited useful life	Unlimited useful life	
A. Balance at start of period	—	—	—	45,158	—	45,158
A.1 Total net value reductions	—	—	—	(33,960)	—	(33,960)
A.2 Net opening balance	—	—	—	11,198	—	11,198
B. Additions	—	—	—	4,571	—	4,571
B.1 Purchases	—	—	—	4,571	—	4,571
B.2 Increases in internally generated assets	X	—	—	—	—	—
B.3 Revaluations	X	—	—	—	—	—
B.4 Increases in fair value taken to:	X	—	—	—	—	—
– net equity	X	—	—	—	—	—
– profit and loss account	X	—	—	—	—	—
B.5 Increases arising on exchange rates	—	—	—	—	—	—
B.6 Other additions	—	—	—	—	—	—
C. Reductions	—	—	—	8,695	—	8,695
C.1 Disposals	—	—	—	—	—	—
C.2 Value adjustments	—	—	—	8,695	—	8,695
– amortization	X	—	—	8,695	—	8,695
– writedowns	—	—	—	—	—	—
+ net equity	X	—	—	—	—	—
+ profit and loss account	—	—	—	—	—	—
C.3 Reductions in fair value charged to:	—	—	—	—	—	—
– net equity	X	—	—	—	—	—
– profit and loss account	X	—	—	—	—	—
C.4 Transfers to non-current assets being sold	—	—	—	—	—	—
C.5 Reductions due to exchange rate differences	—	—	—	—	—	—
C.6 Other reductions	—	—	—	—	—	—
D. Balance at end of period	—	—	—	7,074	—	7,074
D.1 Total net value adjustments	—	—	—	(42,655)	—	(42,655)
E. Gross closing balance	—	—	—	49,729	—	49,729
F. Stated at cost	—	—	—	—	—	—

SECTION 13

Asset heading 130 and Liability heading 80: Tax assets and liabilities

For information on the tax rates, see the table in part C, “Notes to the individual profit and loss account”, p. 363.

13.1 Advance tax assets: composition

	30/6/13	30/6/12
Corporate income tax (IRES)	105,145	166,846
Regional production tax (IRAP)	40,034	56,029
Total	145,179	222,875

13.2 Deferred tax liabilities: composition

	30/6/13	30/6/12
Corporate income tax (IRES)	277,316	247,555
Regional production tax (IRAP)	12,610	5,505
Total	289,926	253,060

13.3 Changes in advance tax during the period

	30/6/13	30/6/12
1. Opening balance	106.941	98.883
2. Additions	21.625	18.127
2.1 Advance tax originating during the period	21.625	18.127
a) for previous years	—	5
b) due to changes in accounting policies	—	—
c) amounts written back	—	—
d) other additions	21.625	18.122
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	5.397	10.069
3.1 Advance tax reversed during the period	5.397	10.069
a) reclassifications	5.397	10.069
b) amounts written off as unrecoverable	—	—
c) due to changes in accounting policies	—	—
d) other	—	—
3.2 Reductions in tax rates	—	—
3.3 Other reductions	—	—
a) amounts converted into tax credits pursuant to Italian Law 214/11	—	—
b) other reductions	—	—
4. Balance at end of period	123.169	106.941

13.4 Changes in deferred tax during the period

	30/6/13	30/6/12
1. Opening balance	232,019	231,804
2. Additions	2,317	315
2.1 Deferred tax originating during period	2,317	315
a) relating to previous years	—	—
b) due to changes in accounting policies	—	—
c) others	2,317	315
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	100	100
3.1 Deferred tax reversed during period	100	100
a) reclassifications	100	100
b) due to changes in accounting policies	—	—
c) others	—	—
3.2 Reductions in tax rates	—	—
3.3 Other reductions	—	—
4. Balance at end of period	234,236	232,019

13.5 Changes in advance tax during the period¹

	30/6/13	30/6/12
1. Opening balance	115,934	52,267
2. Additions	22,010	115,934
2.1 Advance tax originating during period	22,010	115,934
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) others	22,010	115,934
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	115,934	52,267
3.1 Advance tax reversed during period	115,934	52,267
a) reclassifications	115,934	52,267
b) writedowns of non-recoverable items	—	—
c) due to changes in accounting policies	—	—
d) others	—	—
3.2 Reductions in tax rates	—	—
3.3 Other reductions	—	—
4. Balance at end of period	22,010	115,934

¹ Taxes on cash flow hedges and AFS securities valuations.

13.6 Changes in deferred tax during the period¹

	30/6/13	30/6/12
1. Opening balance	21,041	26,318
2. Additions	55,690	21,041
2.1 Deferred tax originating during period	55,690	21,041
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) others	55,690	21,041
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	21,041	26,318
3.1 Advance tax reversed during the period	21,041	26,318
a) reclassifications	21,041	26,318
b) due to changes in accounting policies	—	—
c) others	—	—
3.2 Reductions in tax rates	—	—
3.3 Other reductions	—	—
4. Balance at end of period	55,690	21,041

¹ Taxes on cash flow hedges and AFS securities valuations.

SECTION 15

Heading 160: Other assets

15.1 Other assets: composition

	30/6/13	30/6/12
1. Gold, silver and precious metals	—	—
2. Accrued income other than capitalized income from financial assets	4,979	4,800
3. Trade receivables or invoices to be issued	19,168	17,021
4. Amounts due from tax revenue authorities (not recorded under Heading 140)	8,536	99
5. Other items	659	240
- futures and other securities transactions	584	157
- sundry other items	75	83
Total	33,342	22,160

Liabilities

SECTION 1

Heading 10: Due to banks

1.1 Due to banks: composition

Type of transaction/amounts	30/6/13	30/6/12
1. Due to central banks	7,586,807	7,531,506
2. Due to banks	13,033,658	12,117,952
2.1 Current accounts and demand deposits	11,892,936	10,335,686
2.2 Term deposits	—	113,051
2.3 Borrowings	1,118,414	1,574,335
2.3.1 Reverse repos	443,852	417,751
2.3.2 Others	674,562	1,156,584
2.4 Liabilities in respect of assets sold but not derecognized	—	—
2.5 Other amounts due	22,308	94,880
Total book value	20,620,465	19,649,458
Total fair value	20,620,465	19,589,771

SECTION 2

Heading 20: Due to customers

2.1 Due to customers: composition

Type of transaction/amounts	30/6/13	30/6/12
1. Current accounts and demand deposits	470,143	841,395
2. Term deposits	174	16,162
3. Borrowings	791,612	1,532,690
3.1 Reverse repos	662,369	1,157,222
3.2 others	129,243	375,468
4. Liabilities in respect of assets sold but not derecognized	—	—
5. Other amounts due	166	101
Total book value	1,262,095	2,390,348
Total fair value	1,262,095	2,390,348

SECTION 3

Heading 30: Debt securities in issue

3.1 Debt securities in issue: composition

Type of transaction/ amounts	30/6/13				30/6/12			
	Book value	Fair value *			Book value	Fair value *		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Listed securities								
1. bonds	27,567,409	851,444	27,209,473	—	32,710,199	1,936,578	31,266,224	—
1.1 structured	10,779,218	32,770	10,924,604	—	13,132,428	338,508	12,948,398	—
1.2 others	16,788,191	818,674	16,284,869	—	19,577,771	1,598,070	18,317,826	—
2. other securities	14,893	—	—	14,893	20,812	—	—	20,812
2.1 structured	—	—	—	—	—	—	—	—
2.2 others	14,893	—	—	14,893	20,812	—	—	20,812
Total	27,582,302	851,444	27,209,473	14,893	32,731,011	1,936,578	31,266,224	20,812

* The fair values are shown net of Mediobanca issuer risk; if this item is included, the fair value at 30 June 2013 would show a gain of €204m (€1,028.3m).

The book value of bonds fell from €32,710,199,000 to €27,567,409,000, following new issuance totalling €2.5bn, redemptions amounting to €3.5bn, buybacks on the market worth €3.9bn (generating gains totalling €56.4m), and other downward adjustments (to reflect exchange rates, amortized cost and hedging effects) of €219m.

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

Debt securities in issue include the following four subordinated, Lower Tier 2 issues in an aggregate amount of €1,838,251,000:

Issue	30/6/13		
	ISIN code	Nominal value	Book value
MB GBP Lower Tier II Fixed/Floating Rate Notes 2018	XS0270002669	27,554	29,065
MB Secondo Atto 5% 2020 Lower Tier 2	IT0004645542	742,926	835,482
MB Quarto Atto a Tasso Variabile 2021 Lower Tier 2	IT0004720436	491,285	484,032
MB CARATTERE 5,75% 2023 Lower Tier 2	IT0004917842	494,503	489,672
Total subordinated debt securities		1,756,268	1,838,251

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

	30/6/13	30/6/12
1. Securities subject to specific fair value hedges	19,248,308	24,583,104
a) interest rate risk	19,248,308	24,583,104
b) exchange rate risk	—	—
c) other	—	—
2. Securities subject to specific cash flow hedges	227,688	246,407
a) interest rate risk	227,688	246,407
b) exchange rate risk	—	—
c) other	—	—
Total	19,475,996	24,829,511

SECTION 4

Heading 40: Trading liabilities

4.1 Trading liabilities: composition

Type of transaction/ amounts	30/6/13					30/6/12				
	Nominal value	Fair value			Fair value*	Nominal value	Fair value			Fair value*
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Cash liabilities										
1. Due to banks	994,209	1,007,172	—	—	1,007,172	398,563	393,112	—	—	393,112
2. Due to customers	953,761	966,197	—	—	966,197	919,249	906,677	—	—	906,677
3. Debt securities	—	—	—	—	X	—	—	—	—	X
3.1 Bonds	—	—	—	—	X	—	—	—	—	X
3.1.1 Structured	—	—	—	—	X	—	—	—	—	X
3.1.2 Other	—	—	—	—	X	—	—	—	—	X
3.2 Other securities	—	—	—	—	X	—	—	—	—	X
3.2.1 Structured	—	—	—	—	X	—	—	—	—	X
3.2.2 Other	—	—	—	—	X	—	—	—	—	X
Total A	1,947,970	1,973,369	—	—	1,973,369	1,317,812	1,299,789	—	—	1,299,789
B. Derivative products										
1. Financial derivatives	X	971,695	3,807,634	1,048,565	X	X	1,048,006	4,370,970	1,152,219	X
1.1 Trading	X	971,695	3,619,424	806,084 ¹	X	X	1,048,006	4,191,836	941,976 ¹	X
1.2 Linked to fair value options	X	—	—	—	X	X	—	—	—	X
1.3 Other	X	—	188,210	242,481 ²	X	X	—	179,134	210,243 ²	X
2. Credit derivatives	X	656,813	398,681	—	X	X	1,478,769	581,632	398	X
2.1 Trading	X	656,813	398,681	—	X	X	1,478,769	581,632	398	X
2.2 Linked to fair value options	X	—	—	—	X	X	—	—	—	X
2.3 Other	X	—	—	—	X	X	—	—	—	X
Total B	X	1,628,508	4,206,315	1,048,565	X	X	2,526,775	4,952,602	1,152,617	X
Total (A+B)	X	3,601,877	4,206,315	1,048,565	X	X	3,826,564	4,952,602	1,152,617	X

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

¹ Respectively €563,420,000 and €679,392,000 in respect of options traded, matching the amount recorded among assets held for trading.

² Includes the market value of options covering options matched with bonds issued by Mediobanca and Mediobanca International, against the same amount recorded among assets held for trading.

SECTION 6

Heading 60: Hedging derivatives

6.1 Hedging derivatives: by type of product/underlying asset

Items/amounts	30/6/13 Fair value			Nominal value	30/6/12 Fair value			Nominal value
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	A. Financial derivatives	—	533,092		—	7,836,413	—	
1) Fair value	—	512,766	—	7,611,413	—	545,819	—	8,577,683
2) Cash flow	—	20,326	—	225,000	—	26,911	—	230,000
3) Non-Italian investments	—	—	—	—	—	—	—	—
B. Financial derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flow	—	—	—	—	—	—	—	—
Total	—	533,092	—	7,836,413	—	572,730	—	8,807,683

6.2 Hedging derivatives: by portfolio hedged/hedge type

Operations/type of hedging	Fair value hedges					General	Cash flow hedges		Non-Italian investments
	Specific						Specific	General	
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risk				
1. AFS securities	—	—	—	—	—	X	—	X	X
2. Loans and advances	37,190	—	—	X	—	X	—	X	X
3. Financial assets held to maturity	X	—	—	X	—	X	—	X	X
4. Portfolio	X	X	X	X	X	—	X	—	X
5. Other operations	—	—	—	—	—	X	—	X	—
Total assets	37,190	—	—	—	—	—	—	—	—
1. Financial liabilities	475,576	—	—	X	—	X	20,326	X	X
2. Portfolio	X	X	X	X	X	—	X	—	X
Total liabilities	475,576	—	—	X	—	—	20,326	—	X
1. Expected transactions	X	X	X	X	X	X	—	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	—	X	—	—

SECTION 8

Heading 80 - Deferred liabilities

Please see asset section 13.

SECTION 10

Heading 100: Other liabilities

10.1 Other liabilities: composition

	30/6/13	30/6/12
1. Payments agreements (IFRS 2)	9	9
2. Impaired endorsements	112,057	107,885
3. Working capital payables and invoices pending receipts	19,435	17,900
4. Prepaid expenses other than capitalized expenses on related financial assets	513	251
5. Amounts due to revenue authorities	6,822	1,181
6. Amounts due to staff	85,789	92,267
7. Other items:	10,614	12,195
- coupons and dividends pending collection	2,217	2,212
- underwriting syndacate commissions payable	65	26
- available sums payable to third parties	8,332	9,957
Total	235,239	231,688

SECTION 11

Heading 110: Staff severance indemnity provision

11.1 Staff severance indemnity provision: changes during the period

	30/6/13	30/6/12
A. Balance at start of period	8,111	9,215
B. Additions	5,725	5,759
B.1 Transfers during period	3,810	5,258
B.2 Other additions	1,915	501
C. Reductions	4,381	6,863
C.1 Indemnities paid out	547	1,554
C.2 Other reductions ¹	3,834	5,309
D. Balance at end of period	9,455	8,111

¹ Includes €3,788,000 in transfers to external, defined contribution pension schemes (30/6/12: €5,223,000).

11.2 Other information

The staff severance indemnity provision, calculated in accordance with the provisions of the Italian Civil Code, amounts to €9,973,000 (30/6/12: €10,312,000, with no new service costs accruing for the year.

In order to calculate the actuarial value, the provision has been adjusted in line with a rate of 2% for the current year, and discounted using the IBOXX Eurozone Corporate AA index (for a panel of comparable companies) as at 30 June 2013, with an effect (interest cost) of 348.

SECTION 12

Heading 120: Provisions

12.1 Provisions: composition

Item/amounts	30/6/13	30/6/12
1. Company post-employment benefit provision	—	—
2. Other provisions	151,003	151,964
2.1 litigation	—	—
2.2 staff-related	—	—
2.3 other	151,003	151,964
Total	151,003	151,964

12.2 Provisions: movements during the period

	Post-employment benefit provision	Litigation	Changes relating to staff	Other provisions	Total
A. Balance at start of period	—	—	—	151,964	151,964
B. Additions	—	—	—	—	—
B.1 Transfers during period	—	—	—	—	—
B.2 Changes due to passing of time	—	—	—	—	—
B.3 Additions due to changes in discount rate	—	—	—	—	—
B.4 Other additions	—	—	—	—	—
C. Reductions	—	—	—	961	961
C.1 Transfers during period	—	—	—	961	961
C.2 Reductions due to changes in discount rate	—	—	—	—	—
C.3 Other reductions	—	—	—	—	—
D. Balance at end of period	—	—	—	151,003	151,003

SECTION 14

Headings 130, 150, 160, 170, 180, 190 and 200: net equity

14.1 “Capital” and “treasury shares”: composition

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

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

Item/type	Ordinary
A. Shares in issue at start of period	861,129,212
– entirely unrestricted	861,129,212
– with restrictions	—
A.1 Treasury shares (-)	(17,010,000)
A.2 Shares in issue: balance at start of period	844,119,212
B. Additions	—
B.1 New share issuance as a result of:	—
– rights issues	—
– business combinations	—
– bond conversions	—
– exercise of warrants	—
– others	—
– bonus issues	—
– to staff members	—
– to Board members	—
– others	—
B.2 Treasury share disposals	—
B.3 Other additions	—
C. Reductions	—
C.1 Cancellations	—
C.2 Treasury share buybacks	—
C.3 Disposals of businesses	—
C.4 Other reductions	—
D. Shares in issue: balance at end of period	844,119,212
D.1 Add: treasury shares	(17,010,000)
D.2 Shares in issue at end of period	861,129,212
– entirely unrestricted	861,129,212
– with restrictions	—

14.3 Net equity: available and distributable reserves (Article 2427 of the Italian Civil Code, para. 7-bis)

	Amount	Possible uses	Portion available	Summary of uses over three previous years	
				To cover losses	Other
Share capital	430,565	—	—	—	—
Share premium reserve	2,120,143	A – B – C	2,120,143	—	—
Reserves:					
- Legal reserve	86,113	B	86,113	—	—
- Statutory reserve	1,077,282	A – B – C	1,077,282	—	16,127
- Treasury share reserve	213,410	A – B – C	213,410	—	—
- Other reserves	878,903	A – B – C	878,903	200,151	42,206
Valuation reserves:					
- AFS securities	137,267	—	—	—	—
- Cash flow hedges	(12,660)	—	—	—	—
- Special laws	9,632	A – B – C	9,632	—	—
- Treasury shares	(213,410)	—	—	—	—
Total	4,727,245	—	4,385,483	200,151	58,333
Portion unavailable	—	—	299,523	—	—
Remainder distributable	—	—	4,085,960	—	—

Legend:

A: due to right issues

B: to cover losses

C: due to distribution to shareholders

Other information

1 Guarantees and commitments

Transactions	30/6/13	30/6/12
1. Financial guarantees given to:	3,762,747	5,207,573
a) Banks	1,491,750	1,697,826
b) Customers	2,270,997	3,509,747
2. Commercial guarantees given to:	20,681	18,428
a) Banks	7,865	8,413
b) Customers	12,816	10,015
3. Irrevocable commitments to lend funds to:	20,306,889	22,377,526
a) Banks	11,524,568	11,241,414
i) specific	3,524,568	3,422,360
ii) standby basis	8,000,000	7,819,054
b) Customers	8,782,321	11,136,112
i) specific	8,258,638	9,620,059
ii) standby basis	523,683	1,516,053
4. Commitments underlying credit derivatives: hedge sales ¹	44,607,720	82,931,872
5. Assets pledged as collateral for customer obligations	—	—
6. Other commitments	5,713,610	6,243,498
Total	74,411,647	116,778,897

¹ Includes transactions fully matched by hedge buys (€41,113,241,000 and €72,496,783,000 respectively).

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

Portfolios	30/6/13	30/6/12
1. Financial assets held for trading	647,976	267,389
2. Financial assets recognized at fair value	—	—
3. AFS securities	1,292,921	1,791,150
4. Financial assets held to maturity	809,759	988,201
5. Due from banks	755,000	755,000
6. Due from customers	3,394,226	4,927,353
7. Property, plant and equipment	—	—

* As at 30/6/13 includes assets on deposit with the Bank of Italy in respect of the ECB long-term financing operation, some €3.5bn of which are free.

4. Assets managed and traded on behalf of customers

Type of service	30/6/13	30/6/12
1. Securities traded on behalf of customers	29,831,725	16,964,927
a) Purchases	13,491,101	8,268,052
1. settled	13,393,630	8,219,503
2. pending settlement	97,471	48,549
b) Disposals	16,340,624	8,696,875
1. settled	16,243,153	8,648,326
2. pending settlement	97,471	48,549
2. Asset management	—	—
a) individuals	—	—
b) groups	—	—
3. Securities under custody/managed on a non-discretionary basis	47,274,797	52,103,116
a) customers' securities held on deposit: in connection with the Bank's activity as deposit bank (not including asset management)	7,367,483	9,751,031
1. securities issued by bank drawing up financial statements	2,504,283	3,109,620
2. other securities	4,863,200	6,641,411
b) other customers' securities held on deposit (not including asset management): others	—	—
1. securities issued by bank drawing up financial statements	—	—
2. other securities	—	—
c) customers' securities held on deposit with customers	8,732,435	10,362,159
d) own securities held on deposit with customers	31,174,879	31,989,926
4. Other transactions	—	—

Part C - Notes to Individual Profit and Loss Account

SECTION 1

Headings 10 and 20: Net interest income

1.1 Interest and similar income: composition

Line items/technical forms	Debt securities	Loans and advances	Other transactions	12 mths ended 30/6/13	12 mths ended 30/6/12
1. Financial assets held for trading	95,073	329	—	95,402	171,300
2. AFS securities	258,848	—	—	258,848	234,885
3. Financial assets held to maturity	72,000	—	—	72,000	73,951
4. Due from banks	123	157,440	—	157,563	193,844
5. Due from customers	31,116	579,355	—	610,471	778,247
6. Financial assets recognized at fair value	—	—	—	—	—
7. Hedge derivatives	X	X	684,694	684,694	547,292
8. Other assets	X	X	—	—	—
Total	457,160	737,124	684,694	1,878,978	1,999,519

1.2 Interest and similar income: differences arising on hedging transactions

Items/sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
A. Positive differences on transactions	1,032,363	1,223,860
B. Negative differences on transactions	(347,669)	(676,568)
C. Balance of differences arising on hedges	684,694	547,292

1.3 Interest and similar income: other information

Items/sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
1.3.1 Interest receivable on financial assets denominated in currencies other than the Euro	50,912	95,712
1.3.2 Interest receivable in respect of finance leasing transactions	—	—
1.3.3 Interest income on receivables involving customers' funds held on a non-discretionary basis	—	—
Total	50,912	95,712

1.4 Interest expense and similar charges: composition

Line items/technical forms	Accounts payable	Securities	Other liabilities	12 mths ended 30/6/13	12 mths ended 30/6/12
1. Due to central banks	(55,317)	X	—	(55,317)	(37,451)
2. Due to banks	(431,015)	X	—	(431,015)	(282,716)
3. Due to customers	(3,635)	X	—	(3,635)	(11,293)
4. Debt securities in issue	—	(1,211,332)	—	(1,211,332)	(1,405,228)
5. Trading liabilities	X	—	—	—	—
6. Financial liabilities recognized at fair value	—	—	—	—	—
7. Other liabilities	X	X	—	—	—
8. Hedging derivatives	X	X	—	—	—
Total	(489,967)	(1,211,332)	—	(1,701,299)	(1,736,688)

1.6 Interest expense and similar charges: other information

Items/sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
1.6.1 Interest payable on liabilities denominated in currencies other than the Euro	(22,632)	(22,903)
1.6.2 Interest payable on liabilities in respect of finance leasing transactions	—	—
1.6.3 Interest payable on customers' funds held on a non-discretionary basis	—	—
Total	(22,632)	(22,903)

SECTION 2

Headings 40 and 50: Net fee and commission income

2.1 Fee and commission income: composition

Type of service/sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
a) guarantees given	4,543	5,606
b) credit derivatives	—	—
c) management, trading and advisory services:	57,984	72,856
1. securities trading	6,924	6,940
2. foreign currency trading	—	—
3. asset management	—	—
3.1 individuals	—	—
3.2 groups	—	—
4. securities under custody and non-discretionary management	—	—
5. deposit bank services	7,458	7,458
6. securities placement	43,458	57,669
7. procurement of orders	144	789
8. advisory services	—	—
8.1 investment advisory services	—	—
8.2 structured finance advisory services	—	—
9. agency fees	—	—
9.1 asset management	—	—
9.1.1 individuals	—	—
9.1.2 groups	—	—
9.2 insurance products	—	—
9.3 other products	—	—
d) collection and payment services	—	—
e) securitization services	—	—
f) factoring services	—	—
g) tax collection and receipt services	—	—
h) multilateral trading systems activity	—	—
i) current account keeping and management	—	—
j) other services	132,319	186,968
Total	194,846	265,430

2.2 Fee and commission income: by product/service distribution channel

Channels/Sectors	12 mths ended 30/6/13	12 mths ended 30/6/12
a) on the Bank's own premises:	43,458	57,669
1. asset management	—	—
2. securities placement	43,458	57,669
3. agency fees	—	—
b) elsewhere:	—	—
1. asset management	—	—
2. securities placement	—	—
3. agency fees	—	—
c) other distribution channels:	—	—
1. asset management	—	—
2. securities placement	—	—
3. agency fees	—	—
Total	43,458	57,669

2.3 Fee and commission expense: composition

Services/amounts	12 mths ended 30/6/13	12 mths ended 30/6/12
a) guarantees received	—	—
b) credit derivatives	—	—
c) management and trading services:	(7,439)	(8,365)
1. securities trading	(1,522)	(1,912)
2. foreign currency trading	—	—
3. asset management:	—	—
3.1 proprietary	—	—
3.2 on behalf of customers	—	—
4. securities under custody/held on a non-discretionary basis	(1,227)	(1,346)
5. securities placement	(4,690)	(5,107)
6. door-to-door sales of securities, products and services	—	—
d) collection and payment services	(2,477)	(2,493)
e) other services	(9,818)	(7,676)
Total	(19,734)	(18,534)

SECTION 3

Heading 70: Dividends and similar income

3.1 Dividends and similar income: composition

Line items/income	12 mths ended 30/6/13		12 mths ended 30/6/12	
	Dividends	Income from UCITS units	Dividends	Income from UCITS units
A. Financial assets held for trading	28,497	—	73,181	—
B. AFS securities	17,868	—	17,630	—
C. Financial assets recognized at fair value	—	—	—	—
D. Equity investments	49,070	X	47,411	X
Total	95,435	—	138,222	—

SECTION 4

Heading 80: Net trading income

4.1 Net trading income: composition

Transactions/income elements	Gains (A)	Dealing profits (B)	Value reductions (C)	Dealing losses (D)	Net trading income [(A+B)-(C+D)]
1. Trading assets	184,016	358,872	(159,204)	(183,264)	200,420
1.1 Debt securities	130,947	215,843	(80,376)	(110,407)	156,007
1.2 Equities	51,519	137,465	(75,587)	(71,965)	41,432
1.3 UCITS units	1,397	4,413	(3,241)	(892)	1,677
1.4 Loans and advances	153	1,151	—	—	1,304
1.5 Others	—	—	—	—	—
2. Trading liabilities	—	—	—	—	—
2.1 Debt securities	—	—	—	—	—
2.2 Debts	—	—	—	—	—
2.3 Others	—	—	—	—	—
3. Other assets and liabilities: differences arising on exchange rates	X	X	X	X	(13,357)
4. Derivative products	5,565,549	3,301,398	(5,325,028)	(3,649,639)	(66,694)
4.1 Financial derivatives:	3,732,213	2,134,649	(3,489,205)	(2,463,377)	(44,694)
– debt securities and interest rates ¹	1,438,794	572,387	(1,479,700)	(604,466)	(72,985)
– equities and stock market indexes	1,977,775	1,552,192	(1,948,966)	(1,612,009)	(31,008)
– foreign currency and gold	X	X	X	X	41,026
– others	315,644	10,070	(60,539)	(246,902)	18,273
4.2 Credit derivatives	1,833,336	1,166,749	(1,833,823)	(1,186,262)	(22,000)
Total	5,749,565	3,660,270	(5,484,232)	(3,832,903)	120,369

¹ Of which €47,588,000 in positive margins on interest rate derivatives (30/6/12: €9,247,000).

SECTION 5

Heading 90: Net hedging income (expense)

5.1 Net hedging income (expense): composition

Income elements/amounts	12 mths ended 30/6/13	12 mths ended 30/6/12
A. Income from:		
A.1 Fair value hedge derivatives	221,134	1,318,632
A.2 Financial assets hedged (fair value)	—	—
A.3 Financial liabilities hedged (fair value)	282,760	107,027
A.4 Cash flow hedge derivatives	9,194	—
A.5 Assets and liabilities in foreign currencies	—	—
Total hedging income (A)	513,088	1,425,659
B. Expense related to:		
B.1 Fair value hedge derivatives	(421,229)	(271,161)
B.2 Financial assets hedged (fair value)	(15,723)	(20,344)
B.3 Financial liabilities hedged (fair value)	(74,126)	(1,130,253)
B.4 Cash flow hedge derivatives	—	—
B.5 Assets and liabilities in foreign currencies	—	—
Total hedging expense (B)	(511,078)	(1,421,758)
Net hedging income (A–B)	2,010	3,901

SECTION 6

Heading 100: Gains (losses) on disposals/repurchases

6.1 Gains (losses) on disposals/repurchases: composition

Voci/componenti reddituali	12 mths ended 30/6/13			12 mths ended 30/6/12		
	Gains	Losses	Net profit (loss)	Gains	Losses	Net profit (loss)
Financial assets						
1. Due from banks	—	—	—	—	—	—
2. Due from customers	15,881	(9,925)	5,956	1,186	(1,191)	(5)
3. AFS securities	63,234	(24,960)	38,274	140,294	(105,800)	34,494
3.1 Debt securities	31,579	(9,969)	21,610	35,167	(30,151)	5,016
3.2 Equities	31,566	(14,991)	16,575	105,122	(75,641)	29,481
3.3 UCITS units	89	—	89	5	(8)	(3)
3.4 Loans and advances	—	—	—	—	—	—
4. Financial assets held to maturity	1,311	—	1,311	989	(2,935)	(1,946)
Total assets	80,426	(34,885)	45,541	142,469	(109,926)	32,543
Financial liabilities						
1. Due to banks	—	—	—	3,875	—	3,875
2. Due to customers	—	—	—	—	—	—
3. Debt securities in issue	56,444	—	56,444	33,713	—	33,713
Total liabilities	56,444	—	56,444	37,588	—	37,588

SECTION 8

Heading 130: Adjustments for impairment

8.1 Adjustments for impairment: composition

Transactions/income elements	Value adjustments			Reversals				12 mths ended 30/6/13	12 mths ended 30/6/12
	Specific		Collective	Specific		Collective			
	Writeoffs	Others		A	B	A	B		
A. Amounts due from banks	—	—	(30,434)	—	694	—	—	(29,740)	(2,787)
- Loans	—	—	(30,434)	—	694	—	—	(29,740)	(2,787)
- Debt securities	—	—	—	—	—	—	—	—	—
B. Amounts due from customers	(15,384)	(31,678)	(12,247)	—	2,154	—	—	(57,155)	(64,719)
Impaired assets acquired	—	—	X	—	—	—	X	—	—
- Loans	—	—	X	—	—	—	X	—	—
- Debt securities	—	—	X	—	—	—	X	—	—
Other receivables	(15,384)	(31,678)	(12,247)	—	2,154	—	—	(57,155)	(64,719)
- Loans	(15,384)	(31,678)	(12,247)	—	2,154	—	—	(57,155)	(64,719)
- Debt securities	—	—	—	—	—	—	—	—	—
C. Total	(15,384)	(31,678)	(42,681)	—	2,848	—	—	(86,895)	(67,506)

Legend

A = interest

B = other amounts recovered.

8.2 Net value adjustments for impairment to AFS securities: composition

Transactions/income elements	Value adjustments			Amounts recovered		12 mths ended 30/6/13	12 mths ended 30/6/12
	Specific		Collective	Specific			
	Writeoffs	Others		A	B		
A. Debt securities	—	—	—	—	18,983	18,983	(141,060)
B. Equities	—	(225,925)	—	X	X	(225,925)	(267,262)
C. UCITS units	—	(7,068)	—	X	—	(7,068)	(2,400)
D. Loans and advances to banks	—	—	—	—	—	—	—
E. Loans and advances to customers	—	—	—	—	—	—	—
F. Total	—	(232,993)	—	—	18,983	(214,010)	(410,722)

Legend

A = interest

B = other amounts recovered.

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

Transactions/income elements	Value adjustments			Amounts recovered				12 mths ended 30/6/13	12 mths ended 30/6/12
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Others		A	B	A	B		
A. Debt securities	—	—	—	—	—	—	—	—	(1,564)
B. Loans and advances to banks	—	—	—	—	—	—	—	—	—
C. Loans and advances to customers	—	—	—	—	—	—	—	—	—
D. Total	—	—	—	—	—	—	—	—	(1,564)

Legend

A = interest

B = other amounts recovered.

8.4 Adjustments for impairment to other financial transactions: composition

Transactions/income-linked components	Value adjustments			Amounts recovered				12 mths ended 30/6/13	12 mths ended 30/6/12
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Others		A	B	A	B		
A. Guarantees given	—	(36,421)	(710)	—	—	—	—	(37,131)	(40,460)
B. Credit derivatives	—	—	—	—	—	—	—	—	—
C. Commitments	—	—	—	—	1,523	—	3,409	4,932	1,177
D. Other transactions	—	—	—	—	—	—	—	—	—
E. Total	—	(36,421)	(710)	—	1,523	—	3,409	(32,199)	(39,283)

Legend

A = interest

B = other amounts recovered.

SECTION 9

Heading 150: Administrative expenses

9.1 Personnel costs: composition

Type of expense/sectors	12 months ended 30/6/13	12 months ended 30/6/12
1. Employees	(167,277)	(178,256)
a) wages and salaries	(110,134)	(124,570)
b) social security contributions	(22,210)	(24,548)
c) severance indemnities	—	—
d) pension contributions	—	—
e) transfers to severance indemnity provisions	(5,343)	(5,000)
f) transfers to post-employment and similar benefits provisions:	—	—
– defined benefit	—	—
– defined contribution	—	—
g) amounts paid to external complementary pension schemes:	(5,048)	(5,816)
– defined benefit	(5,048)	(5,816)
– defined contribution	—	—
h) expenses incurred in connection with share payment schemes	(16,891)	(12,747)
– <i>stock options</i>	(5,169)	(5,475)
– performance shares	(11,722)	(7,272)
i) other staff benefits	(7,651)	(5,575)
2. Other staff	(6,841)	(6,946)
3. Board members	(3,626)	(3,828)
4. Expenses incurred in connection with staff retiring	—	—
5. Expenses recovered in respect of staff seconded to other companies	405	314
6. Refunds of expenses for other companies' staff seconded to Mediobanca	—	—
Total	(177,339)	(188,716)

9.2 Average number of staff by category

	12 mths ended 30/6/13	12 mths ended 30/6/12
Employees:		
a) Senior executives	136	128
b) Executives	432	425
c) Other employees	127	138
Other staff	76	79
Total	771	770

9.5 Other administrative expenses: composition

	12 months ended 30/6/13	12 months ended 30/6/12
OTHER ADMINISTRATIVE EXPENSES		
– legal, tax and professional services	(14,623)	(16,597)
– loan recovery activity	—	—
– marketing and communications	(1,270)	(1,465)
– property	(8,371)	(8,499)
– EDP	(19,850)	(16,183)
– info-provider	(15,864)	(14,345)
– bank charges, collection and payment fees	(1,656)	(2,243)
– operating expenses	(4,362)	(4,267)
– other staff expenses	(8,027)	(9,026)
– other costs	(10,154)	(9,766)
– indirect and other taxes	(6,624)	(4,566)
Total other administrative expenses	(90,801)	(86,957)

SECTION 10

Heading 160: Net transfers to provisions

10.1 Net transfers to provisions: composition

	12 mths ended 30/6/13	12 mths ended 30/6/12
TRANSFERS MADE TO COVER:		
– litigation	—	—
– advertising expenses	—	—
– certain or probable exposures or commitments	—	(1,500)
Total net transfers to provisions	—	(1,500)

SECTION 11

Heading 170: Net adjustments to tangible assets

11.1 Net adjustments to tangible assets: composition

Assets/income elements	Depreciation (a)	Value adjustments for impairment (b)	Amounts recovered (c)	Net result (a+b-c)
A. Tangible assets				
A.1 Owned	(3,673)	—	—	(3,673)
– core	(3,277)	—	—	(3,277)
– for investment purposes	(396)	—	—	(396)
A.2 Acquired under finance leases	—	—	—	—
– core	—	—	—	—
– for investment purposes	—	—	—	—
Total	(3,673)	—	—	(3,673)

SECTION 12

Heading 180: Net adjustments to intangible assets

12.1 Net adjustments to intangible assets: composition

Assets/income elements	Amortization (a)	Value adjustments for impairment (b)	Amounts recovered (c)	Net result (a+b-c)
A. Intangible assets				
A.1 Owned	(8,695)	—	—	(8,695)
– software	(8,695)	—	—	(8,695)
– other	—	—	—	—
A.2 Acquired under finance leases	—	—	—	—
Total	(8,695)	—	—	(8,695)

SECTION 13

Heading 190: Other operating income (expense)

13.1 Other operating expense: composition

Income-based components/values	12 mths ended 30/6/13	12 mths ended 30/6/12
a) Leasing activity	—	—
b) Sundry costs and expenses	(1,574)	(1,398)
Total	(1,574)	(1,398)

13.2 Other operating income: composition

Income-based components/values	12 mths ended 30/6/13	12 mths ended 30/6/12
a) Amounts recovered from customers	3,556	2,807
b) Other income	18,224	18,221
Total	21,780	21,028

SECTION 14

Heading 210: Gains (losses) on equity investments

14.1 Gains (losses) on equity investments: composition

Income-based components/values	12 mths ended 30/6/13	12 mths ended 30/6/12
A. Income	124,878	—
1. Revaluations	—	—
2. Gains on disposals	—	—
3. Amounts recovered	—	—
4. Other increases *	124,878	—
B. Expenses	(334,059)	(198,684)
1. Writedowns	—	—
2. Adjustments for impairment	(137,838)	(198,684)
3. Losses from disposals	—	—
4. Other reductions *	(196,221)	—
Net income	(209,181)	(198,684)

* These items include the effects of certain equity investments being transferred to the AFS securities portfolio and recognized at fair value, namely the investments in: Pirelli (increase of €79,249,000), Gemina (increase of €45,628,000m), RCS MediaGroup (reduction of €89,159,000), and Telco (reduction of €107,061,000).

SECTION 17

Heading 240: Net gain (loss) upon disposal of investments

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

Income elements/amounts	12 mths ended 30/6/13	12 mths ended 30/6/12
A. Properties	—	—
– gains on disposals	—	—
– losses on disposals	—	—
B. Other assets	1	—
– gains on disposals	1	1
– losses on disposals	—	(1)
Net gain (loss)	1	—

SECTION 18

Heading 260: Income tax on ordinary activities

18.1 Income tax on ordinary activities: composition

Income elements/amounts	12 mths ended 30/6/13	12 mths ended 30/6/12
1. Current taxes	(118,987)	(75,342)
2. Changes in current taxes for previous financial years	—	—
3. Reductions in current tax for the period	—	—
3bis. Reduction in current tax for the year due to tax credits under Italian Law 214/11	—	—
4. Changes in advance tax	16,204	8,057
4bis. Changes in advance tax for the year due to tax credits under Italian Law 214/11	—	—
5. Changes in deferred tax	(2,217)	(215)
Income tax for the year	(105,000)	(67,500)

18.2 Reconciliation between theoretical and effective tax burden

	12 mths ended 30/6/13	
	Amounts	%
Total profit or loss before tax from current operations	100.00%	(129,998)
Theoretical tax rate	27.50%	X
Theoretical computed taxes on income	27.50%	35,749
Dividends (-)	+11.97%	15,566
Gains on disposals of equity investments (PEX) (-)	+5.80%	7,534
Gains on equity-accounted investments (-)	—	—
Changes in deferred tax for previous years (-)	—	—
Other taxes (non-Italian companies) (-)	—	—
Non-taxable income 10 % IRAP (-)	+2.31%	3,007
Interest on exempt securities (-)	+0.33%	432
Tax losses (-)	—	—
Tax sparing credit	+0.67%	868
Non-deductible interest expense 3 % (+)	-14.40%	(18,714)
Benefit from tax consolidation (-)	+3.41%	4,436
Impairment (+/-)	-118.46%	(153,995)
Extraordinary items (rate adjustments, ...)	+7.80%	10,139
Other differences	+13.38%	17,399
TOTAL IRES	-59.68%	(77,579)
IRAP	-21.09%	(27,421)
TOTAL FOR HEADING¹	-80.77%	(105,000)

¹ Compared with a tax rate of 50.89% in the previous financial year.

SECTION 21

Earnings per share

21.1 Average number of ordinary shares on a diluted basis

	12 mths ended 30/6/13	12 mths ended 30/6/12
Net profit	(234,998)	(200,151)
Avg. no. of shares in issue	844,119,212	844,119,212
Avg. no. of potentially diluted shares	47,639,477	48,997,918
Avg. no. of diluted shares	891,758,689	893,165,380
Earnings per share	(0.28)	(0.24)
Earnings per share, diluted	(0.26)	(0.22)

Part D - Comprehensive Profit and Loss Account

Breakdown of Comprehensive Profit and Loss Constituents

Breakdown of comprehensive profit and loss constituents

Items	Before tax effect	Tax effect	After tax effect
10. Net profit (loss)	X	X	(234,998)
Other comprehensive income			
20. AFS securities:	452,024	(126,076)	325,948
a) changes in fair value:	392,540	(113,878)	278,662
b) reclassifications through profit or loss account	59,484	(12,198)	47,286
- due to impairment	26,586	(1,420)	25,166
- gain/losses on disposals	32,898	(10,778)	22,120
c) other variations	—	—	—
30. Property, plant and equipment	—	—	—
40. Intangible assets	—	—	—
50. Hedges of non-Italian investments:	—	—	—
a) changes in fair value:	—	—	—
b) reclassifications through profit or loss account	—	—	—
c) other variations	—	—	—
60. Cash flow hedges:	7,559	(2,500)	5,059
a) changes in fair value:	7,559	(2,500)	5,059
b) reclassifications through profit or loss account	—	—	—
c) other variations	—	—	—
70. Exchange differences:	—	—	—
a) changes in fair value:	—	—	—
b) reclassifications through profit or loss account	—	—	—
c) other variations	—	—	—
80. Non-current assets classified as held for sale:	—	—	—
a) changes in fair value:	—	—	—
b) reclassifications through profit or loss account	—	—	—
c) other variations	—	—	—
90. Actuarial gains (losses) on defined benefits plans	—	—	—
100. Valuation reserves from equity-accounted investments:	—	—	—
110. Total other comprehensive income after tax	459,583	(128,576)	331,007
120. Comprehensive income after tax (10 + 110)	459,583	(128,576)	96,009

Part E - Information on Risks and Related Hedging Policies

SECTION 1

Credit risk

QUALITATIVE INFORMATION

Basel II project

In compliance with the Basel II New Capital Accord transposed into the Italian regulatory framework under Bank of Italy circular no. 263 issued on 27 December 2006 (“New regulations on capital requirements for banks”), Mediobanca has set itself the objective of measuring credit risk using internal models.

A specific project has therefore been launched with a view to obtaining ratification by the Bank of Italy of the internal rating models to be used in calculating the capital requirements for credit risk. The internal rating models regard the following .customer segments: Banks, Insurances, Large corporates and Holding companies.

Given the above, the timeframe for submitting the application for the IRB system to be validated to the Bank of Italy is still being reviewed; and until the system has been validated, Mediobanca will continue to use the standardized methodology it has adopted since 1 January 2008.

1. General aspects

The Bank’s internal system for managing, evaluating and controlling credit risk reflects its traditional policy based on a prudent and highly selective approach. Lending decisions are based on individual analysis, which builds on adequate and often extensive knowledge of the borrower’s business, assets and management, as well as the macro-economic framework in which it operates. Where possible, covenants are incorporated into the terms and conditions of the

loan (having regard inter alia to the maturity and average size of the facilities concerned) in order to provide for protection against impairment. Applications for finance are processed through the different operating levels, and, if successful, are submitted for approval to the relevant bodies, i.e. the Risks Committee and Executive Committee, depending on the amount required and the credit rating of the counterparty involved, including both internal and external ratings. Once the finance has been disbursed the account is monitored on an ongoing basis, via analysis of published financial statements and a series of other controls to ensure that the covenants have not been breached. Any deterioration in the risk profile of a loan is brought swiftly to the attention of the Bank's operating unit's management.

QUANTITATIVE INFORMATION

A. Credit quality

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

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

Portfolio/quality	Non-performing	Potential problem	Restructured	Overdue	Other assets	Total
1. Financial assets held for trading	—	—	—	—	11,261,804	11,261,804
2. AFS securities	—	—	—	—	8,825,540	8,825,540
3. Financial assets held to maturity	—	—	—	—	1,434,101	1,434,101
4. Due from banks	—	—	—	—	9,751,997	9,751,997
5. Due from customers	—	16,522	163,014	1,616	25,836,473	26,017,625
6. Financial assets recognized at fair value	—	—	—	—	—	—
7. Financial assets being sold	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	—	1,152,218	1,152,218
Total at 30/6/13	—	16,522	163,014	1,616	58,262,133	58,443,285
Total at 30/6/12	—	5,093	128,757	28,667	64,665,701	64,828,218

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

Portfolio/quality	Impaired assets			Performing			Total
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
1. Financial assets held for trading	—	—	—	X	X	11,261,804	11,261,804
2. AFS securities	—	—	—	8,825,540	—	8,825,540	8,825,540
3. Financial assets held to maturity	—	—	—	1,441,539	(7,438)	1,434,101	1,434,101
4. Due from banks ¹	—	—	—	9,788,805	(36,808)	9,751,997	9,751,997
5. Due from customers	271,311	(90,159)	181,152	26,030,633	(194,160)	25,836,473	26,017,625
6. Financial assets recognized at fair value	—	—	—	X	X	—	—
7. Financial assets being sold	—	—	—	—	—	—	—
8. Hedging derivatives	—	—	—	X	X	1,152,218	1,152,218
Total at 30/6/12	271,311	(90,159)	181,152	46,086,517	(238,406)	58,262,133	58,443,285
Total at 30/6/11	270,194	(107,677)	162,517	50,662,128	(199,223)	64,665,701	64,828,218

* No exposures are subject to renegotiation under collective agreements.

¹ Gross exposure includes €17.3m towards Iranian banks, the unpaid instalments on which amount to 462,000.

Information on sovereign debt exposures

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

Asset portfolio/quality	Impaired assets				Performing assets			Total net exposure ¹
	Gross exposure	Specific adjustments	Collective adjustments	Net exposure	Gross exposure	Collective adjustments	Net exposure	
1. Financial assets held for trading	—	—	—	—	—	—	1,601,765	1,601,765
Italy	—	—	—	—	—	—	165,796	165,796
Germany	—	—	—	—	—	—	1,343,513	1,343,513
Others	—	—	—	—	—	—	92,456	92,456
2. AFS securities	—	—	—	—	6,394,008	—	6,394,008	6,394,008
Italy	—	—	—	—	6,300,660	—	6,300,660	6,300,660
Germany	—	—	—	—	52,098	—	52,098	52,098
EU	—	—	—	—	41,250	—	41,250	41,250
3. Financial assets held to maturity	—	—	—	—	346,881	—	346,881	346,881
Italy	—	—	—	—	346,881	—	346,881	346,881
Total at 30/6/13	—	—	—	—	6,740,889	—	8,342,654	8,342,654

* Does not include financial and credit derivatives.

¹ The net exposure includes positions in securities (long and short) recognized at fair value (including the outstanding accrual) except for assets held to maturity which are stated at amortized cost, the implied fair value of which is €15.6m.

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

Asset portfolio/quality	Trading Book ¹			Banking Book ²			
	Nominal value	Book value	Duration	Nominal value	Book value	Fair value	Duration
Italy	107,377	165,796	15,08	6,545,484	6,647,541	6,663,107	2,11
Germany	1,308,555	1,343,513	4,10	50,000	52,098	52,098	0,52
EU	—	—	—	40,349	41,250	41,250	1,13
Others	53,275	55,602					
Total at 30/6/13	1,469,207	1,564,911	—	6,635,833	6,740,889	6,756,455	—

¹ Does not include sales of €1.5bn on the Bund/Schatz future (Germany) or of €0.2bn on the Oat future (France), which have fair values of €3.7m and €3m respectively; or buys on the T-note future (United States) with a fair value of minus €2.8m. Net hedge buys of €392m (with a positive fair value of €15.7m) have also not been included.

