

MEDIOBANCA



Quarterly review of operations

(31 March 2013)

MEDIOBANCA

LIMITED COMPANY
SHARE CAPITAL € 430,564,606
HEAD OFFICE: PIAZZETTA ENRICO CUCCIA 1, MILAN, ITALY

REGISTERED AS A BANK
PARENT COMPANY OF THE MEDIOBANCA BANKING GROUP



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REVIEW OF
GROUP OPERATIONS
31 MARCH 2013



REVIEW OF GROUP OPERATIONS 31 MARCH 2013

The Mediobanca Group's results for the nine months show profit down from €104.9m to €37.2m, on account of the losses incurred by the Principal Investing division, which at €211.5m were more than double those reported last year (31/3/12: €107.2m), and were largely attributable to the €1,043m loss recorded by Assicurazioni Generali in its fourth quarter. Profits earned by the Group's Corporate and investment banking division doubled, from €88.5m to €176m, due to the lower adjustments to the securities portfolio (with writebacks of €12.9m as against writedowns of €177.6m). The bottom line posted by the Group's Retail and private banking division fell from €120.4m (including a one-off gain of €44.3m) to €71.5m. The persistent slowdown in business with households and families led to a 13.8% reduction in banking revenues, from €1,444.5m to €1,244.5m. The various income items performed as follows:

- net interest income fell by 6.1%, from €813.3m to €763.4m, the reduction being chiefly due to the corporate and investment banking segment, where net interest income was down from €295.5m to €222.9m. The result was penalized by the Bank's liquidity levels, with sharply declining market interest rates and a growing average cost of funding;
- net trading income was down 26.3% at €180.9m (€245.6m), despite a good performance for the third quarter (with €74.4m added), because the March 2012 figure used for comparison was boosted by a sharp, albeit short-lived, reduction in spreads on Italian government securities (net trading income of €133.1m was recorded in the third quarter last year);
- net fee and commission income fell by 22.1%, from €385.6m to €300.2m, due largely to the reduced contribution from corporate and investment banking and stricter regulations in the consumer finance segment;
- the equity-accounted companies showed a loss of €71m (compared with a €92.9m profit last year), reflecting the losses incurred in the third quarter of €139.5m by Assicurazioni Generali (€63.9m for the nine months as a whole) and €37.6m by RCS MediaGroup, in part offset by positive contributions from Pirelli (€12.3m) and Gemina (€25.8m, most of which was non-recurring).

Operating costs fell by 5.6%, from €595.1m to €561.5m, due to reductions in both labour costs (down 3.1%) and administrative expenses (down 8.3%).

In a worsening recession scenario, loan loss provisions were up 11.3%, from €326.8m to €363.7m, due chiefly to the household segment (where provisions rose from €235m to €263.4m) and the large corporate segment (up from €68.9m to €82.5m).

Writedowns to the securities and equity investments portfolios show no further changes for the quarter: they therefore include impairment charges on the stake held in Telco totalling €95m (reflecting a net present value for the Telecom Italia shares of €1.20 per share), €19m in writebacks to Greek government securities, other charges in respect of unlisted AFS shares totalling €12.8m, and other net gains amounting to €14.8m.

Turning to the individual business areas:

- *Corporate and investment banking* (CIB) recorded a €176m net profit (compared with €88.5m last year), helped by the lack of provisions for financial assets (this item in fact shows a €12.9m surplus, as opposed to €177.6m in provisions charged twelve months previously). The 26.3% fall in revenues, from €776.3m to €572.3m, was in part offset by a 6.5% reduction in costs (from €239.5m to €223.9m);
- *Retail and private banking* (RPB) showed a profit for the nine months of €71.5m, slightly below the €76.1m reported at the same stage last year (net of the €44.3m one-off gain recorded by CMB), due to higher loan loss provisions (up from €235m to €263.4m) on virtually flat revenues (up from €730.3m to €735.7m). The net profit earned from consumer credit operations declined from €87.1m to €47.9m, while the loss incurred by CheBanca! was cut from €30.1m to €11.4m, and the results delivered by the Group's Private Banking operations improved significantly, with profits of €35m reported (compared with €19.1m, net of the €44.3m one-off gain recorded by CMB last year);
- *Principal investing* (PI) showed a loss of €211.5m, reflecting chiefly the €95m Telco impairment charges referred to, and the €63.9m loss reported by Assicurazioni Generali, which recorded a loss of just over €1bn in the fourth quarter, having adopted stricter valuation criteria for its securities and investments portfolio, in line with best market practice.

Turning now to the balance-sheet aggregates, funding declined slightly from €54bn to €53.8bn, with CheBanca! retail deposits resilient at €12.2bn (€12.3bn); loans and advances to customers were also down, from €34.1bn to €33.7bn, as was the bond portfolio (from €13bn to €11.8bn). Treasury assets, by contrast, grew from €9.1bn to €10.7bn, as did AUM in private banking (from €13.5bn to €13.9bn).

The Group's main capital ratios show further improvement, with the Core Tier 1 Ratio up from 11.84% to 11.97%, and the Total Capital Ratio up from 14.76% to 15.19%.

* * *

Significant events during the third quarter include:

- two buybacks worth €1.5bn involving senior unsecured bonds expiring in 2014 up to a maximum of €2bn, completed on 8 April 2013;
- strengthening of Mediobanca's franchise on the German market, with the appointment of Adam Bolek as Frankfurt branch manager and the recruitment of Ulrich Paefgen as 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 optimize coverage of retail customers and to generate increasing synergies between Compass and CheBanca!.

* * *

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)			
	9 mths to 31/3/12	6 mths to 31/12/12	9 mths to 31/3/13	Y.o.Y. chg. (%)
Profit-and-loss data				
Net interest income	813.3	517.7	763.4	-6.1
Net trading income	245.6	106.5	180.9	-26.3
Net fee and commission income	385.6	201.0	300.2	-22.1
Equity-accounted companies	92.9	85.8	(71.0)	n.m.
TOTAL INCOME	1,537.4	911.0	1,173.5	-23.7
Labour costs	(300.9)	(194.4)	(291.6)	-3.1
Administrative expenses	(294.2)	(181.2)	(269.9)	-8.3
OPERATING COSTS	(595.1)	(375.6)	(561.5)	-5.6
Gains (losses) on AFS, HTM and L&R	(56.1)	(4.6)	14.8	n.m.
Loan loss provisions	(326.8)	(232.8)	(363.7)	+11.3
Provisions for financial assets	(348.0)	(89.5)	(88.8)	-74.5
Other profits (losses)	45.2	—	—	n.m.
PROFIT BEFORE TAX	256.6	208.5	174.3	-32.1
Income tax for the period	(151.5)	(85.7)	(138.9)	-8.3
Minority interest	(0.2)	1.0	1.8	n.m.
NET PROFIT	104.9	123.8	37.2	-64.5

