



MEDIOBANCA

**Mediobanca
Board of Directors' Meeting**

Milan, 27 October 2014



Financial statements for three months ended 30/9/14 approved

Revenues up 25%, to €525m, Net profit of €160m

Profit from banking activity three times higher at €107m

Comprehensive assessment exercise passed in full

- ◆ The Mediobanca Group earned a net profit of €160m in the three months, driven by the strong upturn in banking activities, with the following results in particular:
 - ◆ Revenues up 25%, to €525m, driven by fee income (almost doubled, from €84m to €147m) and an upturn in trading income (up from €3m to €56m), with net interest income resilient at €267m
 - ◆ Cost/income ratio down from 40% to 35%, despite the 10% rise in costs due to business expansion (volumes and geographies)
 - ◆ Cost of risk down to 157 bps, from the high of 230 bps in FY 2013/14 (which included one-off adjustments in view of AQR)
 - ◆ Profit from banking activities three times higher, at €107m (30/9/13: €34m)
 - ◆ Net profit earned by the Group €160m (€171m); reduction due solely to lack of gains on disposals (30/9/13: €80m)
- ◆ Corporate & Investment Banking recovering strongly
 - ◆ Revenues doubled to €219m, on fees of €112m (flat vs previous quarter's high levels) and substantial trading profits (€51m)
 - ◆ Lendings up 3% for the quarter, to €12.8bn, cost of risk down to 43 bps
 - ◆ Net profit four times higher, at €84m (€17m)
- ◆ Retail & Consumer Banking: ongoing positive trends confirmed
 - ◆ Consumer finance: revenues up 8%, cost of risk falling (385 bps)
 - ◆ Retail banking: ongoing remix and repricing of deposits; insurance products worth €280m placed in the three months
- ◆ Capital solidity and low risk profile strengthened further:
 - ◆ CET1: 11% phased-in, 12.6% fully phased (not including profit for the period)
 - ◆ Leverage ratio (30/6/14): 8.8% phased-in, 9.85% fully phased
 - ◆ NPLs coverage ratio increased from 50% at end-June to 53%
- ◆ Comprehensive assessment exercise passed comfortably
 - ◆ CET1-post-AQR: 8.4% (9.4% with AG weighted at 370%)
 - ◆ CET1-post-ST baseline scenario: 10.6%, excess capital €1,561m¹
 - ◆ CET1-post-ST adverse scenario: 7.8%, excess capital €1,406m¹
 - ◆ No further action necessary, on capital or loan coverage

¹ Includes capital measures and retained earnings for 9M 2014.



With Renato PAGLIARO in the chair, the Directors of Mediobanca approved the Group's financial statements for the three months ended 30 September 2014, as illustrated by Chief Executive Officer Alberto NAGEL.

Consolidated results

The Mediobanca Group reported a 24.5% increase in revenues in the three months under review, from €421.9m to €525.4m, entirely attributable to the good performance posted by banking activity, which delivered a profit more than three times last year's result (€106.8m, versus €34m last year). In wholesale banking, the improving trend has continued, with an increase in net fee and commission income (up from €32.4m to €95.3m) along with a significant contribution from treasury operations (€46m). Revenues growth in retail and consumer banking also continued, up 5.3% (from €228.2m to €240.4m), driven by net interest income (up 6.3%). Conversely, the contribution from principal investing declined from €137.2m to €53.3m, the result last year having been boosted by gains on disposals totalling €79.5m (compared to €4m this quarter). Net profit fell accordingly, from €171.2m to €160m.

The main income items performed as follows:

- ◆ net interest income was largely unchanged, showing a 1.3% reduction from €270.5m to €267.1m: this result represents the balance between retail and consumer banking, where net interest income was up 6.3% (from €186.3m to €198.1m), driven by higher volumes with yields resilient, and wholesale banking, where this item fell from €62.9m to €47.3m, on account of the reduction in volumes and margins;
- ◆ income from treasury operations returned to high levels at €55.6m (€2.9m), driven largely by fixed-income trading;
- ◆ net fee and commissions more or less doubled, from €84.4m to €147.2m, due to capital markets activities, which began to pick up in the final months of the last financial year;
- ◆ the contribution from equity-accounted companies fell from €64.1m to €55.5m, due to the performance of Assicurazioni Generali.