² Item does not include Greek GDP-linkers securities in a notional amount of €127m recorded at a fair value of €1.3m.

A.1.3 Cash and off-balance-sheet exposures: gross/net values

Type of exposure/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing	—	—	X	—
b) Potential problem	—	—	X	—
c) Restructured	—	—	X	—
d) Overdue	—	—	X	—
e) Other assets	11,932,174	X	(36,808)	11,895,366
Total A	11,932,174	—	(36,808)	11,895,366
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	—	—	X	—
b) Other assets ¹	74,659,458	X	(25)	74,659,433
Total B	74,659,458	—	(25)	74,659,433
Total (A + B)	86,591,632	—	(36,833)	86,554,799

¹ The balance at 30/6/13 includes €41,113,241,000 in deals matched 100% by hedge buys.

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

Type of exposure/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing	11,472	(11,472)	X	—
b) Potential problem	53,528	(37,006)	X	16,522
c) Restructured	203,092	(40,078)	X	163,014
d) Overdue	3,219	(1,603)	X	1,616
e) Other assets	38,920,654	X	(201,598)	38,719,056
Total A	39,191,965	(90,159)	(201,598)	38,900,208
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	147,691	(70,246)	X	77,445
b) Other assets	19,935,010	X	(41,786)	19,893,224
Total B	20,082,701	(70,246)	(41,786)	19,970,669
Total (A + B)	59,274,666	(160,405)	(243,384)	58,870,877

A.1.7 Cash exposures to customers: trends in gross impaired positions

Description/category	Non-performing	Potential problem	Restructured	Overdue
A. Gross exposure at start of period	11,472	40,638	182,977	35,107
<i>of which: accounts sold but not derecognized</i>	—	—	—	—
B. Additions	—	49,733	99,470	3,219
B.1 transfers from performing loans	—	17,207	74,043	3,210
B.2 transfers from other categories of impaired assets	—	32,009	16,097	—
B.3 other additions	—	517	9,330	9
C. Reductions	—	(36,843)	(79,355)	(35,107)
C.1 transfers to performing loans	—	—	—	—
C.2 amounts written off	—	—	—	—
C.3 amounts collected	—	(1,693)	(3,250)	—
C.4 gains realized on disposals	—	—	(58,552)	—
C.5 transfers to other categories of impaired assets	—	(16,097)	—	(32,009)
C.6 other reductions	—	(19,053)	(17,553)	(3,098)
D. Gross exposure at end of period	11,472	53,528	203,092	3,219
<i>of which: accounts sold but not derecognized</i>	—	—	—	—

A.1.8 Cash exposures to customers: trends in collective value adjustments

Description/category	Non-performing	Potential problem	Restructured	Overdue
A. Adjustments at start of period <i>of which: accounts sold but not derecognized</i>	(11,472)	(35,545)	(54,220)	(6,440)
	—	—	—	—
B. Additions	—	(17,678)	(33,283)	(1,603)
B.1 value adjustments	—	(11,238)	(11,406)	(700)
B.1.bis losses following disposals	—	—	—	—
B.2 transfers from other categories of impaired assets	—	(6,440)	(14,446)	—
B.3 other additions	—	—	(7,431)	(903)
C. Reductions	—	16,217	47,425	6,440
C.1 writebacks based on valuations	—	1,625	529	—
C.2 writebacks due to amounts collected	—	—	18,983	—
C.2.bis gains on disposals	—	—	446	—
C.3 amounts written off	—	—	—	—
C.4 transfers to other categories of impaired assets	—	14,446	—	6,440
C.5 other reductions	—	146	27,467	—
D. Adjustments at end of period <i>of which: accounts sold but not derecognized</i>	(11,472)	(37,006)	(40,078)	(1,603)
	—	—	—	—

A.2 Exposures by internal and external ratings

A.2.1 Cash and off-balance-sheet exposures by external rating category

Exposures	External rating class						Unrated	Total
	AAA / AA-	A+ / A-	BBB+ / BBB-	BB+ / BB-	B+ / B-	Below B-		
A. Cash exposures	1,855,585	3,029,772	31,890,251	1,148,187	549,961	—	12,321,818	50,795,574
B. Derivatives	84,688	45,906,272	13,697,249	211,854	245,923	—	7,828,240	67,974,226
B.1 Financial derivatives	84,688	3,610,467	12,025,299	211,854	245,923	—	7,188,275	23,366,506
B.2 Credit derivatives ¹	—	42,295,805	1,671,950	—	—	—	639,965	44,607,720
C. Guarantees released	—	—	2,231,693	308,022	1,823	8,532	1,233,357	3,783,427
D. Commitments to disburse funds	9,980	1,259,330	17,562,373	613,849	51,737	—	3,375,180	22,872,449
E. Others	—	—	—	—	—	—	—	—
Total at 30/6/13	1,950,253	50,195,374	65,381,566	2,281,912	849,444	8,532	24,758,595	145,425,676
Total at 30/6/12	2,201,922	103,726,124	62,029,064	1,674,741	1,781,963	52,681	26,807,110	198,273,605

¹ The balance as at 30/6/13 includes €41,113,241,000 in deals matched 100% by hedge buys.

A.3 Secured exposures by type of security

A.3.1 Secured cash exposures to banks and customers

	Amount	Real guarantees (1)		Personal guarantees (2)						Total (1) + (2)		
		Properties	Securities	Other assets	Credit derivatives			Endorsements				
					Governments	Other public agencies	Others	Governments	Other public agencies		Banks	Others
CLN	Other public agencies	Banks	Others	Others	Banks	Others						
1. Secured balance sheet credit exposures:												
1.1 completely secured	3,343,403	—	3,952,465	—	—	—	—	—	25,295	108,903	—	591,408,254
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—
1.2 partly secured	1,458,407	—	1,394,681	—	—	—	—	—	26,737	—	—	1,421,418
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—
2. Secured off balance sheet credit exposures:												
2.1 completely secured	—	—	—	—	—	—	—	—	—	—	—	—
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—
2.2 partly secured	—	—	—	—	—	—	—	—	—	—	—	—
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—

A.3.2 Secured cash exposures to customers

	Amount		Real guarantees (1)				Personal guarantees (2)				Total (1) + (2)		
			Properties		Other assets	Credit derivatives		Endorsements		Others			
			Securities	Other assets		Other credit derivatives	Other public agencies	Other public agencies	Banks				
			CLN			Governments	Other public agencies	Banks	Others				
1. Secured balance sheet credit exposures:													
1.1 completely secured	4,818,940	1,517,493	5,604,531	16,269	—	—	—	—	—	37,998	67	1,844,780	9,021,138
- of which impaired	96,869	134,807	8,781	3	—	—	—	—	—	—	—	16,040	159,631
1.2 partly secured	2,214,874	4,227	1,410,405	32,124	—	—	—	—	—	—	21,971	51,250	1,519,977
- of which impaired	77,440	—	10,549	—	—	—	—	—	—	—	—	2,250	12,799
2. Secured off balance sheet credit exposures:													
2.1 completely secured	40,775	30,974	1,919	—	—	—	—	—	—	—	—	10,075	42,968
- of which impaired	2,187	2,250	—	—	—	—	—	—	—	—	—	—	2,250
2.2 partly secured	—	—	—	—	—	—	—	—	—	—	—	—	—
- of which impaired	—	—	—	—	—	—	—	—	—	—	—	—	—

B. Loan distribution and concentration

B.1 Cash and off-balance-sheet exposure to customers by sector (book value)

Exposures/counterparts	Governments	Other public agencies	Financial companies	Insurances	Non-financial undertakings	Other entities
A. Cash exposures						
A.1 Non-performing						
Net exposure	—	—	—	—	—	—
Value adjustments to gross exposure	—	—	(11,472)	—	—	—
Value adjustments to portfolio	X	X	X	X	X	X
A.2 Potential problem						
Net exposure	—	—	—	—	16,522	—
Value adjustments to gross exposure	—	—	—	—	(37,006)	—
Value adjustments to portfolio	X	X	X	X	X	X
A.3 Restructured						
Net exposure	—	—	5,460	—	157,554	—
Value adjustments to gross exposure	—	—	(152)	—	(39,926)	—
Value adjustments to portfolio	X	X	X	X	X	X
A.4 Overdue						
Net exposure	—	—	—	—	1,616	—
Value adjustments to gross exposure	—	—	—	—	(1,603)	—
Value adjustments to portfolio	X	X	X	X	X	X
A.5 Other exposures						
Net exposure	9,932,813	78,603	16,561,540	2,549,082	9,421,769	175,249
Value adjustments to gross exposure	X	X	X	X	X	X
Value adjustments to portfolio	—	—	(16,081)	(4,759)	(180,758)	—
Total A						
Net exposure	9,932,813	78,603	16,567,000	2,549,082	9,597,461	175,249
Value adjustments to gross exposure	—	—	(11,624)	—	(78,535)	—
Value adjustments to portfolio	—	—	(16,081)	(4,759)	(180,758)	—
B. Off-balance sheet exposures						
B.1 Non-performing						
Net exposure	—	—	—	—	—	—
Value adjustments to gross exposure	—	—	—	—	—	—
Value adjustments to portfolio	X	X	X	X	X	X
B.2 Potential problem						
Net exposure	—	—	—	—	8,532	—
Value adjustments to gross exposure	—	—	—	—	(22,530)	—
Value adjustments to portfolio	X	X	X	X	X	X
B.3 Other impaired assets						
Net exposure	—	—	38,495	—	30,418	—
Value adjustments to gross exposure	—	—	(1,896)	—	(45,820)	—
Value adjustments to portfolio	X	X	X	X	X	X
B.4 Other exposures						
Net exposure	2,273,038	2,452	9,382,285	152,568	8,076,813	6,068
Value adjustments to gross exposure	X	X	X	X	X	X
Value adjustments to portfolio	—	—	(20,402)	—	(21,384)	—
Total B						
Net exposure	2,273,038	2,452	9,420,780	152,568	8,115,763	6,068
Value adjustments to gross exposure	—	—	(1,896)	—	(68,350)	—
Value adjustments to portfolio	—	—	(20,402)	—	(21,384)	—
Total at 30/6/13						
Net exposure	12,205,851	81,055	25,987,780	2,701,650	17,713,224	181,317
Value adjustments to gross exposure	—	—	(13,520)	—	(146,885)	—
Value adjustments to portfolio	—	—	(36,483)	(4,759)	(202,142)	—
Total at 30/6/12						
	12,914,841	85,284	27,313,275	3,066,370	19,173,867	211,290

B.2 Cash and off-balance-sheet exposures to customers by geography (book value)

Exposure/geographical areas	Italy		Other European countries		United States		Asia		Rest of world	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A) Cash exposures										
A.1 Non-performing	—	—	—	(11,472)	—	—	—	—	—	—
A.2 Potential problem	15,497	(30,943)	120	(5,328)	905	(735)	—	—	—	—
A.3 Restructured	157,554	(39,926)	5,460	(152)	—	—	—	—	—	—
A.4 Overdue	1,616	(1,603)	—	—	—	—	—	—	—	—
A.5 Other exposures	30,895,558	(185,957)	7,036,906	(15,584)	767,757	(57)	7,896	—	10,939	—
Total A	31,070,225	(258,429)	7,042,486	(32,536)	768,662	(792)	7,896	—	10,939	—
B) Off-balance-sheet exposures										
B.1 Non-performing	—	—	—	—	—	—	—	—	—	—
B.2 Potential problem	—	—	8,532	(22,530)	—	—	—	—	—	—
B.3 Other impaired assets	5,345	(155)	63,568	(47,561)	—	—	—	—	—	—
B.4 Other exposures	9,585,845	(6,098)	9,945,226	(33,971)	285,783	(1,634)	—	—	76,370	(83)
Total B	9,591,190	(6,253)	10,017,326	(104,062)	285,783	(1,634)	—	—	76,370	(83)
Total at 30/6/13	40,661,415	(264,682)	17,059,812	(136,598)	1,054,445	(2,426)	7,896	—	87,309	(83)
Total at 30/6/12	49,265,848	(211,549)	12,351,746	(98,719)	874,139	(2,760)	194,136	(38)	79,058	—

B.3 Cash and off-balance-sheet exposures to banks by geography (book value)

Exposure/geographical areas	Italy		Other European countries		United States		Asia		Rest of world	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A) Cash exposures										
A.1 Non-performing	—	—	—	—	—	—	—	—	—	—
A.2 Potential problem	—	—	—	—	—	—	—	—	—	—
A.3 Restructured	—	—	—	—	—	—	—	—	—	—
A.4 Overdue	—	—	—	—	—	—	—	—	—	—
A.5 Other exposures	7,778,623	(129)	3,994,404	(35,916)	98,880	—	23,458	(763)	1	—
Total A	7,778,623	(129)	3,994,404	(35,916)	98,880	—	23,458	(763)	1	—
B) Off-balance-sheet exposures										
B.1 Non-performing	—	—	—	—	—	—	—	—	—	—
B.2 Potential problem	—	—	—	—	—	—	—	—	—	—
B.3 Other impaired assets	—	—	—	—	—	—	—	—	—	—
B.4 Other exposures ¹	3,786,625	—	70,385,262	(25)	487,546	—	—	—	—	—
Total B	3,786,625	—	70,385,262	(25)	487,546	—	—	—	—	—
Total at 30/6/13	11,565,243	(129)	74,379,666	(35,941)	586,426	—	23,458	(763)	1	—
Total at 30/6/12	10,477,453	(289)	121,685,035	(100,606)	3,304,402	—	41,688	(825)	100	—

¹ The balance as at 30/6/13 includes €41,113,241,000 (30/6/12: €72,496,783,000) in deals matched 100% by hedge buys.

B.4 Large risks

	30/6/13	30/6/12
a) Book value	16,813,393	16,738,853
b) Weighted value	15,220,851	15,002,827
c) No. of exposures	17	17

Leveraged finance transactions

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

As at 30 June 2013, commitments to deals of this nature amounted to €1,032.2m, down significantly on the figure reported one year previously (€1,888.4m). Such deals represent less than 7% of the corporate portfolio, around 30% in relation to domestic and EU transactions. Movements during the period under review involved repayments totalling €1,099.1m, with a total of nine deals being wound up, against increases of €242.9m (virtually all of which in respect of four new transactions).

C. Securitizations and asset disposals

C.1 Securitizations

QUALITATIVE INFORMATION

In addition to its investment in the Quarzo securitization of Compass receivables, recently rolled over from €1,692.4m to €2,964.5m, Mediobanca S.p.A. has a portfolio of securities deriving from securitizations by other issuers which declined from €330.7m last year to reach €272.9m at the reporting date. The main movements during the period involved disposals and repayments totalling €76.2m (generating gains of €4.5m), acquisitions of €11.9m (collateralized loan obligations with investment-grade ratings and held as part of the trading portfolio), positive adjustments to reflect fair value totalling €1.3m (€0.6m taken to net equity), and €0.8m in adjustments to reflect amortized cost. During the period under review trading involving a total of €42.2m took place, generating a profit of €0.6m.

Two-thirds of the portfolio valuations are made based on prices supplied by the leading financial information providers, i.e. Reuters, Bloomberg and Mark-it; the remainder, virtually all of which is held as part of the banking book, has been valued using fair value models, mostly provided by a leading rating agency. The implicit losses on the fixed portfolio fell from €42.4m to €38.6m.

Over 90% of the portfolio consists of senior-ranking securities, and has a rating commensurate with securities of high credit standing issued by at least one of the leading agencies (Standard & Poors, Moody's e Fitch). The only positions which are unrated involve deals where Mediobanca has played an active role in the securitization process, e.g. as sponsor, manager, etc. Half of the portfolio is eligible for refinancing transactions with the European Central Bank.

Mediobanca does not have on its books, and indeed never has had, any credit exposures backed by US subprime or Alt-A mortgages; the only credit default swap position it has, with MBIA (Municipal Bond Insurance Association) for a nominal amount of \$10m, has recently been closed at a small gain.

The ABS market, like those for other credit products, benefited from a widespread increase in prices due to expectations of less restrictive regulations on capital absorption with the advent of Basel II/Solvency 2, and improved

conditions of acceptance as collateral for transactions with the European Central Bank. An upturn in issuance is therefore likely, with significant benefits for yields as well. The Group's portfolio remains concentrated on domestic stocks with property assets as underlying instrument (mortgage receivables and state-owned properties); while the other deals involve CLOs, synthetic securities (Entasi and ELM) and other European (UK and German) mortgage receivables; in particular:

- Italian mortgage loans: these are now treated as covered bonds, given their secured nature. Even those with domestic underlying assets show declining yields in accordance with the repayment schemes, even with slightly increasing delinquency and default rates due to the still challenging economic conditions; S&P's downgrade of the republic of Italy has impacted the ratings of the individual issues without, however, affecting their performance. The UK and German markets continue to show signs of improvement, with the fall in interest rates facilitating affordability for borrowers;
- Italian state-owned and commercial properties: this sector performed unevenly linked to the sticky property market and tensions over issuers' credit risk (in particular the republic of Italy and Telecom Italia).

The €1.5bn Mediobanca covered bond with CheBanca! mortgage loans as the underlying instrument remains outstanding, subscribed for entirely by Mediobanca for use in refinancing with the European Central Bank.

QUANTITATIVE INFORMATION

C.1.1 Exposures deriving from securitizations by underlying asset

Type of underlying asset/ exposures	Cash exposure ¹					
	Senior		Mezzanine		Junior	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A) Using own underlying assets	—	—	—	—	—	—
a) Impaired	—	—	—	—	—	—
b) Other	—	—	—	—	—	—
B) Using customers' underlying assets	3,208,191	3,208,191	24,470	24,470	4,709	4,709
a) Impaired	72,572	72,572	—	—	—	—
b) Other	3,135,619	3,135,619	24,470	24,470	4,709	4,709

¹ No off-balance-sheet exposures.

C.1.3 Exposures deriving from main customer securitizations by asset type/exposure

Type of securitized asset/exposure	Cash exposures ¹					
	Senior		Mezzanine		Junior	
	Book value	Writedowns/ writebacks	Book value	Writedowns/ writebacks	Book value	Writedowns/ writebacks
A. Mortgage loans on Italian properties						
A.1 Fip Fund-23 A2 FRN IT0003872774	94,418	—	—	—	—	—
A.2 Velah 4 A2 IT0004102007	26,806	—	—	—	—	—
A.3 Zeus F07-25 A FRN IT0004306186	18,858	—	—	—	—	—
A.4 Imser21(ST18) 5.830 IT0003382972	—	—	18,192	—	—	—
A.5 BP MORTG-43 A2 ind IT0004215320	5,793	264	—	—	—	—
A.6 E-MAC XS0475282322	5,668	4	—	—	—	—
A.7 Casaforte srl 30/06 IT0004644677	—	—	—	—	2,403	—
A.8 Other	4,833	70	6,278	713	2,306	317
TOTAL MORTGAGE LOANS ON PROPERTIES	156,376	338	24,470	713	4,709	317
B. Other receivables						
B.1 QUARZO A 15/02/28MTG IT0004932056	2,964,522	—	—	—	—	—
B.2 ENTASI 16/08/16 IT0003142996	53,714	—	—	—	—	—
B.3 ELM BB.V. FL XS0247902587	22,499	—	—	—	—	—
B.4 EELF2006-1A1 MTC XS0244738646	7,487	—	—	—	—	—
B.5 Other	3,593	7	—	—	—	—
TOTAL OTHER RECEIVABLES	3,051,815	7	—	—	—	—
Total as at 30/6/13	3,208,191	345	24,470	713	4,709	317
Total as at 30/6/12	1,984,356	(1,163)	24,778	(1,550)	4,596	(505)

¹ No off-balance-sheet exposure.

C.1.4 Exposures to securitizations by asset/portfolio type

Exposure/portfolio	Held for trading at fair value	Recognized	Available for sale	Held to maturity	Loans and advances	30/6/13	30/6/12
1. Cash exposures	26,775	—	11,586	40,691	3,158,318	3,237,370	2,013,730
- Senior	18,191	—	9,183	22,499	3,158,318	3,208,191	1,984,356
- Mezzanine	6,278	—	—	18,192	—	24,470	24,778
- Junior	2,306	—	2,403	—	—	4,709	4,596
2. Off-balance-sheet exposures	—	—	—	—	—	—	—
- Senior	—	—	—	—	—	—	—
- Mezzanine	—	—	—	—	—	—	—
- Junior	—	—	—	—	—	—	—

C.1.5 Total amount of securitized assets underlying junior securities or other forms of financing

Assets/amounts	Traditional securitizations	Synthetic securitizations
A. Own underlying assets:		
A.1 Fully derecognized	—	X
1. Non-performing	—	X
2. Potential problem	—	X
3. Restructured	—	X
4. Overdue	—	X
5. Other assets	—	X
A.2 Partly derecognized	—	X
1. Non-performing	—	X
2. Potential problem	—	X
3. Restructured	—	X
4. Overdue	—	X
5. Other assets	—	—
A.3 Not derecognized	—	—
1. Non-performing	—	—
2. Potential problem	—	—
3. Restructured	—	—
4. Overdue	—	—
5. Other assets	—	—
B. Customer underlying assets:		
B.1 Non-performing	—	—
B.2 Potential problem	—	—
B.3 Restructured	—	—
B.4 Overdue	—	—
B.5 Other assets	3,357	—

C.2 Asset disposals

A. Financial assets sold but not derecognized

QUANTITATIVE INFORMATION

C.2.1 Financial assets sold but not derecognized: book value and full value

Type/portfolio	Financial assets held for trading	Financial assets at fair value through profit and loss account	AFS securities	Financial assets held to maturity	Due from banks	Due from customers	Total	
							30/6/13	30/6/12
A. Cash assets								
1. Debt securities								
a) Financial assets sold but recorded in full (book value)								
	179,752	—	649,037	145,175	—	—	973,964	1,641,856
2. Equities	—	—	—	X	X	X	—	—
3. UCITS units	—	—	—	X	X	X	—	—
4. Loans and advances								
a) Financial assets sold but recorded in full (book value)								
	—	—	—	—	—	38,000	38,000	15,025
B. Derivative products								
	—	X	X	X	X	X	—	—
Total at 30/6/13	179,752	—	649,037	145,175	—	38,000	1,011,964	X
a) Financial assets sold but recorded in full (book value)								
	179,752	—	649,037	145,175	—	38,000	1,011,964	X
- of which impaired								
	—	—	—	—	—	—	—	X
Total at 30/6/12	254,973	—	1,213,541	173,342	—	15,025	X	1,656,881
a) Financial assets sold but recorded in full (book value)								
	254,973	—	1,213,541	173,342	—	15,025	X	1,656,881
- of which impaired								
	—	—	—	—	—	—	X	—

C.2.2 Financial liabilities in respect of financial assets sold but not derecognized: book value

Liabilities/asset portfolios	Financial assets held for trading	Financial assets at fair value through profit and loss account	AFS securities	Financial assets held to maturity	Due from banks	Due from customers	Total	
1. Due to customers	61,949	—	333,200	—	—	—	395,149	
a) in respect of fully recognized assets								
	61,949	—	333,200	—	—	—	395,149	
b) in respect of partly recognized assets								
	—	—	—	—	—	—	—	
2. Due to banks	91,563	—	220,124	104,262	—	38,000	453,949	
a) in respect of fully recognized assets								
	91,563	—	220,124	104,262	—	38,000	453,949	
b) in respect of partly recognized assets								
	—	—	—	—	—	—	—	
Total at 30/6/13	153,512	—	553,324	104,262	—	38,000	849,098	
Total at 30/6/12	214,628	—	1,102,620	121,416	—	15,025	1,453,689	

SECTION 2

Market risk

2.1 INTEREST RATE RISK AND PRICE RISK - TRADING BOOK

QUALITATIVE INFORMATION

Mediobanca monitors interest rate risk on its trading book on a daily basis, by calculating two main indicators:

- sensitivity to 1 basis-point changes in the interest rate curve;
- the share of the value-at-risk¹ linked to interest rates as part of the global measurement of market risks.

Such analysis regards not just the trading book but the Bank's entire asset structure, i.e. banking book as well, and is not limited to the measurement of risks deriving from changes in market interest rates but factors in exposures to loan spreads as well.

In order to regulate the various business units' operations, limits have been introduced on sensitivities (known as the "Greeks") to movements of different factors (1 basis point for interest rates and loan spreads, 1 percentage points for shares, exchange rates and volatility).

VaR is still calculated based on expected volatility and the correlation between risk factors concerned, assuming a disposal period of a single trading day and based on a 99% confidence level. The indicator used to check the limits is calculated by using Monte Carlo simulations, along with historical simulations for indicative purposes². This measurement is also used to calculate the expected shortfall, which measures average loss in 1% of the most unfavourable scenarios.

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

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

In addition to these indicators, stress tests are also carried out weekly on the main risk factors, to show the impact which significant movements in the main market data (such as share prices and interest or exchange rates) and historical crisis scenarios being repeated might have.

Despite the many sources of instability which continue to affect both the international and domestic markets, the fact that the ten-year BTP-*Bund* spread remained between 250 and 300 basis points, along with the recovery in stock market prices, led to a reduction in risk levels.

The aggregate VaR reading, which includes available-for-sale assets, recorded a low of €30.3m at the start of May 2013, climbing to €46.7m at end-June, in addition to the increase in volatility in part due to the transfer of some of the equity investments to the AFS portfolio. The average reading for the year was thus €53.5m, significantly lower than the €77.7m reported the previous financial year.

Interest rates in particular showed an average reading of €45.5m, down 25% on last year, with a low of €24m in December 2012 due to the reduction in the diversification effect between the generic risk (which includes government risk) and the specific risk component. The latter in particular halved as a result of the sharp drop in volatility on corporate paper. The contribution from share prices fell by over 50% (from €21.3m), with a low of €6.2m. The exchange rate component also declined significantly, with the average VaR reading declining from €3.8m to €2.4m, bearing out the strategic decision to reduce exposure to this risk. The volatility component was also down, despite an increase in options trading which caused the exposure to this risk to rise in the final months of the financial year. VaR linked to inflation bucked the general trend, albeit while remaining at low levels, due to increased activity on such markets.

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

Risk factors (€'000)	12 mths to 30/6/13				12 mths to 30/6/12
	28/6	Min.	Max.	Avg.	Avg.
Interest rates	39,340	24,000	111,286	45,515	60,038
- of which: specific risk	16,107	8,567	29,817	16,125	33,879
Share prices	13,889	6,221	18,218	10,384	21,293
Exchange rates	1,561	360	9,082	2,393	3,816
Inflation	1,938	439	3,618	1,262	942
Volatility	3,879	1,511	5,431	3,113	4,334
Diversification effect*	(13,916)	(2,385)	(26,060)	(9,143)	(12,697)
Total	46,691	30,298	124,947	53,524	77,739
Expected Shortfall	108,550	94,153	128,147	110,788	108,962

* Due to mismatch between risk factors.

The expected shortfall remained at the levels seen last year (€109m), as a result of the high weight of exposure to the Italy country risk (in particular due to the number of government bonds in the AFS portfolio), the stress scenario for which continues to be based on the 2011 sovereign debt crisis.

The value-at-risk for the trading book showed a similar reduction to that seen for the aggregate figure, although there were differences: the lower weight of the debt security component drove a reduction of 50% in the total VaR, from €17.4m to €8.9m, with a low of €3.6m recorded in mid-March. Here too, the main contribution came from the interest rate component, in particular the specific risk on positions in corporate and financial bonds (the average reading for which fell from €13.2m to €3.9m), due to the limited presence of Italian government securities. The share price component performed more unevenly: some new positions generated an increase in VaR in the first months of the year, while their gradual reduction drove the decline to a low of €1.6m in mid-May; whereas the recovery in stock markets and trading caused a new increase in the final weeks of the year (to around €3m). The trend in volatility was not dissimilar, declining at the start of 2013 and then rising again in the last months on account of the increased market activity.

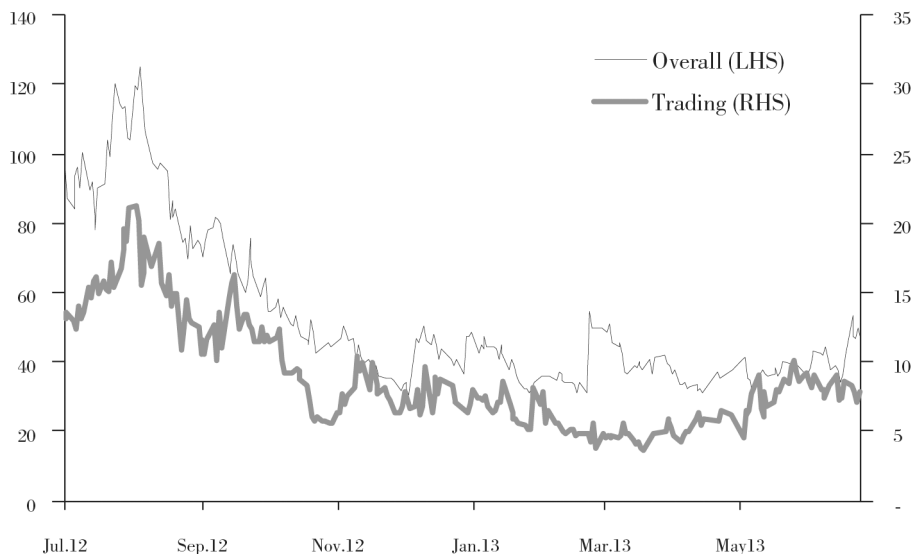
Table 2: Value at risk and expected shortfall: trading book

Risk factors (€'000)	12 mths to 30/6/13				12 mths to 30/6/12 Avg.
	28/6	Min.	Max.	Avg.	
Interest rates	3,610	2,543	20,681	6,484	14,780
- of which: specific risk	2,581	1,298	8,574	3,865	13,184
Share prices	3,150	1,660	8,576	3,869	4,561
Exchange rates	3,123	659	11,315	3,716	4,240
Inflation	227	200	2,335	1,030	1,209
Volatility	4,496	1,595	5,431	3,255	4,289
Diversification effect *	(7,990)	(3,139)	(20,401)	(9,475)	(11,664)
Total	6,616	3,603	21,241	8,878	17,415
Expected Shortfall	15,195	6,698	19,497	11,952	25,499

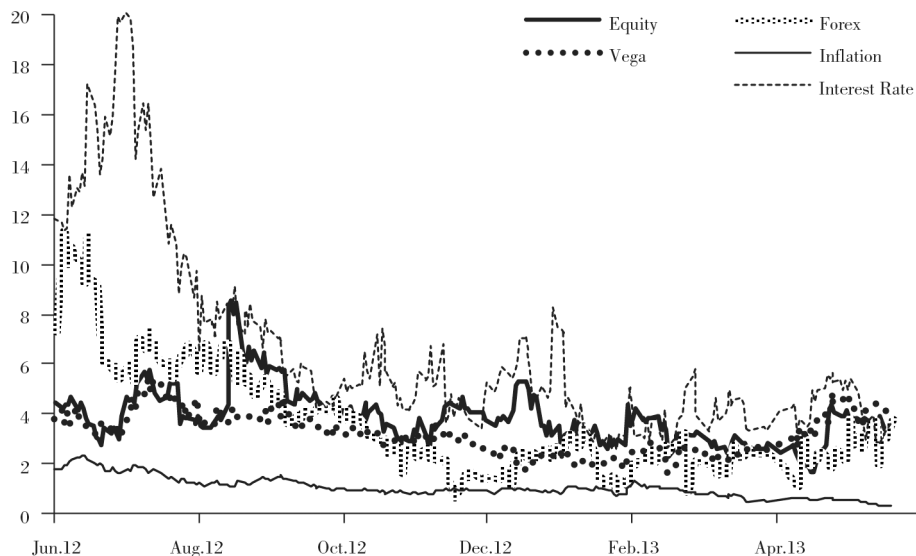
* Due to mismatches between risk factors.

Unlike for the aggregate portfolio, where the weight of Italian government securities caused the expected shortfall to remain largely unchanged, the reading for the trading book reflects an even sharper reduction in VaR (from €25.5m to €12m), as a result of the reduction in the risk associated with trading positions.

Trends in VaR



Trends in VaR constituents



This year too, the results of the daily back-testing based on calculations of theoretical profits and losses³ confirm the effectiveness of VaR as a measurement of risk. For the aggregate portfolio including the AFS positions, losses greater than the VaR readings were recorded on just two days (perfectly in line with the theoretical level of 1% of the readings). The same applies to the trading book, where again there were just the two breaches recorded, due to international situations (for example the Cyprus crisis in March).

With reference to the sensitivity of net interest income, the trading book (Mediobanca only) as at 30 June 2013 showed a gain of €35m in the event of a 100 bps rise in interest rates, and a loss of €18m in the opposite scenario (100 bps reduction).

		(€/m)
Data at 30/6/13		
Net interest income sensitivity	+ 100 bps	34.99
	— 100 bps	(17.85)
Discounted value of cash flows sensitivity	+ 100 bps	(34.84)
	— 100 bps	5.30

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

QUANTITATIVE INFORMATION

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

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	461,656	411,591	634,830	670,289	1,406,396	527,212	308,065	—
1.1 Debt securities	461,656	411,591	634,830	670,289	1,406,396	527,212	308,065	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	461,656	411,591	634,830	670,289	1,406,396	527,212	308,065	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	689,192	176,421	12,501	661,421	147,572	163,621	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	689,192	176,421	12,501	661,421	147,572	163,621	—
3. Financial derivatives	584,582	132,470,753	76,312,352	39,391,185	81,516,092	23,797,216	9,050,266	—
3.1 With underlying securities	—	4,431,918	218,370	—	—	—	—	—
– Options	—	5,888	5,886	—	—	—	—	—
+ long positions	—	2,944	2,943	—	—	—	—	—
+ short positions	—	2,944	2,943	—	—	—	—	—
– Others	—	4,426,030	212,484	—	—	—	—	—
+ long positions	—	2,213,015	106,242	—	—	—	—	—
+ short positions	—	2,213,015	106,242	—	—	—	—	—
3.2 Without underlying securities	584,582	128,038,835	76,093,982	39,391,185	81,516,092	23,797,216	9,050,266	—
– Options	—	54,017,712	42,905,974	23,778,736	20,718,000	1,380,000	1,972,000	—
+ long positions	—	27,008,856	21,452,987	11,889,368	10,359,000	690,000	986,000	—
+ short positions	—	27,008,856	21,452,987	11,889,368	10,359,000	690,000	986,000	—
– Others	584,582	74,021,123	33,188,008	15,612,449	60,798,092	22,417,216	7,078,266	—
+ long positions	70,000	37,875,615	16,239,706	7,888,178	29,923,502	11,189,960	3,662,907	—
+ short positions	514,582	36,145,508	16,948,302	7,724,271	30,874,590	11,227,256	3,415,359	—

Currency of denomination: US DOLLARS

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	57,210	554	8,266	171,085	59,258	15,175	—
1.1 Debt securities	—	57,210	554	8,266	171,085	59,258	15,175	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	57,210	554	8,266	171,085	59,258	15,175	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	109,300	6,268,558	2,022,866	55,708	1,693,991	2,269,281	104,784	—
3.1 With underlying securities	—	703,872	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	703,872	—	—	—	—	—	—
+ long positions	—	351,936	—	—	—	—	—	—
+ short positions	—	351,936	—	—	—	—	—	—
3.2 Without underlying securities	109,300	5,564,686	2,022,866	55,708	1,693,991	2,269,281	104,784	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	109,300	5,564,686	2,022,866	55,708	1,693,991	2,269,281	104,784	—
+ long positions	54,650	2,797,403	1,025,208	12,129	757,328	1,213,779	49,811	—
+ short positions	54,650	2,767,283	997,658	43,579	936,663	1,055,502	54,973	—

Currency of denomination: OTHER

Type/residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	—	3,297	61	11,938	2,201	—	—	—
1.1 Debt securities	—	3,297	61	11,938	2,201	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– others	—	3,297	61	11,938	2,201	—	—	—
1.2 Other assets	—	—	—	—	—	—	—	—
2. Cash liabilities	—	—	—	—	—	—	—	—
2.1 Debt securities in issue	—	—	—	—	—	—	—	—
2.2 Other liabilities	—	—	—	—	—	—	—	—
3. Financial derivatives	209,986	4,467,298	217,483	638,120	6,240,603	213,874	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	209,986	4,467,298	217,483	638,120	6,240,603	213,874	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	209,986	4,467,298	217,483	638,120	6,240,603	213,874	—	—
+ long positions	104,993	2,132,966	217,483	319,060	3,112,243	106,937	—	—
+ short positions	104,993	2,334,332	—	319,060	3,128,360	106,937	—	—

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

Type of exposure/Amounts	Book value		
	Level 1	Level 2	Level 3
A. Equities ¹			
A.1 Shares	909,184	—	—
A.2 Innovative equity instruments	—	—	—
A.3 Other equity instruments	—	—	15,343
B. UCITS units			
B.1 Italian			
- harmonized open	—	—	—
- non-harmonized open	—	—	—
- closed	—	—	—
- reserved	—	—	—
- speculative	—	—	—
B.2 Other EU states	105,187	—	4,969
- harmonized	104,269	—	4,969
- non-harmonized open	918	—	—
- non-harmonized closed	—	—	—
B.3 Non-EU states			
- open	—	—	—
- closed	—	—	—
Total	1,014,371	—	20,312

¹ Net mismatch between trading assets and technical shortfalls booked as trading liabilities; over 96% of the net exposure regards other European countries (of which Italy 30%).

2.2 INTEREST RATE RISK AND PRICE RISK – BANKING BOOK

QUALITATIVE INFORMATION

Mediobanca monitors and manages interest rate risk by analysing the sensitivity of net interest income and cash flow to interest rate changes. The first type of sensitivity analysis quantifies the impact of a parallel, instantaneous 100 basis point change in the interest rate curve, over a time horizon of twelve months. The second type of sensitivity is calculated by comparing the discounted value of estimated cash flows obtained with the return curve at the current date and the value obtained using a return curve increased or reduced by 100 basis points (“parallel shock”).

A positive, 100 basis-point shock on the discounted value of future cash flows from Mediobanca’s banking book as at 30 June 2013 would generate a €7.6m increase, evident of the balanced nature of the Bank’s asset structure. Conversely, a 100 bps reduction in interest rates would generate a loss of €22.5m.

A positive, 100 basis-point shock on the discounted value of future cash flows from Mediobanca’s banking book would generate a €88.3m increase, on account of the better distribution of durations at the asset level and a shallower interest rate curve on maturities up to two years; while a decrease in interest rates would generate a €20.4m reduction.

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

		(€/m)
Data at 30/6/13		Banking Book
Net interest income sensitivity	+ 100 bps	7.61
	– 100 bps	(22.48)
Discounted value of cash flows sensitivity	+ 100 bps	88.29
	– 100 bps	(20.44)

Hedging

Hedges are intended to neutralize possible losses that may be incurred on a given asset or liability, due to the volatility of a certain financial risk factor (interest rate, exchange rate, credit or some other risk parameter), through the gains that may be realized on a hedge instrument which allow the changes in fair value or cash flows to be offset. For fair value hedges in particular, the Group seeks to minimize the financial risk on interest rates by bringing the entire interest-bearing exposure in line with Euribor (generally Euribor 3 months)⁴.

B. Fair value hedges

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

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

C. Cash flow hedges

These are used chiefly to transform floating-rate into fixed-rate deposits, correlating the respective cash flows. Mediobanca also implements cash flow hedges on future trades (AFS securities disposals hedged through forward contracts).

⁴ This target is maintained even in the presence of hedging contracts with market counterparties with netting agreements and CSAs (collateralized standard agreements) have been entered into, the valuation of which is made on the basis of Eonia interest rates.

Counterparty risk

This is measured in terms of expected potential market value, thus doing away with the need to set arbitrary weightings for each type of fund employed. As far as regards derivatives and loan collateralization products (repos and securities lending), the calculation is based on determining the maximum potential exposure (assuming a 95% confidence level) at various points on a time horizon that reaches up to 30 years. The scope of application regards all groups of counterparties which have relations with Mediobanca, taking into account the existence or otherwise of netting agreements (e.g. ISDA, GMSLA or GMRA) and collateralization (e.g. CSA), plus exposures deriving from interbank market transactions. For each type of operations there are different ceilings split by counterparty and/or group.

QUANTITATIVE INFORMATION

1. Banking book by outstanding maturity (repricing date) of cash assets and liabilities - Currency of denomination: EURO

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	10,836,862	18,894,712	4,204,441	1,901,261	4,936,130	1,278,626	3,050,000	32,397
1.1 Debt securities	269,615	3,284,425	882,860	1,642,839	3,548,482	1,106,104	3,049,124	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	269,615	3,284,425	882,860	1,642,839	3,548,482	1,106,104	3,049,124	—
1.2 Loans to banks	5,115,956	3,218,556	452,838	58,890	94,476	640	—	3,274
1.3 Loans to customers	5,451,291	12,391,731	2,868,743	199,532	1,293,172	171,882	876	29,123
– current accounts	2	—	—	—	181,904	—	—	—
– other loans	5,451,289	12,391,731	2,868,743	199,532	1,111,268	171,882	876	29,123
– with earl repayment option	—	—	—	—	—	—	—	—
– others	5,451,289	12,391,731	2,868,743	199,532	1,111,268	171,882	876	29,123
2. Cash liabilities	12,964,463	15,059,419	2,705,010	7,508,144	8,004,005	1,851,518	176,161	39,336
2.1 Due to customers	1,159,511	16,577	—	47,667	—	—	—	36,467
– current accounts	470,297	—	—	—	—	—	—	—
– other amounts due	689,214	16,577	—	47,667	—	—	—	36,467
– with early repayment option	—	—	—	—	—	—	—	—
– others	689,214	16,577	—	47,667	—	—	—	36,467
2.2 Due to banks	11,783,220	8,208,834	466,097	4,710	—	4,185	38,083	2,822
– current accounts	11,779,957	—	—	—	—	—	—	—
– other amounts due	3,263	8,208,834	466,097	4,710	—	4,185	38,083	2,822
2.3 Debt securities	21,732	6,834,008	2,238,913	7,455,767	8,004,005	1,847,333	138,078	47
– with early repayment option	—	—	—	—	—	—	—	—
– others	21,732	6,834,008	2,238,913	7,455,767	8,004,005	1,847,333	138,078	47
2.4 Other liabilities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	28,935,233	4,840,627	9,855,246	9,152,165	1,802,785	818,892	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	28,935,233	4,840,627	9,855,246	9,152,165	1,802,785	818,892	—
– Options	—	—	—	—	—	—	516,794	—
+ long positions	—	—	—	—	—	—	258,397	—
+ short positions	—	—	—	—	—	—	258,397	—
– Others	—	28,935,233	4,840,627	9,855,246	9,152,165	1,802,785	302,098	—
+ long positions	—	7,928,211	1,778,639	9,615,252	6,467,565	1,486,785	167,625	—
+ short positions	—	21,007,022	3,061,988	239,994	2,684,600	316,000	134,473	—
4. Other OTC trades	4,560,545	8,151,288	825,717	369,397	3,746,908	1,605,361	1,423,466	—
+ long positions	1,914,007	5,444,980	399,467	227,649	1,048,081	651,459	655,698	—
+ short positions	2,646,538	2,706,308	426,250	141,748	2,698,827	953,902	767,768	—

Currency of denomination: US DOLLARS

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	154,347	466,094	216	1,899	12,859	15,319	—	—
1.1 Debt securities	—	19,708	161	—	11,221	15,319	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	19,708	161	—	11,221	15,319	—	—
1.2 Loans to banks	140,538	422,781	—	270	1,638	—	—	—
1.3 Loans to customers	13,809	23,605	55	1,629	—	—	—	—
– current accounts	—	—	—	—	—	—	—	—
– other loans	13,809	23,605	55	1,629	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	13,809	23,605	55	1,629	—	—	—	—
2. Cash liabilities	112,769	153,244	4,505	11,999	—	—	—	7
2.1 Due to customers	55	1,515	—	—	—	—	—	7
– current accounts	4	—	—	—	—	—	—	—
– other amounts due	51	1,515	—	—	—	—	—	7
– with early repayment option	—	—	—	—	—	—	—	—
– others	51	1,515	—	—	—	—	—	7
2.2 Due to banks	112,710	312	—	—	—	—	—	—
– current accounts	112,710	—	—	—	—	—	—	—
– other amounts due	—	312	—	—	—	—	—	—
2.3 Debt securities	4	151,417	4,505	11,999	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	4	151,417	4,505	11,999	—	—	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	58,409	19,113	12,538	11,468	—	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	58,409	19,113	12,538	11,468	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	58,409	19,113	12,538	11,468	—	—	—
+ long positions	—	38,226	—	12,538	—	—	—	—
+ short positions	—	20,183	19,113	—	11,468	—	—	—
4. Other OTC trades	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—

Currency of denomination: OTHER

Type	On demand	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets	48,138	199,334	—	—	13,697	—	—	—
1.1 Debt securities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
1.2 Loans to banks	41,607	187,329	—	—	13,697	—	—	—
1.3 Loans to customers	6,531	12,005	—	—	—	—	—	—
– current accounts	—	—	—	—	—	—	—	—
– other loans	6,531	12,005	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	6,531	12,005	—	—	—	—	—	—
2. Cash liabilities	516	272	28,475	17,684	198,410	—	—	71
2.1 Due to customers	8	217	—	—	—	—	—	71
– current accounts	8	—	—	—	—	—	—	—
– other amounts due	—	217	—	—	—	—	—	71
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	217	—	—	—	—	—	71
2.2 Due to banks	508	55	—	—	—	—	—	—
– current accounts	508	—	—	—	—	—	—	—
– other amounts due	—	55	—	—	—	—	—	—
2.3 Debt securities	—	—	28,475	17,684	198,410	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	28,475	17,684	198,410	—	—	—
2.4 Other liabilities	—	—	—	—	—	—	—	—
– with early repayment option	—	—	—	—	—	—	—	—
– others	—	—	—	—	—	—	—	—
3. Financial derivative products	—	333,391	116,659	—	216,732	—	—	—
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	333,391	116,659	—	216,732	—	—	—
– Options	—	—	—	—	—	—	—	—
+ long positions	—	—	—	—	—	—	—	—
+ short positions	—	—	—	—	—	—	—	—
– Others	—	333,391	116,659	—	216,732	—	—	—
+ long positions	—	9,206	116,659	—	207,526	—	—	—
+ short positions	—	324,185	—	—	9,206	—	—	—
4. Other OTC trades	79,995	79,995	—	—	—	—	—	—
+ long positions	—	79,995	—	—	—	—	—	—
+ short positions	79,995	—	—	—	—	—	—	—

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

Type of exposure/Amounts	Book value		
	Level 1	Level 2	Level 3
A. Equities ¹			
A.1 Shares	650.672	—	513.666
A.2 Innovative equity instruments	—	—	—
A.3 Other equity instruments	—	—	226.544
B. UCITS units			
B.1 Italian	—	—	93.482
- harmonized open	—	—	—
- non-harmonized open	—	—	—
- closed	—	—	82.939
- reserved	—	—	4.741
- speculative	—	—	5.802
B.2 Other EU states	—	—	—
- harmonized	—	—	—
- non-harmonized open	—	—	—
- non-harmonized closed	—	—	—
B.3 Non-EU states	—	—	9.439
- open	—	—	1.338
- closed	—	—	8.101
Total	650.672	—	843.131

¹ Of which 91% Italian.

2.3 EXCHANGE RATE RISK

QUALITATIVE INFORMATION

Risks deriving from movements in exchange rates for all the Bank's positions (trading and banking books), are managed by the Financial Markets division. The degree of risk in this area is thus effectively represented by the respective VaR component as shown on p. 383.