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

RESTATED BALANCE SHEET

	30/6/12	31/12/12	31/3/13
			(€m)
Assets			
Treasury funds	9,330.4	9,105.2	10,700.1
AFS securities	10,552.1	11,735.6	10,750.7
<i>of which: fixed-income</i>	<i>9,447.1</i>	<i>10,639.9</i>	<i>9,630.6</i>
<i>equities</i>	<i>1,090.8</i>	<i>1,082.2</i>	<i>1,103.7</i>
Fixed financial assets (HTM & LR)	2,328.1	2,366.3	2,238.0
Loans and advances to customers	36,309.5	34,142.0	33,701.2
Equity investments	3,165.5	3,284.0	3,336.8
Tangible and intangible assets	718.1	715.0	710.8
Other assets	1,355.6	1,142.4	1,156.7
<i>of which: tax assets</i>	<i>1,036.1</i>	<i>869.3</i>	<i>867.4</i>
Total assets	<u>63,759.3</u>	<u>62,490.5</u>	<u>62,594.3</u>
Liabilities and net equity			
Funding	55,788.0	53,970.5	53,803.0
<i>of which: debt securities in issue</i>	<i>30,004.2</i>	<i>28,070.8</i>	<i>27,906.0</i>
<i>retail deposits</i>	<i>11,634.1</i>	<i>12,258.6</i>	<i>12,176.5</i>
Other liabilities	1,177.2	1,177.9	1,299.9
<i>of which: tax liabilities</i>	<i>494.1</i>	<i>538.5</i>	<i>598.5</i>
Provisions	185.1	187.6	189.9
Net equity	6,528.1	7,030.7	7,264.3
<i>of which: share capital</i>	<i>430.6</i>	<i>430.6</i>	<i>430.6</i>
<i>reserves</i>	<i>5,988.1</i>	<i>6,491.7</i>	<i>6,725.0</i>
<i>minority interest</i>	<i>109.4</i>	<i>108.4</i>	<i>108.7</i>
Profit for the period	80.9	123.8	37.2
Total liabilities and net equity	<u>63,759.3</u>	<u>62,490.5</u>	<u>62,594.3</u>
<i>Tier 1 capital</i>	<i>6,338.9</i>	<i>6,472.5</i>	<i>6,460.1</i>
<i>Regulatory capital</i>	<i>7,810.0</i>	<i>8,066.7</i>	<i>8,198.5</i>
<i>Tier 1 capital/risk-weighted assets</i>	<i>11.49%</i>	<i>11.84%</i>	<i>11.97%</i>
<i>Regulatory capital/risk-weighted assets</i>	<i>14.16%</i>	<i>14.76%</i>	<i>15.19%</i>
<i>No. of shares in issue (millions)</i>	<i>861.1</i>	<i>861.1</i>	<i>861.1</i>

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

	(€m)			
31 March 2013	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
Profit-and-loss data				
Net interest income	222.9	(5.6)	547.1	763.4
Net trading income	167.6	6.3	9.4	180.9
Net fee and commission income	150.0	—	179.2	300.2
Equity-accounted companies	31.8	(104.5)	—	(71.0)
TOTAL INCOME	572.3	(103.8)	735.7	1,173.5
Labour costs	(146.9)	(3.7)	(154.3)	(291.6)
Administrative expenses	(77.0)	(2.6)	(214.0)	(269.9)
OPERATING COSTS	(223.9)	(6.3)	(368.3)	(561.5)
Gains (losses) on AFS, HTM and L&R	11.5	—	14.9	14.8
Loan loss provisions	(100.6)	—	(263.4)	(363.7)
Provisions for financial assets	12.9	(101.1)	(3.7)	(88.8)
Other profits (losses)	—	—	(1.2)	—
PROFIT BEFORE TAX	272.2	(211.2)	114.0	174.3
Income tax for the period	(98.0)	(0.3)	(42.5)	(138.9)
Minority interest	1.8	—	—	1.8
NET PROFIT	176.0	(211.5)	71.5	37.2
Cost/income ratio (%)	39.1	n.m.	50.1	47.8
Balance-sheet data				
Treasury funds	13,609.3	—	8,646.9	10,700.1
AFS securities	9,419.4	144.8	1,607.7	10,750.7
Fixed financial assets (HTM & LR)	2,226.8	—	2,116.6	2,238.0
Equity investments	414.1	2,834.7	—	3,336.8
Loans and advances to customers	27,500.6	—	14,759.3	33,701.2
<i>of which: to Group companies</i>	<i>8,111.6</i>	<i>—</i>	<i>—</i>	<i>—</i>
Funding	(50,469.1)	(259.8)	(25,371.8)	(53,803.0)
Risk-weighted assets	38,710.8	3,023.4	12,205.9	53,971.8
No. of staff	948	—	2,672 *	3,491

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

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, 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, 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 (€3.5m as at 31 March 2012 and €0.7m as at 31 March 2013).

	(€m)			
31 March 2012	Corporate & Investment Banking	Principal Investing	Retail & Private Banking	Group
Profit-and-loss data				
Net interest income	295.5	(6.4)	532.1	813.3
Net trading income	237.1	—	7.7	245.6
Net fee and commission income	225.3	—	190.5	385.6
Equity-accounted companies	18.4	73.1	—	92.9
TOTAL INCOME	776.3	66.7	730.3	1,537.4
Labour costs	(159.0)	(4.2)	(148.4)	(300.9)
Administrative expenses	(80.5)	(2.1)	(232.9)	(294.2)
OPERATING COSTS	(239.5)	(6.3)	(381.3)	(595.1)
Gains (losses) on AFS, HTM and L&R	(64.8)	—	0.4	(56.1)
Loan loss provisions	(91.0)	—	(235.0)	(326.8)
Provisions for financial assets	(177.6)	(169.9)	(0.5)	(348.0)
Other profits (losses)	—	—	46.9	45.2
PROFIT BEFORE TAX	203.4	(109.5)	160.8	256.6
Income tax for the period	(114.7)	2.3	(40.4)	(151.5)
Minority interest	(0.2)	—	—	(0.2)
NET PROFIT	88.5	(107.2)	120.4	104.9
Cost/income ratio (%)	30.9	9.4	52.2	38.7
Balance-sheet data				
Treasury funds	9,750.3	—	5,840.0	8,551.5
AFS securities	10,828.5	142.7	1,660.0	12,161.3
Fixed financial assets (HTM & LR)	3,975.5	—	2,702.1	2,287.8
Equity investments	390.6	2,359.2	—	2,834.9
Loans and advances to customers	27,835.9	—	14,308.8	37,133.4
<i>of which: to Group companies</i>	<i>4,969.0</i>	<i>—</i>	<i>—</i>	<i>—</i>
Funding	(50,191.6)	(259.8)	(23,243.8)	(57,021.2)
Risk-weighted assets	40,776.9	2,671.4	11,869.6	55,344.5
No. of staff	991	—	2,655 *	3,517

* Includes 129 staff employed by Banca Esperia not included in the Group total.

Balance sheet

The main balance-sheet items, of which Mediobanca contributes approximately 60%, performed as follows during the period under review (comparative data as at 31 December 2012):

Funding – this item declined from €53,970.5m to €53,803m; the marginal reductions in debt securities (from €28,070.8m to €27,906m) and CheBanca! retail deposits (from €12,258.6m to €12,176.5m) were made up through increased use of the banking system (up from €2,828.3m to €2,947.1m).

Loans and advances to customers – the 1.3% reduction in this item, from €34,142m to €33,701.2m, involves the corporate and investment banking segment in particular, where the loan book was down 2.3%, in part due to certain early repayments; by contrast, the retail and private banking segment was virtually stable, with the slight reductions in mortgage lending and private banking were offset by consumer credit operations.

	31/12/12	31/3/13	Change (%)
Corporate and investment banking	19,852.9	19,390.7	-2.3
– of which: leasing	3,780.7	3,606.9	-4.6
Retail and private banking	14,289.1	14,310.5	+0.1
– of which: consumer credit	9,174.2	9,245.0	+0.8
mortgage lending	4,273.0	4,252.1	-0.5
private banking	841.9	813.5	-3.4
TOTAL LOANS AND ADVANCES TO CUSTOMERS	34,142.0	33,701.2	-1.3

Impaired assets (non-performing, sub-standard, restructured and overdue items) fell by 1.6%, from €1,001.3m to €985.5m, remaining virtually stable as a percentage of total loans in all segments: 1.7% (1.6%) in large corporates, 6.2% (unchanged) in leasing, 3.6% (3.7%) in consumer credit, and 2.8% (2.7%) in mortgage lending. The coverage ratios increased to reflect the following levels: 59% (54%) for consumer credit, 47% (46%) for mortgage lending, and 43% (39%) corporate finance. The increase in non-performing items was slight, up from €245.7m to €257.4m, equal to 0.76% of total loans, and concentrated in the property segment (mortgage loans and leasing).