Operating costs were up 10%, from €168.6m to €185.4m, split roughly equally between labour costs (up 8.5%) and overheads (up 11.5%). The increase chiefly reflects the expansion of the business in terms of volumes and geographies. The cost/income ratio still fell, from 40% to 35%.

Loan loss provisions were down 6.5%, from €128.9m to €120.5m, with a further increase in the coverage ratio to 53% (from 50% at the balance-sheet date). The cost of risk for the three months fell to 157 bps (versus 230 bps last year, which included one-off adjustments made in view of the upcoming AQR and 154 bps in the first quarter).

Securities portfolio management yielded gains of €4.5m (30/9/13: €79.8m) plus writedowns totalling €6.6m (€0.9m) to reflect current fair values.

On the balance-sheet side, corporate lending resumed growth, the asset optimization process continued, and the high levels of capital and asset quality were confirmed:

- ◆ loans and advances to customer showed a slight, 1.5% increase which regarded all segments: wholesale banking (up 2.8%), consumer finance (up 2.1%), and mortgage lending (up 0.3%). Conversely, leasing volumes fell 2.1%, as did those in private banking (by 3.6%). Non-performing loans fell from €1,157.6m to €1,125m, following an increase in the coverage ratio (from 50% to 53%), and now represent 3.6% (3.8%) of the total loan book;



- ◆ funding fell from €45.8bn to €44bn, as a result of debt securities maturing (€1.7bn), the decrease in retail funding raised by CheBanca! (down from €11.5bn to €11.3bn), and a further reduction in the LTRO granted by the ECB (€1bn), in part offset by the first tranche of the TLTRO (€578m);
- ◆ liquid assets (treasury assets and securities portfolio) down from €19.8bn to €17.4bn, in line with the Business Plan objectives;
- ◆ Core Tier 1 ratio (Basel III, phased-in), not including net profit for the period, stands at 11% (30/6/14: 11.08%); rising to 11.13% if profit for the period is included; total capital ratio 13.86% (13.76%).

Divisional results

Wholesale banking: strongly rebounding

Wholesale banking reflected a profit of €73.5m for the three months (€7.2m), on higher revenues of €188.6m (€94m) and lower loan loss provisions of €14.5m (€25.8m). In particular:

- ◆ robust trend in fee and commission income (which more or less tripled, from €32.4m to €95.3m) reflecting the upturn in capital market activity, which began to pick up in the spring months of this year (€58.4m, versus €2.8m), and an improved performance in advisory business (€10.7m, versus €4.5m);
- ◆ the return to profit of net trading income with a net result of €46m (compared with a €1.3m as at Sept.13), driven by a positive contribution from fixed-income trading (€37.1m) due to favourable positioning on foreign currencies and the banking book's contribution
- ◆ net interest income declined as expected, from €62.9m to €47.3m, including as a result of the redemption of hybrid loans to insurance groups at end-June; the result does not yet reflect the resumption in lending volumes seen towards the end of the quarter;
- ◆ the cost/income ratio declined from 53% to 31%, despite the 16.9% increase in costs, from €50.2m to €58.7m, due to higher labour costs (up €3.2m) and overheads (up €5.3m);
- ◆ loan loss provisions declined from €25.8m to €14.5m, as the loan book shows no further impairment compared to the situation at end-June; conversely, coverage of impaired assets has risen further since the balance-sheet date, from 49% to 50%.

The main balance-sheet items show a resumption in lending activity (up 2.8% to €12.8bn), helped also by the TLTRO obtained in the last weeks of September (€578m). The reduction in treasury assets (from €9.9bn to €7.2bn) and AFS securities (from €6.1bn to €5bn) offset the repayments in funding (which declined from €40.6bn to €38.4bn), in accordance with the asset optimization scheme provided for in the 2014/16 business plan.

Private banking: higher AUM of €15.4bn

Private banking delivered a profit of €10.7m (30/9/13: €10m), with revenues up from €29.5m to €30.7m, on higher treasury income of €4.5m (€2m) which offset the slight reduction in net interest and net fee and commission income. At the same time operating costs rose from €19.8m to €20.7m, labour costs in particular. Assets under management on a discretionary and/or non-discretionary basis at the reporting date totalled €15.4bn (€15bn), of which €7.5bn (€7.3bn) for CMB and €7.9bn (€7.7bn) for Banca Esperia.