Compared to last year, the initial presence of directional positions on exchange rates held for macro-hedging purposes in respect of the other positions in the portfolio, drove the VaR on exchange rates to over €9m. Thereafter, the gradual but continuous reduction of such positions reduced the overall risk to a low of some €400,000, recorded in mid-March 2013, and a reading at the reporting date of €1.6m. The average VaR for the period was €2.4m, down sharply on the €3.8m reading recorded in 2011-2012.

QUANTITATIVE INFORMATION

1. Assets, liabilities and derivatives by currency

Line items	Currency				
	US dollars	Pounds sterling	Japanese yen	Swiss francs	Other
A. Financial assets	1,001,102	238,696	8,956	42,425	23,251
A.1 Debt securities	397,796	22,286	8,537	8,544	2,284
A.2 Equities	84,227	2,924	—	26,078	1,309
A.3 Loans and advances to banks	500,648	211,291	419	7,774	19,641
A.4 Loans and advances to customers	18,431	2,195	—	29	17
A.5 Other financial assets	—	—	—	—	—
B. Other assets	—	—	—	—	—
C. Financial liabilities	(256,348)	(224,782)	—	(10,877)	(18,290)
C.1 Due to banks	(40,101)	—	—	—	(468)
C.2 Due to customers	(31,879)	—	—	(4)	(469)
C.3 Debt securities	(184,368)	(224,782)	—	(10,873)	(17,353)
C.4 Other financial liabilities	—	—	—	—	—
D. Other liabilities	—	—	—	—	—
E. Financial derivative products	(608,014)	21,804	(45,004)	(32,857)	60,411
- Options	—	—	—	—	—
+ Long positions	—	—	—	—	—
+ Short positions	—	—	—	—	—
- Other derivatives	(608,014)	21,804	(45,004)	(32,857)	60,411
+ Long positions	1,201,437	837,153	70,179	385,517	597,718
+ Short positions	(1,809,451)	(815,349)	(115,183)	(418,374)	(537,307)
Total assets	2,202,539	1,075,849	79,135	427,942	620,969
Total liabilities	(2,065,799)	(1,040,131)	(115,183)	(429,251)	(555,597)
Difference (+/-)	136,740	35,718	(36,048)	(1,309)	65,372

2.4 DERIVATIVE PRODUCTS

A. FINANCIAL DERIVATIVES

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

Type of transaction	30/6/13		30/6/12	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	115,784,349	68,684,370	120,101,480	13,473,584
a) Options	5,887	56,849,325	3,380,000	4,225,500
b) Swaps	101,513,462	—	106,944,978	—
c) Forwards	—	—	—	—
d) Futures	—	11,835,045	—	9,248,084
e) Others	14,265,000	—	9,776,502	—
2. Equities and share indexes	28,510,401	29,840,092	44,303,592	31,844,057
a) Options	27,134,204	29,694,729	41,123,614	31,649,118
b) Swaps	1,376,197	—	3,179,857	—
c) Forwards	—	—	121	—
d) Futures	—	145,363	—	194,939
e) Others	—	—	—	—
3. Exchange rates and gold	9,348,431	—	9,838,164	132
a) Options	1,271,886	—	63,160	—
b) Swaps	1,894,413	—	1,504,885	—
c) Forwards	6,182,132	—	8,270,119	—
d) Futures	—	—	—	132
e) Others	—	—	—	—
4. Commodities	—	—	—	1,264
5. Other assets	—	—	—	—
Total	153,643,181	98,524,462	174,243,236	45,319,037
Average values	163,943,209	71,921,750	174,482,878	53,094,119

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

A.2.1 Hedge derivatives

Type of transaction	30/6/13		30/6/12	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	28,068,588	—	32,282,838	—
a) Options	—	—	—	—
b) Swaps	27,810,192	—	32,091,882	—
c) Forwards	—	—	10,956	—
d) Futures	—	—	—	—
e) Others	258,396	—	180,000	—
2. Equities and share indexes	2,436	—	2,560	—
a) Options	59	—	183	—
b) Swaps	—	—	—	—
c) Forwards	2,377	—	2,377	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Exchange rates and gold	18,040	—	42,835	—
a) Options	—	—	—	—
b) Swaps	18,040	—	42,835	—
c) Forwards	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other assets	—	—	—	—
Total	28,089,064	—	32,328,233	—
Average values	30,169,451	—	33,826,629	—

A.2.2 Other derivatives

Type of transaction	30/6/13		30/6/12	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	142,251	—	12,251	—
a) Options	—	—	—	—
b) Swaps	142,251	—	12,251	—
c) Forwards	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
2. Equities and share indexes	6,116,056	—	7,888,903	—
a) Options	6,116,056	—	7,888,903	—
b) Swaps	—	—	—	—
c) Forwards	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Exchange rates and gold	—	—	10,613	—
a) Options	—	—	10,613	—
b) Swaps	—	—	—	—
c) Forwards	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other assets	—	—	—	—
Total	6,258,307	—	7,911,767	—
Average values	7,085,037	—	8,434,935	—

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

Type of transactions	Positive fair value			
	30/6/13		30/6/12	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading book	4,599,208	867,425	4,810,273	1,096,518
a) Options	1,428,977	853,684	1,420,570	1,082,876
b) Interest rate swaps	2,938,677	—	3,218,688	—
c) Cross currency swaps	60,898	—	53,019	—
d) Equity swaps	63,358	—	41,844	—
e) Forwards	107,298	—	76,152	—
f) Futures	—	13,741	—	13,642
g) Others	—	—	—	—
B. Banking book: hedge derivatives	1,345,706	—	1,849,296	—
a) Options	167,819	—	146,961	—
b) Interest rate swaps	1,176,364	—	1,700,348	—
c) Cross currency swaps	1,523	—	1,987	—
d) Equity swaps	—	—	—	—
e) Forwards	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
C. Banking book: other derivatives	31,289	—	12,381	—
a) Options	17,056	—	8,430	—
b) Interest rate swaps	14,233	—	3,951	—
c) Cross currency swaps	—	—	—	—
d) Equity swaps	—	—	—	—
e) Forwards	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
Total	5,976,203	867,425	6,671,950	1,096,518

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

Type of transaction	Negative fair value			
	30/6/13		30/6/12	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading book	(4,498,504)	(968,447)	(5,256,926)	(1,044,228)
a) Options	(1,165,902)	(958,955)	(1,410,115)	(1,025,783)
b) Interest rate swaps	(3,022,616)	—	(3,392,447)	—
c) Cross currency swaps	(57,235)	—	(108,589)	—
d) Equity swaps	(147,017)	—	(264,259)	—
e) Forwards	(105,734)	—	(81,516)	—
f) Futures	—	(9,492)	—	(18,445)
g) Others	—	—	—	—
B. Banking book: hedge derivatives	(700,796)	(1)	(717,208)	—
a) Options	(167,843)	—	(147,056)	—
b) Interest rate swaps	(532,800)	—	(567,525)	—
c) Cross currency swaps	(150)	—	(2,526)	—
d) Equity swaps	—	—	—	—
e) Forwards	(3)	(1)	(101)	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
C. Banking book: other derivatives	(158,398)	—	(117,491)	—
a) Options	(156,727)	—	(117,491)	—
b) Interest rate swaps	(1,671)	—	—	—
c) Cross currency swaps	—	—	—	—
d) Equity swaps	—	—	—	—
e) Forwards	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
Total	(5,357,698)	(968,448)	(6,091,625)	(1,044,228)

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

Contracts not forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional value	—	—	452,853	6,353,325	—	6,784,966	—
- positive fair value	—	—	40,599	155,486	—	201,212	—
- negative fair value	—	—	(9,187)	(79,189)	—	(290,611)	—
- future exposure	—	—	19,676	55,562	—	52,332	—
2. Equities and share indexes							
- notional value	—	—	18,721	646,782	35,513	543,827	6,009
- positive fair value	—	—	232	45,758	—	42,395	—
- negative fair value	—	—	—	(79,474)	—	(47,052)	(128)
- future exposure	—	—	1,150	38,807	3,551	36,417	—
3. Exchange rates and gold							
- notional value	—	—	—	225,278	—	327,275	—
- positive fair value	—	—	—	1,254	—	18,416	—
- negative fair value	—	—	—	(171)	—	(8,893)	—
- future exposure	—	—	—	7,496	—	18,316	—
4. Other assets							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—

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

Contracts not forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional value	—	—	83,299,559	16,635,993	1,731,351	526,302	—
- positive fair value	—	—	2,108,316	412,477	176,892	66,283	—
- negative fair value	—	—	(2,366,630)	(382,790)	—	—	—
2. Equities and share indexes							
- notional value	—	—	11,000,954	16,099,806	158,664	125	—
- positive fair value	—	—	477,923	692,531	7,255	—	—
- negative fair value	—	—	(342,862)	(728,827)	(5,674)	(3,011)	—
3. Exchange rates and gold							
- notional value	—	—	7,459,511	1,183,461	—	152,905	—
- positive fair value	—	—	115,688	36,491	—	—	—
- negative fair value	—	—	(128,187)	(1,881)	—	(23,938)	—
4. Other assets							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

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

Contracts not forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional value	—	—	300,699	—	—	—	—
- positive fair value	—	—	47,975	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	1,503	—	—	—	—
2. Equities and share indexes							
- notional value	—	—	—	—	—	2,377	59
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	(24)
- future exposure	—	—	—	—	—	—	4
3. Exchange rates and gold							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
4. Other assets							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—

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

Contracts not forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional value	—	—	26,462,551	1,305,338	—	—	—
- positive fair value	—	—	1,258,791	37,417	—	—	—
- negative fair value	—	—	(680,542)	(20,078)	—	—	—
2. Equities and share indexes							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
3. Exchange rates and gold							
- notional value	—	—	18,040	—	—	—	—
- positive fair value	—	—	1,523	—	—	—	—
- negative fair value	—	—	(150)	—	—	—	—
4. Other assets							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

A.9 OTC financial derivatives by maturity: notional values

Underlying/residual maturity	Up to 1 year	From 1 to 5 years	Over 5 years	Total
A. Regulatory trading book				
A.1 Financial derivatives on debt securities and interest rates	21,269,523	62,575,202	31,939,624	115,784,349
A.2 Financial derivatives on equities and share indexes	8,764,197	19,087,459	658,745	28,510,401
A.3 Financial derivatives on foreign currency and gold	4,998,154	4,026,629	323,648	9,348,431
A.4 Financial derivatives on other assets	—	—	—	—
B. Banking book:				
B.1 Financial derivatives on debt securities and interest rates	8,395,995	17,126,927	2,687,917	28,210,839
B.2 Financial derivatives on equities and share indexes	2,621,646	3,486,271	10,575	6,118,492
B.3 Financial derivatives on foreign currency and gold	12,538	5,502	—	18,040
B.4 Financial derivatives on other assets	—	—	—	—
Total at 30/6/13	46,062,053	106,307,990	35,620,509	187,990,552
Total at 30/6/12	59,780,109	118,475,402	36,227,725	214,483,236

B. CREDIT DERIVATIVES

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

Transaction categories	Regulatory trading book		Other transactions	
	Individual assets	Baskets	Individual assets	Baskets
1. Hedge buys				
a) Credit default products	2,126,823	42,487,017	154,300	8,900
b) Credit spread products	—	—	—	—
c) Total rate of return swaps	—	—	—	—
d) Others	—	—	—	—
Total A at 30/6/12	2,126,823	42,487,017	154,300	8,900
Average values	1,924,638	60,772,734	167,200	8,900
Total A at 30/ 6/ 12	1,722,453	79,058,450	180,100	8,900
2. Hedge sales				
a) Credit default products	1,396,442	42,354,015	40,000	817,263
b) Credit spread products	—	—	—	—
c) Total rate of return swaps	—	—	—	—
d) Others	—	—	—	—
Total B at 30/6/13	1,396,442	42,354,015	40,000	817,263
Average values	1,478,301	61,524,114	58,750	708,632
Total B at 30/6/13	1,560,159	80,694,212	77,500	600,000

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

Portfolio/derivative instrument type	Positive fair value	
	30/6/13	30/6/12
A. Regulatory trading book	759,938	1,750,772
a) Credit default products	759,938	1,750,772
b) Credit spread products	—	—
c) Total rate of returns swaps	—	—
d) Others	—	—
B. Banking book	13,885	31,939
a) Credit default products	13,885	31,939
b) Credit spread products	—	—
c) Total rate of returns swaps	—	—
d) Others	—	—
Total	773,823	1,782,711

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

Portfolios/derivative instruments type	Negative fair value	
	30/6/13	30/6/12
A. Regulatory trading book	(710,019)	(1,730,801)
a) Credit default products	(710,019)	(1,730,801)
b) Credit spread products	—	—
c) Total rate of returns swaps	—	—
d) Others	—	—
B. Banking book	(7,415)	(27,800)
a) Credit default products	(7,415)	(27,800)
b) Credit spread products	—	—
c) Total rate of returns swaps	—	—
d) Others	—	—
Total	(717,434)	(1,758,601)

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

Contracts not forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
Regulatory trading book							
1. Hedge buys							
- notional value	—	—	—	50,000	—	50,000	—
- positive fair value	—	—	—	—	—	2,583	—
- negative fair value	—	—	—	(657)	—	—	—
- future exposure	—	—	—	2,500	—	2,500	—
2. Hedge sales							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
Banking book							
1. Hedge buys							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
2. Hedge sales							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

* Derivatives embedded in bonds issued not included.

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

Contracts forming part of netting arrangements	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non-financial companies	Other counterparties
Regulatory trading book							
1. Hedge buys							
- notional value	—	—	43,826,589	687,251	—	—	—
- positive fair value	—	—	227,476	6,967	—	—	—
- negative fair value	—	—	(495,424)	(5,003)	—	—	—
2. Hedge sales							
- notional value	—	—	43,418,825	331,632	—	—	—
- positive fair value	—	—	521,033	1,878	—	—	—
- negative fair value	—	—	(204,365)	(4,569)	—	—	—
Banking book							
1. Hedge buys							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
2. Hedge sales							
- notional value	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—

* Derivatives embedded in bonds issued not included.

B.6 Credit derivatives: outstanding life – notional values

Underlying/residual maturity	Up to 1 year	From 1 year to 5 years	Over 5 years	Total
A. Regulatory trading book	11,859,585	74,579,912	1,924,800	88,364,297
A.1 Credit derivatives with “qualified” reference obligation	1,321,412	1,442,295	276,650	3,040,357
A.2 Credit derivatives with “unqualified” reference obligation	10,538,173	73,137,617	1,648,150	85,323,940
B. Banking book	67,800	549,400	403,263	1,020,463
B.1 Credit derivatives with “qualified” reference obligation	67,800	141,900	—	209,700
B.2 Credit derivatives with “unqualified” reference obligation	—	407,500	403,263	810,763
Total at 30/6/13	11,927,385	75,129,312	2,328,063	89,384,760
Total at 30/6/12	48,443,751	97,124,423	18,333,602	163,901,776

C. CREDIT AND FINANCIAL DERIVATIVES

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

	Governments and central banks	Other public agencies	Banks	Financial companies	Insurances	Non- financial companies	Other counterparties
1) Financial derivatives							
bilateral agreements							
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
- net counterparty risk	—	—	—	—	—	—	—
2) Credit derivatives bilateral							
agreements							
- positive fair value	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—
- future exposure	—	—	—	—	—	—	—
- net counterparty risk	—	—	—	—	—	—	—
3) "Cross product" agreements							
- positive fair value	—	—	812,065	140,364	184,801	44,788	—
- negative fair value	—	—	(316,803)	(95,594)	(5,651)	(5,636)	—
- future exposure	—	—	792,299	326,914	17,204	8,462	—
- net counterparty risk	—	—	858,414	444,747	178,275	53,250	—

* Represents the sum between positive fair value and future exposure. Net of cash collateral received amounting to €792,830,000, €746,570,000 of which relating to banks, €22,530,000 to financial companies and €23,730,000 to insurances; conversely, in respect of negative fair values cash collateral totalling €447,940,000 was paid, €324,430,000 to banks, €115,660,000 to financial companies, €5,820,000 to insurances and €2,030,000 to non-financial undertakings.

SECTION 3

Liquidity risk

QUALITATIVE INFORMATION

The Mediobanca Group monitors and manages liquidity risk in accordance with the Liquidity risk management policy (the “Policy”) and Contingency funding plan (“CFP”), documents approved in December 2011 in accordance with Bank of Italy circular no. 263/06 (“New supervisory regulations for banks”). The basic principles on which the Policy is based are as follows:

- identifying the parties, responsibilities and duties for controlling liquidity risk for the Group as a whole and for the individual Group companies;
- defining and monitoring the short-term risk limits (operating liquidity), which considers events that would impact on the Bank’s liquidity position within a time frame of up to 12 months;
- monitoring medium-/long-term liquidity (structural liquidity), which considers events that would impact on the Bank’s liquidity position within a time frame of more than 12 months;
- defining a pricing system of internal fund transfers between the Group’s various units and companies.

The Group’s objective is to maintain a level of liquidity that will allow it to meet the payment obligations it has undertaken, ordinary and extraordinary, while at the same time keeping the costs involved to a minimum.

In particular, monitoring operating liquidity management guarantees an adequate ratio between counterbalancing capacity (defined principally as cash and securities eligible for refinancing with the ECB available post-haircut) and net cash outflows as calculated in stress scenarios. Monitoring structural liquidity, meanwhile, analyses the maturity profiles for both assets and liabilities, checking that inflows cover 100% of outflows for maturities of more than one year, and at least 90% of outflows for maturities of more than five years.

In addition to the monitoring described above, the ALM Monitoring and Risk Management units carry out weekly stress tests, assuming certain extraordinary factors such as: a) drawdowns on committed lines granted to customers, b)

reduction in the debt securities funding channel, and c) partial renewal of retail funding falling due.

The Group has also prepared a plan for managing the possibility of liquidity crises which identifies parties, responsibilities and reporting procedures for dealing with emergency situations (the contingency liquidity funding plan).

To this end, a dashboard has been developed which, in conjunction with the stress tests, provides a system of Early Warning Indicators (EWI). This dashboard is a useful instrument to help management to monitor those situations which could generate a deterioration in the Group's liquidity position deriving from external factors (e.g. market or sector) or from developments that are specific to the Group.

A steering committee monitors fortnightly both the Bank's liquidity and the sustainability of the business development on the Bank's asset structure.

During the year under review, the retention of a substantial portfolio of securities has ensured that the balance of estimated net outflows has always been far below the counterbalance capacity, in both situations (i.e. normal business and stressed conditions). All the supervisory limits/thresholds set down in the liquidity risk management policy have also been complied with.

As at 30 June 2013, the stock of bonds available for cash delivery to the ECB (net of haircuts) amounted to approx. €13bn (30/6/12: €15.5bn), while the liquidity reserves held with the ECB stood at around €8.3bn (€9.3bn), €0.7bn (€1.7bn) of which available in cash and not drawn.

The regulatory indicators provided for under Basel III, as defined in the new version dated January 2013, were complied with (LCR and NSFR >100%).

QUANTITATIVE INFORMATION

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

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	4,774,060	880,173	1,148,747	1,598,014	4,652,098	5,616,627	5,579,089	16,733,009	8,959,711	32,399
A.1 Government securities	242,261	—	394	—	1,179,337	341,148	1,527,199	3,794,440	967,052	—
A.3 Other debt securities	1,914	37,948	40,741	51,372	169,160	285,338	1,708,524	2,637,557	4,975,833	—
A.4 UCITS units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	4,529,885	842,225	1,107,612	1,546,642	3,303,601	4,990,141	2,343,366	10,301,012	3,016,826	32,399
– to banks	2,289,412	116,702	164,758	308,915	1,790,093	3,223,959	72,138	716,467	338,114	3,274
– to customers	2,240,473	725,523	942,854	1,242,727	1,513,508	1,766,202	2,271,228	9,584,545	2,678,712	29,125
Cash liabilities	12,944,595	810,583	59,198	187,061	1,304,570	1,498,932	6,443,079	23,356,080	3,302,339	39,336
B.1 Deposits and current accounts	12,942,731	—	24,091	14,732	35,536	385,319	82,660	8,021,439	145,348	39,289
– to banks	11,783,220	—	7,688	14,558	35,536	385,319	34,993	8,021,439	145,348	2,822
– to customers	1,159,511	—	16,403	174	—	—	47,667	—	—	36,467
B.2 Debt securities	1,864	7,684	4,473	29,424	507,879	1,005,050	6,360,419	15,334,641	3,156,991	47
B.3 Other liabilities	—	802,899	30,634	142,905	761,155	108,563	—	—	—	—
Off-balance-sheet transactions	11,695,517	4,487,333	134,745	821,925	8,202,381	1,965,332	1,506,617	6,986,539	4,287,823	—
C.1 Financial derivatives with exchange of principal	—	—	14,267	466,608	5,210,038	888,780	89,169	443,726	274,596	—
– long positions	—	—	—	185,322	2,580,496	436,017	23,623	92,195	137,298	—
– short positions	—	—	14,267	281,286	2,629,542	452,763	65,546	351,531	137,298	—
C.2 Financial derivatives without principal exchange	7,694,356	6,688	8,187	37,950	119,822	212,119	466,752	—	—	—
– long positions	3,866,695	5,493	3,421	22,503	76,800	126,613	325,748	—	—	—
– short positions	3,827,661	1,195	4,766	15,447	43,022	85,506	141,004	—	—	—
C.3 Deposits and loans for collection	1,914,007	2,426,687	112,291	297,367	1,447,796	465,399	227,648	2,698,827	1,721,670	—
– long positions	1,914,007	2,426,687	112,291	297,367	780,445	39,149	85,900	—	—	—
– short positions	—	—	—	—	667,351	426,250	141,748	2,698,827	1,721,670	—
C.4 Irrevocable commitments to disburse funds *	1,344,730	2,038,958	—	—	794,425	207,353	141,748	933,005	1,307,157	—
– long positions	—	—	—	—	794,425	207,353	141,748	933,005	1,307,157	—
– short positions	1,344,730	2,038,958	—	—	—	—	—	—	—	—
C.5 Financed guarantees issued	—	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	15,000	—	20,000	630,300	191,681	581,300	2,910,981	984,400	—
C.7 Credit derivatives with exchange of principal	—	—	—	20,000	166,550	46,531	166,550	1,476,450	790,750	—
– long positions	—	—	—	—	—	—	—	—	—	—
– short positions	—	15,000	—	20,000	166,550	46,531	166,550	1,476,450	790,750	—
C.8 Credit derivatives without exchange of principal	742,424	—	—	—	—	—	—	—	—	—
– long positions	376,971	—	—	—	—	—	—	—	—	—
– short positions	365,453	—	—	—	—	—	—	—	—	—

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

Currency of denomination: US DOLLARS

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	154,356	1,035	22,936	81,086	9,780	196,348	41,081	346,662	141,726	—
A.1 Government securities	—	—	2,838	—	9,162	3,746	39,308	190,557	141,726	—
A.3 Other debt securities	—	—	—	—	—	—	—	—	—	—
A.4 UCITS units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	154,356	1,035	20,098	81,086	618	192,602	1,773	156,105	—	—
- to banks	140,538	280	1,523	76,800	618	192,277	1,191	154,576	—	—
- to customers	13,818	755	18,575	4,286	—	325	582	1,529	—	—
Cash liabilities	112,769	—	1,619	—	1,259	1,510	11,806	151,220	4,468	7
B.1 Deposits and current accounts	112,765	—	1,619	—	208	—	—	—	—	7
- to banks	112,710	—	1,04	—	208	—	—	—	—	—
- to customers	55	—	1,515	—	—	—	—	—	—	7
B.2 Debt securities	4	—	—	—	1,051	1,510	11,806	151,220	4,468	—
B.3 Other liabilities	—	—	—	—	—	—	—	—	—	—
Off-balance-sheet transactions	1,092,152	9,972	280,861	184,580	799,910	1,048,450	247,954	1,132,082	371,975	—
C.1 Financial derivatives with exchange of principal	54,651	9,972	280,711	184,253	452,051	983,006	73,159	687,256	143,458	—
- long positions	19,803	—	280,711	180,459	410,611	476,671	12,538	2,302	—	—
- short positions	34,848	9,972	—	3,794	41,440	506,335	60,621	684,954	143,458	—
C.2 Financial derivatives without principal exchange of	401,501	—	150	327	—	1,988	381	—	—	—
- long positions	223,256	—	150	281	—	407	340	—	—	—
- short positions	178,245	—	—	46	—	1,581	41	—	—	—
C.3 Deposits and loans for collection	—	—	—	—	—	—	—	—	—	—
- long positions	—	—	—	—	—	—	—	—	—	—
- short positions	—	—	—	—	—	—	—	—	—	—
C.4 Irrevocable commitments to disburse funds *	—	—	—	—	—	—	—	—	—	—
- long positions	—	—	—	—	—	—	—	—	—	—
- short positions	—	—	—	—	—	—	—	—	—	—
C.5 Financed guarantees issued	—	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	—	—	—	—	—	—	—	—	—
C.7 Credit derivatives with exchange of principal	—	—	—	—	347,859	63,456	174,414	444,826	228,517	—
- long positions	—	—	—	—	202,599	22,936	76,891	182,691	144,419	—
- short positions	—	—	—	—	145,260	40,520	97,523	262,135	84,098	—
C.8 Credit derivatives without exchange of principal	636,000	—	—	—	—	—	—	—	—	—
- long positions	335,651	—	—	—	—	—	—	—	—	—
- short positions	300,349	—	—	—	—	—	—	—	—	—

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

Currency of denomination: OTHER

Items/maturities	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified
Cash assets	48,133	86	6,334	11,710	842	88,635	13,058	109,251	3,026	—
A.1 Government securities	—	—	—	—	—	—	—	—	—	—
A.3 Other debt securities	—	—	—	—	23	479	12,410	2,227	3,026	—
A.4 UCITS units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	48,138	86	6,334	11,710	819	88,156	648	107,024	—	—
- to banks	41,607	86	6,012	819	819	88,156	648	107,024	—	—
- to customers	6,531	—	322	11,710	—	—	—	—	—	—
Cash liabilities	516	—	272	—	—	1,505	7,687	215,752	27,359	71
B.1 Deposits and current accounts	516	—	272	—	—	—	—	—	—	71
- to banks	508	—	55	—	—	—	—	—	—	—
- to customers	8	—	217	—	—	—	—	—	—	71
B.2 Debt securities	—	—	—	—	—	1,505	7,687	215,752	27,359	—
B.3 Other liabilities	—	—	—	—	—	—	—	—	—	—
Off-balance-sheet transactions	—	—	—	—	—	—	—	—	—	—
C.1 Financial derivatives with exchange of principal	736,713	47,468	238,001	564,076	800,384	11,063	345,702	3,324,872	180,190	—
- long positions	104,993	47,468	237,875	564,076	799,470	1,052	319,062	3,324,872	180,190	—
- short positions	104,993	44,467	235,824	330,091	399,735	532	159,531	1,591,160	—	—
C.2 Financial derivatives without principal exchange of	—	3,001	2,051	233,985	399,735	520	159,531	1,733,712	180,190	—
- long positions	607,695	—	126	—	914	10,011	2,142	—	—	—
- short positions	317,126	—	—	—	346	7,934	1,410	—	—	—
C.3 Deposits and loans for collection	290,569	—	126	—	568	2,077	732	—	—	—
- long positions	—	—	—	—	—	—	—	—	—	—
- short positions	—	—	—	—	—	—	—	—	—	—
C.4 Irrevocable commitments to disburse funds*	—	—	—	—	—	—	—	—	—	—
- long positions	—	—	—	—	—	—	—	—	—	—
- short positions	—	—	—	—	—	—	—	—	—	—
C.5 Financed guarantees issued	—	—	—	—	—	—	—	—	—	—
C.6 Financial guarantees received	—	—	—	—	—	—	—	—	—	—
C.7 Credit derivatives with exchange of principal	—	—	—	—	—	—	24,498	—	—	—
- long positions	—	—	—	—	—	—	12,249	—	—	—
- short positions	—	—	—	—	—	—	12,249	—	—	—
C.8 Credit derivatives without exchange of principal	24,025	—	—	—	—	—	—	—	—	—
- long positions	12,267	—	—	—	—	—	—	—	—	—
- short positions	11,758	—	—	—	—	—	—	—	—	—

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

SECTION 4

Operational risks

QUALITATIVE INFORMATION

Definition

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

Capital requirements for operational risk

Mediobanca has decided to adopt the Basic Indicator Approach (BIA) in order to calculate the capital requirement for covering operating risk, applying a margin of 15% to the average of the last three years' readings of total income. Based on this method of calculation, the capital requirement as at 30 June 2013 was €90.1m (30/6/12: €100.1m).

Risk mitigation

The model for managing operational risks, which has been formalized in the Operational risks policy, sets out the roles and responsibilities involved in the management of operational risks, and describes the processes for identifying, evaluating and monitoring such risks.

In particular, through the self risk assessment process the areas of activity most exposed to operational risk are identified, along with their underlying causes, in order to identify and implement the appropriate mitigation actions.

The process of incident and loss data collection ensures that both incidents of operational risk and any losses incurred as a result of them can be identified, analysed and classified.

The processes of managing operational risks involve liaising with the other bodies and persons responsible for controls, such as the head of company

financial reporting and the Compliance and Group audit unit, in accordance with their respective duties and responsibilities.

With reference to the possibility of losses caused by interruptions in operations or systems being unavailable, the Group has drawn up operating continuity and disaster recovery plans to ensure that activity can continue and to limit operating losses in the event of prolonged interruptions.

Legal risk: risks deriving from litigation pending

The only claims worthy of note are those described on pp. 264-265.

Part F - Information on capital

SECTION 1

Capital of the company

B. Quantitative information

B.1 Net equity: composition

Net equity constituents	30/6/13	30/6/12
1. Share capital	430,565	430,565
2. Share premium	2,120,143	2,120,143
3. Reserves	2,255,709	2,481,208
- of gains	2,169,931	2,412,287
a) legal	86,113	86,113
b) statutory	1,077,282	1,077,282
c) treasury shares	213,410	213,410
d) others	793,126	1,035,482
- others	85,778	68,921
4. Equity instruments	—	—
5. (Treasury shares)	(213,410)	(213,410)
6. Valuation reserves:	134,239	(196,767)
- AFS securities	137,267	(188,681)
- Property, plant and equipment	—	—
- Intangible assets	—	—
- Foreign investment hedges	—	—
- Cash flow hedges	(12,660)	(17,718)
- Exchange rate difference	—	—
- Non-current assets being sold	—	—
- Actuarial gains (losses) on defined-benefit pension schemes	—	—
- Share of valuation reserves represented by equity-accounted companies	—	—
- Special valuation laws	9,632	9,632
7. Gain (loss) for the period	(234,998)	(200,151)
Total	4,492,243	4,421,588

For further information, please see Section 14 “Capital of the company – Headings 130, 150, 160, 170, 180, 190 and 200”.

B.2 AFS valuation reserves: composition

Assets/amounts	Total at 30/6/13		Total at 30/6/12	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	91,578	(21,074)	24,975	(198,871)
2. Equities	59,795	(1,578)	34,419	(52,950)
3. OICR units	8,549	(3)	7,258	(3,512)
4. Loans and advances	—	—	—	—
Total	159,922	(22,655)	66,652	(255,333)

B.3 AFS valuation reserves: movements during the period

	Debt securities	Equities	OICR units	Loans	Total
1. Opening balance	(173,896)	(18,531)	3,746	—	(188,681)
2. Additions	266,752	95,692	6,557	—	369,001
2.1 Increases in fair value	232,339	52,230	6,247	—	290,816
2.2 Negative reserves charged back to profit and loss as a result of					
– impairment	34,413	43,462	310	—	78,185
– disposals	—	29,006	308	—	29,314
– disposals	34,413	14,456	2	—	48,871
2.3 Other additions	—	—	—	—	—
3. Reductions	22,352	18,944	1,757	—	43,053
3.1 Reductions in fair value	10,235	289	1,629	—	12,153
3.2 Adjustments for impairment	—	4,079	70	—	4,149
3.3 Positive reserves credited back to profit and loss as a result of disposals	12,117	14,576	58	—	26,751
3.4 Other reductions	—	—	—	—	—
4. Balance at end of period	70,504	58,217	8,546	—	137,267

SECTION 2

Regulatory and supervisory capital requirements for banks

Capital is the first and most important safeguard of a bank's stability. For this reason, the international and domestic supervisory bodies have established rigorous rules for calculating regulatory capital and the minimum capital requirements with which banks are bound to comply. In particular, the ratio between risk-weighted assets and regulatory capital must not fall below 8%.

Since its inception a distinguishing feature of Mediobanca has been the solidity of its financial structure, with capital ratios that have been consistently and significantly higher than those required by the regulatory guidelines. Such surplus capital is justified by the nature of the Bank's operations on corporate markets.

2.1 Scope of application of regulations

Regulatory capital has been calculated on the basis of Bank of Italy circulars nos. 263 (thirteenth update on 29 May 2012) and 155 (fifteenth update on 19 March 2013) which transpose the new prudential guidelines for banks and banking groups introduced by the New Basel Capital Accord (Basel II) into the Italian regulatory framework.

The Bank has opted for the "full neutralization" permitted by the Bank of Italy in its guidance issued on 18 May 2010, whereby the valuation reserves for sovereign debt issued by EU member states and held as AFS financial assets can be neutralized for the purpose of calculating regulatory capital.

The European Council and Parliament have now, based on the European Commission's proposal, approved the new body of supervisory and corporate governance rules for banks, which consists of a directive ("Capital Requirements Directive IV – CRD IV") and a regulation ("Capital Requirements Regulation - CRR"). The documents incorporate the new prudential guidelines for banks known as Basel III, which require a general strengthening of the quality of regulatory capital.

The new regulatory regime will come into force starting from 1 January 2014, with a period of transition in which the rules are applied gradually, until they become fully effective in 2019.

A. Qualitative information

Tier 1 capital consists of capital paid up and reserves, net of the loss for the period (€235m), treasury shares (€213.4m) and intangible assets (€7.1m), plus 50% of the book value of the Bank's investments in banks and financial services companies (equal to €81.5m). Tier 2 capital includes the positive valuation reserves (€42.6m) and the Tier 2 subordinated liabilities (€1,781.8m) less the other share in the book value of the holdings in banks and investment companies. Events during the period under review include a new, ten-year issue of subordinated instruments in an amount of €504.3m, plus the buyback of another issue worth €212.4m, the early redemption of which is possible as from October 2013.

B. Quantitative information

	30/6/13	30/6/12
A. Tier 1 capital prior to application of prudential filters	4,350,934	4,564,952
B. Tier 1 prudential filters:		
B.1 IAS/IFRS positive filters	—	—
B.2 IAS/IFRS negative filters	—	(38,723)
C. Tier 1 capital gross of items to be deducted	4,350,934	4,526,229
D. Items for deduction from Tier 1 capital	(81,517)	(86,833)
E. Total Tier 1 capital	4,269,417	4,439,396
F. Tier 2 capital prior to application of prudential filters	1,876,668	1,304,832
G. Tier 2 prudential filters:		
G.1 IAS/IFRS positive filters	—	109,593
G.2 IAS/IFRS negative filters	(42,608)	(12,463)
H. Tier 2 capital gross of items to be deducted	1,834,060	1,401,962
I. Items for deduction from Tier 2 capital	(81,517)	(86,833)
L. Total Tier 2 capital	1,752,543	1,315,129
M. Items for deduction from Total Tier 1 and Tier 2 capital	—	—
N. Regulatory capital	6,021,960	5,754,525
O. Total Tier 3 capital	—	—
P. Total regulatory capital including Tier 3	6,021,960	5,754,525

There are also four lower Tier 2 issues outstanding, as follows:

Issue	ISIN code	30/6/13	
		Nominal value	Book value ¹
MB GBP Lower Tier II Fixed/Floating Rate Notes 2018	XS0270002669	27,554	29,065
MB Secondo Atto 5% 2020 Lower Tier 2	IT0004645542	742,926	835,482
MB Quarto Atto a Tasso Variabile 2021 Lower Tier 2	IT0004720436	491,285	484,032
MB CARATTERE 5,75% 2023 Lower Tier 2	IT0004917842	494,503	489,672
Total subordinated debt securities		1,756,268	1,838,251

¹ Includes the fair value component not included for regulatory purposes.

2.2 Capital adequacy

A. Qualitative information

As at 30 June 2013, the Bank's total core ratio, calculated as Tier 1 capital as a percentage of risk-weighted assets, stood at 17.11%, while the core Tier 1 ratio, calculated as Tier 1 capital as a percentage of risk-weighted assets, amounted to 12.13%, higher than last year's ratios, and bearing out the solidity of the Bank's finances.

B. Quantitative information

Categories/amounts	Unweighted amounts		Weighted amounts/requirements	
	30/6/13	30/6/12	30/6/13	30/6/12
A. RISK ASSETS				
A.1 Credit and counterparty risk	54,692,945	60,315,709	27,692,405	30,533,279
1. Standard methodology	54,447,449	60,063,929	27,320,839	30,222,370
2. Internal rating methodology	—	—	—	—
2.1 Basic	—	—	—	—
2.2 Advanced	—	—	—	—
3. Securitization	245,496	251,780	371,566	310,909
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			1,661,544	1,831,997
B.2 Market risk			360,396	388,286
1. Standard methodology			360,396	388,286
2. Internal models			—	—
3. Concentration risk			—	—
B.3 Operational risk			90,086	100,065
1. Basic Indicator Approach (BIA)			90,086	100,065
2. Standard methodology			—	—
3. Advanced methodology			—	—
B.4 Other prudential requirements			—	—
B.5 Other calculation elements			—	—
B.6 Total prudential requirements			2,112,026	2,320,348
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			35,200,433	38,672,465
C.2 Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)			12.13%	11.48%
C.3 Regulatory capital/risk-weighted assets (total capital ratio)			17.11%	14.88%

Part H - Related party disclosure

1. Board member and senior management remuneration

Remuneration paid to directors, statutory auditors and management with strategic responsibilities

Disclosure required under Consob resolution no. 18049 issued on 23 December 2011

	Remuneration			
	Emoluments for position held	Non-cash benefits*	Bonuses and other incentives	Other compensation
BOARD OF DIRECTORS ¹	2,877.0	1,401.2	—	7,539.7
<i>of which: management</i>	<i>500.0</i>	<i>1,401.2</i>	<i>—</i>	<i>7,539.7</i>
MANAGEMENT with strategic responsibilities ²		557.7	1,541.0	4,021.3
STATUTORY AUDIT COMMITTEE ³	300.0	—	—	—

¹ Includes 22 directors who held office during the twelve months ended 30 June 2013.

² Includes ten strategic managers (unchanged from last year).

³ Includes three statutory auditors during the period.

* Includes the value of fringe benefits (according to which items are taxable), including insurance policies and complementary pension schemes, and hence does not include costs in respect of equity payments equal to €.6m.

2. Related party disclosure

The Board of Directors of Mediobanca, having received favourable opinions from the Bank's Related Parties and Statutory Audit Committees, has adopted its own "Procedure in respect of transactions with related parties and their associates", in pursuance of Consob resolution no. 17221 issued on 12 March 2010, and incorporating the Bank of Italy's instructions in respect of "Risk assets and conflicts of interest with related parties", issued on 15 December 2011. The new procedure came into force on 31 December 2012, and the full document is published on the Bank's website at www.mediobanca.it.

For the definition of related parties adopted, please see part A (Accounting policies) of the notes to the accounts.

Accounts with related parties fall within the ordinary operations of the Group companies, are maintained on an arm's length basis, and are entered into in the interests of the individual companies concerned. Details of Directors' and strategic management compensation are provided in a footnote to the table.

1.1 Regular financial disclosure: most significant transactions

No transactions qualifying as most significant were executed during the year under review.

1.2 Quantitative information

The exposure to related parties other than Group companies (representing the sum of assets plus guarantees and commitments) fell from €4.3bn to €3.7bn, and represents around 7% of the total asset aggregates and 5% of interest income.

Situation at 30 June 2013

					(€m)
	Group companies	Directors and strategic management	Associates*	Other related parties	Total
Assets	15,587.1	—	2,142.6	1,298.3	19,028.0
<i>of which: other assets</i>	5,664.1	—	882.2	404.8	6,951.1
<i>loans and advances</i>	9,923.0	—	1,260.4	893.5	12,076.9
Liabilities	10,965.6	—	3.4	148.1	11,117.1
Guarantees and commitments	16,897.9	—	—	281.4	17,179.3
Interest income	425.8	—	72.3	32.5	530.6
Interest expense	(393.9)	—	—	(0.3)	(394.2)
Net fee income	14.7	—	9.2	16.3	40.2
Other income (costs)	(85.6)	(20.0) ¹	33.2	98.1	25.7

¹ Of which: short-term benefits amounting to €18.2m, stock options worth €0.9m and performance shares worth €0.9m. The figure includes those staff comprised in the aggregate "Strategic management" during the year.

* Includes accounts with Telco, RCS MediaGroup, Pirelli and Gemina.

Situation at 30 June 2012

(€m)

	Group companies	Directors and strategic management	Associates	Other related parties	Total
Assets	17,540.9	—	2,279.9	1,026.0	20,846.8
<i>of which: other assets</i>	<i>4,997.4</i>	—	<i>1,018.0</i>	<i>312.3</i>	<i>6,327.7</i>
<i>loans and advances</i>	<i>12,543.5</i>	—	<i>1,261.9</i>	<i>713.7</i>	<i>14,519.1</i>
Liabilities	10,630.2	—	24.6	52.4	10,707.2
Guarantees and commitments	18,347.8	—	152.7	772.1	19,272.6
Interest income	409.5	—	94.2	32.0	535.7
Interest expense	(329.2)	—	(0.1)	(0.9)	(330.2)
Net fee income	19.4	—	0.3	41.1	60.8
Other income (costs)	228.9	(21.4) ¹	81.0	16.5	305.0

¹ Of which: short-term benefits amounting to €19.8m, stock options worth €0.9m and performance shares worth €0.7m. The figure includes those staff comprised in the aggregate "Strategic management" during the year.

Part I - Share-based payment schemes

A. QUALITATIVE INFORMATION

1. Information on capital increases for use in share-based payment schemes using the Bank's own equity instruments

The increases in the Bank's share capital for use in connection with the stock option and performance share schemes approved reflect the following situation:

Extraordinary general meeting held on	No. of shares approved	Awards expire on	Deadline for exercising options	No. of options and performance shares awarded
29 March 1999	3,130,000	30 July 2006	31 December 2011	3,130,000
30 July 2001	50,000,000	30 July 2006	1 July 2015	48,495,250
28 October 2004	15,000,000	28 October 2009	1 July 2020	13,340,000
<i>of which to directors¹</i>	<i>4,000,000</i>	<i>28 October 2009</i>	<i>1 July 2020</i>	<i>3,375,000²</i>
27 October 2007	40,000,000	27 June 2012	1 July 2022	16,266,000
TOTAL STOCK OPTIONS	108,130,000	X	X	81,231,250
28 October 2010	20,000,000	X	X	8,313,494
TOTAL PERFORMANCE SHARES	20,000,000	X	X	8,313,494

¹ At a general meeting held on 27 June 2007, shareholders approved a proposal to grant stock options to Board members.

² 2,000,000 of which granted to one former director.

2. Description of stock option schemes

The stock option schemes approved pursuant to Article 2441, paragraphs 8 and 5, of the Italian Civil Code, provide for a maximum duration of ten years and a vesting period of thirty-six months.

The schemes were launched with the dual purpose of encouraging loyalty retention among key staff members, i.e. persuading employees with essential and/or critical roles within the Group to stay with Mediobanca, and making the remuneration package offered to them more diversified and flexible.

The choice of beneficiaries and decisions as to the number of options to be allotted are taken in view of the role performed by the person concerned with the company's organization and their importance in terms of creating value.

No awards were made during the twelve months ended 30 June 2013.

Mediobanca, along with Mediolanum, also participates in the stock option scheme operated by Banca Esperia for its staff, reserving a portion of its investment in the company for use in connection with this scheme.

3. Description of performance share scheme

As part of its use of equity instruments for staff remuneration purposes, Mediobanca has chosen to adopt a performance share scheme, which was approved by the Bank's shareholders at the annual general meeting held on 28 October 2010. Under the terms of the scheme, in certain conditions Mediobanca shares may be awarded to staff free of charge at the end of a vesting period. The rationale for the scheme is to:

- bring the Bank's remuneration structure into line with guidance issued by regulatory authorities requiring that significant percentages of the variable remuneration component annually assigned be paid in the form of equity instruments, making it consistent with results sustainable over time;
- encourage the involvement of key staff in a mechanism for co-investing in the share capital of Mediobanca;
- introduce a new instrument alongside the stock options, with a limited number of newly-issued shares and by using the treasury shares owned by the Bank, in order to limit the dilutive impact on the ownership structure.

In connection with this proposal, a resolution to increase the company's share capital was adopted by shareholders at the annual general meeting referred to above, with up to 20 million new Mediobanca shares being issued, and treasury shares owned by the Bank used for this purpose.

On 27 September 2012, as part of staff variable remuneration for the 2012 financial year, a total of 5,861,494 performance shares were awarded; the shares, which are conditional upon certain performance targets being met over a three-year time horizon, will be made available in tranches in November 2014 (up to 1,941,206), November 2015 (up to 3,347,604) and November 2016 (up to 572,684) considering the additional holding period of one year. The overall notional cost of the shares is €19.6m.

Since the reporting date, as part of staff variable remuneration for the 2013 financial year, in September 2013 a total of 1,050,801 performance shares; were awarded; the shares, which are conditional upon certain performance targets being met over a three-year time horizon, will be made available in tranches in November 2015 (up to 420,322), November 2016 (up to 420,322) and November 2017 (up to 210,157) considering the additional holding period of one year. The overall notional cost of the shares is €4.8m.