Equity investments – these increased from €3,284m to €3,336.8m, despite the losses for the period, due to the positive performance of the valuation reserves

of the investments, in particular that of Assicurazioni Generali (which added €231m in the third quarter). Based on prices as at 31 March 2013, the portfolio of listed equity investments reflects a surplus of market over book value totalling €32.2m (€350.3m based on current prices and holdings).

	Percentage shareholding *	Book value	Market value at 31.3.13	Gain (Loss)
LISTED EQUITY INVESTMENTS				
Assicurazioni Generali	13.24	2,641.5	2,502.0	(139.5)
RCS MediaGroup, <i>ordinary</i>	14.36	71.8	103.9	32.1
Pirelli & C., <i>ordinary</i>	4.49	126.1	179.4	53.3
Gemina <i>ordinary</i>	12.53	219.7	241.6	21.9
		<u>3,059.1</u>	<u>3,026.9</u>	<u>(32.2)</u>
OTHER INVESTMENTS				
Telco	11.62	99.7		
Banca Esperia	50.0	87.9		
Burgo Group	22.13	68.3		
Athena Private Equity	24.27	21.0		
Fidia (in liquidation)	25.0	0.8		
		<u>277.7</u>		
Total Investments		<u>3,336.8</u>		

* Percentage of entire share capital.

Fixed financial assets – this portfolio brings together the Group’s holdings in securities held to maturity, worth €1,653.5m (€1,722.5m) and unlisted debt securities (recognized at cost) worth €584.5m (€643.8m). The portfolio shows a concentration of Italian domestic issuers, and consists as to 16% of sovereign debt securities, as to 55% of bonds issued by banks, insurances and financial companies, and as to 29% of corporate bonds. Based on prices and holdings at the reporting date, the portfolio reflected an implicit gain of €48.9m (€52.8m as at 31 December 2012).

AFS securities – this portfolio is made up of debt securities totalling €9,630.6m (€10,639.9m), equities worth €1,103.7m (€1,082.2m), and stock units in funds held by Compagnie Monégasque de Banque amounting to €16.4m (€13.5m). Some 73% of the bond portfolio consists of sovereign debt securities, 6% of corporate bonds, and the remainder of bonds issued by banks, insurances and financial companies.

	Percentage shareholding *	Book value at 31.3.13	Adjustments to fair value	Impairment recognized in P&L	Total AFS reserve
Sintonia S.A	5.9	336.3	—	—	—
Cashes UCI		143.0	7.8	—	7.8
Edipower S.p.A.	4.1	60.2	—	—	—
Santè S.A.	9.92	54.4	—	(0.8)	—
Italmobiliare	9,5 – 5,47	30.7	4.8	—	(3.9)
Other listed shares		245.7	28.4	(3.1)	30.5
Other unlisted shares		233.4	(0.6)	(8.3)	13.7
Total shares		1,103.7	40.4	(12.2)	48.1

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

The valuation reserve remained in positive territory, at €119.5m (€139m) and is composed as follows: equities €48.1m (€15.7m), Italian government securities €20.5m (€37.6m), other bonds €48.3m (€83.7m), and other securities €2.6m (€2m).

Treasury funds – this item increased from €9,105.2m to €10,700.1m, and includes €6,922.8m (€5,145.8m) in short-term liquidity, €3,337.1m (€3,474.6m) in fixed-income securities, €1,103.6m (€1,151.2m) in equities and fund stock units, and €663.4m (€666.4m) in negative value adjustments to derivatives contracts. Some 51% of the fixed-income securities consists of government securities (of which 8% Italian), 44% of bonds issued by banks, insurances and financial companies, and the remainder of corporate bonds.

Tangible and intangible assets – these fell from €715m to €710.8m, taking into account depreciation and amortization charges for the period. This heading also includes goodwill totalling €365.9m and brands worth €6.3m.

Provisions – this item comprises the provision for liabilities and charges, which stands at €161.2m (€160.8m) and the staff severance indemnity provision amounting to €28.7m (€26.8m, due to the lower actuarial discount).

Net equity – net equity increased by €233.3m, from €6,922.3m to €7,155.6m, due to the positive performance by the valuation reserves, which rose €19.9m, and to application of the equity method (which added €209.5m). The positive AFS securities valuation reserve reduced slightly, from €99.7m to €94.8m, whereas the cash flow hedge reserve improved, from minus €127.2m to minus €102.4m, as did the share attributable to the equity-accounted companies (from €132.8m to €357.7m).

Profit and loss account

Net interest income – this item fell by 6.1%, from €813.3m to €763.4m, confirming the trend seen in the first half of the year; the cost of funding rose, while the yields on treasury assets declined.

Net trading income – the reduction in net trading income compared to last year, from €235.5m to €170.2m, reflects the reduced contribution from fixed-income trading (down from €213.5m to €127m), which offset the improvement recorded on the equity side (with revenues up from €22m to €43.2m). The heading also includes dividends received on AFS shares totalling €10.7m (€10.1m).

Net fee and commission income – this item fell by 22.1%, from €385.6m to €300.2m, due to a reduced contribution from corporate and investment banking (down from €225.3m to €150m); fee income from retail and private banking was also lower, at €179.2m (€190.5m), in consumer credit in particular where the reduction was 14.5%.

Operating costs – this item fell by 5.6%, from €595.1m to €561.5m, and consists of:

- labour costs amounting to €291.6m (€300.9m); these include €5.2m (€6m) in directors' emoluments, and €11.7m (€7.4m) in notional expenses linked to stock option and performance share schemes, the latter reflecting the introduction of the new regulations on remuneration which require an increasing share of compensation packages to be paid in equity form;
- sundry costs and expenses amounting to €269.9m (€294.2m), including €31.1m (€32.8m) in depreciation charges, and administrative expenses totalling €236.8m (€259.8m), made up as follows:

	9 mths to 31/3/12	9 mths to 31/3/13
Legal, tax and other professional services	26.5	21.7
Bad debt recovery	21.5	26.3
Marketing and communication	49.9	34.4
Rent and property maintenance charges	29.6	27.0
EDP	24.9	26.6
Info provider	19.6	20.3
Banking services, collection and payment charges	16.4	15.7
Operating expenses	38.7	36.2
Other labour costs	16.1	13.7
Others	6.7	7.1
Direct and indirect taxes (net of withholding tax)	9.9	7.8
Total	259.8	236.8

Loan loss provisions – in line with the deterioration in the economic scenario, provisioning increased in both the household segment (from €235m to €263.4m) and in corporate finance (from €68.9m to €82.5m, with respective contributions for the quarter of €88.8m (unchanged versus the second quarter) and €36m (€26.6m in the second quarter). The cost of risk, with loans and advances down 9%, rose from 120 bps to 137 bps.

Provisions for other financial assets – this item reflects the adjustments taken in respect of Telco (€95m) and unlisted AFS equities (down €12.8m), but also the reversal of charges taken previously on Greek government securities (€19m).

Gains and losses on other securities – the securities portfolio reflects a surplus of €14.8m, the contribution being equally divided between the AFS segment (€7.3m) and the fixed segment (€7.5m).

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

A review of the Group's performance in its main areas of operation is provided below.