Consumer credit: volumes steadily growing and margins resilient

During the three months under review, revenues grew 8.3%, from €187.4m to €203m, with all items increasing: net interest income rose by 9.6%, from €150.5m to €164.9m, on higher volumes (with the loan book up 6% Y.o.Y. and new loans 14% higher) with yields resilient, while fee income was up 3.3%. The increase in operating costs, from €59.8m to €66.1m, reflects business development, while the cost of risk fell from 461 bps to 385 bps despite the rising coverage ratios for non-performing items (up from 64% to 68%). NPLs fell from €342.1m to €333.7m.

Net profit rose 29.3% to €27.8m (€21.5m).

Retail banking: ongoing remix into AUM and repricing of deposits

CheBanca! is continuing with its process of transformation from pure deposit-gatherer concentrating on deposit accounts to multichannel “first bank”. To this end, in the first quarter it has focused on:

- ◆ sale of transactional products (which have risen to over €1bn)
- ◆ reduction in the cost of funding and conversion of direct to indirect funding, with particular emphasis on insurance products (approx. €280m placed in the three months).

The net loss of €4.3m for the three months (compared with a €2.6m loss last year) was driven by a 8.6% reduction in revenues and higher administrative expenses of €22.6m (€20.1m), despite the slight reduction in loan loss provisions (from €7.2m to €5.8m). Revenues in particular were hit by the lower funding volumes and the absence of fees from Mediobanca bonds placements (which last year contributed €2.6m), only in part offset by the growth in commissions from placing asset management products, which at 30 September 2014 had reached €1,770.3m. In the three months under review retail funding fell from €11,481.6m to €11,272.3m, reflecting a higher concentration on transactional accounts (€1,089.6m versus €914m) than on tied deposits (€10,182.7m versus €10,567.6m). Loans and advances outstanding were stable at €4,407.6m, with new loans up from €90.9m to €101.3m, and impaired assets virtually unchanged at €146.6m (€145.2m).

Principal investing: no disposals for the three months

This division delivered a lower profit for the three months of €53.3m (30/9/13: €137.2m), due to the reduced contribution from Assicurazioni Generali (down from €63.4m to €55m), and negligible gains on disposal of just €4m (€79.5m) which themselves were offset by €6.5m in writedowns (€1m).

Comprehensive assessment exercise passed in full

- ◆ CET1-post-AQR: 8.4% (9.4% with AG weighted at 370%)
- ◆ CET1-post-ST base scenario: 10.6%, excess capital €1,561m²
- ◆ CET1-post-ST adverse scenario: 7.8%, excess capital €1,406m²
- ◆ No further action necessary, on capital or loan coverage

² Includes capital measures and retained earnings for 9M 2014.



The European Central Bank (ECB) has published the results of its Comprehensive Assessment exercise, performed by applying the new prudential regulations (CRR/CRD IV) to data as at 31 December 2013.

For Mediobanca, calculating the capital ratio as at 31 December 2013 according to the new regulations led to a temporary reduction in the CET1 ratio (from 11.94% based on Basel 2.5 to 9.25% under Basel 3), as a result of the deduction of the Assicurazioni Generali equity investment and the hybrid loans to insurance companies.

Nonetheless, Mediobanca passes the exercise with a CET1 ratio of 9% in the base scenario and 6.24% in the adverse scenario, levels which reflect the 370% weighting of the Assicurazioni Generali investment (after the authorization process was completed in June 2014) but not repayment of the hybrid insurance loans and the sale of other banking investments (which also took place in June of this year), measures which would take the ratios up to 9.9% and 7.2% respectively.

The retained earnings from the first six months of 2014 also contributes to increase the ratios still further, to 10.6% in the base scenario and to 7.8% in the adverse scenario, in line with the current capital ratios (CET1 at end-June 2014: 11.1%).

The capital exceeding the minimum required by the Comprehensive Assessment thus amounts to over €1bn, taking into account the capital optimization measures implemented in the first nine months of 2014 (repayment of hybrid loans and disposal of bank investments), and rises to over €1.5bn including also the retained earnings generated in 9M 2014 (€1.4bn in the adverse scenario).