B. QUANTITATIVE INFORMATION

1. Changes to stock option scheme during the period

Headings/No. of options and strike prices	30/6/13			30/6/12		
	No. of options	Avg. price	Avg. expiry	No. of options	Avg. price	Avg. expiry
A. Balance at start of period	38,538,250	9.76	October 2016	38,252,000	9.81	October 2016
B. Additions						
B.1 New issues	—	—	X	650,000	6.43	August 2019
B.2 Other additions	—	—	X	—	—	X
C. Reductions						
C.1 Options cancelled	1,705,000	11.31	X	103,750	12.16	X
C.2 Options exercised	—	—	X	—	—	X
C.3 Options expired	—	—	X	—	—	X
C.4 Other reductions	655,000	6.54	X	260,000	6.56	X
D. Balance at end of period	36,178,250	9.75	Nov. 2016	38,538,250	9.76	October 2016
E. Options exercisable as at reporting date	21,748,250	12.18	X	21,748,250	12.25	X

2. Changes to performance share scheme during the period

Headings/No. of performance shares	30/6/13		30/6/12	
	No. of performance shares	Avg. price	No. of performance shares	Avg. price
A. Balance at start of period	2,494,424	6.23	—	—
B. Additions				
B.1 New issues	5,861,494	3.32	2,521,697	6.23
B.2 Other eadditions	—	—	—	—
C. Reductions				
C.1 Options cancelled	—	—	—	—
C.2 Options exercised	—	—	—	—
C.3 Options expired	—	—	—	—
C.4 Other reductions	42,424	6.23	27,273	6.21
D. Balance at end of period	8,313,494	6.23	2,494,424	6.23
E. Performance shares exercisable as at reporting date	—	—	—	—

ANNEXES



Consolidated Financial Statements

Consolidated balance sheet (IAS/IFRS-compliant)

	(€m)	
Assets	IAS-compliant 30/6/12	IAS-compliant 30/6/13
10. Cash and cash equivalents	29.7	28.8
20. Financial assets held for trading	13,838.2	13,047.1
30. Financial assets recognized at fair value	—	—
40. AFS securities	10,552.1	11,489.8
50. Financial assets held to maturity	1,723.3	1,447.8
60. Due from banks	3,962.9	4,855.0
<i>of which:</i>		
<i>other trading items</i>	2,742.5	3,783.3
<i>securities</i>	—	—
<i>other items</i>	16.2	5.4
70. Due from customers	41,871.1	36,413.9
<i>of which:</i>		
<i>other trading items</i>	5,998.9	3,278.9
<i>securities</i>	604.9	605.7
<i>other items</i>	100.6	89.2
80. Hedging derivatives	1,571.8	1,105.9
<i>of which:</i>		
<i>funding hedge derivatives</i>	1,571.8	1,105.9
<i>lending hedge derivatives</i>	—	—
90. Value adjustments to financial assets subject to general hedging	—	—
100. Equity investments	3,165.5	2,586.9
110. Total reinsurers' share of technical reserves	—	—
120. Property, plant and equipment	293.7	295.4
130. Intangible assets	424.4	412.3
<i>of which:</i>		
<i>goodwill</i>	365.9	365.9
140. Tax assets	1,037.1	896.3
<i>a) current</i>	299.6	246.8
<i>b) advance</i>	737.5	649.5
150. Other non-current and Group assets being sold	—	—
160. Other assets	209.3	262.1
<i>of which:</i>		
<i>other trading items</i>	7.5	5.7
TOTAL ASSETS	78,679.1	72,841.3

The balance sheet provided on p. 24 reflects the following restatements:

- *Treasury funds* comprise asset headings 10 and 20 and liability heading 40, plus the “other trading items” shown under asset headings 60, 70 and 160 and liability headings 10 and 20, with the latter chiefly consisting of repos, interbank accounts and margins on derivatives;
- *Funding* comprises the balances shown under liability headings 10, 20 and 30 (excluding amounts restated as trading items in respect of repos and interbank accounts), plus the relevant amounts in respect of hedging derivatives;
- *Loans and advances to customers* comprise asset headings 60 and 70 (excluding amounts restated as *Treasury funds*), the relevant amounts in respect of hedging derivatives shown under asset heading 80 and liability heading 80, and the impairment charges taken under liability heading 100.

(€m)

Liabilities and net equity	IAS-compliant 30/6/12	IAS-compliant 30/6/13
10. Due to banks	12,000.0	12,366.2
<i>of which:</i>		
<i>other trading items</i>	1,183.3	2,056.7
<i>other liabilities</i>	0.4	4.4
20. Due to customers	17,149.0	16,175.8
<i>of which:</i>		
<i>other trading items</i>	2,168.0	1,037.4
<i>other liabilities</i>	13.4	12.1
30. Debt securities	31,300.3	26,695.3
40. Trading liabilities	9,935.0	8,850.0
50. Liabilities recognized at fair value	—	—
60. Hedging derivatives	365.0	336.4
<i>of which:</i>		
<i>funding hedge derivatives</i>	275.7	267.1
<i>lending hedge derivatives</i>	44.5	37.2
70. Value adjustments to financial liabilities subject to general hedging	—	—
80. Tax liabilities	492.4	608.0
<i>a) current</i>	196.3	267.5
<i>b) deferred</i>	296.1	340.5
90. Liabilities in respect of Group assets being sold	—	—
100. Other liabilities	544.1	551.8
<i>of which:</i>		
<i>other trading items</i>	0.2	—
<i>loan loss provisions</i>	17.0	13.8
110. Staff severance indemnity provision	24.7	27.7
120. Provisions	160.5	164.5
<i>a) post-employment and similar benefits</i>	—	—
<i>b) other provisions</i>	160.5	164.5
130. Technical reserves	99.3	117.4
140. Valuation reserves	(337.1)	309.4
150. Shares with right of withdrawal	—	—
160. Equity instruments	—	—
170. Reserves	4,418.9	4,374.2
180. Share premium reserve	2,120.1	2,120.1
190. Share capital	430.6	430.6
200. Treasury shares	(213.8)	(213.8)
210. Net equity attributable to minorities	109.4	107.5
220. Profit (loss) for the year	80.9	(179.8)
TOTAL LIABILITIES AND NET EQUITY	78,679.1	72,841.3

Consolidated profit and loss account (IAS/IFRS-compliant)

(€m)

Profit and loss account	12 mths to 30/6/12	12 mths to 30/6/13
10. Interest and similar income	3,037.2	2,726.7
20. Interest expense and similar charges	(1,949.1)	(1,660.4)
30. Net interest income	1,088.1	1,066.3
40. Fee and commission income	438.6	354.2
50. Fee and commission expense	(47.3)	(46.2)
60. Net fee and commission income	391.3	308.0
70. Dividends and similar income	90.8	46.4
80. Net trading income	116.8	41.9
90. Net hedging income (expense)	4.1	4.1
100. Gain (loss) on disposal of:	69.9	91.0
<i>a) loans and receivables</i>	—	6.0
<i>b) AFS securities</i>	34.3	40.7
<i>c) financial assets held to maturity</i>	(1.9)	1.3
<i>d) other financial liabilities</i>	37.5	43.0
120. Total income	1,761.0	1,557.7
130. Adjustments for impairment to:	(881.3)	(721.4)
<i>a) loans and receivables</i>	(454.9)	(510.0)
<i>b) AFS securities</i>	(411.5)	(214.9)
<i>c) financial assets held to maturity</i>	(1.3)	0.3
<i>d) other financial liabilities</i>	(13.6)	3.2
140. Net income from financial operations	879.7	836.3
150. Net premium income	22.1	32.0
160. Income less expense from insurance operations	(9.7)	(15.3)
170. Net income from financial and insurance operations	892.1	853.0
180. Administrative expenses:	(784.3)	(774.6)
<i>a) personnel costs</i>	(393.3)	(388.4)
<i>b) other administrative expenses</i>	(391.0)	(386.2)
190. Net transfers to provisions for liabilities and charges	(4.0)	(3.2)
200. Net adjustments to property, plant and equipment	(18.9)	(19.1)
210. Net adjustments to intangible assets	(25.8)	(22.0)
<i>of which: goodwill</i>	—	—
220. Other operating income (expenses)	123.1	138.0
230. Operating costs	(709.9)	(680.9)
240. Profit (loss) from equity-accounted companies	(21.5)	(198.9)
270. Gain (loss) on disposal of investments	45.2	(0.5)
280. Profit (loss) before tax on ordinary activities	205.9	(27.3)
290. Income tax on ordinary activities for the year	(125.5)	(156.8)
300. Profit (loss) after tax on ordinary activities	80.4	(184.1)
310. Net gain (loss) on non-current assets being sold	—	—
320. Profit (loss) for the year	80.4	(184.1)
330. Profit (loss) for the year attributable to minorities	0.5	4.3
340. Net profit (loss) for the year attributable to Mediobanca	80.9	(179.8)

The profit and loss account shown on p. 23 reflects the following restatements:

- *Net interest income* includes the result of funding and lending hedging activity (€4.1m in both years), plus the margins on swaps reported under heading 80 (€22.6m and €42.4m respectively);
- amounts under Heading 220 have been restated as *Net fee and commission income*, save for amounts refunded/recovered totalling €42.5m and €56.9m respectively which net operating costs; the amounts stated under headings 150 and 160, net of fees payable in respect of securities lending transactions (minus €0.7m and minus €4.7m respectively, shown here under heading 80);
- net of or in addition to the items already stated, *Net trading income* also includes the amounts shown under headings 70 and 80, and the gains (losses) on disposal of financial liabilities reported under heading 100;
- *Gain (loss) on AFS, HTM and L&R* includes amounts stated under heading 100, net of gains (losses) on acquisitions of financial liabilities, which are accounted for as *Net trading income*;
- *Provisions for other financial assets* include both the AFS securities and HTM financial assets accounted for here under heading 130, plus the net adjustments and effects of restatement of heading 240 (minus €191m as at 30 June 2012 and minus €189.4m as at 30 June 2013).

Mediobanca S.p.A. Financial Statements

Mediobanca S.p.A. balance sheet (IAS/IFRS-compliant)

(€m)

Assets	IAS-compliant 30/6/12	IAS-compliant 30/6/13
10. Cash and cash equivalents	2.1	0.1
20. Financial assets held for trading	13,311.6	12,419.1
40. AFS securities	9,356.7	10,319.3
50. Financial assets held to maturity	1,716.1	1,434.1
60. Due from banks	10,601.2	9,752.0
<i>of which:</i>		
<i>other trading items</i>	3,870.8	4,773.2
<i>securities</i>	—	—
<i>other items</i>	26.9	22.0
70. Due from customers	30,026.4	26,017.6
<i>of which:</i>		
<i>other trading items</i>	6,990.1	4,156.4
<i>securities</i>	2,297.3	3,570.2
<i>other items</i>	84.0	94.9
80. Hedging derivatives	1,683.8	1,152.2
<i>of which:</i>		
<i>funding hedge derivatives</i>	1,670.5	1,152.2
<i>lending hedge derivatives</i>	13.4	—
100. Equity investments	3,214.4	2,717.6
120. Property, plant and equipment	126.9	124.9
130. Intangible assets	11.2	7.0
140. Tax assets	405.2	268.9
<i>a) current</i>	182.3	123.7
<i>b) advance</i>	222.9	145.2
150. Other assets	22.1	33.5
<i>of which:</i>		
<i>other trading items</i>	—	—
TOTAL ASSETS	70,477.7	64,246.3

The balance sheet provided on p. 253 reflects the following restatements:

- *Treasury funds* comprise asset headings 10 and 20 and liability heading 40, plus the “other trading items” shown under asset headings 60, 70 and 160 and liability headings 10 and 20, with the latter chiefly consisting of repos, interbank accounts and margins on derivatives;
- *Funding* comprises the balances shown under liability headings 10, 20 and 30 (excluding amounts restated as trading items in respect of repos and interbank accounts), plus the relevant amounts in respect of hedging derivatives;
- *Loans and advances to customers* comprise asset headings 60 and 70 (excluding amounts restated as *Treasury funds*), the relevant amounts in respect of hedging derivatives shown under asset heading 80 and liability heading 60, and the impairment charges taken under liability heading 100.

(€m)

Liabilities and net equity	IAS-compliant 30/6/12	IAS-compliant 30/6/13
10. Due to banks	19,649.5	20,620.5
<i>of which:</i>		
<i>other trading items</i>	1,525.7	2,464.6
<i>other liabilities</i>	5.8	9.1
20. Due to customers	2,390.3	1,262.1
<i>of which:</i>		
<i>other trading items</i>	1,956.5	888.0
<i>other liabilities</i>	57.2	57.3
30. Debt securities	32,731.0	27,582.3
40. Trading liabilities	9,931.8	8,856.8
60. Hedging derivatives	572.7	533.1
<i>of which:</i>		
<i>funding hedge derivatives</i>	501.3	475.6
<i>lending hedge derivatives</i>	44.5	37.2
80. Tax liabilities	389.1	503.6
<i>a) current</i>	136.0	213.7
<i>b) deferred</i>	253.1	289.9
100. Other liabilities	231.7	235.2
<i>of which:</i>		
<i>adjustments to L & R</i>	107.9	112.1
<i>other trading items</i>	—	0.8
110. Staff severance indemnity provision	8.1	9.5
120. Provisions	152.0	151.0
<i>a) post-employment and similar benefits</i>	—	—
<i>b) other provisions</i>	152.0	151.0
130. Valuation reserves	(196.8)	134.2
160. Reserves	2,481.2	2,255.7
170. Share premium reserve	2,120.1	2,120.1
180. Share capital	430.6	430.6
190. Treasury shares (-)	(213.4)	(213.4)
200. Profit (loss) for the period	(200.2)	(235.0)
Total liabilities and net equity	70,477.7	64,246.3

Mediobanca S.p.A. profit and loss account (IAS/IFRS-compliant)

(€m)

Profit and loss account	12 mths to 30/6/12	12 mths to 30/6/13
10. Interest and similar income	1,999.5	1,879.0
20. Interest expense and similar charges	(1,736.7)	(1,701.3)
30. Net interest income	262.8	177.7
40. Fee and commission income	265.4	194.8
50. Fee and commission expense	(18.5)	(19.7)
60. Net fee and commission income	246.9	175.1
70. Dividends and similar income	138.2	95.4
80. Net trading income	135.4	120.4
90. Net hedging income (expense)	3.9	2.0
100. Gain (loss) on disposal of:	70.2	102.0
<i>a) loans and receivables</i>	—	6.0
<i>b) AFS securities</i>	34.5	38.3
<i>c) financial assets held to maturity</i>	(1.9)	1.3
<i>d) other financial liabilities</i>	37.6	56.4
120. Total income	857.4	672.6
130. Adjustments for impairment to:	(519.1)	(333.1)
<i>a) loans and receivables</i>	(67.5)	(86.9)
<i>b) AFS securities</i>	(410.7)	(214.0)
<i>c) financial assets held to maturity</i>	(1.6)	—
<i>d) other financial liabilities</i>	(39.3)	(32.2)
140. Net income from financial operations	338.3	339.5
180. Administrative expenses:	(275.7)	(268.1)
<i>a) personnel costs</i>	(188.7)	(177.3)
<i>b) other administrative expenses</i>	(87.0)	(90.8)
190. Net transfers to provisions for liabilities and charges	(1.5)	—
200. Net adjustments to property, plant and equipment	(3.4)	(3.7)
210. Net adjustments to intangible assets	(11.3)	(8.7)
<i>of which: goodwill</i>	—	—
220. Other operating income (expenses)	19.6	20.2
230. Operating costs	(272.3)	(260.3)
240. Profit (loss) from equity investments	(198.7)	(209.2)
270. Gain (loss) on disposal of investments	—	—
280. Profit (loss) before tax on ordinary activities	(132.7)	(130.0)
290. Income tax on ordinary activities for the year	(67.5)	(105.0)
300. Profit (loss) after tax on ordinary activities	(200.2)	(235.0)
330. Net profit (loss) for the period	(200.2)	(235.0)

The profit and loss account shown on p. 253 reflects the following restatements:

- *Net interest income* includes the result of funding and lending hedging activity (€3.9m and (€2m respectively), plus the margins on swaps reported under heading 80 (€9.2m and €47.6m respectively);
- amounts under Heading 220 have been restated as *Net fee and commission income*, save for amounts refunded/recovered totalling €1.4m and €2m respectively which net operating costs; the amounts stated under headings 150 and 160, net of fees payable in respect of securities lending transactions (minus €1.2m and minus €4.6m respectively, shown here under heading 80);
- net of or in addition to the items already stated, *Net trading income* also includes the amounts shown under headings 70 and 80, and the gains (losses) on disposal of financial liabilities reported under heading 100;
- Gain (loss) on *AFS, HTM and L&R* includes amounts stated under heading 100, net of gains (losses) on acquisitions of financial liabilities, which are accounted for as Net trading income;
- *Provisions for other financial assets* include both the AFS securities and HTM financial assets accounted for here under heading 130, plus the net adjustments and effects of restatement of heading 240 (minus €198.7m as at 30 June 2012 and minus €209.2m as at 30 June 2013).

Table A

Asset revaluation statements required by article 10 of law no. 72 of 19 March 1983

Revaluations effected under Law 576/75:

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
– Property in Piazzetta Enrico Cuccia 1 (formerly Via Filodrammatici 6-8-10)	€ 2,609,651.24	€ —	€ 2,609,651.24
– Property in Piazza Paolo Ferrari 6	» 815,743.67	» —	€ 815,743.67
			€ 3,425,394.91

Revaluations effected under Law 72/83:

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
– ASSICURAZIONI GENERALI S.p.A., Trieste - 6,375,000 shares	€ 21,174,732.86	€ —	€ 21,174,732.86
– Property in Piazzetta Enrico Cuccia 1 (formerly Via Filodrammatici 6-8-10)	» 11,620,280.23	» —	» 11,620,280.23
– Property in Piazza Paolo Ferrari 6	» 4,389,883.64	» —	» 4,389,883.64
			€ 37,184,896.73

Revaluations effected under Law 413/91:

	Original revaluation	Decrease due to disposal or writedown	Current revaluation
– Property in Piazzetta Enrico Cuccia 1 (formerly Via Filodrammatici 6-8-10)	€ 4,174,707.04	€ —	€ 4,174,707.04

Balance sheets and profit and loss accounts of investments in Group undertakings (including indirect investments)

Banks and financial companies (IAS/IFRS)

Table B

BALANCE SHEETS

	COMPASS	COFACTOR	CREDITECH
	(€ '000)	(€ '000)	(€ '000)
ASSETS			
10. Cash and cash equivalents	1,204	2	1
20. Financial assets held for trading	—	—	—
40. AFS securities	—	—	—
50. Financial assets held to maturity	—	660	—
60. Amounts receivable	8,742,131	131,178	31,099
. <i>Due from banks</i>	156,314	—	21,736
. <i>Due from financial institutions</i>	37,142	—	1,040
. <i>Due from customers</i>	8,548,675	131,178	8,323
70. Hedging derivatives	—	—	—
90. Equity investments	93,681	—	—
100. Property, plant and equipment	15,505	101	105
110. Intangible assets	374,541	38	21
120. Tax assets	473,279	481	2,273
. <i>Current</i>	39,747	481	2,252
. <i>Advance</i>	433,532	—	21
- <i>on which pursuant to Italian Law 214/11</i>	433,532	—	—
140. Other assets	35,092	342	470
TOTAL ASSETS	9,735,433	132,802	33,969
LIABILITIES			
10. Accounts payable	8,390,278	91,477	11
. <i>Due to banks</i>	8,308,834	88,714	2
. <i>Due to financial institutions</i>	56,072	2,763	—
. <i>Due to customers</i>	25,372	—	9
30. Debt securities in issue	—	—	—
40. Financial liabilities	—	—	—
50. Hedging derivatives	60,689	—	—
70. Tax liabilities	31,029	596	3,003
. <i>Current</i>	28,366	596	3,003
. <i>Deferred</i>	2,663	—	—
90. Other liabilities	117,457	1,449	3,289
100. Staff severance indemnity provision	8,435	1,869	678
110. Provisions	697	565	19
. <i>other funds</i>	697	565	19
120. Share capital	587,500	32,500	250
160. Reserves	541,817	3,642	21,995
170. Valuation reserves	(51,752)	—	—
180. Profit (loss) for the period	49,283	704	4,724
TOTAL LIABILITIES	9,735,433	132,802	33,969

Banks and financial companies (IAS/IFRS)

Table B (cont.)

PROFIT AND LOSS ACCOUNTS

	COMPASS	COFACTOR	CREDITECH
	(€ '000)	(€ '000)	(€ '000)
10. Interest and similar income	775,089	13,937	606
20. Interest and similar expense	(255,037)	(1,162)	—
Net interest income	520,052	12,775	606
30. Fee and commission income	74,265	—	26,137
40. Fee and commission expense	(4,861)	—	(10,400)
Net fee and commission income	69,404	—	15,737
50. Dividends and similar income	—	—	—
60. Net trading income (expense)	—	(29)	—
90. Gain (loss) on disposal/repurchase of:	(86,181)	—	—
<i>a. financial assets</i>	<i>(86,181)</i>	—	—
<i>b. financial liabilities</i>	—	—	—
Total income	503,275	12,746	16,343
100. Adjustments for impairments to financial assets	(244,005)	2,253	—
110. Administrative expenses	(266,593)	(7,865)	(9,157)
<i>a. labour costs</i>	<i>(75,774)</i>	<i>(4,068)</i>	<i>(6,491)</i>
<i>b. other administrative expenses</i>	<i>(190,819)</i>	<i>(3,797)</i>	<i>(2,666)</i>
120. Net adjustments to tangible assets	(2,463)	(51)	(66)
130. Net adjustments to intangible assets	(5,531)	(96)	(49)
150. Net transfers to provisions	16	(14)	—
160. Other operating income (expense)	101,369	(5,983)	46
Operating profit (loss)	86,068	990	7,117
170. Profit (loss) on investments	—	—	—
Profit (loss) on ordinary activities before tax	86,068	990	7,117
190. Income tax on ordinary activities for the year	(36,785)	(286)	(2,393)
Net profit (loss) on ordinary activities	49,283	704	4,724
Net profit (loss) for the period	49,283	704	4,724

Banks and financial companies (IAS/IFRS)

Table B (cont.)

BALANCE SHEETS

	COMPAGNIE MONEGASQUE DE BANQUE *	CHEBANCA!	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)
	(€ '000)	(€ '000)	(€ '000)
ASSETS			
10. Cash and cash equivalents	2,167	25,345	1,526
20. Financial assets held for trading	724,773	—	408,239
40. AFS securities	307,023	811,555	—
50. Financial assets held to maturity	152,255	—	309,608
60. Due from banks	118,285	11,423,527	975,314
70. Due from customers	828,136	4,413,190	2,374,724
80. Hedging derivatives	1,468	—	209,467
100. Equity investments	48	68	4,150
110. Property, plant and equipment	18,821	7,177	21
120. Intangible assets	12,563	1,489	2
130. Tax assets	—	29,306	—
. <i>Current</i>	—	105	—
. <i>Advance</i>	—	29,201	—
- on which pursuant to Italian Law 214/11	—	14,284	—
140. Other assets	10,279	131,481	6,671
TOTAL ASSETS	2,175,818	16,843,138	4,289,722
LIABILITIES			
10. Due to banks	39,773	4,463,867	1,216,470
20. Due to customers	1,488,740	11,886,898	1,051,014
30. Debt securities in issue	—	—	1,423,273
40. Financial liabilities	379	—	335,179
60. Hedging derivatives	—	47,945	432
80. Tax liabilities	—	8,242	4,427
. <i>Current</i>	—	3,559	3,550
. <i>Deferred</i>	—	4,683	877
100. Other liabilities	35,775	178,933	13,127
110. Staff severance indemnity provision	—	1,118	—
120. Provisions	3,421	1,747	—
. <i>other provisions</i>	3,421	1,747	—
130. Valuation reserves	13,099	(7,041)	—
160. Reserves	436,378	(70,183)	221,051
170. Share premium reserve	4,573	140,000	—
180. Share capital	111,110	220,000	10,000
200. Profit (loss) for the period	42,570	(28,388)	14,749
TOTAL LIABILITIES	2,175,818	16,843,138	4,289,722

* Table required under Article 36 of Consob's Market Regulations and Article 2.6.2, C. 12 of Borsa Italiana's regulations.

Banks and financial companies (IAS/IFRS)

Table B (cont.)

PROFIT AND LOSS ACCOUNTS

	COMPAGNIE MONEGASQUE DE BANQUE *	CHEBANCA!	MEDIOBANCA INTERNATIONAL (LUXEMBOURG)
	(€ '000)	(€ '000)	(€ '000)
10. Interest and similar income	34,299	608,162	105,307
20. Interest and similar expense	(2,248)	(466,815)	(89,180)
30. Net interest income	32,051	141,347	16,127
40. Fee and commission income	41,505	19,275	14,745
50. Fee and commission expense	(4,799)	(4,689)	(7,280)
60. Net fee and commission income	36,706	14,586	7,465
70. Dividends and similar income	7	—	—
80. Net trading income (expense)	12,407	—	1,890
90. Net hedging income (expense)	—	(299)	153
100. Gain (loss) on disposal/repurchase on financial assets	5,105	(15,450)	1,800
<i>a) loans and advances</i>	—	43	8
<i>b) AFS securities</i>	5,105	(15,493)	—
<i>c) financial liabilities</i>	—	—	1,792
110. Net income from financial assets and liabilities	—	—	—
120. Total income	86,276	140,184	27,435
130. Adjustments for impairment	(1,878)	(25,083)	(997)
<i>a) loans and advances</i>	(1,002)	(25,083)	(678)
<i>b) AFS securities</i>	(876)	—	—
<i>c) HTM securities</i>	—	—	—
<i>d) financial liabilities</i>	—	—	(319)
140. Net income from financial operations	84,398	115,101	26,438
150. Administrative expenses	(38,121)	(155,249)	(8,153)
<i>. labour costs</i>	(26,432)	(59,832)	(954)
<i>. other administrative expenses</i>	(11,689)	(95,417)	(7,199)
160. Net transfers to provisions	(364)	(987)	—
170. Net adjustments to tangible assets	(2,261)	(3,380)	(19)
180. Net adjustments to intangible assets	(3,133)	(1,798)	(3)
190. Other operating income (expense)	2,060	17,253	109
200. Operating costs	(41,819)	(144,161)	(8,066)
210. Gain (loss) on equity investments	—	(22)	—
240. Gain (loss) on disposal of investments	1	(505)	—
250. Profit (loss) on ordinary activities before tax	42,580	(29,587)	18,372
260. Income tax on ordinary activities for the year	(10)	1,199	(3,623)
270. Profit (loss) on ordinary activities after tax	42,570	(28,388)	14,749
280. Gain (loss) on groups of assets being sold	—	—	—
290. Net profit (loss) for the period	42,570	(28,388)	14,749

* Table required under Article 36 of Consob's Market Regulations and Article 2.6.2, C. 12 of Borsa Italiana's regulations.

Banks and financial companies (IAS/IFRS)

Table B (cont.)

BALANCE SHEETS

	SELMABIPIEMME LEASING	PALLADIO LEASING	TELELEASING (Liquidation accounts)
	(€ '000)	(€ '000)	(€ '000)
ASSETS			
10. Cash and cash equivalents	5	5	—
20. Financial assets held for trading	—	—	—
40. AFS securities	—	—	—
50. Financial assets held to maturity	—	—	—
60. Due from customers	1,866,565	1,492,447	233,622
70. Hedging derivatives	679	—	—
90. Equity investments	51,049	—	—
100. Property, plant and equipment	34,991	6,535	—
110. Intangible assets	372	—	—
120. Tax assets	97,738	8,543	2,753
. <i>Current</i>	68,487	3,635	1,266
. <i>Advance</i>	29,251	4,908	1,487
. <i>of which pursuant to Italian Law 214/11</i>	21,218	4,857	1
140. Other assets	2,524	11,402	2,272
TOTAL ASSETS	2,053,923	1,518,932	238,647
LIABILITIES			
10. Due to banks	1,931,657	1,371,524	120,192
30. Trading liabilities	112	—	66
50. Hedging derivatives	18,374	—	2,441
70. Tax liabilities	7,329	8,744	6,509
. <i>Current</i>	7,248	3,944	2,912
. <i>Deferred</i>	81	4,800	3,597
90. Other liabilities	12,318	29,533	4,545
100. Staff severance indemnity provision	2,507	1,144	32
110. Provisions	4,531	121	—
. <i>Other provisions</i>	4,531	121	—
120. Share capital	41,305	8,675	9,500
130. Treasury shares	—	(434)	—
150. Share premium reserve	18,040	—	—
160. Reserves	42,032	98,361	93,296
170. Valuation reserves	(11,461)	816	917
180. Profit (loss) for the period	(12,821)	448	1,149
TOTAL LIABILITIES	2,053,923	1,518,932	238,647

Banks and financial companies (IAS/IFRS)

Table B (cont.)

PROFIT AND LOSS ACCOUNTS

	SELMABIPIEMME LEASING	PALLADIO LEASING	TELELEASING (Liquidation accounts)
	(€ '000)	(€ '000)	(€ '000)
10. Interest and similar income	63,475	38,933	20,390
20. Interest and similar expense	(41,104)	(20,737)	(14,407)
Net interest income	22,371	18,196	5,983
30. Fee and commission income	471	—	—
40. Fee and commission expense	(1,336)	(195)	(222)
Net fee and commission income	(865)	(195)	(222)
50. Dividends and similar income	—	—	—
60. Net trading income (expense)	(93)	(180)	200
70. Net hedging income (expense)	(38)	—	(5)
Total income	21,375	17,821	5,956
100. Adjustments for impairment	(16,436)	(8,926)	59
<i>. Financial assets</i>	<i>(16,436)</i>	<i>(8,926)</i>	<i>59</i>
110. Administrative expenses	(20,707)	(7,298)	(4,253)
<i>a) labour costs</i>	<i>(14,201)</i>	<i>(5,579)</i>	<i>(1,442)</i>
<i>b) other administrative expenses</i>	<i>(6,506)</i>	<i>(1,719)</i>	<i>(2,811)</i>
120. Net adjustments to tangible assets	(2,508)	(416)	—
130. Net adjustments to intangible assets	(157)	—	—
150. Net transfers to provisions	(1,064)	—	—
160. Other operating income (expense)	3,386	560	292
Profit (loss) on ordinary operations	(16,111)	1,741	2,054
Amounts drawn from surplus on liquidation	—	—	(164)
Profit (loss) on ordinary activities before tax	(16,111)	1,741	1,890
190. Income tax on ordinary activities for the year	3,290	(1,293)	(741)
Profit (loss) on ordinary activities after tax	(12,821)	448	1,149
Net profit (loss) for the period	(12,821)	448	1,149

Banks and financial companies (IAS/IFRS)

Table B (cont.)

BALANCE SHEETS

	PROMINVESTMENT (in Liquidation) (€ '000)	SADE FINANZIARIA- INTERSOMER (€ '000)
ASSETS		
10. Cash and cash equivalents	—	—
20. Financial assets held for trading	—	—
30. Financial assets recognized at fair value	—	—
40. AFS securities	—	—
50. Financial assets held to maturity	—	—
60. Due from banks	4,293	16
70. Hedging derivatives	—	—
80. Value adjustments to financial assets subjects to general hedging (+/-)	—	—
90. Equity investments	—	—
100. Property, plant and equipment	—	—
110. Intangible assets	—	—
120. Tax assets	333	—
<i>a) Current</i>	333	—
<i>b) Advance</i>	—	—
130. Non-current assets and groups of assets being sold	—	—
140. Other assets	315	—
TOTAL ASSETS	4,941	16
LIABILITIES		
10. Due to banks	195	—
20. Debt securities in issue	—	—
30. Trading liabilities	—	—
40. Liabilities recognized at fair value	—	—
50. Hedge derivatives	—	—
60. Value adjustments fo financial liabilities subject to general hedging (+/-)	—	—
70. Tax liabilities	183	—
<i>a) Current</i>	183	—
<i>b) Deferred</i>	—	—
90. Other liabilities	6,091	1
100. Staff severance indemnity provision	105	—
110. Provisions	520	—
<i>b) Other provisions</i>	520	—
120. Share capital	743	25
130. Treasury shares	—	—
140. Equity instruments	—	—
150. Share premium reserve	—	—
160. Reserves	(2,672)	(9)
170. Valuation reserve	—	—
180. Profit (loss) for the period	(224)	(1)
TOTAL LIABILITIES	4,941	16

Banks and financial companies (IAS/IFRS)

Table B (cont.)

PROFIT AND LOSS ACCOUNTS

	PROMINVESTMENT (in Liquidation) (€ '000)	SADE FINANZIARIA- INTERSOMER (€ '000)
10. Interest and similar income	—	—
20. Interest and similar expense	—	—
Net interest income	—	—
30. Fee and commission income	436	—
40. Fee and commission expense	(135)	—
Net fee and commission income	301	—
50. Dividends and similar income	—	—
60. Net trading income (expense)	—	—
70. Net hedging income (expense)	—	—
80. Net gain (loss) on financial assets and liabilities recognized at fair value	—	—
90. Gain (loss) on disposal/repurchase of financial assets	—	—
<i>a) financial assets</i>	—	—
<i>b) financial liabilities</i>	—	—
Total income	301	—
100. Value adjustments for impairment to	(17)	—
<i>a) financial assets</i>	(17)	—
<i>b) other financial transactions</i>	—	—
110. Administrative expenses	(820)	(1)
<i>a) labour costs</i>	(562)	—
<i>b) other administrative expenses</i>	(258)	(1)
120. Net adjustments to tangible assets	—	—
130. Net adjustments to intangible assets	—	—
140. Net result from recognizing tangible and intangible assets at fair value	—	—
150. Net transfer to provisions for risks and charges	—	—
160. Other operating income (expense)	319	—
Profit (loss) on ordinary activities	(217)	(1)
170. Gain (loss) on equity investments	—	—
180. Gain (loss) on disposal of equity investments	—	—
Profit (loss) on ordinary activities before tax	(217)	(1)
190. Income tax on ordinary activities for the year	(7)	—
Profit (loss) on ordinary activities after tax	(224)	(1)
200. Gain (loss) on groups of assets being sold	—	—
Net profit (loss) for the period	(224)	(1)

Banks and financial companies (IAS/IFRS)

Table B (cont.)

BALANCE SHEETS

	MEDIOBANCA INTERNATIONAL IMMOBILIARE	MB ADVISORY TURKEY
	(€ '000)	(Turkish Lira/000)
ASSETS		
10. Cash and cash equivalents	—	—
20. Financial assets held for trading	—	—
30. Financial assets recognized at fair value	—	—
40. AFS securities	—	—
50. Financial assets held to maturity	—	—
60. Amounts receivable	33	2,680
70. Hedging derivatives	—	—
80. Value adjustments to financial assets subjects to general hedging (+/-)	—	—
90. Equity investments	—	—
100. Property, plant and equipment	2,118	83
110. Intangible assets	—	3
120. Tax assets	14	168
<i>a) Current</i>	<i>14</i>	—
<i>b) Advance</i>	—	<i>168</i>
130. Non-current assets and groups of assets being sold	—	—
140. Other assets	—	47
TOTAL ASSETS	2,165	2,981
LIABILITIES		
10. Due to banks	542	1,071
20. Debt securities in issue	—	—
30. Trading liabilities	—	—
40. Liabilities recognized at fair value	—	—
50. Hedge derivatives	—	—
60. Value adjustments fo financial liabilities subject to general hedging (+/-)	—	—
70. Tax liabilities	5	171
<i>a) Current</i>	<i>5</i>	—
<i>b) Deferred</i>	—	<i>171</i>
90. Other liabilities	10	—
100. Staff severance indemnity provision	—	—
110. Provisions	—	—
<i>a) other provisions</i>	—	—
120. Share capital	40	1,125
- <i>capitala sociale</i>	<i>40</i>	<i>4,500</i>
- <i>quote da versare</i>	—	<i>(3,375)</i>
130. Treasury shares	—	—
140. Equity instruments	—	—
150. Share premium reserve	—	—
160. Reserves	1,561	—
170. Valuation reserve	—	—
180. Profit (loss) for the period	7	614
TOTAL LIABILITIES	2,165	2,981

Banks and financial companies (IAS/IFRS)

Table B (cont.)

PROFIT AND LOSS ACCOUNTS

	MEDIOBANCA INTERNATIONAL IMMOBILIERE	MB ADVISORY TURKEY
	(€ '000)	(Turkish Lira/000)
10. Interest and similar income	—	22
20. Interest and similar expense	(39)	—
Net interest income	(39)	22
30. Fee and commission income	—	2,092
40. Fee and commission expense	—	—
Net fee and commission income	—	2,092
50. Dividends and similar income	—	—
60. Net trading income (expense)	—	—
70. Net hedging income (expense)	—	—
80. Net gain (loss) on financial assets and liabilities recognized at fair value	—	—
90. Gain (loss) on disposal/repurchase of financial assets	—	—
<i>a) financial assets</i>	—	—
<i>Other financial transactions</i>	—	—
Total income	(39)	2,114
100. Value adjustments for impairment to	—	—
<i>a) financial assets</i>	—	—
<i>b) other financial transactions</i>	—	—
110. Administrative expenses	(22)	(1,331)
<i>a) labour costs</i>	—	—
<i>b) other administrative expenses</i>	(22)	(1,331)
120. Net adjustments to tangible assets	(83)	—
130. Net adjustments to intangible assets	—	—
140. Net result from recognizing tangible and intangible assets at fair value	—	—
150. Net transfer to provisions for risks and charges	—	—
160. Other operating income (expense)	156	(15)
Profit (loss) on ordinary activities	12	768
170. Gain (loss) on equity investments	—	—
180. Gain (loss) on disposal of equity investments	—	—
Profit (loss) on ordinary activities before tax	12	768
190. Income tax on ordinary activities for the year	(5)	(154)
Profit (loss) on ordinary activities after tax	7	614
200. Gain (loss) on groups of assets being sold	—	—
Net profit (loss) for the period	7	614

Banks

Table B (cont.)

BALANCE SHEETS

	COMPAGNIE MONEGASQUE DE BANQUE 31.12.2012	COMPAGNIE MONEGASQUE DE GESTION 31.12.2012
	(€ '000)	(€ '000)
Assets		
10. Cash and cash equivalents	17,853	8,635
20. Due from banks	124,054	—
30. Due from financial institutions	—	—
40. Due from customers	842,634	—
50. Bonds and other debt securities	793,173	399
60. Shares, stock units and other variable income securities	197,889	—
70. Equity investments	24,657	8
80. Investments in Group undertakings	32,706	—
90. Intangible fixed assets	13,085	—
100. Tangible fixed assets	2,397	—
120. Treasury shares and stock units	—	—
130. Other assets	1,199	6,127
140. Accrued income and deferred expenses	5,144	46
Total Assets	2,054,791	15,215
Liabilities		
10. Due to banks	38,776	—
20. Due to financial institutions	—	—
30. Due to customers	1,391,865	—
40. Debt securities	40,759	—
50. Other liabilities	29,048	1,816
60. Accrued expenses and deferred income	13,173	—
70. Staff severance indemnity provision	—	—
80. Provision for liabilities and charges	3,477	—
90. Loan loss provisions	16,018	—
110. Subordinated liabilities	—	—
120. Share capital	111,110	600
130. Share premium reserve	4,573	—
140. Reserves	363,185	60
150. Valuation reserves	—	—
160. Retained earnings (accumulated losses)	—	40
170. Profit (loss) for the period	42,807	12,699
Total Liabilities	2,054,791	15,215

Banks

Table B (cont.)

PROFIT AND LOSS ACCOUNTS

	COMPAGNIE MONEGASQUE DE BANQUE 31.12.2012	COMPAGNIE MONEGASQUE DE GESTION 31.12.2012
	(€ '000)	(€ '000)
10. Interest and similar income	27,266	—
20. Interest and similar expense	(5,021)	—
30. Dividends and similar income	9,727	—
40. Fee and commission income	23,185	15,263
50. Fee and commission expense	(1,956)	—
60. Gain (loss) on dealing transactions	32,293	—
70. Other operating income	(2,010)	—
80. Administrative expenses	(33,893)	(2,564)
90. Value adjustments to tangible/intangible assets	(3,539)	—
100. Provisions for liabilities and charges	—	—
110. Other operating expenses	—	(4)
120. Value adjustments to receivables and provisions for guarantees and commitments	(5,378)	—
130. Reversal of receivables and provisions respect of guarantees and commitments	—	—
140. Transfers to loan loss provision	—	—
170. Profit (loss) on ordinary activities	40,674	12,695
180. Extraordinary income	(1,849)	4
190. Extraordinary expense	—	—
200. Net extraordinary income (expense)	(1,849)	—
210. Changes to provision for general banking risks	3,982	—
220. Income tax for the period	—	—
230. Net profit (loss) for the period	42,807	12,699

Other Group companies

Table B (cont.)

BALANCE SHEETS

	COMPAGNIE MONÉGASQUE IMMOBILIÈRE 31.12.2012	SOCIETE MONECASQUE D'ETUDES FINANCIÈRES 31.12.2012	MONOECI SOC. CIVILE IMMOBILIÈRE 31.12.2012	MOULINS 700 S.A.M. 31.12.2012	CMB ASSET MANAGEMENT S.A.M. 31.12.2012
	(€ '000)	(€ '000)	(€ '000)	(€ '000)	(€ '000)
ASSETS					
B) Fixed assets:					
I) Intangible assets	16,925	—	—	—	—
II) Tangible assets	—	1	595	—	—
III) Financial fixed assets	167	—	—	—	—
Total B	17,092	1	595	—	—
C) Current assets:					
I) Inventories	—	—	—	—	—
II) Accounts receivable	30,636	151	—	29	249
III) Financial assets other than fixed assets	—	—	—	—	—
IV) Cash	9,286	996	698	30,705	2,141
Total C	39,922	1,147	698	30,734	2,390
D) Accrued income and prepaid expenses	—	41	—	—	—
TOTAL ASSETS	57,014	1,189	1,293	30,734	2,390
LIABILITIES					
A) Shareholders' equity:					
I) Share capital	2,440	775	1	160	150
III) Revaluation reserves	—	—	—	—	—
IV) Legal reserve	—	—	—	—	—
VI) Statutory reserve	—	25	—	16	2
VII) Other reserves	—	—	—	—	—
VIII) Retained earnings (accumulated loss)	—	367	214	373	27
IX) Profit (loss) for the year <i>Advance payments on dividends</i>	29,932	13	80	(322)	7
Total A	32,372	1,180	295	227	186
B) Provisions for liabilities and charges	—	—	—	—	—
C) Provision for staff termination indemnities	—	—	—	—	—
D) Accounts payable:					
3) Amounts due to banks	24,591	—	991	—	—
4) Amounts due to other lenders	—	—	—	—	—
5) Advances	—	—	—	—	256
6) Trade accounts payable	45	—	—	7	203
7) Amounts due to subsidiaries	—	—	—	—	—
9) Amounts due to associated companies	—	—	—	—	—
10) Amounts due to parent companies	—	—	—	30,500	—
11) Taxable payable	—	—	—	—	25
12) Amounts due to pension and social security institutions	—	—	—	—	—
14) Other accounts payable	6	9	5	—	1,720
Total D	24,642	9	996	30,507	2,204
E) Accrued expenses and deferred income	—	—	2	—	—
TOTAL LIABILITIES	57,014	1,189	1,293	30,734	2,390

Other Group companies

Table B (cont.)

PROFIT AND LOSS ACCOUNTS

	COMPAGNIE MONÉGASQUE IMMOBILIÈRE 31.12.2012	SOCIÉTÉ MONEGASQUE D'ÉTUDES FINANCIÈRES 31.12.2012	MONOECI SOC. CIVILE IMMOBILIÈRE 31.12.2012	MOULINS 700 S.A.M. 31.12.2012	CMB ASSET MANAGEMENT S.A.M. 31.12.2012
	(€ '000)	(€ '000)	(€ '000)	(€ '000)	(€ '000)
A) Value of production	1,532	499	127	—	950
B) Costs of production:					
6) Raw materials, secondary materials consumables, semi-finished and finished goods	—	—	—	—	—
7) Services	(229)	(2,311)	(10)	—	(196)
8) Use of third parties' assets	—	—	—	—	—
9) Personnel	—	—	—	—	(742)
10) Depreciation, amortization and writedowns	(1,563)	—	(25)	—	(1)
12) Provision for liabilities	—	—	—	—	—
13) Other provisions	—	—	—	—	—
14) Sundry operating expenses	—	—	—	(163)	—
Total B	(1,792)	(2,311)	(35)	(163)	(939)
A - B	(260)	(1,812)	92	(163)	11
C) Interest income (charges)	30,192	(18)	(12)	(109)	—
D) Value adjustments to financial fixed assets	—	—	—	—	—
E) Extraordinary income (expenses)	—	1,349	—	(50)	—
Profit (loss) before tax	29,932	19	80	(322)	11
Income taxes for the year	—	(6)	—	—	(4)
Profit (loss) for the year	29,932	13	80	(322)	7

Other financial companies (IAS/IFRS)

Table B (cont.)

BALANCE SHEETS

	CONSORTIUM	SPAFID	PRUDENTIA FIDUCIARIA	MEDIOBANCA SECURITIES LLC
	(€ '000)	(€ '000)	(€ '000)	(\$ '000)
ASSETS				
10. Cash and cash equivalents	—	2	2	3,620
20. Financial assets held for trading	—	10,740	302	—
40. AFS securities	—	—	—	—
50. Financial assets held to maturity	—	21,402	1,955	—
60. Due from banks	65	2,825	567	444
70. Due from customers	—	2,045	464	—
100. Equity investments	—	—	—	—
120. Tangible assets	—	1	—	11
130. Intangible assets	—	1	—	—
140. Tax assets	163	439	251	—
. <i>current</i>	163	188	229	—
. <i>advance</i>	—	251	22	—
160. Other assets	—	718	3	38
Total assets	228	38,173	3,544	4,113
LIABILITIES				
10. Due to banks	—	4	—	2,007
20. Due to customers	—	—	—	—
30. Debt securities in issue	—	—	—	—
40. Financial liabilities	—	—	—	—
70. Tax liabilities	—	1,828	216	—
. <i>current</i>	—	1,822	216	—
. <i>deferred</i>	—	6	—	—
90. Other liabilities	12	2,705	469	52
100. Staff severance indemnity provision	—	755	506	743
110. Provisions	—	—	—	—
120. Share capital	100	100	100	2,250
170. Reserves	133	32,771	2,007	(1,003)
180. Profit (loss) for the period	(17)	10	246	64
Total liabilities	228	38,173	3,544	4,113

Other financial companies (IAS/IFRS)

Table B (cont.)

PROFIT AND LOSS ACCOUNTS

	CONSORTIUM	SPAFID	PRUDENTIA FIDUCIARIA	MEDIOBANCA SECURITIES LLC
	(€ '000)	(€ '000)	(€ '000)	(\$ '000)
10. Interest and similar income	—	754	90	—
20. Interest and similar expense	—	—	—	—
Net interest income	—	754	90	—
30. Fee and commission income	—	6,060	3,109	1,915
40. Fee and commission expense	—	(2,755)	—	—
Net fee and commission income	—	3,305	3,109	1,915
50. Dividends and similar income	—	—	—	—
60. Net trading income (expense)	—	50	11	—
70. Net hedging income (expense)	—	—	—	—
80. Net income from financial assets and liabilities	—	—	—	—
90. Gain (loss) on disposal/repurchase of financial assets	—	—	—	—
Total income	—	4,109	3,210	1,915
100. Adjustments for impairment	—	(11)	—	—
Net income from financial operations	—	4,098	3,210	1,915
110. Administrative expenses	(26)	(4,383)	(2,841)	(1,851)
<i>a) labour costs</i>	(6)	(3,270)	(1,562)	(888)
<i>b) other administrative expenses</i>	(20)	(1,113)	(1,279)	(963)
120. Net adjustments to tangible assets	—	—	—	—
130. Net adjustments to intangible assets	—	(7)	—	—
160. Other operating income (expense)	9	55	6	—
Operating costs	(17)	(237)	375	64
170. Gain (loss) on equity investments	—	664	—	—
Profit (loss) on ordinary activities before tax	(17)	427	375	64
190. Income tax on ordinary activities for the year	—	(417)	(129)	—
200. Profit (loss) on ordinary activities after tax	(17)	10	246	64
Net profit (loss) for the period	(17)	10	246	64

Other financial companies (IAS/IFRS)

Table B (cont.)

BALANCE SHEETS

	FUTURO	MEDIOBANCA COVERED BOND	QUARZO LEASE	QUARZO
	(€ '000)	(€ '000)	(€ '000)	(\$'000)
ASSETS				
10. Cash and cash equivalents	—	—	—	—
20. Financial assets held for trading	—	—	—	—
40. AFS securities	—	—	—	—
50. Financial assets held to maturity	—	—	—	—
60. Due from banks	4,377	100	27	11
70. Due from customers	951,633	—	—	—
80. Hedging derivatives	—	—	—	—
100. Equity investments	—	—	—	—
120. Property, plant and equipment	77	—	—	—
130. Intangible assets	86	—	—	—
140. Tax assets	6,935	—	1	3
- Current	1,607	—	1	3
- Advance	5,328	—	—	—
- on which pursuant to Italian Law 214/11	192	—	—	—
160. Other assets	14,655	70	255	70
TOTAL ASSETS	977,763	170	283	84
LIABILITIES				
10. Due to banks	906,573	—	—	—
20. Due to customers	—	—	—	—
30. Debt securities in issue	—	—	—	—
40. Financial liabilities	—	—	—	—
50. Hedging derivatives	14,810	—	—	—
70. Tax liabilities	981	—	—	1
. Current	981	—	—	1
. Deferred	—	—	—	—
90. Other liabilities	18,332	94	273	70
100. Staff severance indemnity provision	132	—	—	—
110. Provisions	1,899	—	—	—
120. Share capital	4,800	100	10	10
160. Reserves	34,506	(24)	—	3
170. Valuation reserves	(9,271)	—	—	—
180. Profit (loss) for the period	5,001	—	—	—
TOTAL LIABILITIES	977,763	170	283	84

Other financial companies (IAS/IFRS)

Table B (cont.)