CORPORATE AND INVESTMENT BANKING (WHOLESALE AND LEASING)

	9 months to 31/3/12	6 months to 31/12/12	9 months to 31/3/13	Y.o.Y. chg. (%)
(€m)				
Profit-and-loss data				
Net interest income	295.5	157.4	222.9	-24.6
Net trading income	237.1	100.3	167.6	-29.3
Net fee and commission income	225.3	101.2	150.0	-33.4
Equity-accounted companies	18.4	30.7	31.8	72.8
TOTAL INCOME	776.3	389.6	572.3	-26.3
Labour costs	(159.0)	(98.2)	(146.9)	-7.6
Administrative expenses	(80.5)	(52.3)	(77.0)	-4.3
OPERATING COSTS	(239.5)	(150.5)	(223.9)	-6.5
Gains (losses) on AFS, HTM and L&R	(64.8)	(6.4)	11.5	n.m.
Loan loss provisions	(91.0)	(58.2)	(100.6)	+10.5
Provisions for financial assets	(177.6)	9.1	12.9	n.m.
PROFIT BEFORE TAX	203.4	183.6	272.2	+33.8
Income tax for the period	(114.7)	(60.4)	(98.0)	-14.6
Minority interest	(0.2)	1.0	1.8	n.m.
NET PROFIT	88.5	124.2	176.0	n.m.
Cost/income ratio (%)	30.9	38.6	39.1	
	30/6/12	31/12/12	31/3/13	
Balance-sheet data				
Treasury funds	10,641.7	10,593.3	13,609.3	
AFS securities	9,210.3	10,384.1	9,419.4	
Fixed financial assets (HTM & LR)	4,013.4	4,050.4	2,226.8	
Equity investments	385.8	414.2	414.1	
Loans and advances to customers	30,519.7	27,955.9	27,500.6	
<i>of which: to Group companies</i>	<i>8,493.3</i>	<i>8,104.4</i>	<i>8,111.6</i>	
Funding	(52,552.8)	(50,780.9)	(50,469.1)	

	(€m)		
Corporate & Investment Banking 31 March 2013	Wholesale	Leasing	Total
Net interest income	187.4	35.5	222.9
Net trading income	167.7	(0.1)	167.6
Net fee and commission income	148.6	1.4	150.0
Equity-accounted companies	31.8	—	31.8
TOTAL INCOME	535.5	36.8	572.3
Labour costs	(133.9)	(13.0)	(146.9)
Administrative expenses	(67.3)	(9.7)	(77.0)
OPERATING COSTS	(201.2)	(22.7)	(223.9)
Gains (losses) on AFS, HTM and L&R	11.5	—	11.5
Loan loss provisions	(82.5)	(18.1)	(100.6)
Provisions for financial assets	12.9	—	12.9
PROFIT BEFORE TAX	276.2	(4.0)	272.2
Income tax for the period	(98.4)	0.4	(98.0)
Minority interest	—	1.8	1.8
NET PROFIT	177.8	(1.8)	176.0
Cost/income ratio (%)	37.6	61.7	39.1
Other assets	25,507.0	162.6	25,669.6
Loans and advances to customers	23,893.7	3,606.9	27,500.6
<i>of which: to Group companies</i>	<i>8,111.6</i>	—	<i>8,111.6</i>
New loans	<i>n.a.</i>	179.3	—
No. of staff	781	167	948

	(€m)		
Corporate & Investment Banking 31 March 2012	Wholesale	Leasing	Total
Net interest income	251.6	43.9	295.5
Net trading income	238.4	(1.3)	237.1
Net fee and commission income	220.4	4.9	225.3
Equity-accounted companies	18.4	—	18.4
TOTAL INCOME	728.8	47.5	776.3
Labour costs	(144.4)	(14.6)	(159.0)
Administrative expenses	(71.7)	(8.8)	(80.5)
OPERATING COSTS	(216.1)	(23.4)	(239.5)
Gains (losses) on AFS, HTM and L&R	(64.8)	—	(64.8)
Loan loss provisions	(68.9)	(22.1)	(91.0)
Provisions for financial assets	(177.6)	—	(177.6)
PROFIT BEFORE TAX	201.4	2.0	203.4
Income tax for the period	(111.4)	(3.3)	(114.7)
Minority interest	—	(0.2)	(0.2)
NET PROFIT	90.0	(1.5)	88.5
Cost/income ratio (%)	29.7	49.3	30.9
Other assets	24,849.2	95.7	24,944.9
Loans and advances to customers	23,609.5	4,226.4	27,835.9
<i>of which: to Group companies</i>	<i>4,969.0</i>	—	<i>4,969.0</i>
New loans	n.a.	668.7	—
No. of staff	792	199	991

This division showed a net profit of €176m for the nine months, compared with €88.5m at the same stage last year. The lower net provisions for financial assets (€177.6m in provisions last year, compared with €12.9m in writebacks this year) partly offset the 26.3% reduction in total income, which reflected the following performances by the individual items:

- net interest income fell from €295.5m to €222.9m, as a result of the reduction in risk profile reflected in the ample provision of treasury assets and the related declining returns;
- net trading income declined from €237.1m to €167.6m, despite a healthy performance in the third quarter when €67.3m was added, penalized by comparison with the pronounced, albeit short-lived, reduction in spreads on Italian government securities reflected in last year's figure, when profits for the third quarter totalled €129.6m;
- net fee and commission income decreased from €225.3m to €150m, due to reduced lending activity and the slowdown in M&A and Capital Market business.

The fall in operating costs, which were down 6.5%, from €239.5m to €223.9m, was due to both labour costs (which fell from €159m to €146.9m) and administrative expenses (down from €80.5m to €77m).

Loan loss provisions of €100.6m were higher than last year (€91m), in the wholesale segment in particular (up from €68.9m to €82.5m) where coverage of impaired items (€264.9m) rose from 36% to 43%; whereas for leasing provisions were stable.

The securities portfolio showed a positive balance of €24.4m, representing the combined effect of net gains on AFS securities (€11.5m), writebacks in respect of Greek sovereign debt instruments (€19m), and writedowns to holdings in unlisted equities (€6.1m).

On the balance-sheet side, there were slight reductions in funding, (from €50.8bn to €50.5bn), loans and advances (from €28bn to €27.5bn) and AFS bonds (from €9.5bn to €8.5bn), against the increase in treasury assets already referred to (up from €10.6bn to €13.6bn).

PRINCIPAL INVESTING

	(€m)			
	9 months to 31/3/12	6 months to 31/12/12	9 months to 31/3/13	Y.o.Y. chg. 3/12-3/13 (%)
Profit-and-loss data				
Net interest income	(6.4)	(3.9)	(5.6)	-12.5
Net trading income	—	—	6.3	
Equity-accounted companies	73.1	54.4	(104.5)	n.m.
TOTAL INCOME	66.7	50.5	(103.8)	n.m.
Labour costs	(4.2)	(2.4)	(3.7)	-11.9
Administrative expenses	(2.1)	(1.7)	(2.6)	+23.8
OPERATING COSTS	(6.3)	(4.1)	(6.3)	n.m.
Provisions for financial assets	(169.9)	(98.1)	(101.1)	-40.5
PROFIT BEFORE TAX	(109.5)	(51.7)	(211.2)	n.m.
Income tax for the period	2.3	(0.3)	(0.3)	n.m.
NET PROFIT	(107.2)	(52.0)	(211.5)	n.m.
	30/6/12	31/12/12	31/3/13	
AFS securities	146.3	144.8	144.8	
Equity investments	2,696.4	2,779.5	2,834.7	

This division reported a loss of €211.5m for the nine months, as a result of the writedown to the Telco investment (€95m) and the operating losses recorded by Assicurazioni Generali (€63.9m for the nine months and €139.5m for the third quarter) and RCS MediaGroup (€37.6m).