Asset Quality Review (AQR). All the main Group companies were involved in the exercise, apart from CheBanca!, with 80% coverage of the corporate loan book and 70% coverage of the retail portfolio (relative to risk-weighted assets as at Dec. 2013). Analysis of the loan book generates a negative impact of 85 bps on CET1 (€615m before taxes, approx. €400m of which on the corporate loan book and €200m on the retail portfolio), hence the CET1 ratio declines from 9.25% to 8.40% due to the following effects:

- ◆ **49bps (€351m) (€351m) due to Credit File Review (CFR)** as a result of exposures worth €542m being reclassified as non-performing (NPEs), **almost completely already reflected in the accounts**, with the financial statements for the year ended 30 June 2014, resulting in an increase in the coverage ratios for non-performing wholesale loans from 42% (Dec. 2013) to 49% (June 2014);
- ◆ **36 bps (€262m) due to Collective Prudential Provisioning**, chiefly in respect of the consumer portfolio, calculated using a conservative benchmarking methodology calibrated on point-in-time estimates (the Challenger Model) used solely for purposes of regulatory supervision. In this case too, **the methodologies used by Mediobanca to determine the loan loss provisions have already been updated**: Compass's coverage ratios have been increased from 58% (Dec. 2013) to 64% (Jun. 2014) for the non-performing items and from 0.2% (Dec. 2013) to 0.8% (Jun. 2014) for the performing items.

The AQR had no impact on Level 3 assets (unlisted AFS shares).

Stress test. The stress test exercise generates in a **negative impact of 217 bps (CET1 ratio post-AQR: down from 8.40% to 6.24% in the adverse scenario)**, as a result of the particularly severe assumptions introduced by the EBA methodology on cost of funding, trading book performance and loan loss provisions.

This ratio increases to 7.8% (10.6% in the base scenario) taking into account the capital measures implemented in the first nine months of 2014: repayment of hybrid loans to insurance



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groups (€750m, 81 bps), disposal of other banking interests (€132m, 12 bps), retained earnings generated net of dividends (€401m, 67bps).

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Investor Relations

Tel. no.: (0039) 02-8829.860/647

jessica.spina@mediobanca.com

luisa.demaria@mediobanca.com

matteo.carotta@mediobanca.com

Media Relations

Tel. no.: (0039) 02-8829.627/319

lorenza.pigozzi@mediobanca.com

stefano.tassone@mediobanca.com

paola.salvatori@mediobanca.com



Restated consolidated profit and loss accounts

Mediobanca Group (€ m)	3 mths	3 mths	Y.o.Y. chg. %
	30/9/13	30/9/14	
Net interest income	270.5	267.1	-1.3%
Net treasury income	2.9	55.6	n.m.
Net fee and commission income	84.4	147.2	74.4%
Equity-accounted companies	64.1	55.5	-13.4%
Total income	421.9	525.4	24.5%
Labour costs	(85.1)	(92.3)	8.5%
Administrative expenses	(83.5)	(93.1)	11.5%
Operating costs	(168.6)	(185.4)	10.0%
Gains (losses) on AFS, HTM & LR	79.8	4.5	n.m.
Loan loss provisions	(128.9)	(120.5)	-6.5%
Provisions for other financial assets	(0.9)	(6.6)	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	203.3	217.4	6.9%
Income tax for the period	(32.0)	(56.9)	77.8%
Minority interest	(0.1)	(0.5)	n.m.
Net profit	171.2	160.0	-6.5%

Quarterly profit and loss accounts

Mediobanca Group (€ m)	FY13/14				FY14/15
	I Q	II Q	III Q	IV Q	I Q
	30/9/13	31/12/13	31/3/14	30/6/14	30/9/14
Net interest income	270.5	264.6	274.1	277.7	267.1
Net treasury income	2.9	13.8	(7.2)	35.6	55.6
Net fee and commission income	84.4	107.7	82.9	148.9	147.2
Equity-accounted companies	64.1	67.0	43.6	88.8	55.5
Total income	421.9	453.1	393.4	551.0	525.4
Labour costs	(85.1)	(93.9)	(94.6)	(105.4)	(92.3)
Administrative expenses	(83.5)	(107.5)	(98.4)	(123.0)	(93.1)
Operating costs	(168.6)	(201.4)	(193.0)	(228.4)	(185.4)
Gains (losses) on AFS, HTM & LR	79.8	72.7	68.8	21.2	4.5
Loan loss provisions	(128.9)	(173.1)	(158.2)	(275.8)	(120.5)
Provisions for other financial assets	(0.9)	(22.4)	(2.9)	(4.4)	(6.6)
Other income (losses)	0.0	0.0	(3.2)	0.3	0.0
Profit before tax	203.3	128.9	104.9	63.9	217.4
Income tax for the period	(32.0)	1.7	(14.6)	5.3	(56.9)
Minority interest	(0.1)	2.9	0.3	0.3	(0.5)
Net profit	171.2	133.5	90.6	69.5	160.0