PROFIT AND LOSS ACCOUNT

	FUTURO	MEDIOBANCA COVERED BOND	QUARZO LEASE	QUARZO
	(€ '000)	(€ '000)	(€ '000)	(\$ '000)
10. Interest and similar income	51,248	—	—	—
20. Interest and similar expense	(31,804)	—	—	—
Net interest income	19,444	—	—	—
30. Fee and commission income	417	—	—	—
40. Fee and commission expense	(1,393)	—	—	—
Net fee and commission income	(976)	—	—	—
50. Dividends and similar income	—	—	—	—
60. Net trading income (expense)	—	—	—	—
70. Net hedging income (expense)	—	—	—	—
80. Gain (loss) on disposal/repurchase of financial assets	—	—	—	—
90. Net income from financial assets and liabilities	—	—	—	—
Total income	18,468	—	—	—
100. Net value adjustment for impairments to financial assets	(1,100)	—	—	—
110. Administrative expenses	(9,442)	(33)	(57)	(100)
120. Net writedowns/writebacks to tangible assets	(43)	—	—	—
130. Net writedowns/writebacks to intangible assets	(20)	—	—	—
150. Net transfers to provisions for risks and charges	(826)	—	—	—
160. Other operating income (expense)	765	33	57	100
Operating costs	7,802	—	—	—
Profit (loss) on ordinary activities before tax	7,802	—	—	1
190. Income tax on ordinary activities for the year	(2,801)	—	—	(1)
200. Profit (loss) on ordinary activities after tax	5,001	—	—	—
Net profit (loss) for the period	5,001	—	—	—

Other non-financial companies (IAS/IFRS)

Table B (cont.)

BALANCE SHEETS

	RICERCHE E STUDI S.p.A.	SETECI S.e.p.A.
	(€ '000)	(€ '000)
ASSETS		
Non-current assets		
Intangible assets	1	2,783
Tangible assets	2	—
Property, plant and equipment	—	37,088
Investments in subsidiaries	—	—
Investments in associate companies	—	—
AFS securities	—	—
Real estate assets	—	—
Other non-current assets	—	25
Financial assets in the form of derivative instruments	—	—
Advance tax assets	—	197
Total non-current assets	3	40,093
Current assets		
Accounts receivable	—	227
Other receivables	—	—
Sundry receivables and other current assets	790	—
Current tax assets	—	260
Current financial receivables	—	—
Financial derivative products	—	—
Other current financial assets	—	5,504
Cash and liquid assets	164	438
Total current assets	954	6,429
AFS securities	—	—
TOTAL ASSETS	957	46,522

Other non-financial companies (IAS/IFRS)

Table B (cont.)

	RICERCH E STUDI S.p.A. (€ '000)	SETECI S.e.p.A. (€ '000)
LIABILITIES		
A) Net equity:		
Share capital	100	500
Other financial instruments representing equity	—	—
Reserves	3	2,685
Revaluation reserves	—	—
Hedge reserves	—	—
Other reserves	—	—
Profit (loss) for previous years	—	—
Profit (loss) for period	—	2
Total net equity	103	3,187
Non-current liabilities		
Staff benefits	—	—
Provisions for liabilities and charges	—	—
Staff-related provisions	334	778
Deferred tax liabilities	—	637
Borrowings net of current borrowings	—	—
Other non-current liabilities	—	—
Total non-current liabilities	334	1,415
Current liabilities		
Due to banks	—	—
Accounts payable	—	3,823
Current tax liabilities	—	28
Financial liabilities in the form of derivative products	—	—
Current financial liabilities	—	36,096
Provisions for liabilities and charges	—	783
Other current liabilities	520	—
Sundry payables and other current assets	—	1,190
Total current liabilities	520	41,920
Liabilities in respect of AFS securities	—	—
TOTAL LIABILITIES	957	46,522

Other non-financial companies (IAS/IFRS)

Table B (cont.)

PROFIT AND LOSS ACCOUNT

	RICERCH E STUDI S.p.A.	SETECI S.e.p.A.
	(€ '000)	(€ '000)
Value of production	2,002	19,500
Production costs	(642)	(7,593)
Personnel costs	(1,324)	(4,781)
Other operating income	—	(2,347)
Sundry operating expenses	(20)	—
Provisions for various risks	—	—
Amortization, other intangible assets	(1)	(1,797)
Depreciation on property, plant and equipment	(1)	(2,857)
Amortization of real estate investments	—	—
Operating profit (loss)	14	125
Financial income (expense)		
Financial income	—	—
Financial expenses	—	(150)
Other income	—	394
Other expenses	—	(300)
Extraordinary income	6	—
Extraordinary expenses	—	—
Net profit before tax	20	69
Tax charges and income	—	(67)
Income tax	(20)	(302)
Advance and deferred tax	—	235
Net profit for the period	—	2

Other non-financial undertaking (IAS/IFRS)

Table B (cont.)

BALANCE SHEETS

	COMPASS RE S.A.
	(€ '000)
ASSETS	
1) Intangible assets	—
2) Tangible assets	—
3) Deposits with ceding companies	—
4) Investments	82,450
5) Sundry receivables	8,627
<i>Receivables deriving from reinsurance operations</i>	8,627
6) Other assets	18,480
<i>Deferred acquisition costs</i>	17,586
<i>Other assets</i>	894
7) Cash and cash equivalents	61,001
<i>Amounts due from bank</i>	61,001
TOTAL ASSET	170,558

	COMPASS RE S.A.
	(€ '000)
LIABILITIES	
1) Net equity	15,000
<i>Share capital</i>	15,000
2) Provisions	7
3) Technical reserves	154,912
<i>Premium reserves</i>	107,019
<i>Claim reserves</i>	10,386
<i>Compensation reserves</i>	37,506
5) Account payable	588
<i>Payables deriving from reinsurance operations</i>	471
<i>Other amounts payable</i>	118
6) Other liability items	51
<i>Other liabilities</i>	51
TOTAL LIABILITIES	170,558

Other non-financial undertaking (IAS/IFRS)

Table B (cont.)

PROFIT AND LOSS ACCOUNT

	COMPASS RE S.A.
	(€ '000)
I) TECHNICAL ACCOUNT	
Gross premium written	46,225
Transfers to premium reserves	(13,978)
Reinsured premiums	(237)
Total net premiums written	32,010
Income from non-undertwriting investments	3,376
1) TOTAL INCOME AND REVENUES	35,386
Net expense in respect of claims	(5,769)
Amounts paid and charges to claims reserve	(4,146)
Acquisition costs	(7,144)
Future acquisitions costs	1,734
Operating expenses	(332)
2) TOTAL COST AND EXPENSES	(15,657)
Transfers to compensation reserves	(19,597)
Underwriting profit	133
II) TECHNICAL ACCOUNT	
Interest income	2,234
Investment expenses	(306)
Adjustments to investments	1,448
Investments income/expenses transferred to technical account	(3,376)
Non-underwriting profit	—
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX	133
Taxation for the period	(133)
NET PROFIT (LOSS) FOR THE PERIOD	—

Associated undertakings: balance sheets and profit and loss accounts (as required under Article 2359 of the Italian Civil Code)

Associate companies

Table C

BALANCE SHEET

	ASSICURAZIONI GENERALI 31.12.2012 (€ '000)
ASSETS	
B) Total intangible assets	132,678
C) Investments	
I) Land and buildings (total)	1,462,053
II) Investments in Group and other undertakings (total)	27,799,889
III) Other financial investments	
1) Shares and stock units	1,578,403
2) Mutual fund units	2,120,222
3) Bonds and other fixed-income securities	22,719,623
4) Loans	130,680
6) Deposits with banks	1,332,943
7) Other financial investments	1
Total other financial investments	27,881,872
IV) Deposits with reinsurers	8,751,959
Total investments (C)	65,895,773
D) Investments for the benefit of life policyholders who carry the risk and deriving from pension fund management (total)	1,242,848
Dbis) Reinsurers' share of technical reserves	
I) General business (total)	1,426,636
II) Life business (total)	228,271
Total reinsurers' share of technical reserves (Dbis)	1,654,907
E) Accounts receivable	
I) Amounts due in respect of primary insurances (total)	1,305,301
II) Amount due in respect of reinsurances (total)	579,358
III) Other accounts receivable	1,296,804
Total accounts receivable (E)	3,181,463
F) Other assets	
I) Tangible assets and inventories (total)	1,537
II) Cash (total)	1,055,915
III) Own shares or stock units	116,368
IV) Other assets (total)	223,811
Total other assets (F)	1,397,631
G) Accruals and prepayments (total)	610,405
TOTAL ASSETS (B+C+D+Dbis+E+F+G)	74,115,705

Associate companies

Table C (cont.)

	ASSICURAZIONI GENERALI 31.12.2012 (€ '000)
LIABILITIES AND SHAREHOLDERS' EQUITY	
A) Shareholders' equity	
I) Share capital or equivalent fund	1,556,873
II-VII) Reserves (total)	12,717,933
IX) Profit (loss) for year	130,664
Total shareholders' equity (A)	14,405,470
B) Subordinated liabilities	6,154,643
C) Technical reserves	
I) General business (total)	8,271,053
II) Life business (total)	34,016,239
Total technical reserves (C)	42,287,292
D) Technical reserves where investment risk is carried by policyholders and reserves arising from pension fund management (total)	1,237,942
E) Provisions for risks and charges (total)	35,709
F) Deposits received from reinsurers	238,188
G) Accounts payable and other liabilities	
I) Amounts payable in respect of primary insurances	105,159
II) Amounts payable in respect of reinsurance	218,667
III) Bond issues	3,011,078
IV) Amounts payable to banks and financial institutions	6,381
V) Secured debt	—
VI) Loans and other debt	4,817,738
VII) Staff termination indemnity provision	21,210
VIII) Other accounts payable	587,009
IX) Other liabilities	512,178
Total accounts payable and other liabilities (G)	9,279,420
H) Accruals and deferrals (total)	477,041
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D+E+F+G+H)	74,115,705
GUARANTEES, COMMITMENTS AND OTHER CONTRA ACCOUNTS (TOTAL)	43,107,806

Associate companies

Table C (cont.)

STATEMENT OF EARNINGS (non-technical accounts)

	ASSICURAZIONI GENERALI 31.12.2012 (€ '000)
1) Underwriting profit (loss) from general business	413,080
2) Underwriting profit (loss) from life business	235,605
3) Investment income in general business	
a) Dividends	569,452
b) Other investment income (total)	175,501
c) Writebacks in book value of investments	75,108
d) Gain on disposal of investments	61,798
Total investment income in general business	881,859
4) (+) Portion of investment income transferred from technical accounts of life business	366,787
5) Operating and financial expenses in general business (3)	
a) Investment management expenses and interest paid	91,854
b) Writedowns to investments	194,964
c) Loss on disposal of investments	11,023
Total operating and financial expenses in general business (5)	297,841
6) Portion of investment income transferred from technical accounts of general business	228,053
7) Other income	164,069
8) Other expenditure	1,270,479
9) Profit (loss) on ordinary operations	265,027
10) Extraordinary income	129,474
11) Extraordinary expenditure	174,851
12) Net extraordinary income (expenditure) (10-11)	(45,377)
13) Earnings before tax	219,650
14) Taxation for the year	88,986
15) Profit (loss) for the year (13-14)	130,664

Associate companies

Table C (cont.)

BALANCE SHEETS

	RCS Media Group S.p.A. 31.12.2012
	(€ '000)
ASSETS	
Property, plant and equipment	260,287
Real estate investments	7,000
Intangible assets	78,525
Investments in subsidiaries	1,131,294
<i>- of which to related parties</i>	<i>1,131,294</i>
AFS's Securities	5,511
Derivative instruments	1
Non-current financial receivables	9,930
Other non-currents financial assets	15,172
Advance tax assets	35,542
Total non-current assets	1,543,262
Inventories	17,494
Trade receivables	250,940
<i>- of which to related parties</i>	<i>54,271</i>
Other receivables and current assets	36,120
<i>- of which to related parties</i>	<i>1,068</i>
Current tax assets	11,738
<i>- of which to related parties</i>	<i>2,604</i>
Current financial receivables	138,576
<i>- of which to related parties</i>	<i>138,361</i>
Cash and cash equivalents	1,690
Total current assets	456,558
Assets to be sold	—
TOTAL ASSETS	1,999,820

Associate companies

Table C (cont.)

BALANCE SHEETS

	RCS Media Group S.p.A. 31.12.2012 (€ '000)
LIABILITIES AND NET EQUITY	
Share capital	762,019
Other equity instruments	5,215
<i>- of which to related parties</i>	<i>1,395</i>
Reserves	203,041
Treasury shares	(27,151)
Surplus (deficit) arising on merger	(334,578)
Retained earnings (accumulated losses)	101,701
Profit (loss) for the period	(494,735)
Total net equity	215,512
Non-current borrowings	108,093
<i>- of which to related parties</i>	<i>21,304</i>
Non-current amounts payable in respect of derivatives	26,363
<i>- of which to related parties</i>	<i>24,730</i>
Staff benefits	50,912
Provisions for losses and charges	10,015
Deferred tax liabilities	12,103
Sundry payables and other non-current liabilities	1,454
<i>- of which to related parties</i>	<i>1,454</i>
Total non-current liabilities	208,940
Amounts due to banks	13,739
<i>- of which to related parties</i>	<i>6,188</i>
Current payables	1,142,363
<i>- of which to related parties</i>	<i>754,399</i>
Financial liabilities in respect of derivative instruments	2,128
Current tax liabilities	7,061
<i>- of which to related parties</i>	<i>7,015</i>
Trade payables	233,084
<i>- of which to related parties</i>	<i>29,506</i>
Short-term transfers to provisions	39,193
Other payables and current liabilities	137,800
<i>- of which to related parties</i>	<i>43,584</i>
Total current liabilities	1,575,368
TOTAL LIABILITIES AND NET EQUITY	1,999,820

Associate companies

Table C (cont.)

PROFIT AND LOSS ACCOUNTS

	RCS Media Group S.p.A. 31.12.2012 (€ '000)
Revenues from sales	743,172
- of which to related parties	328,179
Consumption of raw materials and services/changes in stocks of semi-finished products	(614)
Acquisition and consumption of raw materials and services	(507,049)
- of which to related parties	(82,327)
- of which non-recurring	(837)
Personnel costs	(229,447)
- of which to related parties	(10,611)
- of which non-recurring	(18,443)
Other operating revenues and income	34,972
- of which to related parties	15,636
Sundry operating expenses	(20,063)
- of which to related parties	(825)
- of which non-recurring	(35)
Provisions	(9,919)
- of which non-recurring	(2,000)
Loan loss provisions	(6,434)
Amortization	(15,238)
Amortization of real estate investments	(264)
Depreciation of properties, plant and equipment	(23,515)
Writedowns to fixed assets	(13,318)
- of which non-recurring	(9,175)
Operating profit (loss)	(47,717)
Interest income	10,178
- of which to related parties	8,314
- of which non-recurring	760
Interest expense	(31,690)
- of which to related parties	(16,021)
Other income (expense) from financial assets and liabilities	(441,669)
- of which to related parties	(428,793)
Profit before tax	(510,898)
Income tax/interest income and charges	16,163
- of which non-recurring	12,232
Profit (loss) from assets to be retained	(494,735)
Profit (loss) from assets to be sold/sold	—
Net profit (loss) for the period	(494,735)

Associate companies

Table C (cont.)

BALANCE SHEET

	Pirelli S.p.A. 31.12.2012 (€ '000)
ASSETS	
Non-current assets	
Tangible assets	106,438
Intangible assets	1,763
Investments in subsidiaries	1,160,949
Investments in associates	92,910
Other financial assets	109,854
Deferred tax assets	127,478
Other receivables	638,655
<i>. of which related parties</i>	<i>623,506</i>
Total non-current assets	2,238,047
Current assets	
Trade receivables	34,824
<i>. of which related parties</i>	<i>29,455</i>
Other receivables	230,117
<i>. of which related parties</i>	<i>199,383</i>
Securities held for trading	9
Cash and cash equivalents	68,575
<i>Current tax receivables</i>	<i>54,602</i>
Derivative financial instruments	4,775
Total current assets	338,300
TOTAL ASSETS	2,576,347
Net equity	
- Share capital	1,343,285
- Other reserves	134,307
- Reserves from retained earnings	154,233
- Net profit for the period	234,416
Total net equity	1,866,241
LIABILITIES AND NET EQUITY	
Non-current liabilities	
Amounts due to banks and other lenders	504,268
<i>. of which related parties</i>	<i>—</i>
Other amounts due	—
Provisions for risks and charges	50,486
Staff provisions	3,909
Total non-current liabilities	558,663
Current liabilities	
Amounts due to banks and other lenders	35,281
<i>. of which related parties</i>	<i>—</i>
Trade payables	29,624
<i>. of which related parties</i>	<i>10,199</i>
Other amounts due	50,301
<i>. of which related parties</i>	<i>30,754</i>
Provisions for risks and charges	—
Tax payables	36,237
<i>Financial derivative products</i>	<i>30,919</i>
Total current liabilities	151,443
TOTAL LIABILITIES AND NET EQUITY	2,576,347

Associate companies

Table C (cont.)

PROFIT AND LOSS ACCOUNT

	Pirelli S.p.A. 31.12.2012
	(€ '000)
Revenues from sales and provision of services	12,614
<i>. of which related parties</i>	<i>10,913</i>
Other income	113,501
<i>. of which related parties</i>	<i>101,418</i>
Raw materials and consumables used	(353)
Labour costs	(15,824)
<i>. of which related parties</i>	<i>(1,691)</i>
<i>. of which non-recurring events</i>	<i>(300)</i>
Depreciation and amortization	(4,896)
Other costs	(87,503)
<i>. of which related parties</i>	<i>(31,026)</i>
Operating profit (loss)	17,539
Profit (loss) from investments, of which:	202,250
Gains on investments	467
Losses on investments	(117,941)
Dividends	319,724
<i>. of which related parties</i>	<i>317,895</i>
Financial income	41,508
<i>. of which related parties</i>	<i>37,904</i>
Financial expense	(32,617)
<i>. of which related parties</i>	<i>(11)</i>
Profit before tax	228,680
Taxation	5,736
<i>. of which non-recurring events</i>	—
Net profit from operations	234,416
Net profit from discontinued activities	—
Net profit for the period	234,416

Associate companies

Table C (cont.)

BALANCE SHEETS

	GEMINA S.p.A. 31.12.2012 (€ '000)
Assets	
Non-current assets	
Other intangible assets	—
Total intangible assets	—
Industrial and commercial equipments	—
Other tangible assets	1
Total tangible assets	1
Investments in subsidiaries	1,843,535
Investments in associates and joint ventures	—
Other investments	32
Deferred tax assets	306
Other non-current financial assets	110
- of which to related parties	32
Total non-current assets	1,843,984
Currents assets	
Trade receivables	380
- of which to related parties	380
Other receivables	3,162
- of which to related parties	1,020
Current tax assets	9,155
Other current financial assets	2,743
- of which to related parties	2,664
Cash and cash equivalents	3,179
- of which to related parties	96
Total current assets	18,619
Total assets	1,862,603

Associate companies

Table C (cont.)

	GEMINA S.p.A. 31.12.2012 (€ '000)
Net equity and liabilities	
A) Net equity:	
Share capital	1,472,960
Treasury shares	(1,278)
Capital reserves	199,707
Hedge reserves	(458)
Other reserves	83,381
Retaining earnings (accumulated losses)	48,977
Profit (loss) for period	(4,252)
Total net equity	1,799,037
Non-current liabilities	
Staff benefits	89
Provisions for losses and charges	9,128
- of which to related parties	6,700
Debts net of current share	41,558
- of which to related parties	11,874
Total non-current liabilities	50,775
Current liabilities	
Trade receivables	1,489
- of which to related parties	425
Other receivables	452
- of which to related parties	130
Current financial assets	169
Other current financial assets	718
- of which to related parties	—
Cash and cash equivalents	9,963
- of which to related parties	9,009
Total current liabilities	12,791
Total net equity and liabilities	1,862,603

Associate companies

Table C (cont.)

PROFIT AND LOSS ACCOUNTS

	GEMINA S.p.A. 31.12.2012 (€ '000)
Income (expense) from investments	
Dividends from associate companies	—
Other income (expense) from investments	(11)
Total income (expense) from investments	(11)
Net financial income (expense)	
Financial income	
Interest income	103
- of which to related parties	86
Financial expense	—
Interest expense	(2,392)
- of which to related parties	(608)
Other expense	(265)
- of which to related parties	(107)
Total net financial income (expense)	(2,554)
Labour costs	(526)
- of which to related parties	(12)
Other operating expenses	(2,999)
- of which to related parties	(937)
Net provisions	—
Depreciation and amortization	(1)
Revenues	767
- of which to related parties	767
Total net operating costs	(2,759)
Profit (loss) before tax	(5,324)
Total income (expense)	1,072
Profit (loss) for the period	(4,252)

Associate companies

Table C (cont.)

BALANCE SHEET

	Burgo Group S.p.A. 31.12.2012 (€ '000)
ASSETS	
Non-current assets	1,273,147
Tangible assets	853,738
Property, plant and equipment	852,512
Real estate investments	1,226
Intangible assets	28,825
Goodwill and other long-term intangible assets	26,501
Intangible assets with deferred life	2,324
Other non-current assets	335,246
Investments in subsidiaries	323,905
Investment in other companies	54
Securities not qualifying as equity investments	2,184
Financial receivables and other non-current financial assets	8,292
Sundry receivables and other non-current assets	811
Advance tax assets	55,338
Tax assets for advance taxation	55,338
Current assets	721,445
Inventory stocks	186,616
Trade receivables	362,419
Sundry receivable and other non-current assets	19,113
Equity investments	40,058
Securities not qualifying as equity investments	1
Financial receivables and other non-current financial assets	85,833
Cash and cash equivalents	27,405
TOTAL ASSETS	1,994,592
LIABILITIES	
Net equity	407,892
Share capital	205,443
Reserves	66,295
Retained earnings (losses) including profit (loss) for the period	136,154
Non-current liabilities	831,659
Non-current financial liabilities	760,519
Staff-related provisions	56,001
Deferred tax provision	15,139
Current liabilities	755,041
Current financial liabilities	258,154
Trade payables	448,053
Amounts due in respect of current taxes	6,808
Sundry payables and other current liabilities	42,026
TOTAL LIABILITIES	1,994,592

Associate companies

Table C (cont.)

PROFIT AND LOSS ACCOUNT

	Burgo Group S.p.A. 31.12.2012 (€ '000)
Revenues	1,860,732
Other revenues and income	81,518
Total revenues and income from operations	1,942,250
Cost of materials and external services	(1,687,123)
Labour costs	(178,094)
Other operating costs	(17,376)
Changes to stocks	135
Capitalized cost of work carried out internally	2,295
Total operating costs	(1,880,163)
Profit before depreciation, amortization and non-recurring expenses	62,087
Depreciation and amortization	(75,362)
Gain (loss) on disposal of non-current assets	2,270
Writebacks (writedowns) to non-recurring assets	—
Non-recurring expenses, net	(1,420)
Restructuring charges, net	(438)
Operating profit (loss)	(12,863)
Interest income	(52,319)
Interest expense	28,814
Profit before tax	(36,368)
Taxation for the period	6,568
Profit for the period	(29,800)

Associate companies

Table C (cont.)

BALANCE SHEETS

	Teleco S.p.A. 30.04.2013	LUVE S.p.A. 31.12.2012	GB Holding S.r.l. 31.12.2012
	(€ '000)	(€ '000)	(€ '000)
ASSETS			
B) Fixed assets:			
I) Intangible assets	—	20,456	—
II) Tangible assets	—	35,363	—
III) Financial fixed assets	3,604,304	34,180	13,666
Total (B)	3,604,304	89,999	13,666
C) Current assets:			
I) Inventories	—	4,463	—
II) Accounts receivable:			
1) from customers	—	9,309	—
2) from group companies	—	13,748	—
3) from associate companies	—	—	—
4) from parent companies	—	—	—
4 bis) from tax authorities	14	1,564	2
4 ter) advance tax	—	975	—
5) from others	—	360	—
Total accounts receivable	14	25,956	2
III) Financial assets other than fixed assets	—	—	—
IV) Cash and cash equivalents	16,493	6,985	2
Total C	16,507	37,404	4
D) Accrued income and prepaid expenses	6,478	473	—
TOTAL ASSETS (B+C+D)	3,627,289	127,876	13,670
LIABILITIES			
A) Shareholders' equity:			
I) Share capital	892,798	9,000	97
II) Share premium reserve	—	9,574	13,533
III) Revaluation reserve	—	273	—
IV) Legal reserve	—	1,396	19
VII) Other reserve	—	12,262	—
VIII) Retained earnings (accumulated loss)	—	—	—
IX) Profit (loss) for the period	(957,818)	2,257	(7)
. Allocation of loss as at 31/1/13.	989,579	—	—
Total A	924,559	34,762	13,642
B) Provisions for liabilities and charges			
For tax (including deferred tax)	—	5,306	—
Other provisions	—	1,009	—
Total B	—	6,315	—
C) Provision for staff termination indemnities	—	1,083	—
D) Accounts payable:			
3) Amounts due to shareholders by way of loans	1,750,000	—	28
4) Amounts due to banks	938,000	46,734	—
5) Amounts due to other lenders	—	—	—
7) Amounts due to suppliers	1,086	15,817	—
9) Amounts due to group companies	—	19,184	—
12) Amounts due to tax authorities	4,882	390	—
13) Amounts due to pension and social security institutions	—	1,044	—
14) Other amounts due	8,162	2,504	—
Total D	2,702,130	85,673	28
E) Accrued expenses and deferred income	600	43	—
TOTAL LIABILITIES (A+B+C+D+E)	3,627,289	127,876	13,670

Associate companies

Table C (cont.)

PROFIT AND LOSS ACCOUNTS

	Teleco S.p.A. 30.04.2013 (€ '000)	LUVE S.p.A. 31.12.2012 (€ '000)	GB Holding S.r.l. 31.12.2012 (€ '000)
A) Value of production:			
1) Income from sales and services rendered	—	68,510	—
2) Changes in stocks of products being completed, semi-finished and finished products	—	(723)	—
3) Increase in fixed assets due to internal work	—	—	—
4) Other revenue and income	—	1,503	—
Total value of production (A)	—	69,290	—
B) Costs of production:			
6) Raw materials, secondary materials, consumables and merchandise	—	(32,786)	—
7) Services	(1,563)	(14,142)	(5)
8) Use of third parties' assets	—	(961)	—
9) Personnel			
a) Salaries and wages	—	(9,612)	—
b) Social security expenses	—	(2,968)	—
c) Staff severance indemnity provision	—	(591)	—
d) Other costs	—	—	—
Total personnel costs	—	(13,171)	—
10) Depreciation, amortization and writedowns			
a) Amortization	(116)	(2,101)	—
b) Depreciation	—	(2,857)	—
c) Other writedowns to fixed assets	—	—	—
d) Value adjustments to receivables included in calculation of working capital and cash	—	(99)	—
Total depreciation, amortization and writedowns	(116)	(5,057)	—
11) Changes in stocks of raw materials, secondary materials, consumables and merchandise	—	(387)	—
12) Provisions for liabilities	—	(100)	—
13) Other provisions	—	—	—
14) Sundry operating expenses	(5)	(296)	(2)
Total costs of production (B)	(1,684)	(66,900)	(7)
Difference between value and cost of production (A-B)	(1,684)	2,390	(7)
C) Financial income (expense)			
15) Income from investments	60,072	2,735	—
16) Other financial income	1,534	239	—
17) Interest and other financial expenses	(116,466)	(2,852)	—
17bis) Gains (losses) on exchange rates	—	75	—
Total C	(54,860)	197	—
D) Value adjustments to financial assets:			
18) Writebacks	—	—	—
19) Writedowns	(901,076)	—	—
Total D	(901,076)	—	—
E) Extraordinary income (expenses):			
20) Income	12	484	—
21) Expenses	(210)	(83)	—
Total E	(198)	401	—
Profit (loss) before tax (A-B+C+D+E)	(957,818)	2,988	(7)
22) Income tax for the period			
- current tax	—	(918)	—
- deferred tax	—	187	—
Total income tax for the period	—	(731)	—
26) Profit (loss) for the period	(957,818)	2,257	(7)

Associate companies

Table C (cont.)

BALANCE SHEETS

	FIDIA S.p.A. (in liquidation) 31.12.2012
	(€ '000)
ASSETS	
10. Cash and cash equivalents	1
40. AFS securities	—
60. Due from banks	5,048
<i>a) in respect of asset management</i>	—
<i>b) other amounts receivable</i>	5,048
100. Tangible assets	—
120. Tax assets	12
<i>a) Current</i>	12
<i>b) Advance</i>	—
140. Other assets	2
TOTAL ASSETS	5,063

LIABILITIES

10. Due to banks	—
70. Tax liabilities	—
<i>a) Current</i>	—
<i>b) Deferred</i>	—
90. Other liabilities	721
100. Staff severance indemnity provision	20
110. Provision for liabilities and charges	1,547
<i>a) post-retirement and similar obligations</i>	—
<i>b) other provisions</i>	1,547
120. Share capital	4,861
160. Reserves	(601)
170. Valuation reserves	—
180. Profit (loss) for the period	(1,485)
TOTAL LIABILITIES	5,063

Associate companies

Table C (cont.)

PROFIT AND LOSS ACCOUNTS

	FIDIA S.p.A. (in liquidation) 31.12.2012 (€ '000)
10. Fee and commission income	81
20. Fee and commission expense	—
Net fee and commission income	81
40. Interest and similar income	78
50. Interest and similar expense	—
60. Net fee and commission income	—
90. Gain (loss) on disposal or buyback of financial assets	(141)
Total Income	18
110. Administrative expenses	(758)
<i>a) labour costs</i>	(483)
<i>b) other administrative expenses</i>	(275)
130. Net adjustments to tangible assets	(2)
140. Writedowns (writebacks) to intangible assets	—
150. Net transfers to provisions for risks and charges	(498)
160. Other operating income (expense)	(245)
Operating profit (loss)	(1,485)
Profit (loss) on ordinary activities before tax	(1,485)
190. Income tax on ordinary activities for the period	—
Profit (loss) on ordinary activities after tax	(1,485)
Net profit (loss) for the period	(1,485)

Associate companies

Table C (cont.)

BALANCE SHEETS

	BANCA ESPERIA S.p.A. 31.12.2012 (€ '000)
ASSETS	
10. Cash and cash equivalents	149
20. Financial assets held for trading	103,403
40. AFS securities	471,354
60. Due from banks	58,892
70. Due from customers	852,437
80. Hedging derivatives	1,403
100. Equity investments	24,152
110. Tangible assets	1,278
120. Intangible assets	3,554
of which:	
- <i>goodwill</i>	—
130. Tax assets	9,799
a) Current	2,721
b) Advance	7,078
150. Other assets	45,092
TOTAL ASSETS	1,571,513
LIABILITIES	
10. Due to banks	397,323
20. Due to customers	817,098
30. Debt securities in issue	163,277
40. Trading financial liabilities	1,898
80. Tax liabilities	3,641
a) <i>Current</i>	—
b) <i>Deferred</i>	3,641
100. Other liabilities	31,259
110. Staff severance indemnity provision	379
120. Provisions for risks and charges	4,000
- <i>post-retirement benefits and similar obligations</i>	—
- <i>other provisions</i>	4,000
130. Valuation reserves	5,853
160. Reserves	44,036
170. Share premium reserve	38,646
180. Share capital	63,000
200. Profit (loss) for the period	1,103
TOTAL LIABILITIES	1,571,513

Associate companies

Table C (cont.)

PROFIT AND LOSS ACCOUNTS

	BANCA ESPERIA S.p.A. 31.12.2012 (€ '000)
10. Interest and similar income	32,710
20. Interest and similar expense	(17,262)
30. Net interest income	15,448
40. Fee and commission income	35,594
50. Fee and commission expense	(3,842)
60. Net fee and commission income	31,752
70. Dividends and similar income	3,904
80. Net trading income (expense)	1,647
90. Net hedging income	(1)
100. Gain (loss) on disposal/repurchase of:	13,649
a) loans and advances	—
b) AFS securities	13,663
c) financial assets held to maturity	—
d) financial liabilities	(14)
120. Total income	66,399
130. Adjustments for impairment to:	(6,919)
a) loans and advances	(700)
b) AFS securities	(6,219)
c) financial assets held to maturity	—
d) other financial transactions	—
140. Net income from financial operations	59,480
150. Administrative expenses	(56,206)
a) labour costs	(37,507)
b) other administrative expenses	(18,699)
160. Net transfers to provisions	(4,000)
170. Net adjustments to tangible assets	(323)
180. Net adjustments to intangible assets	(590)
190. Other operating income (expense)	4,199
200. Operating costs	(56,920)
250. Profit (loss) on ordinary activities before tax	2,560
260. Income tax on ordinary activities for the period	(1,457)
270. Profit (loss) on ordinary activities after tax	1,103
290. Net profit (loss) for the period	1,103

Associate companies

Table C (cont.)

BALANCE SHEETS

	ATHENA PRIVATE EQUITY S.A. 31.12.2012 (€ '000)
ASSETS	
10. Cash in hand	1,519
20. Amounts due from banks	—
30. Amounts due from financial companies	—
40. Trade accounts receivable	—
50. Bonds and other fixed-income securities	4,827
60. Equities, participating interests and other floating rate securities	—
70. Equity investments	63,972
80. Investments in Group undertakings	—
90. Intangible fixed assets	—
100. Tangible fixed assets	—
110. Unpaid call on capital	—
130. Other assets	24,470
140. Accrued income and prepaid expenses	—
TOTAL ASSETS	94,788
LIABILITIES	
10. Amounts due to banks	—
20. Amounts due to financial companies	—
30. Trade accounts payable	—
50. Other liabilities	5,491
60. Accrued expenses and deferred income	47
70. Provision for staff termination indemnities	—
80. Provisions for liabilities and charges	5,160
90. Loan loss provisions	—
120. Share capital	151,138
130. Share premium reserve	—
140. Reserves	5,034
160. Retained earnings (accumulated loss)	(57,431)
170. Loss for the year	(14,651)
TOTAL LIABILITIES	94,788

Associate companies

Table C (cont.)

PROFIT AND LOSS ACCOUNTS

	ATHENA PRIVATE EQUITY S.A. 31.12.2012 (€ '000)
EXPENSES	
10. Interest payable and similar expenses	17
20. Commissions payable	—
30. Loss on dealing transactions	—
40. Administrative expenses	793
50. Adjustments to intangible and tangible fixed assets	—
60. Other operating expenses	4,520
70. Provisions for liabilities and charges	—
80. Transfer to loan loss provisions commitments	—
90. Value adjustments to receivables and provisions for guarantees	2,462
100. Adjustments to financial fixed assets	12,121
110. Extraordinary expenses	818
130. Net transfers to provisions for liabilities and charges	—
140. Profit for the year	—
TOTAL EXPENSES	20,731
INCOME	
10. Interest receivable and similar income	16
20. Dividends and other income	738
30. Commissions receivable	—
40. Gain on dealing transactions	471
70. Other operating income	4,520
80. Extraordinary income	335
100. Loss for the year	14,651
TOTAL INCOME	20,731

Table D

FEEs PAID FOR AUDITING AND SUNDRY OTHER SERVICES
(pursuant to Article 149-duodecies of Consob resolution 11971/99)

Type of service	Mediobanca S.p.A.		Group companies *	
	Pricewaterhouse Coopers S.p.A.	Pricewaterhouse Coopers S.p.A. network	Pricewaterhouse Coopers S.p.A.	Pricewaterhouse Coopers S.p.A. network
Auditing	362	—	899	12
Statements	23	—	15	5
Other services	—	12	53	47
Total	385	12	967	64

* Group companies and other companies consolidated line-by-line.

RESOLUTIONS PURSUANT TO ARTICLE 6 OF ITALIAN MINISTERIAL DECREE 161/98

Dear shareholders,

We have called you together in ordinary general meeting to adopt resolutions as required by Article 6, para. 2, of Italian Ministerial Decree 161/98 regarding the possible dismissal of director and Deputy Chairman Marco Tronchetti Provera.

As you know, on 17 July 2013 the Court of Milan issued a first-degree ruling, sentencing Mr Tronchetti Provera to one year and eight months' imprisonment and a fine of €2,000, plus payment of legal expenses in relation to the crime contemplated by, and punishable in accordance with, Article 648 of the Italian Penal Code. For a description of the alleged crime in the absence, at the time of going to press, of the reasons for this ruling, reference is made to the following indications contained in the court summons: "for having, in order to gain profit, knowingly received files and data unlawfully intercepted and removed from the IT systems of Kroll, the nature of which he was specifically made aware of by Giuliano Tavaroli, who, at the time, was head of Security at the Telecom Italia group, and who, having stored said files and data on a CD-rom, following a specific agreement with Mr Tronchetti Provera and with his explicit consent, made and granted in the presence of lawyers Francesco Chiappetta and Francesco Mucciarelli, sent them anonymously to the secretary's office of Mr Tronchetti Provera, who then sent it to the Security unit of Telecom Italia, thus legitimizing its usage".

The court of Milan set a term of 90 days for filing the reasons for its ruling, which are as yet therefore unavailable; accordingly the ruling will not become enforceable until it officially becomes a sentence.

Mr Marco Tronchetti Provera has said he appealed against the ruling on 18 July 2013.

Article 26, paras. 2 and 3, of the Italian Consolidated Banking Act stipulate that a bank's governing body must declare the suspension of the member affected by measures of the kind referred to above, and Article 6, para. 2, of Italian Ministerial Decree 161/98 requires the Board of Directors to include the

dismissal of any of its members thus suspended among the items on the agenda for the next annual general meeting to be held subsequent to the manifestation of such grounds for suspension. Any suspended member who is not dismissed is restored to the Board with all his/her powers. It follows that for a suspended director to be thus restored, the shareholders must adopt a specific resolution on the subject of their dismissal in the annual general meeting.

At the Board meeting held on 18 July 2013, Mr Tronchetti Provera, upon informing the directors of his intention to appeal against the ruling, also advised the Chairman of the Board of Directors and the Chairman of the Statutory Audit Committee that he was suspending himself from the positions of Deputy Chairman and Director of Mediobanca. On the same date, the Directors of Mediobanca accordingly declared Mr Marco Tronchetti Provera had been suspended from the post of director until today's annual general meeting, at which shareholders shall adopt a resolution in respect of his possible dismissal.

In this regard it should be specified that:

- the resolution to be adopted by shareholders in general meeting requires only assessment of whether or not the situation that has developed since the aforementioned ruling has impacted negatively on the continuing relationship of confidence in the director suspended;
- the foregoing assessment is the sole responsibility of the shareholders in general meeting, and Board of Directors is therefore not allowed to release any guidance whatever on this subject, merely to provide such information material as is necessary for the shareholders to arrive at their decision.

The legal documents listed below are thus made available, which were sent to the Board by Mr Marco Tronchetti Provera defence lawyers who, within the limits of their power, have allowed them to be made available to the Board of Directors and shareholders of Mediobanca: court summons dated 8 November 2012, defence papers, Mr Tronchetti Provera's statement made at the hearing held on 18 March 2013, Milan court ruling issued on 17 July 2013.

Milan, 17 September 2013

THE BOARD OF DIRECTORS

RESOLUTIONS PURSUANT TO ARTICLE 15 OF THE COMPANY'S ARTICLES OF ASSOCIATION: APPOINTMENT OF A DIRECTOR

Dear Shareholders,

On 16 April 2013 Fabio Roversi Monaco, appointed by shareholders in an annual general meeting held on 28 October 2011 from the candidates on the minority list submitted by Fondazione Cassa di Risparmio di Bologna (Carisbo), tendered his resignation from the position of director of Mediobanca. The Board of Directors, at a meeting held on 17 September 2013, having noted the unavailability of the unelected director on the same minority list from which Mr Roversi Monaco was appointed, proceeded, in accordance with the provisions of Article 15 of the Bank's Articles of Association, to co-opt Mr Giorgio Guazzaloca, indicated by the Fondazione Carisbo to the Board pursuant to Article 2386 of the Italian Civil Code, having received the Appointments Committee's opinion and with the agreement of the Statutory Audit Committee. Mr Guazzaloca's term of office shall expire upon the occasion of the next annual general meeting.

You are therefore invited to re-establish the Board of Directors in accordance with the provisions of Article 15, paras. 3 and 4, of the company's Articles of Association, bearing in mind that at the annual general meeting held on 28 October 2011, the shareholders of Mediobanca set the number of directors composing the Board at 22 (twenty-two).

Again as provided by Article 15 of the company's Articles of Association, the appointment will be made without the submission of voting lists, based on a relative majority according to the proposals made by shareholders with voting rights.

To ensure smooth proceedings at the general meeting and to ensure applications are publicized appropriately, please file your proposals at the Bank's headquarters in good time, around five days ahead of the date set for the general meeting. Applications must include a statement by the candidate themselves stating that they agree to stand, and declaring, under their own responsibility, that there are no grounds that would render them ineligible for and/or incompatible with the proposed office, that they are in possession of the requisites stipulated by the law and the Articles of Association, and, if applicable, that they qualify as independent under the terms of Article 148, para. 3, of Italian Legislative Decree 58/98 and the Code of conduct in respect of listed companies, plus exhaustive information on their own personal details and professional qualifications and a list of the managerial and supervisory positions held by them at other companies.

Milan, 17 September 2013

THE BOARD OF DIRECTORS

REPORT ON STAFF REMUNERATION POLICIES
FOR SUBMISSION TO SHAREHOLDERS IN ANNUAL GENERAL
MEETING ON 28 OCTOBER 2013

Dear Shareholders,

We have called you together in general meeting:

- A) to report on the remuneration policies adopted for the twelve months ended 30 June 2013, and
- B) to submit Mediobanca's new remuneration policies, approved by the Board of Directors on 17 September 2013, to your approval.

During the year under review, the governing bodies of Mediobanca have continued to devote particular attention to the issue of remuneration, including in the light of the new documents published by the supervisory authorities on this subject. In particular, on 16 April 2013 the European Parliament approved the CRR/CRDIV directive and regulations, which are in the process of being transposed into the various national regulations, and are due to come into force as from 1 January 2014. The new regulations contain provisions introducing caps on the variable remuneration component of staff qualifying as "most relevant". Furthermore, in a memo issued on 14 March 2013, the Bank of Italy published the methods by which variable remuneration was to be managed for the financial year in course, in view of the difficult economic and financial environment, and in line with the principles of prudence and watchfulness established in previous years.

As required by the regulations in force, this report incorporates the disclosure requirements established by both the Bank of Italy and Consob.

SECTION 1

A) Staff remuneration policies for 2012/2013

a) Calculation of bonus pool and allocation using risk-adjusted metrics based on sustainable results over time

The variable component remuneration component to be assigned annually to Mediobanca staff who, on account of their responsibilities, role or level of remuneration, have or may have a significant impact on the Bank's risk profile, defined as "most relevant" in accordance with the Bank of Italy instructions¹, constitutes the so-called "bonus pool". Its payment is conditional upon a series of conditions, or gates, which consist of the following indicators:

- positive economic profit earned by the CIB division²;
- consolidated financial statements reflecting a profit;
- core tier 1 ratio above regulatory threshold;
- compliance with adequate liquidity coverage ratio level³.

The bonus pool is also calculated by taking into account:

- other quantitative aspects: results achieved compared to budget objectives, performance compared to historical precedents
- qualitative considerations: payment of a dividend, Mediobanca's positioning and market share, evaluation of stock market performance, cost/income and compensation/income ratio levels with a view to their sustainability over time, loyalty retention among top performers and key staff, as well as the need to add new professional talent.

¹ This year a total of 109 Mediobanca staff qualified as "most relevant", compared to 125 last year.

² Economic profit (EP) consists of the profit earned by the CIB division, not including the contribution from leasing operations or the equity investments attributable to the division (equity investments and AFS shares), adjusted for the cost of capital (regulatory) required to carry out such activity. The metric therefore measures the extra profit created after the return on capital, with the cost of capital being calculated on the basis of the medium-/long-term risk-free rate plus returns for general and specific risk. The EP metric was chosen in order to take into account, as required by the supervisory authorities, current and potential risks and sustainability of results over time.

³ Coincides with the liquidity coverage ratio, a short-term liquidity indicator calculated from the ratio between the amount of highly liquid securities (or "counterbalance capacity", largely consisting of core European government bonds) and the balance of net outflows in the next 30 days, and using certain stress assumptions for the demand items. This indicator is considered to be adequate if above 100%, that is, the amount of the counterbalance capacity has to exceed the expected net outflows. Alternatively another indicator could be used which is more representative of the Group's liquidity situation.

The Chief Executive Officer allocates the aggregate bonus pool to the individual business areas based on a model which uses Economic Profit as its metric, while individual awards are made on the basis of personal quantitative and qualitative performances, with particular attention to reputational and compliance issues.

The performance of the CIB division (excluding items in respect of equity investments and leasing) in the twelve months ended 30 June 2013 shows:

- lower revenues, reflecting market volatility (net trading income down 35%), trends in market interest rates and demand for credit, and the parent company's prudent liquidity management policy (with net interest income down 22% for the year despite recovering in the fourth quarter)
- labour costs down 5%, and administrative costs reducing
- loan loss provisions up 12% due to the deteriorating risk profile
- gains on securities totalling €48m (as against writedowns of €156m last year)
- a small reduction in gross operating profit (from €290m to €271m).

At the Group level the following results should be noted:

- a 12% reduction in revenues from core banking activities, reflecting the 37% reduction in net trading income plus the slowdown in investment banking, offset by the resilience of retail business
- disciplined cost management, with costs falling 4%, on the back of the 5% reduction in 2012
- loan loss provisions reflecting the deterioration in credit standing of businesses and households
- profit from ordinary activities down 40%
- still negative contribution from equity investments and other items (approx. €370m in total, consisting of writedowns, adjustments and losses incurred by the PI division), in line with the 2012 figure.

For the year ended 30 June 2013, the following conditions were met successfully:

- economic profit earned by the CIB division totalling approx. €137m, down 20% on the previous year

- core tier 1 ratio 11.7%, an improvement on the 11.5% reported in 2012
- liquidity ratio of 115%, net of the LTROs.

Conversely, the condition of the consolidated financial statements reflecting a profit was not met, basically due to the substantial writedowns and losses taken in respect of the securities portfolio, as a result of the decision, in line with the new three-year strategic plan approved on 20 June 2013, to reduce the Group's exposure to equity and to mark the portfolio holdings to market based on prices in force at 30 June 2013.

Nonetheless, the Chief Executive Officer has decided that a bonus should be paid for retention purposes, electing to exercise the right provided for under the remunerations policies in force in the event of the conditions or gates not being met if this is due to extraordinary events, and provided the performance in terms of banking activities is positive. The same approach has been applied to the bonus forms deferred from previous years, as the events which have impacted on the Bank's ordinary operations are not attributable to the individual areas' results.

This decision is justified by the need to safeguard the Bank's professional resources, both in Italy and the various international branches, in view of the sustainability of future results and performances during the year which were creditable given the difficult operating conditions.

The Board of Directors, having received a favourable opinion from the Remunerations Committee, agreed in advance with the Chief Executive Officer's decision.

By contrast, no variable remuneration component was paid to the directors who are members of the Bank's senior management, the heads of the Principal Investing division and Risk Management unit, or to the head of company financial reporting, in line with the Bank of Italy guidance issued in its memo dated 14 March 2013.