RETAIL AND PRIVATE BANKING

(€m)

	9 months to 31/3/12	6 months to 31/12/12	9 months to 31/3/13	Y.o.Y. chg. 3/12-3/13 (%)
Profit-and-loss data				
Net interest income	532.1	364.2	547.1	+2.8
Net trading income	7.7	6.6	9.4	+22.1
Net fee and commission income	190.5	121.1	179.2	-5.9
TOTAL INCOME	730.3	491.9	735.7	+0.7
Labour costs	(148.4)	(102.8)	(154.3)	+4.0
Administrative expenses	(232.9)	(143.6)	(214.0)	-8.1
OPERATING COSTS	(381.3)	(246.4)	(368.3)	-3.4
Gains (losses) on AFS, HTM and L&R	0.4	8.7	14.9	n.m.
Loan loss provisions	(235.0)	(174.6)	(263.4)	+12.1
Provisions for financial assets	(0.5)	(3.6)	(3.7)	n.m.
Other profits (losses)	46.9	(1.1)	(1.2)	n.m.
PROFIT BEFORE TAX	160.8	74.9	114.0	-29.1
Income tax for the period	(40.4)	(25.5)	(42.5)	+5.2
NET PROFIT	120.4	49.4	71.5	-40.6
	30/6/12	31/12/12	31/3/13	
Balance-sheet data				
Treasury funds	8,816.5	9,885.2	8,646.9	
AFS securities	1,694.6	1,598.1	1,607.7	
Fixed financial assets (HTM & LR)	2,731.4	2,096.4	2,116.6	
Loans and advances to customers	14,661.0	14,703.5	14,759.3	
Funding	(26,574.1)	(26,616.8)	(25,371.8)	

This division reported a profit of €71.5m, slightly lower than the €76.1m reported last year, which, however, included the €44.3m gain realized on disposal of the property owned by CMB. This good performance was due to resilient revenues (up from €730.3m to €735.7m) and lower operating costs (down from €381.3m to €368.3m), which offset the increase in loan loss provisions (from €235m to €263.4m). The 5.9% reduction in fee income, from €190.5m to €179.2m, was in turn offset by growth in net interest income, up 2.8% (from €532.1m to €547.1m).

Turning now to the individual sectors:

- consumer credit reported a net profit of €47.9m, lower than the €87.1m recorded last year, reflecting a 2.6% decline in revenues (from €540.8m to €526.6m) due to the reduction in fee income (down 14.5%, from €133.9m to €114.5m) and also in particular to higher loan loss provisions of €245.7m (€222.7m). As at 31 March 2013 lendings were stable at €9,245m (€9,174.2m);

- retail banking saw its losses cut from €30.1m to €11.4m, despite the increased cost of risk (up from €11.1m to €16.3m), on higher revenues (up from €107.1m to €114.6m) and a substantial reduction in costs, which were down 17.3% (from €129.1m to €106.8m). Retail funding of €12,176.5m at the reporting date was down slightly on the figure shown at 31 December 2012 (€12,258.6m), while loans and advances to customers were stable at €4,252.1m (€4,273m);
- private banking showed a profit of €35m (€19.1m, net of the €44.3m real estate disposal gain), on higher total income (up 14.7%, from €82.4m to €94.5m) as well as gains realized on the AFS portfolio (€14.9m). Assets under management on a discretionary/non-discretionary basis as at 31 March 2013 totalled €13.9bn (€13.5bn), €6.7bn (€6.6bn) of which for CMB and €7.2bn (€6.9bn) for Banca Esperia.

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

	(€m)			
Retail & Private Banking 31 March 2013	Consumer credit	Retail banking	Private banking	Total
Net interest income	412.1	104.5	30.5	547.1
Net trading income	—	(0.4)	9.8	9.4
Net fee and commission income	114.5	10.5	54.2	179.2
TOTAL INCOME	526.6	114.6	94.5	735.7
Labour costs	(67.6)	(44.9)	(41.8)	(154.3)
Administrative expenses	(128.1)	(61.9)	(24.0)	(214.0)
OPERATING COSTS	(195.7)	(106.8)	(65.8)	(368.3)
Gains (losses) on AFS, HTM and L&R	—	—	14.9	14.9
Loan loss provisions	(245.7)	(16.3)	(1.4)	(263.4)
Provisions for financial assets	—	—	(3.7)	(3.7)
Other profits (losses)	—	—	(1.2)	(1.2)
PROFIT BEFORE TAX	85.2	(8.5)	37.3	114.0
Income tax for the period	(37.3)	(2.9)	(2.3)	(42.5)
NET PROFIT	47.9	(11.4)	35.0	71.5
Cost/Income (%)	37.2	n.m.	69.6	50.1
Other assets	(806.5)	11,574.3	1,603.4	12,371.2
Loans and advances to customers	9,245.0	4,252.1	1,262.2	14,759.3
New loans	3,637.3	186.5	—	3,823.8
No. of branches	158	44	—	202
No. of staff	1,418	912	342	2,672

	(€m)			
Retail & Private Banking 31 March 2012	Consumer credit	Retail banking	Private banking	Total
Net interest income	406.6	101.4	24.1	532.1
Net trading income	0.3	0.1	7.3	7.7
Net fee and commission income	133.9	5.6	51.0	190.5
TOTAL INCOME	540.8	107.1	82.4	730.3
Labour costs	(64.0)	(45.6)	(38.8)	(148.4)
Administrative expenses	(126.8)	(83.5)	(22.6)	(232.9)
OPERATING COSTS	(190.8)	(129.1)	(61.4)	(381.3)
Gains (losses) on AFS, HTM and L&R	—	0.4	—	0.4
Loan loss provisions	(222.7)	(11.1)	(1.2)	(235.0)
Provisions for financial assets	—	—	(0.5)	(0.5)
Other profits (losses)	—	—	46.9	46.9
PROFIT BEFORE TAX	127.3	(32.7)	66.2	160.8
Income tax for the period	(40.2)	2.6	(2.8)	(40.4)
NET PROFIT	87.1	(30.1)	63.4	120.4
Cost/Income (%)	35.3	n.m.	74.5	52.2
Other assets	437.9	7,936.2	1,828.0	10,202.1
Loans and advances to customers	9,154.1	4,298.2	856.5	14,308.8
New loans	3,670.2	466.6	—	4,136.8
No. of branches	157	44	—	201
No. of staff	1,385	934	336	2,655

	(€m)			
Private Banking 31 March 2013	CMB	Esperia 50%	Others	Total PB
Net interest income	24.2	5.8	0.5	30.5
Net trading income	10.3	(0.5)	—	9.8
Net fee and commission income	29.2	21.1	3.9	54.2
TOTAL INCOME	63.7	26.4	4.4	94.5
Labour costs	(19.6)	(19.2)	(3.0)	(41.8)
Administrative expenses	(13.9)	(9.0)	(1.1)	(24.0)
OPERATING COSTS	(33.5)	(28.2)	(4.1)	(65.8)
Gains (losses) on AFS, HTM and L&R	4.8	10.0	0.1	14.9
Loan loss provisions	(1.0)	(0.4)	—	(1.4)
Provisions for financial assets	(0.6)	(3.1)	—	(3.7)
Other profits (losses)	—	(1.2)	—	(1.2)
PROFIT BEFORE TAX	33.4	3.5	0.4	37.3
Income tax for the period	—	(1.8)	(0.5)	(2.3)
NET PROFIT	33.4	1.7	(0.1)	35.0
Cost/Income (%)	52.6	n.m.	n.m.	69.6
Asset under management	6,725.0	7,138.6	—	13,863.6
Securities held on a trustee basis	n.a.	n.a.	1,457.4	1,457.4