Restated balance sheet

Mediobanca Group (€ m)	30/9/13	30/6/14	30/9/14
Assets			
Treasury funds	12,714.9	9,323.8	8,076.1
AFS securities	10,683.9	8,418.5	7,290.9
<i>of which: fixed income</i>	9,071.0	7,152.9	6,119.8
<i>equities</i>	1,601.7	1,254.6	1,159.9
Fixed assets (HTM & LR)	2,115.2	2,046.3	2,075.2
Loans and advances to customers	33,338.5	30,552.1	31,025.6
Equity investments	2,585.0	2,871.4	3,017.4
Tangible and intangible assets	702.9	715.4	717.8
Other assets	1,155.6	1,493.4	1,378.0
<i>of which: tax assets</i>	869.3	1,069.9	1,063.4
Total assets	63,296.0	55,420.9	53,581.0
Liabilities			
Funding	54,698.5	45,834.0	43,967.2
<i>of which: debt securities in issue</i>	27,336.4	22,617.7	21,082.6
<i>retail deposits</i>	13,631.4	11,481.6	11,272.3
Other liabilities	1,241.4	1,449.2	1,394.2
<i>of which: tax liabilities</i>	633.7	596.2	610.1
Provisions	192.3	195.0	196.6
Net equity	6,992.6	7,477.9	7,863.0
<i>of which: share capital</i>	430.6	430.7	430.8
<i>reserves</i>	6,453.9	6,942.7	7,326.3
<i>minority interest</i>	108.1	104.5	104.6
Profit for the period	171.2	464.8	160.0
Total liabilities	63,296.0	55,420.9	53,581.0
Core tier 1 capital	6,145.4	6,506.7	6,485.4
Total capital	8,195.5	8,082.9	8,174.1
RWAs	53,237.8	58,744.1	58,985.0

Ratios (%) and per share data (€)

Mediobanca Group	30/9/13	30/6/14	30/9/14
Total assets/net equity	9.1	7.4	6.8
Loans/deposits	0.6	0.7	0.7
Core tier 1 ratio*	11.5	11.1	11.0
Regulatory capital/RWAs*	15.4	13.8	13.9
S&P rating	BBB	BBB	BBB
Cost/income ratio	40.0	43.5	35.3
Bad loans (<i>sofferenze</i>) /loans	0.8	0.9	0.9
EPS (€)	0.20	0.54	0.19
BVPS (€)	8.0	8.6	9.0
DPS (€)		0.15	
No. of shares outstanding (millions)	861.1	861.4	861.5

* Capital ratios calculated in accordance with CRR/CRDIV (i.e. Basilea III, phased in, AG weighting of 370%) from 30/06/2014