The amount paid by way of retention bonus for part of the "most relevant staff" on the books of Mediobanca S.p.A. thus amounts to €28.7m, representing a reduction of 35% compared to last year, and of 68% versus 2011. The bonus corresponds to a payout ratio of 21% for the year (versus 26% in 2012 and 37% in 2011).

This amount includes the share paid in equity form (i.e. performance shares) equal to approx. €5.2m (some 17.5% of the bonus), which will be booked in part over the next three financial years based on the accounting standards currently in force. Accordingly, the Board of Directors has approved a resolution to award Group staff members a total of 1,050,801 performance shares (worth approximately €5.2m based on the average Mediobanca shares' stock market price in the month prior to the award being made, namely €4.91 per share). Of the cash component (€23.5m), a total of €16.5m has been paid, with the remainder to be distributed over the coming years.

A total of 99 members of staff were the recipients of this variable component (as opposed to 119 beneficiaries last year), made up as follows: Mediobanca senior management (5 staff); risk-takers (i.e. 20 staff employed at the trading desks in the Financial Markets division); staff employed in the control units (12) and other staff (62) who, on account of the activities they perform and the seniority of their role, have an impact on the Bank's risk profile (in terms of market, reputational and operational risk).

Management with strategic responsibilities other than the executive directors as at 30 June 2013 consisted of ten persons: the heads of the control units plus the principal staff and support areas, the head of financial reporting, and other staff in charge of important business areas considered strategic for the Bank's functioning. Their remuneration package reflects the provisions of the Remuneration policies, based on the individual category of most relevant staff to which they belong.

b) Deferral of annual bonus over several years and malus conditions for deferred annual bonus

For the most important figures in the "most relevant staff" the share accounted for by the deferred bonus amounts to 60%, falling to 40% or 30% for the other categories impacting less substantially on the risks faced by the Bank, in accordance with the Remunerations policies in force. The time horizon for deferral is in all cases three years, with payments made annually pro rata.

The share paid in the form of equity instruments for staff with variable remuneration of over € 500,000 is 50%, for both the upfront component (i.e. paid in the same year as the award itself is made) and the deferred share; the balance is paid in cash.

Conditions of retention and conservation are applied to the equity component of the remuneration once the respective rights have vested, for an addition period of time (known as the holding period), for purposes of retention. The holding period has been set at two years for the upfront component and one year for the deferred component.

For the group of staff identified internally based on the criterion of proportionality⁴ (with deferred share equal to 30% if the amount of the variable remuneration exceeds €200,000), the payment is made entirely in cash.

The 40 Mediobanca staff subject to deferral are divided as follows:

Senior managers, Italy and international	5	Equity/cash
Senior risk-takers	16	Equity/cash
Others	19	Cash
Total	40	

The staff remuneration policies also provide for the deferred bonus to be subject to further performance conditions which, in the years of the deferral period, could result in its being cancelled. In this way remuneration takes account into account the performance of the risks assumed by the Bank, the divisional results and individual behaviour, over time.

c) Assessment of individual quantitative/qualitative performance in awarding annual bonuses

The Chief Executive Officer has granted bonuses to individual beneficiaries based on assessment of their performances, exclusively with a view to retaining the best key staff. This includes qualitative criteria (development of product offering, professional conduct and reliability, quality in terms of customer relationships, technical and analytical skills in the field of finance, ability to control costs, importance placed on achieving operating efficiency, co-operation with other areas of the Bank), earnings results achieved, and the market positioning of the staff involved.

⁴ Criterion identified by the supervisory authorities to graduate application of the regulation based on the complexity and type of company.

d) Involvement of control units in validation of remuneration process

The Group's Human Resources department has supported the governance activities and co-ordinated to the process of formulating the proposals and resolutions.

The Group Audit and Compliance units have issued reports on the controls carried out by them, which show that the remuneration and incentivization policy adopted by Mediobanca complies with the Bank of Italy's guidance. The Risk Management unit was involved in the activities which led to the remuneration awards being decided.

B) New staff remuneration policies *

The new staff remuneration policies submitted to your approval are substantially in line with the policies previously adopted, pending introduction of the new provisions contained in the recent European regulations (CRD IV), which will be incorporated as soon as they have been definitively approved. In the meantime, certain improvements and clarifications have been made to the governance process for distributing variable remuneration components for retention purposes and to the criteria for identifying staff qualifying as "most relevant".

a) Governance

The governance for the Mediobanca remuneration policy and decisions regarding the "most relevant staff" is structured across two levels:

- I. corporate
- II. organizational

I. Corporate governance

The corporate governance of the remuneration policies guarantees that the policies are based on clear and prudent guidelines which ensure the policies are consistent, avoiding situations of conflicts of interest arising, and transparent, through suitable reporting.

* The remunerations policies will be supplemented and, without prejudice to the foregoing, applied in accordance with the resolution adopted by shareholders in general meeting and the guidance issued by the Bank of Italy.

Under the current Articles of Association:

- shareholders in general meeting determine the fixed annual remuneration payable to members of the Board of Directors, upon their appointment for the entire duration of their term of office, to be divided among the individual Board members according to the decisions of the Board of Directors itself (Article 13).
- shareholders in general meeting also approve remunerations policies and share-based compensation schemes for directors and Group staff (Article 13).
- the Board of Directors determines the Chairman's, the Chief Executive Officer's and General Manager's remuneration (Article 18).
- the Remunerations Committee has powers of consultation and enquiry to determine the remuneration of Directors vested with particular duties and the General Manager. The Remunerations Committee also gives its opinion on the staff remuneration and retention policies operated by the Group and presented by the Chief Executive Officer (Article 19).
- the Chief Executive Officer presents the proposed Group staff remuneration and retention policies to the governing bodies (Article 19), is responsible for staff management, and having sought the opinions of the General Manager, determines the bonus pool based on the criteria established by the Board of Directors (Article 25) and then distributes it.

II. Organizational governance

The process by which the Mediobanca remuneration policies are formulated, which involves the approval procedure described above, requires the involvement of various individuals and bodies. The Human resources department supports the governance activities, and is responsible for overseeing and managing the process by which proposals are formulated. The internal control units are also involved in this process.

The Risk Management unit is responsible for identifying potential events that could impact on the company's business, managing the risk within acceptable limits; it therefore helps in defining the metrics to be used to calculate the risk-adjusted company performance (i.e. economic profit or other indicators, plus other quantitative and qualitative aspects, if any) and in validating the results.

The Group Audit unit reports at least once a year on the controls it has carried out, including a statement to the effect that the staff remuneration and incentivization

policy adopted by the Bank complies with the Instructions. It also carries out annual controls on the data and process, and brings any irregularities to the attention of the relevant bodies for the appropriate corrective action to be taken.

The Compliance unit too carries out an annual assessment of the remuneration policies' compliance with the reference regulatory framework with a view to containing any legal or reputational risks. The Compliance unit is involved in the processes of revising, adapting and managing the remuneration systems to ensure these are in line with the regulations in force at the time. The review carried out by the unit of the new remuneration policies showed that the policies are consistent with the regulatory instructions presently in force.

b) Remuneration structure for non-executive directors

The non-executive directors' remuneration is fixed by the shareholders in general meeting, and no provision is made for incentives linked to the Bank's performance. An insurance policy is available to cover such directors against civil liability.

c) Remuneration structure for directors who are members of the Group's senior management

The remuneration for directors who are members of the Group's senior management is fixed by the Board of Directors. Their remuneration structure comprises:

- 1) a fixed salary;
- 2) an annual variable component which accrues only upon the accrual of the aggregate bonus pool for the company as a whole, as established by the Remuneration policies approved by shareholders in general meeting. The amount of the individual bonus will depend on specific quantitative and qualitative performance indicators being reached which are assigned individually by the relevant bodies from year to year. If the individually assigned quantitative and qualitative targets are met, the amount of the bonus may reach a maximum of two times the annual fixed salary. Payment of the bonus is made according to the terms, conditions and methods set forth in the Remuneration policies: this currently involves deferral of 60% over a three-year time horizon, 50% cash 50% equity for both the upfront and deferred components, with a holding period for the equity part;
- 3) upon the approval of the three-year Group plan, the Board of Directors may choose to award an additional lump-sum extraordinary bonus, or long-term

incentive, upon the objectives set forth in the plan itself being reached. The actual payment of the long-term incentive will take place in accordance with the terms, conditions and methods provided for in the Group’s remuneration policies.

The Chairman receives only fixed remuneration. As permitted by the remuneration policies and in line with the sector regulations in force from time to time, the Board of Directors may, having consulted with the Remunerations Committee, and at its own discretion, choose to pay the Chairman a variable component as well.

The Group’s executive directors also receive their emoluments as directors, but not those due in respect of participation in committees, and in the case of positions held on behalf of Mediobanca in subsidiaries or investee companies, any emoluments due are paid to Mediobanca as the persons concerned are Bank employees. An insurance policy is available to cover such directors against civil liability, and they also benefit from participation in the complementary pension scheme operated for Mediobanca staff.

d) Identification of “most relevant staff”

The Bank of Italy regulations lay down the criteria (responsibility, role and level of compensation) and principles by which the “most relevant staff” are to be identified. Accordingly, based on these criteria and principles, and with particular attention to those profiles for which the annual variable component represents a significant proportion of their total remuneration (the application threshold), relevant staff have been identified and assigned to the following categories.

Group	Definition	No.
1) Executive Directors	Directors who are members of the Bank's management	5
2) Heads of principal business lines, geographical areas and other senior figures	Heads of Principal Investing and Mid Corporate divisions CEOs of main Group companies International branch managers	11
3) Heads of internal control units and most senior staff	Human Resources Compliance Risk Management Group Audit Head of company financial reporting	14
4) Risk-takers	Heads of trading, liquidity and trading origination desks and other senior staff in the Financial Markets division	20
5) Employees whose remuneration is equal to that of other risk-takers	Staff with variable remuneration of \geq €500,000 not included in previous categories	-
6) Other relevant staff identified discretionally by the company based on criterion of proportionality	Staff employed at trading, liquidity and trading origination desks with variable remuneration of €200,000 - €500,000 Managing Directors and Executive Director with indirect impact on reputational risk and relevant as a result of support provided to strategic businesses Staff with impact on operational risks (COO, CIO, Legal Counsel)	63
Total at 30/6/13		113
at 30/6/12		129

As far as regards the remuneration package for management with strategic responsibilities other than the executive directors (the heads of the control units plus the principal staff and support areas, the head of financial reporting, and other staff in charge of important business areas considered strategic for the Bank's functioning), the composition of their remuneration package reflects the provisions of the Remuneration policies, based on the individual category of most relevant staff to which they belong.

e) Pay mix

The Mediobanca Group Remuneration policy is intended to attract and retain highly qualified and professional staff, in particular for key positions and roles, who are suited to the complexity and specialization of corporate and investment banking business, based on a rationale of prudent management and sustainability of costs and results over time. The increasingly international dimension of the Bank's operations means that constant monitoring of the individual geographical areas is required to safeguard adequate professional standards, in a competitive market scenario. The structure of the Mediobanca staff remuneration is based on various components, with the objective of: balancing the fixed and variable components over time (pay mix), implementing a flexible approach to remuneration, and gearing compensation towards performance in view of the significance of role within the company without encouraging risky and/or short-term behaviour. Each year the staff compensation package's positioning is assessed compared to its reference market, including with the assistance of outside advisors.

The typical components of remuneration in Mediobanca are as follows:

- fixed salary: for the non-executive directors, this is established by the shareholders in general meeting. For the executive directors, the Group's strategic management and the remaining staff, the fixed salary is determined by their specialization, role carried out in the organization and related responsibilities. It reflects technical, professional and managerial capabilities. Mediobanca devotes continuous attention to the value of the fixed salaries it pays, which are monitored in relation to its competitors and adapted to changes in the market scenario from time to time, avoiding excessive reliance on annual bonuses but at the same time being careful not to make the overall remuneration package unduly inflexible.
- variable remuneration: the annual bonus, which the non-executive directors and the Chairman do not receive, functions as recognition and reward for targets set and results achieved, and is calculated based on indicators reflecting a

risk-weighting system and correlation to results actually achieved over time. It is an important motivational factor. For some business figures, this may still form the majority of their annual pay, in line with market practice (Corporate and Investment Banking).

The variable component is paid: in part upfront during the relevant financial year, and in part in deferred form over a three-year period, subject to certain performance conditions being met; in terms of the instruments used, part of the variable remuneration is paid in cash form, part in equity. A further time period is applied to the equity component of the remuneration once the respective rights have vested, during which the instruments must be kept (known as the holding period), for purposes of retention. The remuneration cannot be paid in forms, instruments or other means with the intention of avoiding the regulatory instructions.

For a restricted number of young staff with high potential, who occupy key positions and are on a fast-track career plan, a long-term incentive is applied in the form of deferred cash (a bonus which accrues over three years and is paid in the following two years) in addition to the annual bonus.

The correlation between fixed and variable components, with the variable component pre-eminent in accordance with sector practice in corporate and investment banking, is balanced in Mediobanca by the presence of a cap on the latter to be assigned to the business units. Furthermore, for some staff employed in certain business segments, where there is a closer correlation to results, a cap in absolute terms has been provided for, as approved by the Board of Directors based on the Remunerations Committee's opinion.

Mediobanca constantly monitors trends in variable remuneration on the reference market, and, with a view to retaining its own competitiveness, especially on the international market adopts an approach that allows it to pay the variable component up to its maximum amount, as permitted by the supranational and local regulations in force at the time and compliance with the approval and governance procedures required, in an attempt to reconcile the objective of not rendering the fixed cost structure unduly rigid and at the same time incentivizing virtuous behaviour patterns in achieving business objectives and increasing value, thus avoiding undue propensity to risk.

- Benefits: in line with the market, the Mediobanca staff compensation package is completed by a series of fringe benefits which constitute an integral part

thereof. These chiefly consist of pension, insurance and healthcare schemes. The benefit schemes are sometimes distinguished by families of professionals, but do not make provision for individual discretionary systems. The Bank's supplementary pension scheme was established in December 1998 for all staff, with contribution rates distinguished by category and length of time employed by the company. Company cars are provided only for the most senior figures.

f) Correlation between remuneration, risks and performance

The correlation between remuneration, risks and performance is achieved by a system which:

- 1) benchmarks the variable remuneration to risk-adjusted performance indicators over several years; variable remuneration is determined on the basis of indicators recorded at Group, Wholesale Banking division (WB)⁵ and business unit level;
- 2) ensures that the award of variable compensation is subject to the conditions of capital solidity, liquidity and risk-adjusted profitability being met continuously;
- 3) makes payment of the deferred bonus subject to maintaining: the conditions of capital solidity, liquidity and risk-adjusted profitability at Group and possibly also business area level; adequate levels of individual performance; and appropriate individual behaviour (compliance breaches);
- 4) reflects a discretionary assessment of individual results (see point h. below).

In particular:

- 1) The bonus pool pays the variable component to be awarded annually to those staff, in Italy and elsewhere, who because of the size of their compensation, management of business activities, assumption of specific risks and/or organizational role, have or may have a significant impact on the Bank's risk profile – that is, those who qualify as the “most relevant staff”. Distribution of the bonus pool only takes place provided a series of conditions, or gates, are met, i.e. if the following indicators are respected
 - positive economic profit earned by the WB division;

⁵ According to the new Mediobanca Group organizational structure approved in June 2013.

- consolidated financial statements reflecting a profit;
- core tier 1 ratio above regulatory threshold;
- compliance with adequate liquidity coverage ratio level.

The Chief Executive Officer, having received a favourable opinion from the Remunerations Committee and with the Board of Directors' approval, may in any case choose to pay a variable component, solely for retention purposes, in respect of individual performances that are decisive for the sustainability of results over time, even in the event of the conditions or gates failing to be met if this is due to extraordinary events and if the Bank's performance in its banking activities is positive.

2) by applying:

a) the quantitative metric represented by the economic profit earned by the Wholesale Banking division, plus:

b) other quantitative aspects:

- comparison with budget objectives;
- performance compared to historical precedents;

c) qualitative considerations:

- Group profit in comparison with the previous year;
- distribution of a dividend;
- Mediobanca's positioning and market share;
- appraisal of the Mediobanca share stock market performance, including relative to the market and the Bank's main competitors, Italian and international;
- cost/income and compensation/income ratio levels, to take into account sustainability over time;
- staff professionalism and reliability, with reference in particular to reputational and compliance issues;
- securing loyalty of top performers and retaining key staff, plus the need to add new professional talents.

3) The Chief Executive Officer allocates the bonus pool to the individual business areas of the WB division based on the economic profit earned

by each area as the reference metric and other secondary quantitative and qualitative metrics, with the provision of a cap. Individual awards are made on the basis of an overall assessment of personal performance in quantitative and qualitative terms.

- 4) The satisfaction of performance conditions, and provision of subsequent correction mechanisms (malus conditions), are intended to ensure that the deferred bonuses in equity and cash forms are paid in time only if the results achieved prove to be sustainable, if the company continues to be solid and liquidity, and the individual concerned continues to behave appropriately. Accordingly, the following conditions must be satisfied at the time when the deferred component is to be paid, and provided that the beneficiary is still in the Group's employ:
- positive economic profit earned by the WB division;
 - consolidated financial statements reflecting a profit;
 - core tier 1 ratio above regulatory threshold;
 - compliance with adequate liquidity coverage ratio level;
 - possible additional individual performance conditions;
 - proper conduct by the individual (i.e. not having been subject to disciplinary measures) in view, *inter alia*, of the provisions of the Group audit regulations, Code of ethics, Organizational model and the other internal Mediobanca regulations⁶.

The Board of Directors may also identify additional performance indicators upon the occasion of each individual award cycle. For any employees of Group companies who may be included in the scheme, the Chief Executive Officer will identify one or more specific economic indicators to replace those set forth above.

The Chief Executive Officer, having received a favourable opinion from the Remunerations Committee and with the Board of Directors' approval, may in any case choose to distribute all or part of the deferred share for retention purposes, even in the event of the conditions or gates failing to be met if this is due to extraordinary events, provided that the Bank's performance in its banking activities is positive, and further provided that the risk-adjusted results of the individual business unit are also positive.

⁶ In particular the relevant cases of application for compliance breaches are identified internally, via an assessment of the most relevant areas of the regulations with respect to the Bank's reputational risk and the gravity of the breach concerned, as well as the process for evaluating them correctly and correcting them if appropriate, which involves the control units and governing bodies.

g) Structure of variable component

A significant part of the variable remuneration is deferred and distributed *inter alia* in the form of equity instruments, to ensure that the incentives are linked to the objective of value creation in the long term and ongoing, sustainable company results.

For the key figures among the “most relevant staff” (i.e. groups 1, 2 and 4 – in the latter two cases, if the variable component is above €500,000 - in the table shown under point d) above, the deferred component of the bonus amounts to 60%, and falls to 40% (group 5) or 30% for the other groups impacting less significantly on company risks. The time horizon for the deferral is three years for everyone, with annual payments made *pro rata*.

The share awarded in the form of equity instruments is equal to 50% of the variable remuneration, for both the upfront component (i.e. distributed in the year in which it is awarded) and the deferred component; the balance is paid in cash.

The equity component of the remuneration is subject, once the rights have vested, to restrictions in terms of retaining and continuing to hold the shares for retention purposes, for a further period of time (the holding period). This has been set at two years for the upfront component and one year for the deferred component. Hence the options actually vest for the final tranche of the component paid in equity in the fourth year after the award has been made.

For other relevant staff (group 6), and indeed for all those for whom the variable component exceeds the amount of €200,000, the distribution is made entirely in the form of cash, with a deferred share of 30%.

h) Assessment of individual quantitative and qualitative performance in the award of the annual bonus

Individual annual bonuses are awarded by the Chief Executive Officer via an annual performance assessment process which emphasizes professional merit and quality, with a view to retaining key staff members.

With a view to developing employees’ professional capabilities, at the start of the year the professional, personal and company objectives for each Mediobanca staff member are assigned and discussed with each respective line

manager. Such objectives, duly documented and supported using an electronic platform, are clearly weighted and established in terms of results or productivity, measurable where possible, and both achievable and challenging at the same time, and if possible with a definite timescale. Particular attention is paid to the adoption of proper individual conduct in the achievement of the above objectives, in accordance with the provisions of the Group Regulations, Code of Ethics and Organizational Model, and in general terms with the principles established by regulations, operational procedures and processes as formalized and approved by the relevant governing bodies and/or internal offices.

Based on the objectives thus defined, the line manager then holds a one-on-one meeting at the end of the financial year, making a formal assessment for the year for each staff member, with the possibility of an interim assessment if desired. Ongoing feedback throughout the year also allows the line manager and staff to agree on the expected performance, ensuring that each team member has the right characteristics to ensure the objectives are met, with objective discussion of individual performances. In this way the organization is able to reach its objectives while respecting its corporate values, and ensures transparency in terms of training opportunities, professional development and assessment criteria. A formal process is also employed for promotions to higher positions within the Bank.

For the business units the assessment reflects:

- qualitative criteria: development of product offering, professional conduct and reliability, quality in terms of customer relationships, technical and analytical skills in the field of finance, ability to control costs, importance placed on achieving operating efficiency, and co-operation with other areas of the Bank, valuation criteria linked to reputational and compliance issues (in view, *inter alia*, of the provisions of the Group audit regulations, Code of ethics, Organizational model and the other internal Mediobanca regulations), and adherence to the Bank's values;
- earnings results achieved, e.g. reaching or not reaching budget targets and objectives in terms of improvement from the previous year, with reference to the risk/return and cost/income ratios, and to value generation in accordance with the risk-adjusted principles referred to above.

For all the other units, the main aspects of assessment are based on qualitative objectives and a broader appraisal regarding control of costs, efficient management of areas and compliance with regulations.

The following in particular are assessed:

- a) for professionals employed in the accounting, planning and control areas:
 - that the earnings and financial data are accurately represented in the Group's and the Bank's financial statements;
 - that all obligatory, supervisory and market disclosure requirements are complied with;
 - that all the accounting processes and related electronic procedures are managed efficiently and accurately;
 - that company strategies are correctly aligned to the policies regarding their representation in the accounts, and compliance with tax and legal requirements;
 - reliability of the budget and pre-closing data;
- b) for professionals employed in the internal control units (Group Audit, Compliance and Risk Management):
 - continuous monitoring and control of the Bank's processes and operations, carried out independently and autonomously to prevent risk situations developing and ensure irregular behaviour is picked up swiftly;
 - continuous assessment of compliance with the regulations in the form of appropriate audit plans, updates to internal guidance, training of internal units, business and non-business;
 - correct development of models, methodologies and metrics with which to measure market, credit and operating risks, producing adequate reporting for monitoring processes and accurate analysis of new products and their risk profiles.

Within the system of assessment described above, the management's discretionary evaluation remains a central part of the awards made to individuals.

i) Performance share scheme

In connection with the equity instruments to be used as components of staff remuneration, Mediobanca has adopted a performance share scheme, which was approved by shareholders at a general meeting held on 28 October 2010 and revised by the Board of Directors on 24 June 2011, in exercise of the powers granted to it, to bring it in line with the Instructions.

The scheme involves the award of shares to employees. The shares will be awarded at the end of a three-year vesting period (save as provided below for the upfront component) provided that the beneficiary is still employed by the Group and further provided that certain conditions are met at the time of the award. The performance conditions are identified in the Remunerations policies in force at the time. The performance shares are allocated as a deferred equity component, subsequent to the performance conditions for the relevant year being met, are subject to a further holding period (the beneficiary continuing to be an employee of Mediobanca) of at least one year prior to their actual assignation. The performance shares allocated as an upfront equity component are subject to a two-year holding period prior to their actual assignation. The competent governing bodies award quantities of performance shares on a regular basis, generally once a year, from the upper limit approved by shareholders in the general meeting held on 28 October 2010 or alternatively from the treasury shares owned by the Bank. The maximum number of shares that may be awarded under the terms of this scheme is 20 million (a total of 10,635,705 are outstanding) pursuant to the resolution approved on 28 October 2010, plus up to 17,010,000 treasury shares owned by the Bank, provided that the use of the latter remains uncertain because the resolution adopted by shareholders in the general meeting held on 27 October 2007 in respect of them specified other possible uses as well (consideration to acquire investments, possible assignment to shareholders).

The Chief Executive Officer may also use this instrument to define remuneration packages upon the occasion of recruiting new key staff, including outside the annual award cycle.

j) Performance stock option scheme

At an extraordinary general meeting held on 27 June 2007, the shareholders of Mediobanca approved a capital increase involving the issue of 40,000,000 shares (to be awarded by June 2014), for use as part of a stock option scheme; at total of 23,734,000 are outstanding. At an ordinary general meeting held on 27 October 2007, in accordance with the provisions of the regulatory instructions, the shareholders of Mediobanca approved a resolution to adopt the scheme and its methods of implementation. At a Board meeting held on 24 June 2011, in exercise of the powers granted to them, the directors of Mediobanca revised the stock option scheme to bring it in line with the Instructions, making provision for performance conditions for exercise in addition to those of a purely temporal nature, thereby effectively transforming the scheme into a performance stock option scheme.

The essential characteristics of the scheme, which is for staff with roles key to the achievement of the Group's objectives, are: a vesting period of three years from the award date, subject to the performance conditions being met; an exercise period of up to the end of year 8 (three years' vesting plus five years' exercise); a holding period of at least 18 months for Mediobanca shares corresponding to at least half of the capital gain achieved, irrespective of tax profiles, for certain participants in the scheme who perform significant roles. Stock options awarded can be exercised based on the performance conditions for each of the three years of the vesting period being met. In each year the performance conditions must be met for one-third of the stock options awarded. Failure to meet the performance conditions in any one year will result in the relevant share being cancelled. The performance conditions are identified in the remuneration policies in force at the time.

k) Remuneration structure for staff employed in control and support capacities

The remuneration package for the Head of company financial reporting, the heads of the internal control units (Internal audit, Compliance and Risk management), the head of Human Resources and the most senior staff in the areas referred to above is structured so as to ensure that the majority of the compensation is fixed, with a small variable component to be revised on a year-to-year basis in view of quality and efficiency criteria. The remuneration of the heads of these offices (with the fixed component comprised in a range from between 75% and 85% of their total compensation if a variable component is paid), which may be reviewed annually, is approved by the Board of Directors subject to the Remunerations Committee's favourable opinion.

In general the remuneration of individuals employed in staff and support areas is determined based on positioning relative to the reference market (gradated according to the value of the staff, their role and the retention strategies in place). The variable component for such staff, which is normally of modest proportions, tends to increase on the basis of the quality of individual performance rather than in relation to the Group's earnings.

l) Remunerations policies at Group companies

Mediobanca has set the guidelines for the incentives mechanism of management at the various Group companies, leaving the specific decisions up to their respective Boards of Directors with the objective of attracting

and motivating key staff. The incentivization system is and importance to the business, have an impact on their companies' performance and value creation. The beneficiaries are therefore senior and key management staff.

Beneficiaries, based on the proposal of the CEO of the company concerned and identified by the Chief Executive Officer of Mediobanca, having sought the opinion of the General Manager, are included in the incentive scheme subject to approval from the head of the Retail and Consumer Banking and Private Banking division and the head of Human Resources of Mediobanca. Each beneficiary is included in the incentives scheme with a defined individual annual bonus target and calculation method. The bonus is determined annually on an individual basis in view of the risk-adjusted earnings performance delivered by the company (the indicator used for the Group companies is the economic profit earned by the business area in which they operate). Other assessment criteria are also adopted linked to quality of performance, for example indicators of customer satisfaction, and to the achievement of individual qualitative and project-based objectives. In line with the provisions of the scheme operated by Mediobanca S.p.A., the incentivization schemes implemented at the other Group companies also devote special attention to the issue of correct evaluation of individual conduct (e.g. compliance with regulations and internal procedures, as well as transparency towards customers) through the adoption of compliance breaches.

There are also limits below which the bonus is paid fully in cash in the year in which it accrues. Above this limit forms of deferral are envisaged, on a three-year basis. Mediobanca S.p.A. reserves the right not to pay all or part of the deferred share in the event of losses related (such instances not to be construed restrictively) to wrongful provisions, contingent liabilities or other items which might prejudice the integrity of the accounts and the significance of the results achieved ("malus conditions").

m) Policies in the event of employment being terminated or otherwise ended

No special treatment is provided for directors in the event of their ceasing to work for Mediobanca.

For the executive directors and management with strategic responsibilities, in the event of their ceasing to work for the Bank for any reason, only the provisions of the law and the national collective contract apply.

n) Other information

Guaranteed bonuses: these may be considered for particularly important profiles but only at the recruitment stage and for the first year of their employment by the company, as per the regulations in force.

Staff are not allowed to use personal hedging or insurance strategies involving remuneration or other aspects which could alter or otherwise distort the fundamental alignment of the compensation mechanisms with the company's risk.

SECTION 2

Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities.

Name and surname	Post	Period for which post has been held	Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Total	Fair value of equity compensation
				Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings		
Renato Pagliaro	Chairman of Board of Directors	01/07/12	30/06/13	100,000	1,800,000	1,900,000				2,251,750	113,366
	(I) Compensation in company preparing the accounts			100,000	1,800,000	1,900,000				2,251,750	113,366
	(II) Compensation from subsidiaries/associates at 30/06/2013					0					
	(III) Total			100,000	1,800,000	1,900,000	0	0	0	2,251,750	113,366
Dieter Rampf	Deputy Chairman of Board of Directors	01/07/12	30/06/13	135,000		135,000				135,000	
	(I) Compensation in company preparing the accounts			135,000	0	135,000	0			135,000	0
	(II) Compensation from subsidiaries/associates at 30/06/2013										
	(III) Total			135,000	0	135,000	0	0	0	135,000	0
Marco Tronchetti Provera	Deputy Chairman of Board of Directors	01/07/12	30/06/13	135,000		135,000				135,000	
	(I) Compensation in company preparing the accounts ¹			135,000	0	135,000				135,000	0
	(II) Compensation from subsidiaries/associates at 30/06/2013					0				0	
	(III) Total			135,000		135,000	0	0	0	135,000	0

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities.

Name and surname	Post	Period for which post has been held	Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)			Total	Fair value of equity compensation	
				Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings	Non-cash benefits			
Alberto Nagel	Chief Executive Officer	01/07/12 - 30/06/13	30/06/14	100,000	1,800,000	1,900,000				352,305	2,252,305	113,366	
											<i>of which complementary pension scheme</i>		
											346,332		
Francesco Saverio Vinci	(I) Compensation in company preparing the accounts (II) Compensation from subsidiaries/associates at 30/06/2013 (III) Total General Manager	01/07/12 - 30/06/13	30/06/14	100,000	1,800,000	1,900,000	0	0	0	352,305	2,252,305	113,366	
	(I) Compensation in company preparing the accounts (II) Compensation from subsidiaries/associates at 30/06/2013 1,2 (III) Total Director	01/07/12 - 30/06/13	30/06/14	100,000	1,500,000	1,600,000	0	0	0	294,178	1,894,178	80,976	
Tarak Ben Ammar	(I) Compensation in company preparing the accounts (II) Compensation from subsidiaries/associates at 30/06/2013 (III) Total	01/07/12 - 30/06/13	30/06/14	10,000		10,000	10,000				20,000		
	(I) Compensation in company preparing the accounts (II) Compensation from subsidiaries/associates at 30/06/2013 (III) Total	01/07/12 - 30/06/13	30/06/14	100,000	0	100,000	10,000	10,000	0	294,178	1,914,178	80,976	
	(I) Compensation in company preparing the accounts (II) Compensation from subsidiaries/associates at 30/06/2013 (III) Total	01/07/12 - 30/06/13	30/06/14	100,000	0	100,000	0	0	0	0	100,000	0	

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities.

Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)			Total	Fair value of equity compensation
		01/07/12	30/06/13		Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings	Non-cash benefits		
Gilberto Benetton	Director	01/07/12	30/06/13	30/06/14	100,000			0				100,000	
	(I) Compensation in company preparing the accounts				100,000	0	100,000	0		0		100,000	
	(II) Compensation from subsidiaries/associates at 30/06/2013						0					0	
	(III) Total				100,000	0	100,000	0	0	0		100,000	0
Pier Silvio Berlusconi	Director	01/07/12	30/06/13	30/06/14	100,000							100,000	
	(I) Compensation in company preparing the accounts				100,000	0	100,000	0		0		100,000	
	(II) Compensation from subsidiaries/associates at 30/06/2013												
	(III) Total				100,000	0	100,000	0	0	0		100,000	0
Roberto Bertazzoni	Director	01/07/12	30/06/13	30/06/14	100,000							100,000	
	Member of Internal Control and Risks and Related Parties Committees	01/07/12	30/06/13	30/06/14	75,000							75,000	
	Member of Remunerations Committee	01/07/12	30/06/13	30/06/14	20,000							20,000	
	Member of Appointments Committee ³	01/07/12	30/06/13	30/06/14	20,000							20,000	
	(I) Compensation in company preparing the accounts				215,000	0	215,000	0				215,000	0
	(II) Compensation from subsidiaries/associates at 30/06/2013						0					0	
	(III) Total				215,000	0	215,000	0	0	0		215,000	0

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities.

Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)			Total	Fair value of equity compensation
		01/07/12	30/06/13		Emoluments	Fixed salary	Total		Bonuses and other incentives	Interest in earnings	Non-cash benefits		
Alessandro Decio	Director	01/07/12	30/06/13	30/06/14	100,000	100,000	0	0				100,000	
	(I) Compensation in company preparing the accounts				100,000	100,000	0	0				100,000	
	(II) Compensation from subsidiaries/associates at 30/06/2013												
	(III) Total				100,000	100,000	0	0	0	0	0	100,000	0
Massimo Di Carlo	Director	01/07/12	30/06/13	30/06/14	100,000	1,360,000	1,260,000	1,360,000				208,842	1,568,842
	(I) Compensation in company preparing the accounts						1,260,000	1,360,000				208,842	1,568,842
	(II) Compensation from subsidiaries/associates at 30/06/2013												
	(III) Total				100,000	1,360,000	1,260,000	1,360,000	0	0	0	208,842	1,568,842
Bruno Ermolli	Director	01/07/12	30/06/13	30/06/14	100,000	100,000		100,000				100,000	
	(I) Compensation in company preparing the accounts				100,000	100,000	0	100,000	0			100,000	
	(II) Compensation from subsidiaries/associates at 30/06/2013												
	(III) Total				100,000	100,000	0	100,000	0	0	0	100,000	0

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities.

Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)			Total	Fair value of equity compensation
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings	Non-cash benefits		
Anne Marie Idrac	Director	01/07/12	30/06/13	30/06/14	100,000		100,000					100,000	
	Member of Remunerations Committee	01/07/12	30/06/13	30/06/14	20,000		20,000					20,000	
	Member of Appointments Committee ³	01/07/12	30/06/13	30/06/14	20,000		20,000					20,000	
	(I) Compensation in company preparing the accounts				140,000	0	140,000					140,000	0
	(II) Compensation from subsidiaries/associates at 30/06/2013												
	(III) Total				140,000	0	140,000	0	0	0	0	140,000	0
Vanessa Labérousse	Director	01/07/12	30/06/13	30/06/14	100,000		100,000					100,000	
	Member of Executive Committee	01/07/12	30/06/13	30/06/14	60,000		60,000					60,000	
	Member of Remunerations Committee	01/07/12	30/06/13	30/06/14	20,000		20,000					20,000	
	Member of Internal Control and Related Parties Committees	01/07/12	30/06/13	30/06/14	75,000		75,000					75,000	
	(I) Compensation in company preparing the accounts				255,000	0	255,000					255,000	0
	(II) Compensation from subsidiaries/associates at 30/06/2013												
	(III) Total				255,000	0	255,000	0	0	0	0	255,000	0

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities.

Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)			Total	Fair value of equity compensation
					Emoluments	Fixed salary	Total		Bonuses and other incentives	Interest in earnings	Non-cash benefits		
Elisabetta Maggistrelli	Director	01/07/12	30/06/13	30/06/14	100,000		100,000					100,000	
	Member of Internal Control and Risks and Related Parties Committees	01/07/12	30/06/13	30/06/14	75,000		75,000					75,000	
		01/07/12	30/06/13	30/06/14	20,000		20,000					20,000	
	(I) Compensation in company preparing the accounts				195,000	0	195,000					195,000	0
(II) Compensation from subsidiaries/associates at 30/06/2013						0					0		
(III) Total					195,000	0	195,000	0	0	0	195,000	0	
Alberto Pecci	Director	27/10/12	30/06/13	30/06/14	67,397		67,397					67,397	
	(I) Compensation in company preparing the accounts				67,397	0	67,397	0			0	67,397	
		(II) Compensation from subsidiaries/associates at 30/06/2013						0				0	
	(III) Total						0				0		
Carlo Pesenti	Director	01/07/12	30/06/13	30/06/14	100,000		100,000					100,000	
	Member of Remunerations Committee	01/07/12	30/06/13	30/06/14	20,000		20,000					20,000	
		01/07/12	30/06/13	30/06/14	120,000	0	120,000					120,000	0
	(I) Compensation in company preparing the accounts				15,000	15,000	15,000					30,000	
(II) Compensation from subsidiaries/associates at 30/06/2013 +													
(III) Total				135,000	0	135,000	15,000	0	0	0	150,000	0	

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities.

Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)			Total	Fair value of equity compensation
		01/07/12	16/04/13		Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings	Non-cash benefits		
Fabio Rovessi Monaro	Director	01/07/12	16/04/13	—	79,452		79,452					79,452	
	(I) Compensation in company preparing the accounts				79,452	0	79,452	0			0	79,452	
	(II) Compensation from subsidiaries/associates at 30/06/2013												
	(III) Total				79,452	0	79,452	0	0	0	0	79,452	0
Eric Strutz	Director	01/07/12	30/06/13	30/06/14	100,000		100,000					100,000	
	Member of Executive Committee	01/07/12	30/06/13	30/06/14	60,000		60,000					60,000	
	(I) Compensation in company preparing the accounts				160,000	0	160,000					160,000	0
	(II) Compensation from subsidiaries/associates at 30/06/2013												
	(III) Total				160,000	0	160,000	0	0	0	0	160,000	0
Management with strategic responsibilities (10 staff)						4,021,333	4,021,333		1,541,000		557,708	6,120,041	1,326,116
	(I) Compensation in company preparing the accounts					4,021,333	4,021,333		1,541,000		557,708	6,120,041	1,326,116
	(II) Compensation from subsidiaries/associates at 30/06/2013				212,000		212,000	37,027		170		249,198	
	(III) Total				212,000	4,021,333	4,233,333	37,027	1,541,000	170	557,708	6,369,239	1,326,116

(Continued) Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities.

Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Variable compensation (non-equity)			Total	Fair value of equity compensation	
		01/07/12	30/06/13		Emoluments	Fixed salary	Total	Fees payable for participation in committees	Bonus and other incentives	Interest in earnings			Non-cash benefits
Natale Freddi	Chairman of Statutory Audit Committee	01/07/12	30/06/13	30/06/14	120,000		120,000					120,000	
	(I) Compensation in company preparing the accounts				120,000	0	120,000	0	0			120,000	0
	(II) Compensation from subsidiaries/associates at 30/06/2013						0					0	
Mauro Angiolo Comenio	(III) Total				120,000	0	120,000	0	0			120,000	0
	Member of Statutory Audit Committee	01/07/12	30/06/13	30/06/14	90,000		90,000					90,000	
	(I) Compensation in company preparing the accounts				90,000	0	90,000	0	0			90,000	0
Gabriele Villa	(II) Compensation from subsidiaries/associates at 30/06/2013						0					0	
	(III) Total				90,000	0	90,000	0	0			90,000	0
	Member of Statutory Audit Committee	01/07/12	30/06/13	30/06/14	90,000		90,000					90,000	
	(I) Compensation in company preparing the accounts				90,000	0	90,000	0	0			90,000	0
	(II) Compensation from subsidiaries/associates at 30/06/2013						0					0	
	(III) Total				90,000	0	90,000	0	0			90,000	0

¹ Fees are paid directly to the company of origin.

² Fees due in respect of position held in Banca Esperia

³ Independent director added to the Appointments Committee as required by Articles of Association for certain resolutions only

⁴ Fees due in respect of position held in RCS MediaGroup

⁵ Fees due in respect of position held in Assicurazioni Generali.

Table 2: Stock options granted to members of management and control bodies, general managers and other managerial staff with strategic responsibilities

Name and surname	Post held	Scheme	Options held at start of financial year				Options awarded during the year				Options exercised during the year			Options expired during the year	Options expired during the year	Options attributable to the year
			No. of options	Exercise price	Possible exercise period (from-to)	Possible exercise period (from-to)	No. of options	Exercise price	Fair value at award date	Award date	Market price of shares underlying award	No. of options	Exercise price			
R. Pagliaro	Chairman Compensation in company preparing the accounts	307/01	300,000	€ 14.25	From 29 June 2009 to 28 June 2014										300,000	-
		28/00/04	275,000	€ 10.31	From 1 July 2011 to 30 June 2016										275,000	-
		27/10/07	350,000	€ 6.54	From 2 August 2013 to 1 August 2018										350,000	113,366
A. Nagel	CEO Compensation in company preparing the accounts	307/01	300,000	€ 14.25	From 29 June 2009 to 28 June 2014										300,000	-
		28/00/04	275,000	€ 10.31	From 1 July 2011 to 30 June 2016										275,000	-
		27/10/07	350,000	€ 6.54	From 2 August 2013 to 1 August 2018										350,000	113,366
F. S. Vinci	General Manager Compensation in company preparing the accounts	307/01	300,000	€ 14.25	From 29 June 2009 to 28 June 2014										300,000	-
		28/00/04	275,000	€ 10.31	From 1 July 2011 to 30 June 2016										275,000	-
		27/10/07	250,000	€ 6.54	From 2 August 2013 to 1 August 2018										250,000	80,976

(Continued) Table 2: Stock options granted to members of management and control bodies, general managers and other managerial staff with strategic responsibilities

Name and surname	Post held	Scheme	Options held at start of financial year				Options awarded during the year						Options exercised during the year			Options expired during the year		Options expired during the year attributable to the year	
			No. of options	Exercise price	Possible exercise period (from-to)	Exercise price	No. of options	Exercise price	Possible exercise period (from-to)	Fair value at award date	Award date	Market price of shares underlying award	No. of options	Exercise price	Market price of shares underlying exercise date	No. of options	No. of options	Fair value	
M. Cereda	Director	307/01	300,000	€ 14.25	From 29 June 2009 to 28 June 2014										300,000		-		
		28/0004	275,000	€ 10.31	From 1 July 2011 to 30 June 2016										275,000		-		
M. Di Carlo	Director																		
Compensation in company preparing the accounts		307/01	300,000	€ 14.25	From 29 June 2009 to 28 June 2014										300,000		-		
		28/0004	275,000	€ 10.31	From 1 July 2011 to 30 June 2016										275,000		-		
Managerial staff with strategic responsibilities																			
Compensation in company preparing the accounts		307/01	1,340,000	€ 14.25	From 29 June 2009 to 28 June 2014										1,340,000		-		
		28/0004	1,015,000	€ 10.31	From 1 July 2011 to 30 June 2016										1,015,000		-		
		27/0007	1,660,000	€ 6.54	From 2 August 2013 to 1 August 2018										1,660,000		537,691		
		27/0007	200,000	€ 6.43	From 1 August 2014 to 31 July 2019										200,000		65,942		
(III) Total			8,040,000												8,040,000		909,341		

Table 3A: Incentivization schemes based on financial instruments other than stock options paid to members of the governing body, general managers and other managerial staff with strategic responsibilities

Name and surname	Post	Scheme	Financial instruments awarded in previous years which have not vested during the course of the year		Financial instruments awarded during the year						Financial instruments vested during the year not allocated	Financial instruments vested during the year and allocated	Financial instruments attributable to the year	
			No. and type of instruments	Vesting period	No. and type of instruments	Fair value at award date	Vesting period	Award date	Market price at award	No. and type				Value upon vesting
Managerial staff with strategic responsibilities Compensation in company preparing the accounts		28/10/10	240,304 Performance Shares	Nov. 2013 – Nov. 2015								-		418,916
		28/10/10	-	-	1,111,497	Nov. 2014 – Nov. 2016	27/01/12	4.189	-			-		395,567
Total			240,304			335,075								724,483

Table 3B: Cash incentivization schemes to members of the governing body, general managers and other managerial staff with strategic responsibilities

Name and surname	Position	Scheme	Bonus for the year			Previous years' bonuses			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	
Managerial staff with strategic responsibilities		FY 2012/2013	780,000	375,000	Nov, 2014- Nov, 2016				16,000
		FY 2011/2012						852,000	
		FY 2010/2011					130,000	130,000	
		FY 2009/2010					615,000		
Total compensation in company preparing the accounts			780,000	375,000			745,000	982,000	16,000

Investments held by members of the governing and control bodies and by general managers

Name and surname	Post	Investee company	No. of shares held at end of previous year	No. of shares acquired	No. of shares sold	No. of shares owned at end of present years
PAGLIARO RENATO	Chairman	MEDIOBANCA	2,730,000	==	==	2,730,000
NAGEL ALBERTO	CEO	MEDIOBANCA	2,626,050	==	==	2,626,050
VINCI FRANCESCO SAVERIO	General Manager	MEDIOBANCA	945,000	==	==	945,000
BENETTON GILBERTO*	Director	MEDIOBANCA	562,800	==	==	562,800
BERTAZZONI ROBERTO	Director	MEDIOBANCA	1,050,000	==	==	1,050,000
CEREDA MAURIZIO	Director	MEDIOBANCA	619,500	==	==	619,500
DI CARLO MASSIMO	Director	MEDIOBANCA	556,500	==	==	556,500
PECCI ALBERTO*	Director	MEDIOBANCA	4,757,500	==	==	4,757,500
ROVERSI MONACO FABIO ALBERTO	Director	MEDIOBANCA	172,000	25,000	50,000	147,000

NB - for directors appointed or whose positions ended in the course of the year, the initial/final holding refer to the dates of appointment or resignation/disposal accordingly.

* Investment owned through subsidiaries.

Investments owned by other managerial staff with strategic responsibilities

No. of managerial staff with strategic responsibilities	Investee company	No. of shares owned at end of previous year	No. of shares acquired	No. of shares sold	No. of shares owned at end of present year
10	MEDIOBANCA	283,082	==	==	263,132

N.B.: Figures at start and end of period vary according to changes in composition of aggregate of managerial staff with strategic responsibilities.

Aggregate quantitative information required under Bank of Italy instructions by business area

Mediobanca area of activity	Fixed salary	Variable	Cash upfront	Equity upfront	Deferred cash	Deferred equity
1) Financial markets	16,117	23,844	14,325	1,866	4,854	2,799
2) Advisory	12,728	8,396	6,875	200	1,021	300
3) Lending and Structured Finance	4,640	2,830	2,671		159	
4) Staff, support and control functions	22,411	5,831	5,831			
	55,896	40,901	29,702	2,066	6,034	3,099

Gross amounts in €'000

Does not include directors with executive responsibilities as members of the Group's senior management.

Aggregate quantitative information by the various categories of "most relevant staff" as required by the Bank of Italy instructions

Group	No.	Fixed salary	Variable	Cash upfront	Equity upfront	Deferred cash	Deferred equity
1) Executive directors (Group managers)	5	7,530	-	-	-	-	-
2) Heads of principal business lines, geographical areas and other senior figures	11	4,566	6,926	2,151	1,100	2,025	1,650
3) Heads of internal control units and most senior staff	14	2,686	611	611	-	-	-
4) Risk-takers	20	3,375	8,835	3,886	966	2,534	1,449
5) Employees whose remuneration is equal to that of other risk-takers	-	-	-	-	-	-	-
6) Other relevant staff identified discretionally by the company based on criterion of proportionality	63	10,535	9,655	8,090	-	1,565	-
	113	28,692	26,027	14,738	2,066	6,124	3,099

Gross amounts in €'000

For 2013, Group 2 includes the remuneration paid to the CEOs of Compass and CheBanca! and the heads of MB Securities USA and MB Turkey, non-Mediobanca staff, not included in the Mediobanca bonus pool for the variable component.