	(€m)			
Private Banking 31 March 2012	CMB	Esperia 50%	Others	Total PB
Net interest income	20.6	3.1	0.4	24.1
Net trading income	7.0	0.2	0.1	7.3
Net fee and commission income	24.4	22.4	4.2	51.0
TOTAL INCOME	52.0	25.7	4.7	82.4
Labour costs	(20.4)	(15.9)	(2.5)	(38.8)
Administrative expenses	(13.6)	(8.1)	(0.9)	(22.6)
OPERATING COSTS	(34.0)	(24.0)	(3.4)	(61.4)
Gains (losses) on AFS, HTM and L&R	—	(0.2)	0.2	—
Loan loss provisions	(2.0)	0.8	—	(1.2)
Provisions for financial assets	(0.5)	—	—	(0.5)
Other profits (losses)	45.3	1.6	—	46.9
PROFIT BEFORE TAX	60.8	3.9	1.5	66.2
Income tax for the period	—	(2.3)	(0.5)	(2.8)
NET PROFIT	60.8	1.6	1.0	63.4
Cost/Income (%)	65.4	n.m.	72.3	74.5
Asset under management	6,222.0	6,781.5	—	13,003.5
Securities held on a trustee basis	n.a.	n.a.	1,455.3	1,455.3

Review of Group company performances

MEDIOBANCA

In the nine months ended 31 March 2013, Mediobanca posted a net profit of €26.6m, compared with a €140.9m loss last year. This result reflects the impairment charges taken in respect of the Telco investment (€99.5m), higher loan loss provisions of €82.5m (€68.5m), and a substantial decline in revenues (from €663.9m to €488.5m). Net interest income fell from €212.5m to €168.1m, as did net trading income, from €234.6m to €174.6m, and net fee and commission income (from €216.2m to €145.8m). Conversely operating costs were down from €223.1m to €208.2m, due in part to the reduction in the variable staff remuneration component.

With regard to the main balance-sheet items in the three months, treasury assets were up from €10,408.3m to €13,458.6m, on lower loans and advances to customers (down from €24,673m to €24,206.2m), funding (down from €47,991m to €47,694.8m), and fixed financial assets (down from €4,050.4m to €2,226.8m).

* * *

RESTATED PROFIT AND LOSS ACCOUNT

(€m)

	9 mths to 31/3/12	6 mths to 31/12/12	9 mths to 31/3/13	Y.o.Y. chg. 3/12-3/13 (%)
Net interest income	212.5	119.2	168.1	-20.9
Net trading income	234.6	102.7	174.6	-25.6
Net fee and commission income	216.2	98.4	145.8	-32.6
Equity-accounted companies	0.6	—	—	n.m.
TOTAL INCOME	663.9	320.3	488.5	-26.4
Labour costs	(150.0)	(92.6)	(138.4)	-7.7
Administrative expenses	(73.1)	(47.5)	(69.8)	-4.5
OPERATING COSTS	(223.1)	(140.1)	(208.2)	-6.7
Gains (losses) on AFS, HTM and L&R	(56.1)	(6.4)	11.5	n.m.
Loan loss provisions	(68.5)	(46.5)	(82.5)	+20.4
Provisions for financial assets	(178.9)	6.0	6.8	n.m.
Impairment to equity investment	(172.9)	(99.5)	(99.5)	-42.5
Other profits (losses)	(0.3)	—	—	n.m.
PROFIT BEFORE TAX	(35.9)	33.8	116.6	n.m.
Income tax for the period	(105.0)	(55.0)	(90.0)	-14.3
NET PROFIT	(140.9)	(21.2)	26.6	n.m.

RESTATED BALANCE SHEET

	(€m)		
	30/6/12	31/12/12	31/3/13
Assets			
Treasury funds	10,760.6	10,408.3	13,458.6
AFS securities	9,356.7	10,528.9	9,564.2
Fixed financial assets (HTM & LR)	4,013.4	4,050.4	2,226.8
Loans and advances to customers	27,219.5	24,673.0	24,206.2
Equity investments	3,214.4	3,283.7	3,283.8
Tangible and intangible assets	138.1	133.6	133.1
Other assets	538.1	332.2	379.7
Total assets	55,240.8	53,410.1	53,252.4
Liabilities and net equity			
Funding	50,056.4	47,991.0	47,694.8
Other liabilities	602.8	603.8	694.5
Provisions	160.1	161.1	161.7
Net equity	4,621.7	4,675.4	4,674.8
Profit for the period	(200.2)	(21.2)	26.6
Total liabilities and net equity	55,240.8	53,410.1	53,252.4

* * *

A review of the other main Group companies' performance is provided below:

- *Compass, Milan (consumer credit; 100%-owned by Mediobanca)*: this company's accounts for the nine months show a profit of €35.5m (€74.8m), with revenues declining slightly, from €497.8m to €484.3m, and loan loss provisions climbing from €217.8m to €243m. Loans and advances to customers were stable versus 31 December 2012 at €8,468.4m (€8,452.3m).
- *Futuro, Milan (salary-backed finance; 100%-owned by Compass)*: Futuro recorded a net profit of €4.1m (€5.8m) for the nine months, after revenues of €13.5m (€16.9m) and loan loss provisions of €0.8m (€1.1m). Accounts outstanding at the reporting date were up on the €864m recorded at 31 December 2012, at €893m.
- *CheBanca!, Milan (retail banking; 100%-owned by Mediobanca)*: CheBanca! reported a net loss of €12m for the nine months, in line with the half-yearly results and showing an improvement compared to the same stage last year (when the loss totalled €30.5m), due to higher revenues (up from €106.9m to €114.6m), and despite the increase in loan loss provisions from €11.1m to €16.4m. As at 31 March 2013 both loans and advances

and customer deposits were more or less flat versus the figures reported at 31 December 2012 (down from €4,264.6m to €4,244.5m in the case of the former, and from €12,275.6m to €12,191.1m for the latter).

- *SelmaBipiemme Leasing*, Milan (leasing; 60%-owned by Mediobanca): this company posted a loss of €5.7m (€6.3m) for the nine months, following a reduction in revenues (from €20.8m to €18.6m) and despite the reduction in loan loss provisions (down from €13.8m to €11.4m); amounts on lease to clients at the reporting date were down on the figure reported at 31 December 2012, from €2,043.4m to €1,991.8m.
- *Palladio Leasing*, Vicenza (leasing; 95%-owned by SelmaBipiemme; 5% treasury shares): this company showed a net profit of €415,000 (€2.5m) for the nine months, with revenues declining, from €17.1m to €13.8m, and loan loss provisions virtually stable at €6.7m (€6.5m); amounts on lease to clients at the reporting date were down slightly on the figure reported at 31 December 2012, from €1,558.8m to €1,521.1m.
- *Teleleasing in liquidation*, Milan (leasing; 80%-owned by Mediobanca, 20%-owned by Telecom Italia): this company's results for the nine months show a net profit of €478,000 (€3.3m) and reflect the ongoing reduction in both revenues (from €9m to €4.2m) and lendings (from €307.2m to €263.3m).
- *Compagnie Monégasque de Banque*, Monaco (100%-owned by Mediobanca): CMB posted a profit of €11m (€9.6m) in the first three months of its financial year, with revenues stable at €19.8m and operating costs amounting to €10.2m; assets under management on a discretionary/non-discretionary basis at the reporting date totalled €6.7bn, basically flat versus the figure posted at 31 December 2012 (€6.6bn).
- *Banca Esperia*, Milan (50%-owned by Mediobanca): this company reported a €2m profit (€2.7m), on revenues declining from €20.7m to €12.1m and higher gains on disposals of AFS securities (€9.1m, compared with €0.1m last year); assets under management on to discretionary/non-discretionary basis totalled €14.2bn (€13.8bn at 31 December 2012).
- *Mediobanca International (Luxembourg) S.A.*, Luxembourg (99%-owned by Mediobanca; 1%-owned by Compass): this company earned a net profit of €12.2m in the nine months, lower than the €22.7m reported last year, on declining net interest income (€14.6m, as against €23.9m twelve months previously), and net fee and commission income linked to lending activity (down from €8.9m to €6.2m). In the third quarter loans and advances to customers were stable at €2,636.5m (€2,672.8m).