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

3 mths to 30/9/14 (€m)	Corporate & Private Banking	Principal Investing	Retail & Consumer Banking	Corporate Center	Group
Net interest income	56.5	0.0	198.1	12.3	267.1
Net treasury income	50.5	6.7	0.1	0.0	55.6
Net fee and commission income	112.3	0.0	42.2	1.5	147.2
Equity-accounted companies	0.0	55.0	0.0	0.0	55.5
Total income	219.3	61.7	240.4	13.8	525.4
Labour costs	(48.5)	(2.3)	(36.2)	(6.9)	(92.3)
Administrative expenses	(30.9)	(0.5)	(66.5)	(5.2)	(93.1)
Operating costs	(79.4)	(2.8)	(102.7)	(12.1)	(185.4)
Gains (losses) on AFS equity	0.8	4.0	0.0	0.0	4.5
Loan loss provisions	(14.5)	0.0	(101.8)	(4.3)	(120.5)
Provisions for other financial assets	(0.2)	(6.5)	0.0	0.0	(6.6)
Other income (losses)	0.0	0.0	0.0	0.0	0.0
Profit before tax	126.0	56.4	35.9	(2.6)	217.4
Income tax for the period	(41.8)	(3.1)	(12.4)	0.5	(56.9)
Minority interest	0.0	0.0	0.0	(0.5)	(0.5)
Net profit	84.2	53.3	23.5	(2.6)	160.0
Treasury funds	8,257.7	0.0	8,779.9	110.7	8,076.1
AFS securities	5,711.2	1,148.8	698.5	0.0	7,290.9
Fixed assets (HTM & LR)	5,042.3	0.0	1,238.7	0.0	2,075.2
Equity investments	0.0	2,920.7	0.0	0.0	3,017.4
Loans and advances to customers	24,359.5	0.0	14,490.2	2,939.8	31,025.6
<i>of which to Group companies</i>	10,290.0	n.m.	n.m.	n.m.	n.m.
Funding	(40,875.6)	0.0	(21,088.8)	(2,924.3)	(43,967.2)
RWAs	33,880.5	11,546.3	11,140.3	2,417.9	58,985.0
No. of staff	978*	0	2,375	377	3,599

* Includes 131 staff employed by Banca Esperia pro-forma, not included in the Group total.



3 mths to 30/9/13 (€m)	Corporate & Private Banking	Principal Investing	Retail & Consumer Banking	Corporate Center	Group
Net interest income	73.0	0.0	186.3	12.1	270.5
Net treasury income	0.7	1.9	0.0	0.0	2.9
Net fee and commission income	49.8	0.0	41.9	1.9	84.4
Equity-accounted companies	0.0	63.4	0.0	0.0	64.1
Total income	123.5	65.3	228.2	14.0	421.9
Labour costs	(44.5)	(2.2)	(34.0)	(7.4)	(85.1)
Administrative expenses	(25.5)	(0.4)	(59.9)	(5.3)	(83.5)
Operating costs	(70.0)	(2.6)	(93.9)	(12.7)	(168.6)
Gains (losses) on AFS equity	1.1	79.5	0.0	0.0	79.8
Loan loss provisions	(25.8)	0.0	(98.1)	(5.0)	(128.9)
Provisions for other financial assets	0.0	(1.0)	0.0	0.0	(0.9)
Other income (losses)	0.0	0.0	0.0	0.0	0.0
Profit before tax	28.8	141.2	36.2	(3.7)	203.3
Income tax for the period	(11.6)	(4.0)	(17.3)	0.3	(32.0)
Minority interest	0.0	0.0	0.0	(0.1)	(0.1)
Net profit	17.2	137.2	18.9	(3.5)	171.2
Treasury funds	14,053.2	0.0	10,500.2	146.0	12,714.9
AFS securities	8,511.1	1,587.4	880.0	0.0	10,683.9
Fixed assets (HTM & LR)	5,082.7	0.0	1,759.6	0.0	2,115.2
Equity investments	0.0	2,497.0	0.0	0.0	2,585.0
Loans and advances to customers	25,514.6	0.0	13,739.6	3,321.7	33,338.5
<i>of which to Group companies</i>	8,758.4	n.m.	n.m.	n.m.	n.m.
Funding	(51,511.0)	0.0	(25,884.8)	3,354.0	(54,698.5)
RWAs	35,307.1	4,210.3	10,642.9	3,077.5	53,237.8
No. of staff	979*	0	2,344	308	3,508

* Includes 123 staff employed by Banca Esperia pro-forma, not included in the Group total.



Corporate & Private Banking

CIB (€m)	3 mths	3 mths	Y.o.Y. chg. %
	30/9/13	30/9/14	
Net interest income	73.0	56.5	-22.6%
Net trading income	0.7	50.5	n.m.
Net fee and commission income	49.8	112.3	n.m.
Equity-accounted companies	0.0	0.0	n.m.
Total income	123.5	219.3	77.4%
Labour costs	(44.5)	(48.5)	9.0%
Administrative expenses	(25.5)	(30.9)	21.2%
Operating costs	(70.0)	(79.4)	13.4%
Gains (losses) on AFS, HTM & LR	1.1	0.8	-27.3%
Loan loss provisions	(25.8)	(14.5)	-43.8%
Provisions for other financial assets	0.0	(0.2)	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	28.8	126.0	n.m.
Income tax for the period	(11.6)	(41.8)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	17.2	84.2	n.m.
Treasury funds	14,053.2	8,257.7	-41.2%
AFS securities	8,511.1	5,711.2	-32.9%
Fixed assets (HTM & LR)	5,082.7	5,042.3	-0.8%
Equity investments	0.0	0.0	n.m.
Loans and advances to customers	25,514.6	24,359.5	-4.5%
<i>of which to Group companies</i>	8,758.4	10,290.0	17.5%
Funding	(51,511.0)	(40,875.6)	-20.6%
RWAs	35,307.1	33,880.5	-4.0%
No. of staff	979.0	978.0	-0.1%
Cost/income ratio (%)	56.7	36.2	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	0.1	0.0	