Group	No.	Deferred from previous years and paid during the year under review
1) Executive directors (Group managers)	-	-
2) Heads of principal business lines, geographical areas and other senior figures	4	2,701
3) Heads of internal control units and most senior staff	-	-
4) Risk-takers	15	4,431
5) Employees whose remuneration is equal to that of other risk-takers	-	-
6) Other relevant staff identified discretionally by the company based on criterion of proportionality	23	1,648
	42	8,780

Gross amounts in €'000, paid entirely in cash.

Group	No.	Treatment at start of relationship	No.	Treatment at end of relationship ¹
1) Executive directors (Group managers)		-		-
2) Heads of principal business lines, geographical areas and other senior figures		-	2	1,263
3) Heads of internal control units and most senior staff		-	1	59
4) Risk-takers		-		
5) Employees whose remuneration is equal to that of other risk-takers		-		-
6) Other relevant staff identified discretionally by the company based on criterion of proportionality	2	41	9	2,874
	2	41	12	4,196

Gross amounts in €'000.

¹ Includes amounts required by the Italian Civil Code and the provisions of law. The highest amount paid to an individual person was €1,253,216.

Dear Shareholders,

We invite you to adopt the following resolution:

“At an ordinary general meeting, having heard the Board of Directors’ proposal, the shareholders of Mediobanca,

HEREBY RESOLVE

- to approve the staff remuneration policies for the 2012/2013 financial year, as illustrated in the Board of Directors’ report;
- to approve the new staff remuneration policies as illustrated in the Board of Directors’ report;
- to confer on the Board of Directors and the Chief Executive Officer on its behalf, the broadest powers to execute all deeds and perform all measures and formalities necessary in order to implement this resolution.”

Milan, 17 September 2013

THE BOARD OF DIRECTORS

**ANNUAL STATEMENT ON CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURE**



Annual statement on corporate governance and ownership structure

Mediobanca adheres to the code of conduct for listed companies operated by Borsa Italiana, issued in December 2011 and available at www.borsaitaliana.it, on the following terms.

Mediobanca adopts a traditional model of corporate governance based on the presence of Board of Directors and a Statutory Audit Committee, both of which are appointed by shareholders in general meeting, considering this model to be better suited to combining maximum efficiency in terms of operations with effective control, at the same time satisfying shareholders' interests and leveraging fully on the Bank's management. In particular, the Articles of Association now in force provide for a significant number of executives (five) to be represented on the Banking Group's Board of Directors, in a system of corporate governance based on wide-ranging powers being granted to the Executive Committee (made up by a majority of executive members) and the Managing Director for the day-to-day running of the company. This allows the management's professional capabilities to be leveraged, and ensures their independence with respect to situations of potential conflicts of interest with shareholders. At the same time, under the provisions of the Articles, the Board of Directors is vested with the role of strategic supervision via the traditional, non-delegable powers, based on primary regulations (approval of draft financial statements, rights issues pursuant to Article 2443 of the Italian Civil Code, etc.) and secondary regulations (decisions concerning strategic direction and business and financial plans, acquisition and disposal of significant equity investments, appointments to the post of General Manager, etc.).

The Statutory Audit Committee is responsible for supervising control activities.

Company

Mediobanca was set up in 1946 and has been listed on the Italian stock market since 1956. Its core businesses are lending and investment banking, helping its clients, which include leading Italian corporates as well as numerous medium-sized businesses and international groups, to grow by providing them with professional advisory services in addition to traditional medium-term bank credit. In the meantime a footprint has developed on non-Italian markets, with branch offices opening in Paris, Frankfurt, Madrid, and London and subsidiaries in New York, Luxembourg and Istanbul.

The Mediobanca Group

Mediobanca is the parent company of the Mediobanca Banking Group, which has operations in consumer credit (through the Compass group), retail banking (through CheBanca!), leasing (through the SelmaBipiemme group), and private banking (through Compagnie Monégasque de Banque and Banca Esperia).

The Board of Directors of Mediobanca has approved a set of Group Regulations covering the activities of management, governance and control of the companies forming part of the Banking Group, activities which are performed by the parent company. In particular the Regulations define the Group's organizational architecture, the co-ordination mechanisms and governance instruments, and the areas of competence and responsibility of the parent company's central functions.

In the exercise of its management, governance and control activities, Mediobanca seeks to promote value creation for both the individual Group companies and the Group as a whole, directing its policies for growth and management according to objectives of operating efficiency and profitability which is sustainable over time. The Group companies' management contributes to the achievement of the Group's objectives. The governance rules contained in the Regulations are intended to guarantee the unity of the Group as a whole.

The Regulations have also been approved by the Boards of Directors of the respective Group companies.

Share capital and ownership

The Bank's share capital at 30 June 2013 totalled €430,564,606 made up of 861,129,212 par value €0.50 shares. The shares are registered shares, and entitle shareholders to one vote per share in general meeting.

Pursuant to Article 2443 of the Italian Civil Code, the Board of Directors was authorized by shareholders in a general meeting held on 28 October 2011 to increase the Bank's share capital by means of rights or bonus issues, on or prior to the fifth anniversary of the date of the relevant resolution, in an amount of up to €100m via the issuance of 200 million new ordinary shares, to be offered in option or otherwise allotted to shareholders, and to establish the issue price and ranking of such new shares from time to time; and to issue bonds convertible

into ordinary shares in a nominal amount of up to €2bn also to be offered to shareholders; provided that exercise of such resolution should not lead to the issue of a total number of ordinary shares in excess of 200 million.

At an annual general meeting held on 27 October 2012, the shareholders of Mediobanca adopted a resolution empowering the Board of Directors, under Article 2443 of the Italian Civil Code, to increase the company's share capital, in one or more tranches, on or prior to the fifth anniversary of the date of said resolution in a nominal amount of up to €40m, including via warrants, through the issue of up to 80 million par value €0.50 ordinary shares, set aside for subscription by Italian and non-Italian professional investors with option rights excluded, under and pursuant to the provisions of 2441, paragraph four, second sentence of the Italian Civil Code, in accordance with the procedure and conditions set forth therein.

Following resolution adopted in a general meeting held on 27 October 2007, Mediobanca bought back a total of 16,200,000 shares which were booked at an average price of €13.17 per share, for a total outlay of €213.4m. In September 2009, following a bonus issue, the number of treasury shares increased to 17,010,000.

Since 1998 shareholders in general meeting have adopted resolutions to increase the company's share capital under the terms of the stock option schemes restricted to company chief executives and to Mediobanca Group management (cf. Article 4, paras 5 and 6 of the company's Articles of Association). As at 1 July 2013 the number of stock options still available for allocation totalled 23,734,000 stock options in respect of a like number of shares (press releases regarding schemes in force and awards made are available at www.mediobanca.it). The stock option scheme approved by shareholders in general meeting and subsequently amended as a result of the Bank of Italy's instructions issued in March 2011 and renamed performance stock option scheme has been published on the Bank's website at www.mediobanca.it.

At a general meeting held on 28 October 2010, the shareholders of Mediobanca authorized the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the company's share capital free of charge in a nominal amount of up to €10m, via the award, as permitted under Article 2349 of the Italian Civil Code, through the issue of no more than 20 million ordinary par value €0.50 shares, ranking for dividends *pari passu*, to be reserved to

Mediobanca Group employees through the award of performance shares, as well as up to 17,010,000 treasury shares owned by the Bank. As at 1 July 2013, a total of 11,686,506 performance shares were available for award to Group staff. The performance share scheme approved by shareholders in general meeting, as subsequently amended in line with the Bank of Italy's instructions issued in March 2011, and the various press releases regarding the existing schemes and awards made, are published on the Bank's website at www.mediobanca.it.

According to the company's register of shareholders, as amended in the light of statements received pursuant to Article 120 of the Italian Consolidated Finance Act, as at 30 June 2013 the following shareholders own more than 2% of the subscribed and paid share capital of Mediobanca, either in their own right or through subsidiaries:

Shareholder	No. of shares	% of share capital
Unicredito group	75,442,078	8.76
Bolloré group	51,668,175	6.00
Groupama group	42,430,160	4.93
Finsoe/Unipol (*)	33,358,121	3.87
Mediolanum group	30,195,110	3.50
Fondazione Ca.Ris.Bo	25,368,135	2.95
Italmobiliare group	22,568,992	2.62
Benetton group	18,625,029	2.16
Fininvest group	17,713,785	2.06

* As a condition of the merger between Unipol and the Fondiaria-SAI group, the Italian antitrust authority has ordered the former to sell its 3.83% stake in Mediobanca, and to deposit the shares in the meantime in a restricted fiduciary account, with "permanent and irrevocable instructions to refrain from participating in annual general meetings of Mediobanca shareholders and exercising the relevant voting rights".

Mediobanca has approximately 60,000 shareholders. Shareholders representing approximately 42%¹ of the Bank's share capital have entered into an agreement expiring on 31 December 2013. The agreement is filed with the Milan companies' register, and an excerpt from it may be found on the Bank's institutional website (www.mediobanca.it/CorporateGovernance).

Governing bodies

- Shareholders in general meeting
- Board of Directors
- Chairman of Board of Directors
- Executive Committee
- Managing Director

¹ On 17 September 2013, the Unipol Fondiaria-SAI group desyndicated its 33,019,886 Mediobanca shares in advance from the agreement; hence the aggregate percentage now syndicated totals 38.19%.

- General Manager
- Head of Company Financial Reporting
- Statutory Audit Committee

General Meetings

The general meeting gives expression to the wishes of the body of the company's shareholders, and decisions taken in such meetings, which are adopted in conformity with the provisions of both the law and the company's Articles of Association, are binding on all shareholders. Issues which fall within the jurisdiction of shareholders in general meeting include the following:

- approval of financial statements and allocation of profits;
- appointment and/or dismissal of the Board of Directors and Statutory Audit Committee;
- responsibilities of members of the Board of Directors and Statutory Audit Committee;
- engagement of, and termination of agreements with, external legal auditors;
- transactions required by law to be approved by shareholders in extraordinary general meeting;
- remuneration policies and compensation schemes based on financial instruments adopted for Directors, Group employees and collaborators.

The right to attend and vote at General Meetings is governed by the Articles of Association (Section III, Articles 5ff), which stipulate that shareholders for which the issuer has received notification by the end of the third business day prior to the date set for the meeting from an authorized intermediary based on the evidence at the end of the accounting day of the seventh business day prior to the date set for the annual general meeting in the first or only instance; Authorization to take part and vote in cases where the notice is received by the issuer after the deadline may still be granted provided such notice is received before proceedings at the specific session of the meeting commence.

Persons authorized to take part and vote may choose to be represented in the general meeting under a proxy issued in writing or electronically where this is permitted by the regulations in force and in accordance with them, without prejudice to grounds of incompatibility and within the limits provided by law.

The Bank has not adopted a specific set of regulations for holding general meetings, as its Articles of Association ensure that proceedings are conducted in an orderly manner, providing for the Chairman of the meeting, who under the Articles is the Chairman of the Board of Directors, has the duty of establishing that a quorum has been reached, ascertaining the identity of those in attendance, and assessing their entitlement to be so present, chairing and conducting the proceedings, and checking and announcing the results of any votes taken.

The Board of Directors reports to shareholders in general meetings on the activity performed in its review of operations, and prepares the reports on the various items of agenda within the timeframe set by the regulations in force.

Board of Directors: composition and role

The Board of Directors consists of between fifteen and twenty-three members, with one place reserved for minority shareholders. Of the Directors thus appointed, five are managers with at least three years' experience of working for the Mediobanca Banking Group, three qualify as independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98, and one-third, who may coincide with the three qualifying as independent referred to above, qualify as independent based on the Code of Conduct for Listed Companies. No person may be appointed director if they are aged seventy-five or over.

In order to incorporate the changes introduced by Italian law 120/11 which supplements Articles 147-ter and 148 of the Italian consolidated finance act (Italian legislative decree. 58/98) on the matter of gender representation in the composition of the Board of Directors, at an annual general meeting held on 27 October 2012 the shareholders of Mediobanca introduced provisions to the company's Articles of Association regarding the composition of the governing bodies, to ensure that the least represented gender accounts for at least one-fifth (in the current term of office) or one-third (of future terms of office) of the total number of directors. The new criteria become effective from the first occasion when the governing bodies are reappointed subsequent to 12 August 2012, which for Mediobanca will be when the governing bodies' term of office expires with approval of the financial statements for the year ending 30 June 2014.

The Board of Directors of Mediobanca was appointed by shareholders in a general meeting held 28 October 2011 for the 2012-14 three-year period. In accordance with the Articles of Association, Directors are appointed on the basis of lists of candidates

who are in possession of the requisite professional credentials, qualify as fit and proper persons to hold such office and as independent in accordance with the law and the company's Articles of Association. Such lists are submitted by shareholders representing in the aggregate at least the percentage of the company's share capital established under regulations in force at the time (currently 1%). Please see Article 15 of the Articles of Association for the procedures relating to the appointment and dismissal of Directors, which may be found on the Bank's website at www.medioBANCA.it/investor-relations/corporate-governance/governance-documents).

The Board of Directors appointed on 28 October 2011 for the 2012, 2013 and 2014 financial years, as amended on 27 October 2012 following the resignations which ensued from application of Article 36 of Italian decree law 201/11 (restrictions on representatives of banks, insurances and financial companies from holding similar positions in companies which operate in the same sectors), and following the resignation of Fabio Roversi Monaco in April 2013, now consists of 21 members, 16 of whom qualify as independent pursuant to Article 148, para. 3 of Italian Legislative Decree 58/98, 9 of whom also qualify as independent pursuant to the Code of Conduct:

Members	Post held	Date of birth	Indep.*	Indep.**	Manager
Renato Pagliaro ◇	Chairman	20/02/1957			x
Dieter Rampl ◇	Deputy	05/09/1947	x	x	
Marco Tronchetti Provera ◇ §	Deputy	18/01/1948		x	
Alberto Nagel ◇	CEO	07/06/1965			x
Francesco Saverio Vinci ◇	GM	10/11/1962			x
Tarak Ben Ammar ◇	Director	12/06/1949	x	x	
Gilberto Benetton ◇	Director	19/06/1941		x	
Pier Silvio Berlusconi •	Director	28/04/1969		x	
Roberto Bertazzoni ◇	Director	10/12/1942	x	x	
Angelo Casò ◇	Director	11/08/1940	x	x	
Maurizio Cereda ◇	Director	07/01/1964			x
Christian Collin •	Director	11/05/1954		x	
Alessandro Decio •	Director	10/01/1966		x	
Massimo Di Carlo ◇	Director	25/06/1963			x
Bruno Ermolli •	Director	06/03/1939	x	x	
Anne-Marie Idrac ◇	Director	27/07/1951	x	x	
Vanessa Labérenne •	Director	08/01/1978	x	x	
Elisabetta Magistretti ◇	Director	21/07/1947	x	x	
Alberto Pecci •	Director	18/09/1943		x	
Carlo Pesenti ◇	Director	30/03/1963		x	
Eric Strutz ◇	Director	13/12/1964	x	x	

* Independent as required in Code of conduct for listed companies.

** Independent as required by Article 148, para. 3 of Italian Legislative Decree 58/98.

• Appointed by shareholders at the annual general meeting held on 27 October 2012

◇ Taken from the list submitted by shareholder UniCredit S.p.A., owner of 8.655% of the company's share capital.

§ Suspended on 18/7/13 as required by Italian Ministerial Decree 161/98, until the next annual general meeting scheduled to take place on 28 October 2013.

The shareholders who submitted the minority list have issued a statement to the effect that no links exist, as defined in Article 144-quinquies of Consob regulation 11971/99, with shareholders owning, including jointly between themselves, a controlling or majority shareholding in Mediobanca.

The Board includes prominent figures from the banking, insurance and industrial sectors, which ensures an appropriate degree of professionalism as required by the complexity of the Bank's operations, and given the Board's role in strategic supervision.

All the Directors have made statements to the effect that no cause exists for them to be disqualified from office under legislation currently in force on the grounds of their being incompatible, ineligible or otherwise having lapsed from office, and further statements to the effect that they are fit and proper persons in possession of the requisite qualifications to hold such office and that they qualify as independent where this is required by legislation currently in force and in particular Article 148, paragraph three of the Italian Consolidated Finance Act, which the Board has duly noted. The Articles of Association do not provide for any further requirements in terms of professional qualifications than those stipulated by Article 26 of the Italian Consolidated Banking Act.

The independence of each Director is assessed annually on the basis of information provided by him/her, and any relations which might compromise, or appear to compromise, the Director's independence of judgement are assessed accordingly.

At a meeting held on 20 December 2012, the Board of Mediobanca established that the following directors qualify as independent under the terms of the Code of conduct in respect of listed companies: Tarak Ben Ammar, Roberto Bertazzoni, Angelo Casò, Bruno Ermolli, Anne Marie Idrac, Vanessa Labérenne, Elisabetta Magistretti, Dieter Rampl, Fabio Roversi Monaco and Eric Strutz. With reference to the status of Angelo Casò as independent, the Board of Directors shared the arguments and conclusions of an independent opinion confirming his independence. In particular it was noted and agreed that the position of Chairman of the Parties to the Mediobanca Shareholders' Agreement involved being vested with powers that are fundamentally administrative and organizational in nature, as confirmed by the duties and powers of the Steering Committee of the Agreement and governed by it.

With reference to the fact that certain independent directors are members of the Executive Committee, under the governance model adopted by the Bank members of the Executive Committee do not become "executive" merely by the simple fact of their belonging to this body, as a result in particular of its composition, given that the Executive Committee includes the Chairman plus four members of the Bank's senior management, including the Chief Executive Officer and General Manager, who are responsible for the day-to-day running of the Bank. The Chairman and the

other non-managerial members of the Committee do not have individual powers of management, and the governance model also includes managerial committees with broad powers of approval in respect of the Bank's ordinary operations.

The Statutory Audit Committee then checked that the criteria and procedures adopted by the Board of Directors had been applied correctly with respect to the ascertaining of its members' independence. The Committee's activities were principally aimed at ensuring that the Board expressed its opinion on the basis of adequate information and material, that the proper procedural process was followed for decisions made by the Board, and that the criteria stipulated by the regulations (the Code of conduct and Article 148 of the Italian consolidated finance act) regarding the requirements for independence were correctly applied.

The independent Directors meet at least twice a year on their own without the other Directors present.

Curricula vitae for individual Board members submitted in conjunction with lists for appointments to the Board of Directors and a list of posts held by them in other companies as at 30 June 2011 are available on the Mediobanca website (www.mediobanca.it/CorporateGovernance).

As approved by shareholders in a general meeting held on 28 October 2011, Directors holding posts in other banking companies are allowed to serve as Directors pursuant to Article 2390 of the Italian Civil Code. Article 36 of Italian decree law 201/11 has instituted a ban on representatives of banks, insurance companies and financial institutions from holding equivalent positions in companies which operate in the same sectors. The Board will assess the position of individual directors annually, as these may change on the basis of changes in the activities or size of the other companies in which they hold posts. To this end, each director is bound to inform the Board of any changes in the positions which he/she might have taken on in the course of his/her term of office.

The Board of Directors delegates management of the Bank's current operations to the Executive Committee and the Chief Executive Officer who exercise such powers in accordance with the strategic guidelines and direction formulated by the Board itself. The following matters, however, are the sole jurisdiction of the Board of Directors:

- 1) approval of strategic guidelines and directions, business and financial plans, budgets, and risk management and internal control policies;

- 2) approval of quarterly and interim accounts and of draft individual and consolidated financial statements;
- 3) decisions concerning the acquisition or disposal of equity investments which alter the composition of the Banking Group for amounts of over €500m or otherwise of investments worth in excess of €750m;
- 4) trading involving equity investments in excess of 15% of the holdings owned at the start of each financial year in Assicurazioni Generali S.p.A., RCS MediaGroup S.p.A. and Telco S.p.A.;
- 5) appointment and dismissal of the Executive Committee with the powers provided for in the Articles of Association and establishment of any additional powers to be vested in it;
- 6) appointment and dismissal of the Managing Director with the powers described in the Articles of Association, and establishment of any additional powers to be vested in him as well as his remuneration;
- 7) appointment and dismissal of the General Manager and establishment of any additional powers to be vested in him as well as his remuneration;
- 8) appointment of the Head of Company Financial Reporting and of persons responsible for internal audit and compliance duties;
- 9) proposals to be submitted to shareholders in ordinary and extraordinary general meetings;
- 10) approval of or amendment to an internal regulations;
- 11) ascertaining that Directors and members of the Statutory Audit Committee upon their appointment, or without prejudice to the foregoing on at least an annual basis, are in possession of the requisite professional credentials and qualify as fit and proper persons and as independent as required by regulations in force and the Articles of Association.

The delegated bodies report once a quarter to the Board of Directors on the Bank's general performance, outlook, and the most significant transactions in terms of size or characteristics that have been executed either by Mediobanca itself or by Mediobanca Group companies.

The Board normally adopts resolutions on proposals from the Executive Committee or Managing Director, with a majority of those in attendance voting in favour, while a majority of all Directors in office is required for resolutions on

appointments to the Executive Committee or to the posts of Managing Director or General Manager. The same majority is required where the Board is to take resolutions in respect of transactions which fall within the jurisdiction of the appointed governing bodies.

Meetings of the Board of Directors are called by the Chairman or Acting Chairman, on his own initiative or when requisitioned by at least three Directors. As a rule, the Board of Directors meets at least five times a year, and a quorum is established when a majority of the Directors in office is in attendance. Board meetings may also be called by the Statutory Audit Committee or one of its members, provided the Chairman has been notified to such effect in advance.

The Chairman is responsible for ensuring that the directors receive adequate information on the various items on the agenda in good time for the meeting, and ensures that sufficient room is given for discussing the individual items. The Chairman regularly invites Board members to indicate issues of interest to them which require further analysis or explanation. The secretary to the Board is available to arrange training sessions or further analysis for the individual directors.

Non-Board members who are responsible for individual company units also take part in Board meetings on occasion, to provide the appropriate depth of information on the various items included on the agenda.

A total of eleven meetings took place in the period from 1 July 2012 to 30 June 2013.

The average duration of Board meetings was roughly two hours and fifteen minutes.

Twice a year the Board of Directors also assesses the adequacy of the Bank's administrative and accounting structure, with particular attention being paid to the internal control system and risk management based on the enquiries made by the Control and risks committee and the report presented by the Head of company financial reporting on the adequacy and application of administrative and accounting procedures required by Italian law 262/05.

The Board of Directors continuously appraises the adequacy of the company's organizational structure on the basis of the information it receives from the management.

Self assessment of Board of Directors

The process of self assessment of the size, composition and functioning of the governing bodies required inter alia by the Bank of Italy's instructions issued on 11 January 2012 had duly been completed by the date on which this statement was approved.

The self assessment was conducted in the months of June and July 2013, with the assistance inter alia of an external specialist advisor.

The process was structured in three different phases:

- obtaining indications from each director, following the outline of a questionnaire;
- analysis of the main indications and comments to emerge by the non-executive directors, including the Chairman of the Board of Directors;
- approval of a summary report, including the main results obtained and proposals for improvement, by the Board of Directors at the meeting held on 17 September 2013, subject to a favourable opinion being expressed by the Appointments Committee.

The self assessment process, in which twenty of the directors participated, revealed a positive situation.

In particular it emerged that the strategic direction of the Group is clear, and that the climate within the Board itself is satisfactory, as are the flow of information, the way in which the proceedings are chaired and the items discussed on the agendas that are set. It was felt that the relationship between the independent and non-independent directors is appropriate, and it was felt that there was no need to appoint a Lead Independent Director. Based on the comments to emerge from the process, the Board agreed in principle to the idea of a possible reduction in the number of directors, dealing more frequently with issues which impact on the Bank's strategy, expressed a desire for even livelier internal debate and to continue with the initiative of inviting the management of the individual Group companies to take part in Board meetings on occasion.

The Executive, Control and risks, Appointments and Remunerations committees were felt to be excellent in terms of role, functioning, composition and size.

Plans for succession

In the course of the 2012/13 financial year, Mediobanca has formalized succession plans for the positions of Chief Executive Officer (including in the event of replacement before the ordinary term of office expires), and key managers (business areas, control units, and staff and support roles).

At Group level 17 key positions have been identified, which include the executive directors, for which positions internal staff have been earmarked as able to ensure they are replaced smoothly, without, however, ceasing to monitor the market constantly. The skills and capabilities which candidates for the various leadership profiles must possess have also been defined and formalized.

The Chief Executive Officer and General Manager, with the help of Human Resources, annually select the staff who will make up the senior talent pool to ensure key positions can be replaced in the short and medium term. Career development paths will be identified for these staff members, including in terms of involvement in specific strategic projects, exposure to Board/committee meetings, and international and intra-group rotation. As far as regards coverage of the role of Chief Executive Officer, particular attention will obviously be paid to individuals who play senior and/or key roles in Mediobanca. Selection is based on an assessment of professional and technical characteristics, as shown by the candidates' CVs and track record in Mediobanca, performance over time, and possession and development of key leadership capabilities.

The results of this process are presented to the Appointments committee and to the Board of Directors.

Directors' and Strategic Management's remuneration

The executive Directors' and Chairman's remuneration is structured in such a way as to ensure their interests are aligned with the main objective of value creation for shareholders over the medium and long term. The compensation package is structured into three components so that the economic benefits accruing to executive Directors are diversified over time:

- fixed salary;
- a variable annual component which accrues only if the annual company bonus pool itself accrues, as established in the Remuneration policies approved by

shareholders in general meeting. The amount of the individual bonuses will depend on certain specific quantitative and qualitative performance criteria being met, which are assigned annually by the relevant governing bodies. When the individually assigned quantitative and qualitative objectives are met, the amount of the bonus may still only reach a maximum of twice the fixed gross annual salary of the person concerned. Payment of the bonus will be made in accordance with the terms, conditions and methods stipulated in the Remuneration policies;

- when the Group’s three-year plans are approved, the Board of Directors may choose to pay a further extraordinary bonus by way of a long-term incentive, as recognition for achievement of the targets set in the plan. Payment of the bonus will be made in accordance with the terms, conditions and methods stipulated in the Remuneration policies.

The Chairman is entitled to fixed remuneration only. However, a bonus may be paid at the end of his term of office, at the Board’s discretion.

Directors who are also members of the Group’s senior management also receive a fee for their position as directors, but do not receive any remuneration in respect of their participation in committees, and in cases where such directors hold posts on Mediobanca’s behalf in Group or investee companies, any emoluments due are paid to Mediobanca itself as the persons concerned are members of the Bank’s staff.

Non-executive Directors’ remuneration is set by shareholders in annual general meeting, and does not include incentives linked to the Bank’s performance.

The general policy in respect of the remuneration of directors and management with strategic responsibilities is illustrated in the “Remuneration policy” which at the Remuneration Committee’s proposal is approved by the Board of Directors and submitted to shareholders in general meeting. The policy for the financial year 2012/2013, which was approved by shareholders in general meeting, is available on the Bank’s website at ([www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate%20Governance)).

Chairman of Board of Directors

The Chairman of the Board of Directors calls, chairs and directs proceedings at general meetings, Board and Executive Committee meetings, and ensures

that all the other Directors are provided with adequate information regarding the items on the agenda. No person aged seventy or over may be elected as Chairman.

The Chairman of the Board of Directors, Renato Pagliaro, also chairs the Executive and Appointments committees.

The Chairman is responsible for ensuring that the corporate governance system runs smoothly in practice, guaranteeing due balance between the powers of the Managing Director and the other executive Directors; he is the counterparty for dialogue with the internal control bodies and internal committees; he supervises the Group Audit Unit, and co-ordinates with the Managing Director in supervising relations with externals and institutions.

The Board of Directors has not tasked the Chairman with specific duties or vested him with special powers; his participation in Board meetings reflects the provisions contained in the Articles of Association.

In addition to the duties associated with his role, the Chairman of Mediobanca, as a member of its senior management as well, also retains – without decision-making powers in respect of the taking of possible risks – certain links and relations with customers, and monitors the performance of certain investments. He participates in internal committee meetings without having voting rights.

Committees

The Board of Directors has established three committees:

Control and risks committee

Control and risks committee	Auditor [◇]	Independent (Code)*	Independent (Finance Act)**
Angelo Casò	x	x	x
Roberto Bertazzoni		x	x
Vanessa Labérenne		x	x
Elisabetta Magistretti	x	x	x

◇ Registered auditor.

* Independent as defined in Code of conduct for listed companies.

** Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

The Committee is made up of four Directors who qualify as independent as defined by the Code of Conduct for Listed Companies, which has duties of consultation and enquiry in particular with respect to the Bank's system of internal control and risk management, and the structure of its IT and financial reporting organization.

In particular, the committee:

- performs duties of monitoring, instruction and support to the Board of Directors in respect of:
 - defining the guidelines for the internal control and risk management system, in such a way as to ensure that the principal risks facing the Bank and its Group companies are properly identified and adequately measured, managed and monitored;
 - reviewing, at least once a year, the adequacy of the internal control and risk management system vis-à-vis the Bank's characteristics and the risk profile assumed;
- expressing non-binding opinions on the appointment and dismissal of the heads of the internal control units (Group Audit, Compliance and Risk Management), their salaries and powers, and the means guaranteed for them to exercise their functions;
- examining the regular reports and work plans of the Group Audit, Compliance and Risk Management units;
- reporting to the Board, at least once every six months, on the activities performed and the adequacy of the internal control and risk management system;
- reviews plans for calculating the adequacy of the Bank's aggregate capital, current and estimated, at the consolidated level in view of the large risks to which the Bank and Group are exposed (ICAAP) reporting back to the Board on this issue.

With reference to the structure of the Bank's IT and financial reporting organization, the Internal control committee assesses the compliance of decisions taken by the Head of Company Financial Reporting, the external auditors and the Board of Directors in respect of the correct application of accounting standards with primary and secondary regulations, their consistency for purposes of drawing up individual and consolidated financial statements,

and generally serves in an advisory capacity to assist the Board of Directors in taking the decisions for which it has responsibility on matters of financial documents.

The Statutory Audit Committee takes part in Committee meetings.

In addition, under the procedure for transactions with related parties approved by the Board of Directors on 23 November 2010 as amended subsequently in June 2012 to reflect the provisions issued by the Bank of Italy on this subject ([www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate%20Governance)), the Control and risks committee was assigned also the duties of the Related party committee which are as follows:

- expressing opinions in advance on the adoption and possible amendments to the procedure;
- participating in negotiating and processing the most significant transactions with related parties;
- expressing reasoned opinions in advance (binding only in respect of the largest transactions) on the Bank's interest in executing the transaction with related parties and the convenience and substantial correctness of their terms, including with the help of independent experts.

The Committee met on a total of eleven occasions in the period from 1 July 2012 to 30 June 2013 and on thirteen occasions as the Related parties committee.

The average duration of Committee meetings was roughly two hours and thirty minutes.

Remunerations committee

Remunerations committee	Independent (Code)*	Independent (Finance Act)**
Angelo Casò	x	x
Roberto Bertazzoni	x	x
Anne Marie Idrac	x	x
Vanessa Labérenne	x	x
Renato Pagliaro		
Carlo Pesenti		x

* Independent as defined in Code of conduct for listed companies.

** Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

The Committee is made up six non-executive members, the majority of whom qualify as independent under the terms of the Code of conduct for listed

companies. The Committee has duties of consultation and enquiry to determine the remuneration of Directors vested with particular duties and the General Manager, as well as on the proposals formulated by the Chief Executive Officer regarding the guidelines for the remuneration system for senior management and Group staff remuneration, loyalty retention and incentivization schemes.

In particular the Committee:

- regularly assesses the adequacy, overall consistency and practical application of the remuneration policy for directors and managerial staff with strategic responsibilities;
- formulates proposals and/or opinions regarding the remuneration of directors who are members of the Group's senior management, and verifies the achievement of their performance;
- proposes the allocation of the fixed emolument approved by the shareholders in general meeting among the various directors.

The Chairman of the Statutory Audit Committee, the Managing Director and the General Manager take part in meetings of the Remunerations Committee (the latter two in an advisory capacity).

The Committee met three times in the period from 1 July 2012 to 30 June 2013, chiefly to formulate proposals to the Board of Directors in respect of the staff remuneration policies. For further information on the issue of remuneration, please see the Report on remuneration available on the Bank's website under [www.medioBANCA.it/Corporate Governance](http://www.medioBANCA.it/Corporate%20Governance).

The average duration of Committee meetings was roughly one hour.

Appointments committee

Appointments committee	Independent (Code)*	Independent (Finance Act)**
Renato Pagliaro (Presidente)		
Alberto Nagel (AD)		
Francesco Saverio Vinci (DG)		
Angelo Casò	X	X
Elisabetta Magistretti	X	X
Roberto Bertazzoni •	X	X
Anne Marie Idrac •	X	X

* Independent as defined in Code of conduct for listed companies.

** Independent as defined in Article 143, para. 3 of Italian Legislative Decree 58/98.

• Independent as defined in the Articles of Association, who takes part in committee meetings for certain resolutions.

The Appointments committee is made up of five members and includes de jure the Chairman, who chairs the committee, the Managing Director and General Manager, and at least two other members appointed by the Board of Directors from among its own number who qualify as independent under the Code of conduct.

The Appointments committee adopts resolutions based on proposals made by the Chief Executive Officer, having first sought the Chairman's opinion, regarding appointments to be made to positions in the governing bodies of the Bank's investee companies;

The Committee – with the addition in this case of two directors qualifying as independent under the Code of conduct – also:

- has duties of enquiry in respect of proposals of submission of lists for the Board of Directors, co-opting of new directors to replace those who have left their post, and for the appointment of the Executive Committee, Chief Executive Officer and, at the CEO's proposal, the General Manager;
- performs advisory duties in respect of identifying the optimal qualitative/quantitative composition of the Board of Directors;
- has duties of enquiry with reference to the plans of succession for the directors who are members of the Bank's management.

The Committee met seven times in the period from 1 July 2012 to 30 June 2013 to adopt resolutions on appointments to positions in investee companies, the Board of Directors' self-assessment process and on the plans of succession.

The average duration of committee meetings was roughly 40 minutes.

Minutes are taken of committee meetings which are kept in specific registers.

Executive committee: role and composition

The Board of Directors appoints an Executive Committee to comprise up to nine members, establishing their powers in accordance with the provisions of the Articles of Association.

The Executive Committee presently has eight members.

The Chairman of the Board of Directors and the other Directors who are members of the management of Mediobanca Group companies are members of the Executive Committee de jure. Members of the Executive Committee who are part of the Mediobanca Group's management are bound to devote themselves exclusively to the performance of activities relating to their post, and without prejudice to the provisions of the law and unless permitted otherwise by the Board of Directors, may not carry out duties of management, direction, control or of any other nature for companies or entities other than those owned by Mediobanca. The other Executive Committee members, again without prejudice to the provisions of the law and unless permitted otherwise by the Board of Directors, may not carry out duties of management, direction, control or of any other nature for other banking or insurance groups. Members of the Executive Committee are disqualified from the office of Director in the event of any breach of this restriction. Disqualification is pronounced by the Board of Directors.

Directors who are also part of the Banking Group's management, and who in such capacity are called to form part of the Executive Committee, cease to be Directors upon their ceasing to be employed by the company belonging to the Banking Group.

The Committee remains in office for the entire duration of the office of the Board of Directors which appointed it.

The Statutory Audit Committee takes part in Executive Committee meetings.

The Executive Committee is currently made up as follows:

Members	Post	Executive
Renato Pagliaro	Chairman	x
Alberto Nagel	CEO	x
Francesco Saverio Vinci	General Manager	x
Maurizio Cereda	Director	x
Massimo Di Carlo	Director	x
Angelo Casò *	Director	
Vanessa Labérenne *	Director	
Eric Strutz *	Director	

* Independent as defined in Code of conduct for listed companies and Article 148 of Italian Legislative Decree 58/98.

Under the Bank's Articles of Association, the Executive Committee is responsible for managing the ordinary activities of the bank and for co-ordinating and directing the Group companies without prejudice to those issues for which the Board of Directors has sole jurisdiction. In particular the Executive Committee is

responsible, usually via the Chief Executive Officer's proposals and in conjunction with him, for the Bank's operating performance, approving resolutions, in accordance with the guidelines and general directives adopted by the Board of Directors, to grant loans and trading involving the Group's interests in Assicurazioni Generali, RCS MediaGroup and Telco as well as other shareholdings for amounts and percentage values not to exceed those for which the Board of Directors itself has jurisdiction. It also draws up internal regulations, to be submitted to the approval of the Board of Directors, and establishes the principles for co-ordination and management of the Group companies in execution of the strategic guidelines approved by the Board of Directors. The Committee regularly assesses the general operating performance, including on the basis of information received from the Chief Executive Officer.

Resolutions are approved by the Executive Committee with the majority of its members in attendance and voting in favour.

Executive Committee meetings are called on the initiative of the Chairman based on the requirements of the business, as a rule meeting once a month.

A total of ten meetings were held in the period from 1 July 2012 to 30 June 2013.

The average duration of committee meetings was roughly one hour.

Managing Director

The Board of Directors appoints a Managing Director from among the Directors who have been members of the Banking Group's management for at least three years and who is not more than sixty-five years old.

The Board of Directors establishes the powers of the Managing Director. The Managing Director in particular:

- 1) has executive powers, and is responsible for implementing resolutions adopted by the Board of Directors and the Executive Committee and – in accordance with the powers attributed to him – the plans and strategic directions established by the Board of Directors and Executive Committee;
- 2) is empowered to make proposals to the Board of Directors and Executive Committee, with reference in particular to management direction, proposed strategic plans and budgets, draft financial statements and interim accounts;

- 3) is responsible for staff management, and having sought the opinions of the General Manager, if appointed, appoints managerial staff;
- 4) ensures that the organizational, administrative and accounting systems of the bank are adequate for its operations and the size of the Company;
- 5) reports, with the General Manager, if appointed, to the Board of Directors and Executive Committee each quarter on the Bank's operating performance and prospects, and on the most significant transactions carried out by the Company and its subsidiaries.

The Managing Directors is Mr Alberto Nagel.

General Manager

The Board of Directors may, at the Managing Director's proposal, appoint a General Manager from among the Directors who have members of the Banking Group's management for at least three years and who is not more than sixty-five years old.

The Board of Directors shall authorize the General Manager to sign jointly or severally on behalf of the Company as laid down in the Articles of Association in respect of powers to sign on behalf of the company, and thereby vest him with powers to carry out the day-to-day business of the company and to implement resolutions passed by the Board of Directors and Executive Committee in accordance with the directions issued by, and based on the individual remit of, the Board of Directors, Executive Committee and Managing Director.

The General Manager is Mr Francesco Saverio Vinci, who heads up the Operations division and the Banking Group's principal investments; he is also responsible for the Financial Markets area which is part of the Corporate and Investment Banking division.

Head of company financial reporting

On the proposal of the Executive Committee and having sought the opinion of the Statutory Audit Committee, the Board of Directors appoints one person to act as head of financial reporting, who shall be chosen from among the Bank's management and who has held management positions for a period of at least three years in the field of accounting administration at the Bank itself or at other leading banks. Currently the post is held by Massimo Bertolini who was appointed Head of Company Financial Reporting on 4 July 2007.

The Head of Company Financial Reporting is responsible for putting in place adequate administrative and accounting procedures for the preparation of the individual and consolidated accounts, plus all other reporting which is financial in nature. The appointed bodies and the Head of Company Financial Reporting issue the statements on the company's capital, earnings and finances required by law.

The Board of Directors has assigned a budget to this office in terms of funding and staff, and exerts supervision to ensure that the Head of Company Financial Reporting is vested with suitable powers and means to carry out the duties entrusted to him, and to ensure that the administrative and accounting procedures are complied with in practice.

At the annual general meeting held on 27 October 2012, the shareholders of Mediobanca appointed PricewaterhouseCoopers to audit the company's full-year financial statements and interim accounts, and to perform other activities provided for under Article 155 of the Italian Consolidated Finance Act for the 2013/2021 period.

Statutory Audit Committee

The Statutory Audit Committee consists of three standing auditors and two alternate auditors. Appointment to the Statutory Audit Committee is made on the basis of lists deposited at least twenty-five calendar days prior to the date scheduled for the general meeting to be held in the first or only instance along with professional CVs for the individual candidates and statements by them agreeing to stand as candidates and confirming that they are in possession of the qualifications required under law and the Articles of Association. The Articles in

particular provide that, without prejudice to the provisions of the law, members of the Statutory Audit Committee may not hold posts in governing bodies other than those with responsibility for control of other Group companies or in companies in which Mediobanca holds, including indirectly, an investment which is deemed to be strategic under supervisory requirements laid down by the Bank of Italy, hold the post of managing director, manager or officer in companies or entities, or who otherwise work with the management of companies operating directly or indirectly (including through subsidiaries) in the same sectors as Mediobanca. The Articles of Association further provide that lists may only be submitted by shareholders representing in the aggregate at least the percentage of the company's share capital established under regulations in force at the date of the general meeting (currently 1%).

The mechanism for appointments provides that the Chairman of the Statutory Audit Committee shall be chosen from the minority list.

In order to incorporate the changes introduced by Italian law 120/11 which supplements Articles 147-ter and 148 of the Italian consolidated finance act (Italian legislative decree. 58/98) on the matter of gender representation, with reference to the Statutory Audit Committee, at an annual general meeting held on 27 October 2012 the shareholders of Mediobanca introduced provisions to the company's Articles of Association regarding the composition of the governing bodies, to ensure that the least represented gender accounts for at least one-fifth (in the current term of office) or one-third (of future terms of office) of the total number of standing auditors. The new criteria become effective from the first occasion when the governing bodies are reappointed subsequent to 12 August 2012, which for Mediobanca will be when the governing bodies' term of office expires with approval of the financial statements for the year ending 30 June 2014.

The Statutory Audit Committee, appointed on 28 October 2011 for the 2012, 2013 and 2014 financial years, is currently made up as follows:

Members	Position
Natale Freddi *	Chairman
Maurizia Angelo Commeno •	Standing auditor
Gabriele Villa •	Standing auditor
Guido Croci •	Alternate auditor
Mario Busso *	Alternate auditor

• Appointed from the list submitted by shareholder UniCredit S.p.A., which holds 8.655% of the company's share capital.

* Appointed from the minority list submitted by a group of investors owning 1.066% of the share capital.

The CVs of the Statutory Auditors deposited along with the lists for appointments to the Statutory Audit Committee may be found on the Bank's website ([www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate%20Governance)).

In particular, the Statutory Audit Committee:

- is responsible for monitoring compliance with the provisions of the law, regulations and the Company's memorandum of incorporation, with the principles of proper management, and in particular the adequacy of the organizational, administrative and accounting arrangements set in place by the company and their functioning in practice, as well as the effectiveness of the financial reporting process;
- monitors the effectiveness and adequacy of the risk management and control and internal audit system, assessing the effectiveness of all units and departments involved and their co-ordination;
- checks at least twice a year that the plan of activity established by the head of the internal audit unit has been implemented;
- monitors the process of calculating the adequacy of the Bank's aggregate capital, current and estimated, at the consolidated level in view of the large risks to which the Bank and Group are exposed (ICAAP);
- expresses its opinion on the appointment and dismissal of the company mandated to serve as the Bank's external auditor;
- assesses the plan of work submitted by the external auditor for audit of the Bank's results as shown in the auditors' report and their letter containing suggestions;
- monitors the effectiveness of the external auditing process of the annual and consolidated accounts;
- monitors the independence of the external legal auditors, in particular with respect to the provision of non-auditing services;
- gives its opinion on the appointment and dismissal of the heads of internal audit and compliance;
- gives its opinion on appointments to the role of Head of Company Financial Reporting;
- reports any operating irregularities or breaches of regulations noted to the supervisory authorities.

The statutory auditors are vested with the broadest powers provided for by legal and regulatory provisions in force.

The Committee is kept informed of the activities carried out and the most significant transactions in earnings, financial and capital terms, executed by the Company or its subsidiaries, and in particular transactions in which the Directors have an interest either in their own right or by means of third parties, through participating in the meetings of the Board of Directors and Executive Committee.

Information is also provided to the Statutory Audit Committee outside of meetings of the Board of Directors and Executive Committee in writing, addressed to the Chairman of the Statutory Audit Committee.

The Statutory Audit Committee receives information flows organized and channelled via the internal control units, i.e. Group audit, Risk management and Compliance, takes part in all Control and risks committee meetings, and maintains regular relations, with a view to reciprocal exchanges of information, with the external legal auditors, the supervisory unit established pursuant to Italian Legislative Decree 231/01, and with other Group companies' Statutory Audit Committees.

The Statutory Audit Committee checks that the provisions regarding the external legal auditors' independence are complied with, in particular regarding the services other auditing provided to Mediobanca and the Mediobanca Group companies by it and other entities forming part of the same network.

As part of their duties, the Statutory Auditors may ask the Group audit unit to perform specific checks on areas of activity or the company's operations.

The Statutory Audit Committee checks that the criteria and procedures adopted by the Board of Directors for assessing the independence of its members are applied correctly.

Any Statutory Auditor who has an interest, either in his/her own right or via third parties, in a particular transaction in which Mediobanca is involved informs the other Statutory Auditors and the Chairman of the Board of Directors promptly and exhaustively regarding the nature, terms, origin and scope of such interest.

The heads of the various areas of the company hold regular meetings with the Statutory Audit Committee to provide further analysis or training on issues that are of interest to them.

A total of thirty-two meetings of the Statutory Audit Committee were held in the last financial year, eleven of which jointly with the Control and risks committee, and met on several occasions with representatives of the external auditors engaged to audit the company's financial statements pursuant to Italian Legislative Decree 39/10.

The average duration of committee meetings was roughly two hours and fifty minutes.

Related Party Transactions

At a Board meeting held on 27 June 2012, following the unanimous favourable opinion of the Control and risks committee and the Statutory Audit Committee, the Directors of Mediobanca approved the Procedure in respect of transactions with related parties and their associates adopted in pursuance of Consob resolution 17221/10 and the Bank of Italy provisions on this subject, which set out the provisions with which the Bank must comply to ensure that transactions with related parties carried out directly or also via Group companies are executed transparently, fairly in terms of both substance and form, objectively and impartially, and also that the prudential limits on risk assets vs related parties are complied with.

The procedure uses a definition of "related party" which combines the areas of application provided under the Consob regulations and Bank of Italy instructions in respect of procedural and approval obligations. The scope of the definition of related parties to which the prudential limits set by the Bank of Italy and the transparency regulations set by Consob apply remains distinct.

The procedure is activated every time the Bank intends to implement a Transaction with a related party (as defined in Annex I of the regulations). It involves an initial classification between "Most significant transactions" and "Transactions of minor significance", which determines the respective responsibilities and approval procedures. The procedure does not apply to transactions which qualify as "Exemptions" (which include "Ordinary transactions of minor significance carried out on market terms" and "Transactions involving negligible amounts").

The procedure also prescribes a specific "transparency regime" which defines the reporting requirements and deadlines versus both the public and the company's governing bodies. This procedure is published on the Bank's website at www.mediobanca.it/CorporateGovernance.