Outlook

Estimates for the fourth quarter continue to be influenced by the especially weak economic scenario, despite the reduction in banks' cost of refinancing. In this scenario the Group expects its performance for the last three months to reflect the ongoing weakness in revenues and the current level of the cost of risk, with operating expenses under strict control. The valuations of the equity investment portfolio will continue to depend on the performance of markets and the investee companies, as will the contribution from trading activity, with the impact on earnings potentially significant.

Milan, 9 May 2013

THE BOARD OF DIRECTORS

ACCOUNTING POLICIES



Accounting Policies

A.1 – General Part

SECTION 1

Statement of conformity with IAS/IFRS

The Mediobanca Group's financial statements for the period ended 31 March 2012 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 Council and Commission on 19 July 2002. Adoption of the new accounting standards with respect to financial reporting by banks was governed by Bank of Italy circular no. 262 issued on 22 December 2005 (and its first update issued on 18 November 2009). This report has also been in compliance with the provisions of Article 153-ter of Italian Legislative Decree 58/98 (the Italian Consolidated Financial Act).

SECTION 2

Area and method 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.

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

Denominazioni imprese	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. <i>Engineering</i> 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.I. COMPAGNIE MONEGASQUE IMMOBILIERE SCI	Monte Carlo	1	A.1.6	99.94	99.94
			A.1.8	0.06	0.06
8. C.M.G. COMPAGNIE MONEGASQUE DE GESTION S.A.M.	Monte Carlo	1	A.1.6	99.89	99.89
9. SMEF SOCIETE MONEGASQUE DES ETUDES FINANCIERE S.A.M.	Monte Carlo	1	A.1.6	99.96	99.96
10. CMB ASSET MANAGEMENT S.A.M.	Monte Carlo	1	A.1.6	99.50	99.50
11. MONOECI SOCIETE CIVILE IMMOBILIERE	Monte Carlo	1	A.1.6	99.0	99.0
			A.1.8	1.0	1.0
12. MOULINS 700 S.A.M.	Monte Carlo	1	A.1.7	99.90	99.90
13. MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.	Luxembourg	1	A.1.1	99.0	99.0
			A.1.14	1.0	1.0
14. COMPASS S.p.A.	Milan	1	A.1.1	100.0	100.0
15. CHEBANCA! S.p.A.	Milan	1	A.1.1	100.0	100.0
16. COFACTOR S.p.A.	Milan	1	A.1.14	100.0	100.0
17. SELMABIPIEMME LEASING S.p.A.	Milan	1	A.1.1	60.0	60.0
18. PALLADIO LEASING S.p.A.	Vicenza	1	A.1.17	95.0	100.0
			A.1.18	5.0	
19. TELELEASING S.p.A. - in liquidation	Milan	1	A.1.17	80.0	80.0
20. SADE FINANZIARIA - INTERSOMER S.r.l.	Milan	1	A.1.1	100.0	100.0
21. RICERCHE E STUDI S.p.A.	Milan	1	A.1.1	100.0	100.0
22. CREDITTECH S.p.A.	Milan	1	A.1.14	100.0	100.0
23. MEDIOBANCA SECURITIES USA LLC	New York	1	A.1.1	100.0	100.0
24. CONSORTIUM S.r.l.	Milan	1	A.1.1	100.0	100.0
25. QUARZO S.r.l.	Milan	1	A.1.14	90.0	90.0
26. QUARZO LEASE S.r.l.	Milan	1	A.1.17	90.0	90.0
27. FUTURO S.p.A.	Milan	1	A.1.14	100.0	100.0
28. MEDIOBANCA COVERED BOND S.r.l.	Milan	1	A.1.15	90.0	90.0
29. COMPASS RE (Luxembourg) S.A.	Luxembourg	1	A.1.14	100.0	100.0
30. MEDIOBANCA INTERNATIONAL IMMOBILIERE S.a.r.l.	Luxembourg	1	A.1.13	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.

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 one half or for longer than twenty-four months, compared to the initial recognition value. If the reasons for which the loss was recorded subsequently cease to apply, the impairment is written back to the profit and loss account for debt securities to and net equity for shares.

Financial assets held to maturity

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

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

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

Loans and receivables

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

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

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

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

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

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

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

Leasing

IAS 17 defines finance leases as transactions whereby risks and benefits involved in owning the asset concerned are transferred to the lessee, and

stipulates the criteria for identifying whether or not a lease is a finance or operating lease. All leases entered into by the Group qualify as finance leases under the terms of IAS 17. Accordingly, a receivable is booked at an amount equal to the net outlay involved in the finance lease transaction, plus any costs directly incurred in respect of negotiating and/or performing the contract.

Hedges

There are two types of hedge:

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

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

Hedge derivatives are recognized at fair value as follows:

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

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

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

prospectively 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 obtain 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 (IAS 24)

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 them;
- c) management with strategic responsibilities, that is, individuals with powers and responsibilities, directly or indirectly, for the planning, direction and control of the parent company's activities, including the members of the Board of Directors and Statutory Audit Committee;
- d) entities controlled or jointly controlled by one or more of the individuals listed under the foregoing letter c);
- e) close family members of the individuals referred to in letter c) above, that is, individuals who may be expected to influence them or be influenced by them in their relations with Mediobanca (this category includes partners, children, partners' children, dependents and partners' dependents) as well as any entities controlled, jointly controlled or subject to significant influence by such individuals;
- f) pension funds for employees of the parent company or any other entity related to it.

CONSOLIDATED
FINANCIAL STATEMENTS



Consolidated Balance Sheet (IAS/IFRS-compliant)*

(€m)

Assets	IAS-compliant 31/3/13	IAS-compliant 31/12/12	IAS-compliant 31/3/12
10. Cash and cash equivalents	29.9	35.5	204.4
20. Financial assets held for trading	13,378.6	14,697.9	13,920.4
30. Financial assets recognized at fair value	—	—	—
40. AFS securities	10,750.7	11,735.6	12,161.3
50. Financial assets held to maturity	1,653.5	1,722.6	1,682.2
60. Due from banks	6,038.1	5,203.9	3,968.8
<i>of which:</i>			
<i>other trading items</i>	4,818.9	3,980.5	2,366.8
<i>securities</i>	—	30.0	—
<i>other items</i>	29.4	11.8	2.6
70. Due from customers	40,272.4	39,477.2	40,564.4
<i>of which:</i>			
<i>other trading items</i>	7,046.2	5,769.2	4,288.4
<i>securities</i>	584.5	613.8	605.7
<i>other items</i>	77.2	70.5	72.5
80. Hedging derivatives	1,470.0	1,688.4	1,396.3
<i>of which:</i>			
<i>funding hedge derivatives</i>	1,470.0	1,688.4	1,396.2
<i>lending hedge derivatives</i>	—	—	48.0
90. Value adjustments to financial assets subject to general hedging	—	—	—
100. Equity investments	3,336.8	3,284.0	2,834.9
110. Total reinsurers' share of technical reserves	—	—	—
120. Property, plant and equipment	296.8	298.5	294.0
130. Intangible assets	414.0	416.5	427.6
<i>of which:</i>			
<i>goodwill</i>	365.9	365.9	365.9
140. Tax assets	867.4	869.3	930.5
<i>a) current</i>	215.2	223.5	235.4
<i>b) advance</i>	652.2	645.8	695.1
150. Other non-current and Group assets being sold	—	—	—
160. Other assets	192.6	207.2	220.5
<i>of which:</i>			
<i>other trading items</i>	5.0	16.4	15.3
TOTAL ASSETS	78,700.8	79,636.6	78,605.3

* Figures in €m

The balance sheet provided on p. 11 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, which chiefly consist 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 of asset heading 80 and liability heading 60 in respect of hedging derivatives, plus the relevant share of liability heading 100.