Wholesale Banking (€ m)	3 mths	3 mths	Y.o.Y. chg. %
	30/9/13	30/9/14	
Net interest income	62.9	47.3	-24.8%
Net treasury income	(1.3)	46.0	n.m.
Net fee and commission income	32.4	95.3	n.m.
Equity-accounted companies	0.0	0.0	n.m.
Total income	94.0	188.6	n.m.
Labour costs	(32.5)	(35.7)	9.8%
Administrative expenses	(17.7)	(22.9)	29.9%
Operating costs	(50.2)	(58.6)	16.9%
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(25.8)	(14.5)	-43.8%
Provisions for other financial assets	0.0	(0.2)	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	18.0	115.3	n.m.
Income tax for the period	(10.8)	(41.8)	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	7.2	73.5	n.m.
Loans and advances to customers	24,194.6	23,112.3	-4.5%
<i>of which to Group companies</i>	8,758.4	10,290.0	17.5%
RWA	33,415.2	32,025.7	-4.2%
No. of staff	638.0	620.0	-2.8%
Cost/income ratio (%)	53.4	31.1	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	0.1	0.0	



Private Banking (€ m)	3 mths	3 mths	Y.o.Y. chg. %
	30/9/13	30/9/14	
Net interest income	10.1	9.2	-8.9%
Net treasury income	2.0	4.5	n.m.
Net fee and commission income	17.4	17.0	-2.3%
Equity-accounted companies	0.0	0.0	n.m.
Total income	29.5	30.7	3.7%
Labour costs	(12.0)	(12.8)	6.7%
Administrative expenses	(7.8)	(8.0)	2.6%
Operating costs	(19.8)	(20.8)	4.5%
Gains (losses) on AFS equity	1.1	0.8	-27.3%
Loan loss provisions	0.0	0.0	n.m.
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	10.8	10.7	-0.9%
Income tax for the period	(0.8)	0.0	n.m.
Minority interest	0.0	0.0	n.m.
Net profit	10.0	10.7	7.0%
Loans and advances to customers	1,320.0	1,247.2	-5.5%
RWA	1,891.9	1,854.8	-2.0%
AUM	14,337.5	15,443.1	7.7%
No. of staff	341.0	358.0	5.0%
Cost/income ratio (%)	67.1	67.8	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	0.8	0.0	



Principal Investing

PI (€ milioni)	3 mths	3 mths	Y.o.Y. chg. %
	30/9/13	30/9/14	
Net interest income	0.0	0.0	n.m.
Net treasury income	1.9	6.7	n.m.
Net fee and commission income	0.0	0.0	n.m.
Equity-accounted companies	63.4	55.0	-13.2%
Total income	65.3	61.7	-5.5%
Labour costs	(2.2)	(2.3)	4.5%
Administrative expenses	(0.4)	(0.5)	25.0%
Operating costs	(2.6)	(2.8)	7.7%
Gains (losses) on AFS equity	79.5	4.0	-95.0%
Loan loss provisions	0.0	0.0	n.m.
Provisions for other financial assets	(1.0)	(6.5)	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	141.2	56.4	-60.1%
Income tax for the period	(4.0)	(3.1)	-22.5%
Minority interest	0.0	0.0	n.s.
Net profit	137.2	53.3	-61.2%
AFS securities	1.587.4	1.148.8	-27.6%
Equity investments	2.497.0	2.920.7	17.0%
RWAs*	4.210.3	11.546.3	n.m.