Internal Dealing

The Directors of Mediobanca have approved a code of conduct for reporting requirements in respect of internal dealing, i.e. dealing transactions involving equity instruments issued by Mediobanca (shares, convertible bonds, warrants, equity derivatives, etc.) carried out by persons defined as “relevant”. Such relevant persons (chiefly Directors, statutory auditors and key management) have all subscribed to the code, and notify Mediobanca of each such transaction involving said equity instruments within three days of their completion. Transactions involving sums of less than €5,000 in the course of the year are not considered (the underlying amount is used in the case of linked derivative products). Mediobanca then discloses all such information to the market and Consob by the next successive day, according to the methods laid down under regulations in force. Relevant persons may not effect such transactions in the thirty days prior to the date on which the Management Board’s approval of the Bank’s annual and interim accounts is made public, or in the fifteen days prior to approval of the quarterly results. Disclosure is not required for exercise of stock options, provided that the disposal of shares arising from such exercise is disclosed. The code is published on the Bank’s website at www.mediobanca.it/CorporateGovernance.

Personal Transactions

In accordance with the provisions of Article 18 of the Bank of Italy-Consob combined regulations issued on 29 October 2007, Mediobanca has adopted a procedure for identifying personal transactions made by relevant persons (or transactions recommended, solicited or divulged to third parties) which may give rise to conflicts of interest or otherwise be in breach of the regulations on insider or confidential information.

Under the procedure, relevant persons must be made aware of and comply with the restrictions and reporting requirements on personal transactions.

Organization Model instituted pursuant to Italian Legislative Decree 231/01

At a Board meeting held on 20 June 2013, the new organizational model instituted pursuant to Italian Legislative Decree 231/01 was approved.

The organizational model consists of:

- a **general part**, comprising:
 - map of the activities at risk, with the addition or rationalization of existing measures;
 - indication of the requirements for the supervisory body and its members;
 - revised references to organizational procedures, *ordini di servizio* and/or internal regulations;
 - new staff remuneration and incentivization system;
 - indication of information flows and reports addressed to the supervisory body.
- **Special parts:**
 - **mapping of activities at risk:** these involve in particular crimes against the public administration, money-laundering, white-collar crimes and instances of market abuse, crimes committed in breach of the law on health and safety in the workplace, and bribery and corruption between private individuals, for which specific preventative measures have been adopted;
 - **protocols**, summarizing the principles of conduct and operating procedures for each sensitive area: in particular the protocols contain the methods to be followed in conducting relations with the public administration, in compliance with the principles of accountability and transparency;
 - **information flows** from/to the supervisory body, containing the data and information which each organizational unit is required to transmit to the supervisory body. Obtaining such data allows the supervisory body to monitor the model's functioning and compliance with it, and to propose revisions where these may be necessary in order to render the company's organizational and internal control measures more effective. In execution of the powers and duties assigned to it under the organizational model, the supervisory body prepares an annual report to the Board of Directors via the Control and risks committee, and the Statutory Audit Committee on the controls carried out with a view to preventing the crimes to which the model refers;
 - **form for reporting** suspected breaches of the model to the supervisory body;
 - **the Group Code of ethics**, which has been adopted by all Group companies, constitutes an integral part of the model, and contains references and principles which are complementary to the legal obligations

and self-regulation requirements for directors, advisors, outside staff and suppliers, and are continuous and consistent with the Group's mission and its basic values. The document is available on the Bank's website at [www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate%20Governance).

Pursuant to Italian legislative decree 231/01, the supervisory body is responsible for monitoring the functioning of and compliance with the model and the functioning of the disciplinary system. It maintains and ensures flows of information to the Board of Directors, including:

- presenting an annual report on the activity carried out and on management of the financial resources utilized;
- reporting on serious breaches of the Model, informing the Chairman of the Control and risks committee and also the Chairman of the Statutory Audit Committee without delay.

It also maintains relations with the external auditors and with the Statutory Audit Committee with a view to appraising all data and information regarding the decree and the model.

As well as the heads of the Group Audit, Legal and Compliance units, the Supervisory body includes two external professionals (a chartered accountant and a criminal lawyer who is its chairman).

Internal Control Units

As required by Bank of Italy regulations, Mediobanca maintains a Group audit unit which is organized so as to monitor and ensure on an ongoing basis that the company's internal control system functions effectively and efficiently. Control is extended to the other companies in the Banking Group both by the unit itself and via its co-ordination of the corresponding subsidiaries' units. The unit has direct access to all useful information, and has adequate means to perform all its duties. The head of Group audit is also part of the supervisory committee set up as part of the internal control system established pursuant to Italian Legislative Decree 231/01, and takes part in meetings of the Control and risks committee to report on the activities carried out and to support the committee in its own supervisory activities. The unit prepares a six-monthly report on the activities carried

out by it, which it submits to the Control and risks committee and the Board of Directors, and presents an update on the critical issues encountered to the Control and risks committee, again twice a year.

The planned audits are conducted in accordance with the unit's own Regulations and with the audit plan approved by the Board of Directors for the year in course.

Centralizing internal audit activities in this way allows Mediobanca's role of co-ordination of the internal controls system to be strengthened and make the whole control structure more efficient by:

- centralizing co-ordination responsibilities at, and providing for direct coverage, by the Group audit unit for all subsidiaries;
- defining a Banking Group audit plan, which includes the Group companies, to be submitted to the approval of Mediobanca's Board of Directors and thereafter of the individual companies' Boards for what concerns them;
- sharing specialist skills (e.g. IT auditing, Basel II, regulations) and audit methodologies, technical skills and reporting standards vis-à-vis the governing bodies and senior management.

The head of the Group Audit Unit is Piero Pezzati, who reports to the Chairman of the Board of Directors.

A suitable budget is made available to the head of the Group Audit Unit each year, subject to the approval of the relevant governing bodies.

Compliance Unit

Mediobanca has had a compliance unit in operation since 2001. On 27 October 2007 this unit took up the responsibilities required of it by Bank of Italy: to manage the regulatory and reputational risks of the Bank, and to monitor in particular that the internal procedures set in place are consistent with the objective of preventing breaches of regulations applicable to the Bank. As required by the joint Consob-Bank of Italy resolution issued on 29 October 2007, the Compliance unit also manages

risks of non-compliance linked to the provision of investment services and activities and ancillary services governed by the MiFID directive.

The compliance unit reports to the Control and risks committee, the Board of Directors and the Statutory Audit Committee twice a year. The Compliance unit is headed up by Massimiliano Carnevali, who reports directly to the Chief Executive Officer.

A suitable budget is made available to the head of the Compliance unit each year, subject to the approval of the relevant governing bodies.

Anti-money-laundering unit

The Anti-money-laundering unit was established in 2011, and again is headed up by Massimiliano Carnevali. As required by the instructions issued by the Bank of Italy on 10 March 2011, the unit is responsible for ongoing monitoring of the company's procedures to prevent and tackle breach of the regulations on money-laundering and terrorist financing.

Risk Management Unit

The Risk Management unit reports to the Chief Executive Officer under the leadership of the Chief Risk Officer, Mr Gino Abbruzzi.

In the exercise of his duties of control, the Chief Risk Officer is the person responsible for identifying and implementing an efficient risk management process through developing risk management policies which include defining and quantifying risk appetite and risk limits at both the individual operating unit and Group level.

A suitable budget is made available to the head of the Risk Management unit each year, subject to the approval of the relevant governing bodies.

Shareholders and Investor Relations

Mediobanca seeks to maintain good relations with its shareholders, encouraging them to attend general meetings, and sending shareholders with a record of recent attendance copies of annual reports and other relevant information. Material of this kind is also available on the company's website at www.mediobanca.it, in English and Italian. Relations with institutional investors, financial analysts and journalists are handled by the relevant units (Paola Schneider – Corporate Affairs, Jessica Spina - Investor Relations and Lorenza Pigozzi – Media Relations).

Other information required under article 123 bis of the Italian consolidated finance act on severance pay agreements

In the event of the directors in the employ of Mediobanca ceasing to work for the company for any reason, the provisions of the law and the national collective labour contract alone.

Save in the case of dismissal for just cause, such directors will be allowed to retain any stock options and/or other financial instruments that have been awarded to them up to the date on which their employment by Mediobanca ceases.

Change of control clauses

Mediobanca is a party to shareholder agreements in respect of listed and unlisted companies. Such agreements may make provision, in the event of substantial changes to the controlling structure of party, for the other parties to exclude it from the agreement and oblige it to sell its shareholding.

Risk Management and Internal Control systems for financial reporting process

Mediobanca has equipped itself with an internal control system for accounting and financial reporting requirements based on benchmark standards which are widely accepted at international levels (COSO and COBIT framework)². The system provides for:

- company level controls: controls to ensure that general and supervisory regulations are complied with in the running of the business, which are the norms, regulations and control mechanisms in force at Group level. Company level controls regard the organization of the company and impact on the methods by which the financial reporting and disclosure objectives are reached.
- administrative/accounting model: organizational processes (operators, activities, risks and controls) which generate the most significant earnings and asset figures included in the financial statements and information disclosed to the market.

General IT controls: general rules governing technologies and applications developments which are common to the architectures and IT applications used to generate financial reporting:

- test of controls, for non-accounting processes (chiefly relating to the support areas) IT processes, which are carried out by the process-owners using a self assessment methodology and checked by the heads of their respective organizational areas;
- test of controls for accounting processes, carried out in part using a self assessment methodology and in part by the Group Audit unit.

The Group Audit unit ascertains annually that the tests carried out on a self-assessment basis have been performed in accordance with the relevant methodologies.

² The COSO Framework has been drawn up by the Committee of Sponsoring Organizations of the Treadway Commission, a US organization whose objective is to improve corporate reporting, via the definition of ethical standards and a system of corporate governance and effective organization; the COBIT Framework-Control Objectives for IT and related technology is a set of rules prepared by the IT Governance Institute, another US organization whose objective is to set and improve corporate standards in the IT sector.

Any gaps that emerge from the testing activity are analysed in conjunction with the heads of the organizational units responsible for the process, and possibly also with the areas that will be involved in resolving the problems. With the Head of company financial reporting, a plan of corrective action is drawn up which assigns responsibilities and defines timescales.

Based on this model, the relevant administrative bodies and the Head of Company Financial Reporting attest, by means of a declaration attached to the annual report, the condensed interim report and the consolidated financial statements, that the procedures in force are adequate and have been effectively applied during the period to which the documents apply, and that the documents correspond to the data recorded in the company's books and accounts ledgers, and are adequate for the purpose of providing a truthful and adequate representation of the capital, earnings and financial situation of the issuer and the group of companies included within its area of consolidation.

Milan, 17 September 2013

Table 1: Board of Directors/Committees as at 30 June 2013

Board of Directors						Executive Committee		Control and Risks Committee		Remunerations Committee		Appoint-ments Committee		
Member****	Exe- cutive	Non exe- cutive	Indep. Code	Ind. Fin. Aet	*** §	No. of other posts*	**	*** §	**	*** §	**	*** §	**	*** §
Renato Pagliaro ◊		x	NO	NO	100%		x	100%			x	100%	x	100%
Dieter Rampl ◊		x	YES	YES	100%									
Marco Tronchetti Provera ◊ •		x	NO	YES	82%									
Alberto Nagel ◊	x		NO	NO	100%		x	100%					x	100%
Francesco Saverio Vinci ◊	x		NO	NO	91%		x	100%					x	100%
Tarak Ben Ammar ◊		x	YES	YES	91%									
Gilberto Benetton ◊		x	NO	YES	82%									
Pier Silvio Berlusconi ¹		x	NO	YES	91%									
Roberto Bertazzoni ◊		x	YES	YES	82%				x	73%	x	67%	x	100% Ø
Angelo Casò ◊		x	YES	YES	100%		x	90%	x	100%	x	100%	x	100%
Maurizio Cereda ◊	x		NO	NO	100%		x	100%						
Christian Collin ¹		x	NO	YES	73%									
Alessandro Decio ¹		x	NO	YES	91%									
Massimo Di Carlo ◊	x		NO	NO	100%		x	100%						
Bruno Ermolli ¹		x	YES	YES	100%									
Anne Marie Idrac ◊		x	YES	YES	82%						x	100%	x	100% Ø
Vanessa Labérenne ¹		x	YES	YES	100%		x	100%	x	91%	x	100%		
Elisabetta Magistretti ◊		x	YES	YES	100%				x	100%			x	100%
Alberto Pecci ¹		x	NO	YES	100%									
Carlo Pesenti ◊		x	NO	YES	73%						x	67%		
Fabio Roversi Monaco □		x	YES	YES	100%									
Eric Strutz ◊		x	YES	YES	91%		x	90%						

* Indicates number of positions held in other companies listed on regulated markets in Italy and elsewhere, in financial services companies, banks and insurances, or large corporates.

** "X" indicates that the director belongs to the relevant committee.

*** Percentage indicates the director's attendance record at Board and committee meetings.

**** The curricula vitae of the directors are available on the Bank's website at [www.medioBANCA.it/corporate governance](http://www.medioBANCA.it/corporate-governance).

◊ Taken from list submitted by shareholder Unicredit S.p.A., which owns 8.655% of the Bank's share capital.

Ø Only for fees payable pursuant to point i) of Article 19 of the Bank's Articles of Association.

§ Reference period is from 1/7/12 to 30/6/13.

• Suspended pursuant to Italian Ministerial Decree 161/98, until the next AGM due to be held on 28/10/13.

□ In office since 16/4/13.

¹ Appointed by shareholders in general meeting on 27/10/12.

Number of meetings held during the year

Board of Directors:	11	Executive Committee:	10	Control and Risks Committee:	11	Remunerations Committee:	3	Appointments Committee:	7
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Table 2: Statutory Audit Committee

Position held	Member	Percentage attendance record at Statutory Audit Committee meetings	No. of other posts held*
Chairman	Natale FREDDI	100%	-
Standing Auditor	Maurizia ANGELO COMNENO	100%	-
Standing Auditor	Gabriele VILLA	97%	-
Alternate Auditor	Guido CROCI		
Alternate Auditor	Mario BUSO		

No. of meetings held during the reference period §:	32**
Quorum for submission of lists by minority shareholders to appoint one or more standing auditors:	at least 1% of the share capital

* Indicates number of positions as director or statutory auditor held by the person concerned in companies listed on regulated markets in Italy and elsewhere.

§ Reference period is from 1/7/12 to 30/6/13.

** Eleven of which held in conjunction with the Control and Risks Committee.

Table 3: Other requirements under code of conduct for listed companies

	YES	NO	Reasons for any departures from recommendations made in the code
Power to represent the Bank and related party disclosure			
Has the Board of Directors authorized parties to represent the Bank and established:			
a) limits	x		
b) methods for exercising such powers	x		
c) regular reporting requirements?	x		
Has the Board of Directors reserved for itself the right to inspect and approve all significant transactions in terms of earnings, capital and finances (including transactions with related parties)?	x		
Has the Board of Directors set guidelines and established criteria for identifying "significant" transactions?	x		
If so, have such guidelines/criteria been set out in the statement on corporate governance?	x		
Has the Board of Directors implemented procedures for reviewing and approving transactions with related parties?	x		
If so, have such procedures been set out in the statement on corporate governance?	x		
Procedures for most recent appointments to Board of Directors/Statutory Audit Committee			
Were candidates' applications for the post of director lodged at least twenty-five days in advance?	x		
Were they accompanied by appropriately detailed documentation?	x		
Were they accompanied by statements regarding the candidates' eligibility to stand as independent Board members?	x		
Were candidates' applications for the post of statutory auditor lodged at least twenty-five days in advance?	x		
Were they accompanied by appropriately detailed documentation?	x		
General meetings			
Has the Bank adopted specific regulations in respect of the holding of general meetings?	x		Orderly proceedings are ensured by the powers vested in the Chairman under law and the company's Articles of Association.
If so, are such regulations attached as an annex hereto, or is indication provided in the annual report as to where they may be obtained or downloaded?	x		
Internal control			
Has the company designated staff to take charge of internal control?	x		
If so, are such staff independent in operational terms from the various heads of the individual operating units?	x		
Organizational unit responsible for internal control pursuant to Article 9.3 of the code)	x		Group audit unit
Investor relations			
Has the company appointed a head of investor relations?	x		
If so, what are the head of the IR unit's contact details?			Jessica Spina Tel no: +39 02 8829.860 - fax no.: +39 02 8829.819 E-mail investor.relations@mediobanca.it

Annex - Posts held in other financial companies, banks, insurances or other companies of significant size by members of the Board of Directors of Mediobanca

Name	Position held in Mediobanca	Post held in other companies
PAGLIARO Renato	Chairman of Board of Directors and Executive Committee	Director Telecom Italia Director Pirelli & C.
RAMPL Dieter	Deputy Chairman	Chairman of Supervisory Board Koenig & Bauer Member of Supervisory Board FC Bayern München Director KKR Management LLC Chairman of Management Board Hypo-Kulturstiftung
TRONCHETTI PROVERA Marco	Deputy Chairman	Chairman and Chief Executive Officer Pirelli & C. Chairman Camfin Chairman Pirelli Tyre Director Eurostazioni Director F.C. Internazionale Milano
NAGEL Alberto	Chief Executive Officer and Executive Committee member	=
VINCI Francesco Saverio	General Manager and Executive Committee member	Director Banca Esperia Director Perseo
BEN AMMAR Tarak	Director	Director Telecom Italia Chief Executive Officer Quinta Communications Chairman and Director Delegato Prima TV Chief Executive Officer Carthago Film Chief Executive Officer Andromeda Tunisie S.A. Chairman Promotions et Participations International S.A.
BENETTON Gilberto	Director	Chairman Edizione Chairman Autogrill Director Sintonia Director Pirelli & C. Director Atlantia
BERLUSCONI Pier Silvio	Director	Chairman and Chief Executive Officer Reti Televisive Italiane Deputy Chairman Mediaset Director Arnoldo Mondadori Editore Director Mediaset Espana Comunicacion Director Medusa Film Director Publitalia '80
BERTAZZONI Roberto	Director	Chairman Smeg Chairman and Chief Executive Officer Erfin - Eridano Finanziaria
CASO' Angelo	Director and Executive Committee member	Chairman of Statutory Audit Committee Benetton Group Chairman Osvaldo Chairman of Statutory Audit Committee Edizione Chairman of Statutory Audit Committee Bracco Chairman of Statutory Audit Committee Bracco Imaging Chairman of Statutory Audit Committee Alchera Chairman of Statutory Audit Committee Bic Italia Standing Auditor Italmobiliare Standing Auditor Padis Investimenti Standing Auditor Pasidis Investimenti Standing Auditor Sidis Investimenti
CEREDA Maurizio	Director and Executive Committee member	Director Ansaldo STS Director Enervit

Name	Position held in Mediobanca	Post held in other companies
COLLIN Christian	Director	General Manager Groupama Director Société Tunisienne d'Assurances et de Réassurances Director La Banque Postale Assurances Iard
DECIO Alessandro	Director	Member of Supervisory Board Bank Pekao Member of Supervisory Board Unicredit Bank Austria Member of Supervisory Board Zao Unicredit Bank
DI CARLO Massimo	Director and Executive Committee member	=
ERMOLLI Bruno	Director	Chairman Promos Chairman Sinergetica Director Arnoldo Mondadori Editore Director Mediaset Director Pasticceria Bindi Director S.I.P.A.
IDRAC Anne Marie	Director	Director Total Director Bouygues Director Compagnie de Saint Gobain Member of Supervisory Board Vallourec
LABERENNE Vanessa	Director and Executive Committee member	=
MAGISTRETTI Elisabetta	Director	Director Luxottica Group Director Pirelli & C.
PECCI Alberto	Director	Chairman E. Pecci & C. Chairman Pecci Filati Chairman and Managing Director Pontoglio Director EL.En.
PESENTI Carlo	Director	General Manager and Director Italmobiliare Director Delegato Italcementi Deputy Chairman Ciments Français Director RCS MediaGroup
STRUTZ Eric	Director and Executive Committee member	Member of Board of Partners Group Holding

**RESOLUTIONS ADOPTED BY SHAREHOLDERS IN THE ANNUAL
GENERAL MEETING HELD ON 28 OCTOBER 2013**



Resolutions adopted by shareholders in the annual general meeting held on 28 October 2013

At the ordinary Annual General Meeting held on 28 October 2013, the shareholders of Mediobanca adopted resolutions to:

- approve the Group’s financial statements for the year ended 30 June 2013;
- approve the proposal to cover the €234,997,660.60 loss for the period by withdrawing the same amount from the Other reserves which therefore amount to €558,127,219.59;
- restore Marco Tronchetti Provera to his position on the Board of Directors, whose term of office will expire with the Annual General Meeting called to approve the financial statements for the year ending 30 June 2014;
- appoint Giorgio Guazzaloca as member of the Board of Directors, at Fondazione Cassa di Risparmio in Bologna’s indication, with term of office to expire on the same date as the terms of the other Directors currently in office, namely the date on which the financial statements for the year ending 30 June 2014 are approved;
- approve the Group’s “Staff remuneration policies”, including the indications provided in the Annual General Meeting.

BALANCE-SHEET AND FUND ALLOCATION ANALYSES



As at 30 June	Liquid assets	Bills discounted advances, repurchase and forward transactions, and loans	Investment securities (excluding investments in Group undertakings)	Investments in Group undertakings	Investments in consortium companies	Property	Furniture, equipment and intangible assets	Other assets	Total assets	Contra accounts	Grand Total
1947	1,536	398	—	—	—	—	6	33	1,973	387	2,360
1948	1,344	1,900	—	—	—	—	6	33	3,283	465	3,748
1949	2,830	3,569	—	1	—	24	—	32	6,456	264	6,720
1950	3,532	5,315	889	3	—	—	—	35	9,774	853	10,627
1951	3,751	6,760	546	25	—	—	—	31	11,113	315	11,428
1952	3,706	9,779	464	38	—	—	—	31	14,018	176	14,194
1953	5,395	12,654	263	—	—	—	—	35	18,347	8,841	27,188
1954	7,804	15,909	763	1	—	—	—	137	24,614	553	25,167
1955	10,294	18,690	971	58	—	—	—	85	30,098	1,644	31,742
1956	14,713	23,573	1,283	5	—	—	—	484	40,058	12,272	52,330
1957	17,670	28,648	1,540	—	—	—	—	245	48,103	10,394	58,497
1958	18,727	31,577	1,798	—	—	—	—	439	52,541	4,799	57,340
1959	31,724	40,713	4,131	—	—	—	—	1,391	77,959	16,828	94,787
1960	45,099	49,813	4,286	—	—	—	—	227	99,425	7,622	107,047
1961	48,464	66,669	6,412	110	—	—	—	244	121,899	7,974	129,873
1962	29,895	100,913	9,027	39	—	—	—	435	140,309	32,419	172,728
1963	39,529	124,090	9,282	142	—	—	—	626	173,669	28,175	201,844
1964	49,714	153,282	9,337	90	—	—	—	1,332	213,755	23,277	237,032
1965	67,815	157,552	13,417	5	—	—	—	1,273	240,062	37,932	277,994
1966	100,651	191,935	15,115	—	—	—	—	2,385	310,086	100,762	410,848
1967	107,097	245,565	17,396	5	—	—	—	3,342	373,405	112,502	485,907
1968	121,745	305,666	17,317	—	—	—	—	4,569	449,297	122,695	571,992
1969	104,636	374,711	19,877	—	—	—	—	6,028	505,252	179,385	684,637
1970	108,075	513,117	19,759	5	—	—	—	5,512	646,468	148,926	795,394
1971	296,325	533,281	19,833	21	—	—	—	4,804	854,264	220,019	1,074,283
1972	211,681	644,004	22,501	541	—	26	—	6,373	885,126	248,839	1,133,965
1973	219,061	768,777	23,083	671	—	26	79	7,999	1,019,696	317,492	1,337,188
1974	725,455	1,091,712	29,243	755	—	190	102	16,095	1,863,552	283,551	2,147,103
1975	898,375	1,243,559	32,603	755	—	190	108	24,963	2,200,553	270,792	2,471,345
1976	842,638	1,394,824	27,159	1,573	—	190	133	27,826	2,294,343	260,533	2,554,876
1977	930,863	1,526,989	32,255	4,042	—	3,615	190	31,666	2,529,620	266,527	2,796,147
1978	931,722	1,719,338	34,759	4,137	—	3,615	198	72,125	2,765,894	414,045	3,179,939
1979	506,795	1,703,992	78,140	4,173	—	3,615	228	74,652	2,371,595	312,152	2,683,747
1980	520,954	1,834,527	55,983	4,174	7,230	3,615	251	75,576	2,502,310	385,483	2,887,793
1981	446,588	2,215,915	73,762	4,008	14,977	3,615	423	174,332	2,933,620	618,841	3,552,461
1982	638,435	2,540,960	165,104	4,008	14,993	3,615	438	174,142	3,541,695	714,778	4,256,473
1983	839,289	2,773,956	170,991	4,008	16,217	3,615	481	231,585	4,040,142	575,962	4,616,104
1984	859,764	3,002,978	225,314	8,088	16,217	19,625	511	224,145	4,356,642	650,010	5,006,652
1985	1,257,350	3,138,244	284,891	8,088	8,986	19,625	700	292,367	5,010,251	685,879	5,696,130
1986	1,697,370	3,388,523	379,210	8,088	1,239	19,625	666	227,820	5,722,541	1,575,268	7,297,809
1987	1,578,922	4,271,623	416,752	8,088	—	19,625	1,153	242,919	6,539,082	1,031,762	7,570,844
1988	1,569,877	4,540,865	565,933	4,213	—	19,625	1,803	208,692	6,911,008	1,827,254	8,738,262
1989	1,403,579	5,465,846	640,118	12,606	—	19,625	2,050	244,208	7,788,032	1,532,042	9,320,074
1990	1,860,248	6,841,257	709,335	9,495	—	19,625	2,353	348,524	9,790,837	2,458,501	12,249,338
1991	2,471,961	6,772,063	926,197	15,652	—	19,625	2,815	407,693	10,616,006	1,914,503	12,530,509
1992	2,245,473	7,356,291	1,149,728	17,897	—	23,800	3,539	516,359	11,313,087	4,974,896	16,287,983
1993	3,104,631	7,933,550	1,187,565	51,589	—	23,800	4,410	532,248	12,837,793	5,464,451	18,302,244
1994	3,347,387	8,961,303	1,389,176	49,085	—	23,800	4,690	522,005	14,297,446	3,851,623	18,149,069
1995	3,150,896	9,609,949	1,618,928	47,725	—	23,800	4,571	478,176	14,934,045	3,103,192	18,037,237
1996	2,571,335	10,717,159	1,793,785	46,491	—	23,800	4,739	484,943	15,642,252	4,114,659	19,756,911
1997	4,337,359	12,058,402	1,820,638	51,422	—	23,800	5,046	582,619	18,879,286	9,531,224	28,410,510
1998	4,789,102	14,115,689	2,106,078	58,298	—	23,800	6,013	856,681	21,955,661	24,883,375	46,839,036
1999	5,201,164	13,175,891	2,602,245	129,792	—	23,800	7,477	1,120,409	22,260,778	33,863,092	56,123,870
2000	4,578,652	14,764,593	2,740,839	60,875	—	23,800	9,286	1,344,067	23,522,112	43,236,774	66,758,886
2001	5,645,521	14,229,607	2,923,030	102,505	—	23,800	10,515	1,491,431	24,426,409	46,827,877	71,254,286
2002	7,377,119	14,861,758	2,912,572	118,779	—	23,800	11,961	1,881,176	27,187,165	50,916,657	78,103,822
2003	8,796,562	15,521,995	2,647,557	118,731	—	23,800	13,810	1,964,690	26,087,145	79,162,015	105,249,160
2004	8,427,864	13,324,382	2,591,198	396,476	—	25,479	14,171	2,188,463	26,968,033	84,319,470	111,287,503
2005	6,538,471	13,995,593	2,719,006	490,219	—	26,255	14,730	2,032,674	25,816,948	81,192,618	107,009,566
2006	8,790,079	15,823,797	2,845,923	457,429	—	27,214	17,252	1,835,453	29,797,147	157,987,333	187,784,480

Balance sheet analysis § ASSETS

(€'000)

At year-end	Net treasury fund applications	AFS securities	Financial assets held to maturity	Loans and advances to customers	Investments in Group companies	Other investments	Properties	Tangible and intangible assets	Other assets	Total assets
2005/2006	5,580,560	4,042,970	625,544	15,870,533	457,429	1,219,525	116,656	6,256	267,649	28,187,122
2006/2007	6,379,384	4,788,039	621,634	20,306,484	468,270	1,212,507	115,237	6,059	251,591	34,149,205
2007/2008	8,845,365	2,846,738	619,214	24,235,221	969,612	1,752,778	113,818	7,756	420,591	39,811,093
2008/2009	13,059,370	4,330,945	1,556,744	23,282,523	971,536	1,873,697	112,783	9,666	555,412	45,752,676
2009/2010	16,241,356	5,237,181	1,454,466	20,194,698	969,510	1,858,777	113,244	17,336	519,658	46,606,226
2010/2011	10,660,781	6,684,674	4,001,102	22,891,839	969,841	1,701,144	112,137	20,684	660,920	47,703,122
2011/2012	10,760,583	9,356,653	4,013,408	27,219,512	1,358,759	1,855,681	119,494	18,565	538,166	55,240,821
2012/2013	9,138,557	10,319,344	5,004,318	23,003,606	1,509,341	1,208,272	118,060	13,879	419,245	50,734,622

[§] IAS/IFRS-compliant.

As at 30 June	Shareholders' equity			Specific credit risks provision	Provision for discounts and expenses on bonds issued	Securities fluctuation allowance	Provision for writedowns in investments	Time deposits and current accounts	Debt securities	Due to banks and EIB funds	Accumulated depreciation on furniture and equipment	Accumulated depreciation on property	Other liabilities and provisions	Profit for the year	Total liabilities	Contra accounts	Grand Total
	Share capital	Reserves, provisions qualifying as reserves * and retained earnings	Total														
1947	516	—	516	—	—	—	—	1,448	—	—	—	—	24	(15)	1,973	387	2,360
1948	516	—	516	—	—	—	—	2,729	—	—	—	—	30	8	3,283	465	3,748
1949	516	2	518	—	—	—	—	5,746	—	—	—	—	143	49	6,456	264	6,720
1950	1,033	26	1,059	—	—	—	—	8,325	—	—	—	—	303	87	9,774	853	10,627
1951	1,549	54	1,603	—	—	—	—	8,985	—	—	—	—	335	190	11,113	315	11,428
1952	1,549	109	1,658	—	—	—	—	11,745	—	—	—	—	405	210	14,018	176	14,194
1953	1,549	169	1,718	—	—	—	—	15,623	—	—	—	—	791	215	18,347	8,841	27,188
1954	1,549	273	1,822	—	—	—	—	21,681	—	—	—	—	898	213	24,614	553	25,167
1955	1,549	322	1,871	—	—	—	—	26,945	—	—	—	—	1,045	237	30,098	1,644	31,742
1956	2,066	365	2,431	—	—	—	—	35,586	—	—	—	—	1,764	277	40,058	12,272	52,330
1957	3,099	446	3,545	—	—	—	—	41,798	—	—	—	—	2,437	323	48,103	10,394	58,497
1958	3,099	522	3,621	—	—	—	—	45,287	—	—	—	—	3,245	388	52,541	4,799	57,340
1959	3,099	607	3,706	—	—	—	—	68,934	—	—	—	—	4,923	396	77,959	16,828	94,787
1960	5,165	747	5,912	—	—	—	—	87,472	—	—	—	—	5,323	718	99,425	7,622	107,047
1961	5,165	1,127	6,292	—	—	—	—	107,712	—	—	—	—	6,929	966	121,899	7,974	129,873
1962	5,165	1,562	6,727	—	—	—	—	125,489	—	—	—	—	7,089	1,004	140,309	32,419	172,728
1963	6,197	2,285	8,482	—	—	—	—	155,196	—	—	—	—	9,276	715	173,669	28,175	201,844
1964	6,197	2,901	9,098	—	—	—	—	189,266	—	—	—	—	14,618	773	213,755	23,277	237,032
1965	7,230	3,607	10,837	—	—	—	—	211,506	—	—	—	—	240,062	776	240,062	37,932	277,994
1966	7,230	4,484	11,714	—	—	—	—	274,589	—	—	—	—	22,862	921	310,086	100,762	410,848
1967	7,230	5,933	13,163	—	—	—	—	336,544	—	—	—	—	22,742	956	373,405	112,502	485,907
1968	8,263	7,307	15,570	—	—	—	—	402,293	—	—	—	—	30,377	1,057	449,297	122,695	571,992
1969	8,263	8,994	17,257	—	—	—	—	449,103	—	—	—	—	37,439	1,453	505,252	179,385	684,637
1970	8,263	11,326	19,589	—	—	—	—	534,360	41,317	—	—	—	50,034	1,168	646,468	148,926	795,394
1971	8,263	13,500	21,763	—	—	—	—	726,356	41,317	—	—	—	63,113	1,715	854,264	220,019	1,074,283
1972	8,263	16,462	24,725	—	—	—	541	745,717	41,317	—	—	26	71,605	1,195	885,126	248,839	1,133,965
1973	11,569	19,698	31,267	—	—	—	516	839,113	40,284	—	79	26	106,559	1,852	1,019,696	317,492	1,337,188
1974	11,569	24,879	36,448	—	—	—	669	832,133	240,371	597,632	102	26	153,960	2,211	1,863,552	283,551	2,147,103
1975	16,527	33,840	50,367	—	—	—	755	1,171,053	215,581	580,034	108	26	179,651	2,978	2,200,553	270,792	2,471,345
1976	16,527	41,766	58,293	—	—	—	755	1,073,975	213,284	771,016	133	26	166,756	10,105	2,294,343	260,533	2,554,876
1977	20,658	58,793	79,451	—	—	—	1,572	1,254,227	268,556	748,283	190	26	162,642	14,673	2,529,620	266,527	2,796,147
1978	26,856	67,217	94,073	—	—	—	4,039	1,449,198	396,572	601,809	198	3,615	200,652	15,738	2,765,894	414,045	3,179,939
1979	43,382	83,667	127,049	2,622	—	—	4,137	1,531,093	423,029	62,443	228	3,615	200,944	16,435	2,371,595	312,152	2,683,747
1980	43,382	107,496	150,878	3,300	3,873	—	4,173	1,622,873	445,639	41,851	251	3,615	207,623	18,234	2,502,310	385,483	2,887,793
1981	52,679	139,245	191,924	1,265	5,087	—	4,174	1,842,966	589,210	28,807	423	3,615	221,450	44,699	2,933,620	618,841	3,552,461
1982	70,238	167,753	237,991	650	7,308	—	4,008	2,390,742	662,617	27,385	438	3,615	187,644	19,297	3,541,695	714,778	4,256,473
1983	70,238	186,693	256,931	2,755	8,806	—	4,008	2,753,902	738,830	23,558	481	3,615	208,464	38,792	4,040,142	575,962	4,616,104
1984	87,798	269,265	357,063	3,267	9,684	—	4,008	2,987,681	698,842	5,404	511	4,204 ²	241,537	44,441	4,356,642	650,010	5,006,652
1985	87,798	321,361	409,159	2,556	10,823	—	4,008	3,445,663	756,640	27,346	700	1,178	285,170	67,008	5,010,251	685,879	5,696,130
1986	87,798	416,625	504,423	1,275	8,163	—	4,008	3,559,090	1,170,955	98,190	666	1,766	284,740	89,265	5,722,541	1,575,268	7,297,809
1987	87,798	533,608	621,406	620	6,219	—	8,088	3,456,058	1,928,005	191,501	1,153	2,355	265,317	58,360	6,539,082	1,031,762	7,570,844
1988	105,357	609,693	715,050	440	4,213	—	4,213	3,799,239	1,872,357	229,658	1,803	2,944	221,321	62,256	6,911,008	1,827,254	8,738,262
1989	105,357	684,026	789,383	416	735	—	2,253	4,160,423	2,195,808	285,071	2,050	3,533	264,500	83,860	7,788,032	1,532,042	9,320,074
1990	175,595	1,037,632	1,213,227	192	7,031	—	12,606	4,679,784	3,160,657	247,347	2,353	4,121	343,651	119,868	9,790,837	2,458,501	12,249,338
1991	175,595	1,142,463	1,318,058	15,900	7,370	75,806	9,495	5,029,104	3,108,092	474,942	2,815	4,710	455,885	113,829	10,616,006	1,914,503	12,530,509
1992	175,595	1,252,575	1,428,170	5,872 ¹	6,137 ³	131,073 ¹	15,652	5,489,100	2,803,155	752,917	3,539	5,299	536,812	135,361	11,313,087	4,974,896	16,287,983
1993	175,595	1,418,593	1,594,188	13,039	—	—	—	6,393,007	3,063,153	1,096,146	4,410	6,013	564,478	103,359	12,837,793	5,464,451	18,302,244
1994	245,833	1,983,409	2,229,242	13,763	—	—	—	5,366,489	4,461,893	1,601,089	4,690	6,727	502,025	111,528	14,297,446	3,851,623	18,149,069
1995	245,833	2,070,559	2,316,392	36,735	—	—	—	6,097,985	4,625,946	1,283,946	4,571	7,441	480,929	80,100	14,934,045	3,103,192	18,037,237
1996	245,833	2,152,495	2,398,328	35,201	—	—	—	6,432,396	4,783,236	1,441,434	4,739	8,155	476,621	62,142	15,642,252	4,114,659	19,756,911
1997	245,833	2,252,872	2,498,705	—	—	—	—	5,773,044	7,787,176	2,047,681	5,046	8,869	686,944	71,821	18,879,286	9,531,224	28,410,510
1998	295,059	2,972,222	3,267,281	—	—	—	—	4,082,396	10,297,074	2,707,852	6,013	9,583	1,455,901	129,561	21,955,661	24,883,375	46,839,036
1999	295,366	3,100,762	3,396,128	—	—	—	—	3,452,177	10,286,779	3,283,081	7,477	10,297	1,711,361	113,478	22,260,778	33,863,092	56,123,870
2000	307,780	3,317,037	3,624,817	—	—	—	—	2,918,920	11,072,736	3,072,363	9,286	11,011	2,686,566	126,413	23,522,112	43,236,774	66,758,886
2001	331,650	3,743,506	4,075,156	—	—	—	—	3,385,422	10,890,941	3,417,142	10,515	11,725	2,484,247	151,261	24,426,409	46,827,877	71,254,286
2002	389,265	4,069,354	4,458,619	—	—	—	—	4,508,208	11,202,082	4,430,055	11,961	12,439	2,446,155	117,646	27,187,165	50,916,657	78,103,822
2003	389,275	4,114,735	4,504,010	—	—	—	—	1,721,391	14,653,555	3,667,461	13,810	13,153	1,527,612	(14,027)	26,086,965	79,162,015	105,248,980
2004	389,291	3,993,794	4,383,085	—	—	—	—	3,069,781	14,663,091	2,828,314	14,171	13,917	1,568,111	427,563	26,968,033	84,319,470	111,287,503
2005	397,478	4,130,486	4,527,964	—	—	—	—	2,133,993	14,491,296	2,749,348	14,730	14,705	1,444,858	440,054	25,816,948	81,192,618	107,009,566
2006	405,999	4,346,447	4,752,446	—	—	—	—	729,603	20,892,213	1,394,510	17,252	15,521	1,501,268	494,334	29,797,147	157,987,333	187,784,480

* Provision for general banking risks, general credit risks provision and securities fluctuation allowance (between 1967 and 1984, when this allowance was taken to Reserve).

¹ Taken to Reserve.

² Of which €3.6m taken to Reserve.

³ Of which €12.5m taken to Reserve and the balance to write down the book value of securities.

Balance sheet analysis § LIABILITIES

(€'000)

At year-end	Capital		Total	Provisions	Debt securities in issue	Other funding forms	Other liabilities	Profit for the year	Total liabilities
	Share capital	Reserves, other provisions with capital content * and retained earnings							
2005/2006	405,999	4,527,856	4,933,855	165,712	20,192,077	1,811,063	538,895	545,520	28,187,122
2006/2007	408,781	5,128,989	5,537,770	162,433	23,027,454	4,077,662	782,776	561,110	34,149,205
2007/2008	410,028	4,217,383	4,627,411	161,452	30,541,427	3,199,445	658,779	622,579	39,811,093
2008/2009	410,028	4,210,394	4,620,422	160,612	35,860,227	4,388,413	702,194	20,808	45,752,676
2009/2010	430,551	4,244,955	4,675,506	160,650	36,150,327	4,587,318	788,286	244,139	46,606,226
2010/2011	430,565	4,380,729	4,811,294	159,991	36,783,922	5,059,996	760,543	127,376	47,703,122
2011/2012	430,565	4,191,175	4,621,740	160,075	31,561,792	18,494,608	602,757	(200,151)	55,240,821
2012/2013	430,565	4,296,680	4,727,245	160,458	26,905,614	18,463,685	712,618	(234,998)	50,734,622

§ IAS/IFRS-compliant.

* Provision for general banking risks, risk provisions (share not committed), Provision for writedowns to securities (years from 1966/67 to 1983/84, when the provision was transferred to reserves).

For years ended 30 June	Gross profit for year	Allocation to credit risks provision	Net profit	Amount taken to Reserve	Amount taken to Special Reserve ¹	Appropriation of net profit					Increase (decrease) in retained earnings	
						Writedowns in securities and investments, depreciation on furniture and equipment, and amortization of discounts on bonds issued	Total dividend paid	Percent dividend paid	Directors' ² remuneration			
1947	(15)	—	(15)	—	—	—	—	—	—	—	—	—
1948	23	—	23	2	—	21 ³	—	—	—	—	—	—
1949	49	—	49	24	—	24	—	—	—	1	—	—
1950	87	—	87	26	—	3	54	7	2	2	2	—
1951	190	—	190	52	—	25	108	7	2	3	3	—
1952	210	—	210	52	—	38	108	7	3	9	9	—
1953	215	—	215	103	—	—	108	7	3	1	1	—
1954	213	—	213	52	—	52	108	7	3	(2)	(2)	—
1955	237	—	237	52	—	84	108	7	3	(10)	(10)	—
1956	277	—	277	77	—	57	135	7,50	3	5	5	—
1957	323	—	323	77	—	52	194	7,50	3	(3)	(3)	—
1958	388	—	388	77	—	52	248	8	3	8	8	—
1959	396	—	396	129	—	—	248	8	8	11	11	—
1960	718	—	718	387	—	—	331	8	8	(8)	(8)	—
1961	966	—	966	439	—	109	413	8	8	(3)	(3)	—
1962	1,004	—	1,004	413	—	116	465	9	9	1	1	—
1963	1,025	310	715	103	—	142	465	9	9	(4)	(4)	—
1964	1,289	516	773	103	—	90	558	9	12	10	10	—
1965	1,370	594	776	155	—	5	604	9	12	—	—	—
1966	1,644	723	921	181	—	—	723	10	14	3	3	—
1967	1,911	955	956	207	—	5	723	10	15	6	6	—
1968	2,219	1,162	1,057	258	—	—	775	10	16	8	8	—
1969	2,873	1,420	1,453	516	—	—	909	11	19	9	9	—
1970	2,976	1,808	1,168	258	—	5	909	11	18	(22)	(22)	—
1971	3,652	1,937	1,715	258	—	537	909	11	19	(8)	(8)	—
1972	3,390	2,195	1,195	258	—	—	909	11	19	9	9	—
1973	4,822	2,970	1,852	387	—	155	1,273	11	26	11	11	—
1974	6,988	4,777	2,211	511	—	395	1,273	11	26	6	6	—
1975	11,112	8,134	2,978	775	—	155	1,983	12	41	24	24	—
1976	17,077	6,972	10,105	1,808	4,132	2,109	1,983	12	41	32	32	—
1977	22,549	7,876	14,673	5,165	178	6,059	3,223	12	66	(18)	(18)	—
1978	25,034	9,296	15,738	6,197	6,197	98	3,223	12	65	(42)	(42)	—
1979	29,346	12,911	16,435	7,747	—	2,489	6,074	14	124	1	1	—
1980	33,728	15,494	18,234	7,747	3,099	1,214	6,074	14	123	(23)	(23)	—
1981	67,940	23,241	44,699	17,043	17,560	2,571	7,375	14	150	—	—	—
1982	29,720	10,423	19,297	7,747	—	1,498	9,833	14	201	18	18	—
1983	52,450	13,658	38,792	10,329	17,560	878	9,833	14	200	(8)	(8)	—
1984	60,560	16,119	44,441	27,372	—	3,476	13,170	15	272	151	151	—
1985	87,848	20,840	67,008	51,646	—	—	14,926	17	307	129	129	—
1986	124,380	35,115	89,265	67,139	—	4,080	17,560	20	361	125	125	—
1987	89,906	31,546	58,360	40,800	—	—	17,560	20	351	(351)	(351)	—
1988	84,324	22,068	62,256	40,800	—	—	21,071	20	429	(44)	(44)	—
1989	110,642	26,782	83,860	38,734	—	16,649	28,095	20	311	71	71	—
1990	153,577	33,709	119,868	83,912	—	339	35,119	20	454	44	44	—
1991	147,192	33,363	113,829	59,450	—	18,666	35,119	20	456	138	138	—
1992	171,152	35,791	135,361	99,852	—	—	35,119	20	452	(62)	(62)	—
1993	141,654	38,295	103,359	64,041	—	—	38,631	20	528	159	159	—
1994	154,910	43,382	111,528	61,975	—	—	49,167	20	733	(347)	(347)	—
1995	126,220	46,120	80,100	30,213	—	—	49,167	20	740	(20)	(20)	—
1996	110,692	48,550	62,142	12,137	—	—	49,167	20	742	97	97	—
1997	128,026	56,205	71,821	21,949	—	—	49,167	20	739	(34)	(34)	—
1998	191,858	62,297	129,561	62,090	—	—	66,401	22,50	1,091	(20)	(20)	—
1999	175,711	62,233	113,478	45,914	—	—	66,460	22,50	1,093	11	11	—
2000	198,407	71,994	126,413	47,898	—	—	77,230	25	1,312	(27)	(27)	—
2001	233,894	82,633	151,261	49,913	—	—	99,522	30	1,769	57	57	—
2002	204,646	87,000	117,646	265	—	—	116,782	30	618	(19)	(19)	—
2003	30,973	45,000	(14,027)	(154,166) ⁴	—	—	140,139	36	—	(81)	(81)	—
2004	460,563	33,000	427,563	111,201	—	—	311,535	80	4,827	—	—	—
2005	440,054	—	440,054	51,416	—	—	382,365	96	6,273	—	—	—
2006	494,334	—	494,334	15,058	—	—	473,003	116	6,273	—	—	—

¹ Allotments to Special Reserve were used to fund bonus issues of €4.1m in October 1976, €6.2m (together with €6,019,000 from the Revaluation Reserve) in October 1977, €6.2m in October 1978, €3.1m in October 1980, €17.6m in October 1981 and €17.6m in October 1983.

² Plus fixed fee of €258,000 as from 30/6/89 and €1.5m as of 30/6/02.

³ Of which €15,000 to absorb prior year loss.

⁴ Of which €14,027,000 to cover loss for the year, and €140,139,000 for payment of dividend.

Fund allocation analysis §

(€'000)

Financial year	Profit before tax for the year	Transfers to risk provisions	Net profit	Allocation of net profit			Remuneration due to Board ¹	Changes in retained earnings
				To reserves	Dividends paid out	%		
2005/2006	545,520	—	545,520	66,244	473,003	116	6,273	—
2006/2007	561,110	—	561,110	22,423	532,414	130	6,273	—
2007/2008	622,579	—	622,579	89,543	533,036	130	—	—
2008/2009	20,808	—	20,808	20,808	—	—	—	—
2009/2010	244,139	—	244,139	100,643	143,496	34	—	—
2010/2011	127,376	—	127,376	(16,124)	143,500	34	—	—
2011/2012	(200,151)	—	(200,151)	(242,357) ²	42,206	10	—	—
2012/2013	(234,998)	—	(234,998)	(234,998)	—	—	—	—

§ IAS/IFRS-compliant.

¹ Plus fixed fee of €258,000 as from 30/6/89 and €1.5m as of 30/6/02.

² Of which €200,151 to cover losses for the period and €42,206 to pay for the dividend.