(€m)

Liabilities and net equity	IAS-compliant 31/3/13	IAS-compliant 31/12/12	IAS-compliant 31/3/12
10. Due to banks	14,161.4	13,168.6	12,394.6
<i>of which:</i>			
<i>other trading items</i>	3,609.2	2,761.8	1,214.0
<i>other liabilities</i>	29.9	17.5	1.4
20. Due to customers	16,826.6	17,505.2	16,161.2
<i>of which:</i>			
<i>other trading items</i>	1,442.2	1,985.0	1,354.9
<i>other liabilities</i>	9.9	9.8	9.6
30. Debt securities	29,111.7	29,513.3	32,157.7
40. Trading liabilities	9,527.3	10,647.5	9,674.9
50. Liabilities recognized at fair value	—	—	—
60. Hedging derivatives	373.1	345.7	374.9
<i>of which:</i>			
<i>funding hedge derivatives</i>	264.3	246.0	283.7
<i>lending hedge derivatives</i>	45.9	48.8	43.4
70. Value adjustments to financial liabilities subject to general hedging	—	—	—
80. Tax liabilities	598.5	538.5	530.0
<i>a) current</i>	257.1	188.6	214.4
<i>b) deferred</i>	341.4	349.9	315.9
90. Liabilities in respect of Group assets being sold	—	—	—
100. Other liabilities	496.2	464.6	507.3
<i>of which:</i>			
<i>loan loss provisions</i>	—	—	—
<i>other trading items</i>	12.1	14.5	25.3
110. Staff severance indemnity provision	28.7	26.8	24.4
120. Provisions	161.2	160.8	157.1
<i>a) post-employment and similar benefits</i>	—	—	—
<i>b) other provisions</i>	161.2	160.8	157.1
130. Technical reserves	114.6	111.1	88.3
140. Valuation reserves	363.6	118.8	(438.2)
150. Shares with right of withdrawal	—	—	—
160. Equity instruments	—	—	—
170. Reserves	4,455.1	4,466.6	4,420.2
180. Share premium reserve	2,120.1	2,120.1	2,120.1
190. Share capital	430.6	430.6	430.6
200. Treasury shares	(213.8)	(213.8)	(213.8)
210. Net equity attributable to minorities	108.7	108.4	110.8
220. Profit (loss) for the year	37.2	123.8	104.9
TOTAL LIABILITIES AND NET EQUITY	78,700.8	79,636.6	78,605.3

Consolidated Profit and Loss Account (IAS/IFRS-compliant)*

(€m)

Profit and loss account	9 mths to 31/3/13	6 mths to 31/12/12	9 mths to 31/3/12
10. Interest and similar income	2,073.4	1,455.0	2,287.6
20. Interest expense and similar charges	(1,280.0)	(922.5)	(1,467.7)
30. Net interest income	793.4	532.5	819.9
40. Fee and commission income	265.6	179.1	346.2
50. Fee and commission expense	(35.5)	(24.3)	(30.0)
60. Net fee and commission income	230.1	154.8	316.2
70. Dividends and similar income	20.3	8.2	43.8
80. Net trading income	97.0	66.8	155.5
90. Net hedging income (expense)	4.5	4.3	6.1
100. Gain (loss) on disposal of:	46.1	8.7	(23.4)
<i>a) loans and receivables</i>	6.2	6.3	1.2
<i>b) AFS securities</i>	7.3	(11.4)	(55.4)
<i>c) financial assets held to maturity</i>	1.3	0.5	(1.8)
<i>d) other financial liabilities</i>	31.3	13.3	32.6
120. Total income	1,191.4	775.3	1,318.1
130. Adjustments for impairment to:	(357.5)	(227.2)	(506.2)
<i>a) loans and receivables</i>	(340.7)	(217.3)	(300.6)
<i>b) AFS securities</i>	6.2	5.5	(177.9)
<i>c) financial assets held to maturity</i>	0.5	0.2	(1.0)
<i>d) other financial liabilities</i>	(23.5)	(15.6)	(26.7)
140. Net income from financial operations	833.9	548.1	811.9
150. Net premium income	23.3	15.2	15.4
160. Income less expense from insurance operations	(12.2)	(7.5)	(6.3)
170. Net income from financial and insurance operations	845.0	555.8	821.0
180. Administrative expenses:	(574.8)	(375.0)	(593.1)
<i>a) personnel costs</i>	(291.6)	(194.4)	(300.9)
<i>b) other administrative expenses</i>	(283.2)	(180.6)	(292.2)
190. Net transfers to provisions for liabilities and charges	(2.0)	(1.2)	(1.6)
200. Net adjustments to property, plant and equipment	(14.6)	(9.7)	(13.5)
210. Net adjustments to intangible assets	(16.5)	(11.1)	(19.3)
<i>of which: goodwill</i>	—	—	—
220. Other operating income (expenses)	103.3	58.9	93.6
230. Operating costs	(504.6)	(338.1)	(533.9)
240. Profit (loss) from equity-accounted companies	(166.1)	(9.2)	(74.6)
270. Gain (loss) on disposal of investments	—	—	44.1
280. Profit (loss) before tax on ordinary activities	174.3	208.5	256.6
290. Income tax on ordinary activities for the year	(138.9)	(85.7)	(151.5)
300. Profit (loss) after tax on ordinary activities	35.4	122.8	105.1
310. Net gain (loss) on non-current assets being sold	—	—	—
320. Profit (loss) for the year	35.4	122.8	105.1
330. Profit (loss) for the year attributable to minorities	1.8	1.0	(0.2)
340. Net profit (loss) for the year attributable to Mediobanca	37.2	123.8	104.9

* Figures in €m

The profit and loss account reported on p. 10 reflects the following restatements:

– *Net interest income* includes the result of hedging activity, funding and lending, and the negative margins on swaps reported under Heading 80 (€12.9m, €3.1m and €50.9m).

– Amounts reported under Heading 220 have been treated as *Net fee and commission income*, save for redemptions/amounts recovered totalling €32.4m, €22.9m and €38.9m respectively which net operating costs; all amounts shown under headings 150 and 160 have been accounted for as *Net fee and commission income*.

– *Net trading income* also includes the amounts shown under Headings 70 and 80 and the gains (losses) on financial liabilities reported under Heading 100, net of or in addition to the other items already referred to and the commissions received and paid in respect of securities lending transactions.

– *Provisions for other financial assets* comprise AFS and HTM assets shown here under Heading 130, along with the net adjustments to the investments in Telco (€113.3m) and RCS MediaGroup (€55.2m) shown under Heading 240.

Comprehensive consolidated profit and loss account

Headings	31/3/13	31/3/12
10. Gain (loss) for the period	35.4	105.1
Other income items net of tax		
20. AFS securities	330.9	(69.0)
30. Property, plant and equipment	—	—
40. Intangible assets	—	—
50. Foreign investment hedges	—	—
60. Cash flow hedges	19.7	(120.7)
70. Exchange rate differences	—	(3.9)
80. Non-current assets being sold	—	—
90. Actuarial gains (losses) on defined-benefit pension schemes	—	—
100. Share of valuation reserves for equity-accounted companies	351.2	(255.6)
110. Total other income items net of tax	701.8	(449.2)
120. Aggregate profit (Heading 10 + Heading 110)	737.2	(344.1)
130. Overall consolidated profit attributable to minorities	(0.7)	(4.2)
140. Overall consolidated profit attributable to Mediobanca	737.9	(339.9)

DECLARATION BY HEAD
OF COMPANY FINANCIAL REPORTING



Declaration by Head of Company Financial Reporting

As required by Article 154-bis, para. 2 of Italian Legislative Decree 58/98, the undersigned hereby declares that the accounting information contained in this quarterly review of operations conforms to the documents, account ledgers and book entries kept by the company.

Head of Company
Financial Reporting

Massimo Bertolini