* Calculated in accordance with CRR/CRDIV (i.e. Basilea III, phased in, AG weighting of 370%) from 30/06/2014



Retail & Consumer Banking

RCB (€ m)	3 mths		Y.o.Y. chg. %
	30/9/13	30/9/14	
Net interest income	186.3	198.1	6.3%
Net treasury income	0.0	0.1	n.m.
Net fee and commission income	41.9	42.2	0.7%
Equity-accounted companies	0.0	0.0	n.m.
Total income	228.2	240.4	5.3%
Labour costs	(34.0)	(36.2)	6.5%
Administrative expenses	(59.9)	(66.5)	11.0%
Operating costs	(93.9)	(102.7)	9.4%
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(98.1)	(101.8)	3.8%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	36.2	35.9	-0.8%
Income tax for the period	(17.3)	(12.4)	-28.3%
Minority interest	0.0	0.0	n.m.
Net profit	18.9	23.5	24.3%
Treasury funds	10,500.2	8,779.9	-16.4%
AFS securities	880.0	698.5	-20.6%
Fixed assets (HTM & LR)	1,759.6	1,238.7	-29.6%
Equity investments	0.0	0.0	n.m.
Loans and advances to customers	13,739.6	14,490.2	5.5%
Funding	(25,884.8)	(21,088.8)	-18.5%
RWAs	10,642.9	11,140.3	4.7%
No. of staff	2,344.0	2,375.0	1.3%
No. of branches	203.0	216.0	
Cost/income ratio (%)	41.1	42.7	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	1.5	1.5	



Consumer lending (€ milioni)	3 mths	3 mths	Y.o.Y. chg. %
	30/9/13	30/9/14	
Net interest income	150.5	164.9	9.6%
Net treasury income	0.0	0.0	n.m.
Net fee and commission income	36.9	38.1	3.3%
Equity-accounted companies	0.0	0.0	n.m.
Total income	187.4	203.0	8.3%
Labour costs	(20.0)	(22.2)	11.0%
Administrative expenses	(39.8)	(43.9)	10.3%
Operating costs	(59.8)	(66.1)	10.5%
Gains (losses) on AFS equity	0.0	0.0	n.m.
Loan loss provisions	(90.9)	(96.0)	5.6%
Provisions for other financial assets	0.0	0.0	n.m.
Other income (losses)	0.0	0.0	n.m.
Profit before tax	36.7	40.9	11.4%
Income tax for the period	(15.2)	(13.1)	-13.8%
Minority interest	0.0	0.0	n.m.
Net profit	21.5	27.8	29.3%
Loans and advances to customers	9,469.3	10,082.6	6.5%
New loans	8,928.7	9,491.2	6.3%
RWAs	1,226.6	1,393.3	13.6%
No. of staff	1,441.0	1,488.0	2.6%
No. of branches	158.0	158.0	
Cost/income ratio (%)	31.9	32.6	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	1.2	1.1	



Retail Banking (€ m)	3 mths	3 mths	Y.o.Y. chg. %
	30/9/13	30/9/14	
Net interest income	35,8	33,2	-7,3%
Net treasury income	0,0	0,0	n.m.
Net fee and commission income	5,0	4,1	-18,0%
Equity-accounted companies	0,0	0,0	n.m.
Total income	40,8	37,3	-8,6%
Labour costs	(14,0)	(14,0)	0,0%
Administrative expenses	(20,1)	(22,6)	12,4%
Operating costs	(34,1)	(36,6)	7,3%
Gains (losses) on AFS equity	0,0	0,0	n.m.
Loan loss provisions	(7,2)	(5,8)	-19,4%
Provisions for other financial assets	0,0	0,0	n.m.
Other income (losses)	0,0	0,1	n.m.
Profit before tax	(0,5)	(5,0)	n.m.
Income tax for the period	(2,1)	0,7	n.m.
Minority interest	0,0	0,0	n.m.
Net profit	(2,6)	(4,3)	65,4%
Loans and advances to customers	4,270,3	4,407,6	3.2%
New loans	1,714,2	1,649,1	-3.8%
RWAs	90,9	137,1	50.8%
No. of staff	903	887	-1.8%
No. of branches	45	58	
Cost/income ratio (%)	83,6	98,1	
Bad loans (<i>sofferenze</i>)/loans ratio (%)	2,1	2,3	

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

Head of
Company Financial Reporting

Massimo Bertolini